

Public Law 105–10
105th Congress

An Act

To designate the J. Phil Campbell, Senior, Natural Resource Conservation Center.

Apr. 24, 1997

[H.R. 785]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION OF J. PHIL CAMPBELL, SENIOR, NATURAL RESOURCE CONSERVATION CENTER.

The Southern Piedmont Conservation Research Center located at 1420 Experimental Station Road in Watkinsville, Georgia, shall be known and designated as the “J. Phil Campbell, Senior, Natural Resource Conservation Center”.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the building referred to in section 1 shall be deemed to be a reference to the “J. Phil Campbell, Senior, Natural Resource Conservation Center”.

Approved April 24, 1997.

LEGISLATIVE HISTORY—H.R. 785:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Apr. 8, considered and passed House.

Apr. 10, considered and passed Senate.



Public Law 105–1
105th Congress

Joint Resolution

Making technical corrections to the Omnibus Consolidated Appropriations Act, 1997
(Public Law 104–208), and for other purposes.

Feb. 3, 1997

[H.J. Res. 25]

*Resolved by the Senate and House of Representatives of the
United States of America in Congress assembled,*

SECTION 1. Title III of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1997 (as contained in DIVISION A, TITLE I—OMNIBUS APPROPRIATIONS, section 101(a) of the Omnibus Consolidated Appropriations Act, 1997, Public Law 104–208) is amended under the heading “COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES—DEFENDER SERVICES” by striking “attorneys ap-” at the end and inserting the following: “attorneys appointed to represent jurors in civil actions for the protection of their employment, as authorized by 28 U.S.C. 1875(d); \$308,000,000, to remain available until expended as authorized by 18 U.S.C. 3006A(i).”. The foregoing amendment shall be considered for all purposes to have taken effect on the date of enactment of Public Law 104–208, and any actions taken prior to the date of enactment of this section on the basis that Public Law 104–208 should be interpreted as if it included the amendment made by this section, if otherwise valid, are ratified and approved by Congress.

110 Stat.
3009–43.

SEC. 2. Title I of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1997 (as contained in DIVISION A, TITLE I—OMNIBUS APPROPRIATIONS, section 101(e) of the Omnibus Consolidated Appropriations Act, 1997, Public Law 104–208) is amended under the heading “EMPLOYMENT AND TRAINING ADMINISTRATION—STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS” by striking “\$23,452,000” and inserting “\$173,452,000”.

110 Stat.
3009–236.

SEC. 3. Funds available for title IV–A–1 of the Elementary and Secondary Education Act in title III of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1997 (as contained in DIVISION A, TITLE I—OMNIBUS APPROPRIATIONS, section 101(e) of the Omnibus Consolidated Appropriations Act, 1997, Public Law 104–208) under the heading “SCHOOL IMPROVEMENT PROGRAMS” shall also be available for title IV–A–2 of the Elementary and Secondary Education Act: *Provided*, That, of the funds under these headings in that Act available July 1, 1997, through September 30, 1998, \$25,000,000 shall instead be available October 1, 1996, through September 30, 1997.

Approved February 3, 1997.

LEGISLATIVE HISTORY—H.J. Res. 25:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Jan. 9, considered and passed House.

Jan. 21, considered and passed Senate.



Public Law 105–2
105th Congress

An Act

Feb. 28, 1997
[H.R. 668]

To amend the Internal Revenue Code of 1986 to reinstate the Airport and Airway Trust Fund excise taxes, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Airport and
Airway Trust
Fund Tax
Reinstatement
Act of 1997.
26 USC 1 note.
26 USC 1 *et seq.*

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.

(a) **SHORT TITLE.**—This Act may be cited as the “Airport and Airway Trust Fund Tax Reinstatement Act of 1997”.

(b) **AMENDMENT OF 1986 CODE.**—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

SEC. 2. REINSTATEMENT OF AIRPORT AND AIRWAY TRUST FUND EXCISE TAXES.

(a) **FUEL TAXES.**—

(1) **AVIATION FUEL.**—Subparagraph (A) of section 4091(b)(3) is amended to read as follows:

“(A) The rate of tax specified in paragraph (1) shall be 4.3 cents per gallon—

“(i) after December 31, 1996, and before the date which is 7 days after the date of the enactment of the Airport and Airway Trust Fund Tax Reinstatement Act of 1997, and

“(ii) after September 30, 1997.”.

(2) **AVIATION GASOLINE.**—Subsection (d) of section 4081 is amended by striking the paragraph (3) added by section 1609(a) of the Small Business Job Protection Act of 1996 and by striking paragraphs (1) and (2) and inserting the following new paragraphs:

“(1) **IN GENERAL.**—The rates of tax specified in clauses (i) and (iii) of subsection (a)(2)(A) shall be 4.3 cents per gallon after September 30, 1999.

“(2) **AVIATION GASOLINE.**—The rate of tax specified in subsection (a)(2)(A)(ii) shall be 4.3 cents per gallon—

“(A) after December 31, 1996, and before the date which is 7 days after the date of the enactment of the Airport and Airway Trust Fund Tax Reinstatement Act of 1997, and

“(B) after September 30, 1997.”.

(3) **NONCOMMERCIAL AVIATION.**—Paragraph (3) of section 4041(c) is amended to read as follows:

“(3) TERMINATION.—The rate of the taxes imposed by paragraph (1) shall be 4.3 cents per gallon—

“(A) after December 31, 1996, and before the date which is 7 days after the date of the enactment of the Airport and Airway Trust Fund Tax Reinstatement Act of 1997, and

“(B) after September 30, 1997.”.

(b) TICKET TAXES.—

(1) PERSONS.—Subsection (g) of section 4261 is amended to read as follows:

“(g) APPLICATION OF TAXES.—

“(1) IN GENERAL.—The taxes imposed by this section shall apply to—

“(A) transportation beginning during the period—

“(i) beginning on the 7th day after the date of the enactment of the Airport and Airway Trust Fund Tax Reinstatement Act of 1997, and

“(ii) ending on September 30, 1997, and

“(B) amounts paid during such period for transportation beginning after such period.

“(2) REFUNDS.—If, as of the date any transportation begins, the taxes imposed by this section would not have applied to such transportation if paid for on such date, any tax paid under paragraph (1)(B) with respect to such transportation shall be treated as an overpayment.”.

(2) PROPERTY.—Subsection (d) of section 4271 is amended to read as follows:

“(d) APPLICATION OF TAX.—

“(1) IN GENERAL.—The tax imposed by subsection (a) shall apply to—

“(A) transportation beginning during the period—

“(i) beginning on the 7th day after the date of the enactment of the Airport and Airway Trust Fund Tax Reinstatement Act of 1997, and

“(ii) ending on September 30, 1997, and

“(B) amounts paid during such period for transportation beginning after such period.

“(2) REFUNDS.—If, as of the date any transportation begins, the taxes imposed by this section would not have applied to such transportation if paid for on such date, any tax paid under paragraph (1)(B) with respect to such transportation shall be treated as an overpayment.”.

(c) TRANSFERS TO AIRPORT AND AIRWAY TRUST FUND.—

(1) IN GENERAL.—Subsection (b) of section 9502 is amended to read as follows:

“(b) TRANSFERS TO AIRPORT AND AIRWAY TRUST FUND.—There are hereby appropriated to the Airport and Airway Trust Fund amounts equivalent to—

“(1) the taxes received in the Treasury under—

“(A) subsections (c) and (e) of section 4041 (relating to aviation fuels),

“(B) sections 4261 and 4271 (relating to transportation by air),

“(C) section 4081 (relating to gasoline) with respect to aviation gasoline (to the extent that the rate of the tax on such gasoline exceeds 4.3 cents per gallon), and

Appropriation
authorization.

“(D) section 4091 (relating to aviation fuel) to the extent attributable to the Airport and Airway Trust Fund financing rate, and

“(2) the amounts determined by the Secretary of the Treasury to be equivalent to the amounts of civil penalties collected under section 47107(n) of title 49, United States Code.”.

(2) TERMINATION OF FINANCING RATE.—Paragraph (3) of section 9502(f) is amended to read as follows:

“(3) TERMINATION.—Notwithstanding the preceding provisions of this subsection, the Airport and Airway Trust Fund financing rate shall be zero with respect to taxes imposed during any period that the rate of the tax imposed by section 4091(b)(1) is 4.3 cents per gallon.”.

26 USC 4081
note.

(d) FLOOR STOCKS TAXES ON AVIATION GASOLINE AND AVIATION FUEL.—

(1) IMPOSITION OF TAX.—In the case of any aviation liquid on which tax was imposed under section 4081 or 4091 of the Internal Revenue Code of 1986 before the tax effective date and which is held on such date by any person, there is hereby imposed a floor stocks tax of—

(A) 15 cents per gallon in the case of aviation gasoline, and

(B) 17.5 cents per gallon in the case of aviation fuel.

(2) LIABILITY FOR TAX AND METHOD OF PAYMENT.—

(A) LIABILITY FOR TAX.—A person holding, on the tax effective date, any aviation liquid to which the tax imposed by paragraph (1) applies shall be liable for such tax.

(B) METHOD OF PAYMENT.—The tax imposed by paragraph (1) shall be paid in such manner as the Secretary shall prescribe.

(C) TIME FOR PAYMENT.—The tax imposed by paragraph (1) shall be paid on or before the first day of the 5th month beginning after the tax effective date.

(3) DEFINITIONS.—For purposes of this subsection—

(A) TAX EFFECTIVE DATE.—The term “tax effective date” means the date which is 7 days after the date of the enactment of this Act.

(B) AVIATION LIQUID.—The term “aviation liquid” means aviation gasoline and aviation fuel.

(C) AVIATION GASOLINE.—The term “aviation gasoline” has the meaning given such term in section 4081 of such Code.

(D) AVIATION FUEL.—The term “aviation fuel” has the meaning given such term by section 4093 of such Code.

(E) HELD BY A PERSON.—Aviation liquid shall be considered as “held by a person” if title thereto has passed to such person (whether or not delivery to the person has been made).

(F) SECRETARY.—The term “Secretary” means the Secretary of the Treasury or the Secretary’s delegate.

(4) EXCEPTION FOR EXEMPT USES.—The tax imposed by paragraph (1) shall not apply to—

(A) aviation liquid held by any person on the tax effective date exclusively for any use for which a credit or refund of the entire tax imposed by section 4081 or 4091 of such Code (as the case may be) is allowable for such

liquid purchased on or after such tax effective date for such use, or

(B) aviation fuel held by any person on the tax effective date exclusively for any use described in section 4092(b) of such Code.

(5) EXCEPTION FOR CERTAIN AMOUNTS OF FUEL.—

(A) IN GENERAL.—No tax shall be imposed by paragraph (1) on any aviation liquid held on the tax effective date by any person if the aggregate amount of such liquid (determined separately for aviation gasoline and aviation fuel) held by such person on such date does not exceed 2,000 gallons. The preceding sentence shall apply only if such person submits to the Secretary (at the time and in the manner required by the Secretary) such information as the Secretary shall require for purposes of this paragraph.

Applicability.

(B) EXEMPT FUEL.—Any liquid to which the tax imposed by paragraph (1) does not apply by reason of paragraph (4) shall not be taken into account under subparagraph (A).

(C) CONTROLLED GROUPS.—For purposes of this paragraph—

(i) CORPORATIONS.—

(I) IN GENERAL.—All persons treated as a controlled group shall be treated as 1 person.

(II) CONTROLLED GROUP.—The term “controlled group” has the meaning given such term by subsection (a) of section 1563 of such Code; except that for such purposes, the phrase “more than 50 percent” shall be substituted for the phrase “at least 80 percent” each place it appears in such subsection.

(ii) NONINCORPORATED PERSONS UNDER COMMON CONTROL.—Under regulations prescribed by the Secretary, principles similar to the principles of clause (i) shall apply to a group of persons under common control where 1 or more of such persons is not a corporation.

Regulations.
Applicability.

(6) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, applicable with respect to the taxes imposed by section 4081 or 4091 of such Code shall, insofar as applicable and not inconsistent with the provisions of this subsection, apply with respect to the floor stocks taxes imposed by paragraph (1) to the same extent as if such taxes were imposed by such section 4081 or 4091, as the case may be.

(e) EFFECTIVE DATES.—

(1) FUEL TAXES.—The amendments made by subsection (a) shall apply to periods beginning on or after the 7th day after the date of the enactment of this Act.

26 USC 4041
note.

(2) TICKET TAXES.—

(A) IN GENERAL.—The amendments made by subsection (b) shall apply to transportation beginning on or after such 7th day.

26 USC 4261
note.

(B) EXCEPTION FOR CERTAIN PAYMENTS.—Except as provided in subparagraph (C), the amendments made by subsection (b) shall not apply to any amount paid before such 7th day.

(C) PAYMENTS OF PROPERTY TRANSPORTATION TAX WITHIN CONTROLLED GROUP.—In the case of the tax imposed by section 4271 of the Internal Revenue Code of 1986, subparagraph (B) shall not apply to any amount paid by 1 member of a controlled group for transportation furnished by another member of such group. For purposes of the preceding sentence, all persons treated as a single employer under subsection (a) or (b) of section 52 of the Internal Revenue Code of 1986 shall be treated as members of a controlled group.

(f) APPLICATION OF LOOK-BACK SAFE HARBOR FOR DEPOSITS.—Nothing in the look-back safe harbor prescribed in Treasury Regulation section 40.6302(c)-1(c)(2) shall be construed to permit such safe harbor to be used with respect to any tax unless such tax was imposed throughout the look-back period.

Approved February 28, 1997.

LEGISLATIVE HISTORY—H.R. 668 (S. 279):

HOUSE REPORTS: No. 105-5 (Comm. on Ways and Means).

SENATE REPORTS: No. 105-4 accompanying S. 279 (Comm. on Finance).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Feb. 25, 26, considered and passed House.

Feb. 27, considered and passed Senate.



Public Law 105–3
105th Congress

Joint Resolution

Approving the Presidential finding that the limitation on obligations imposed by section 518A(a) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1997, is having a negative impact on the proper functioning of the population planning program.

Feb. 28, 1997

[H.J. Res. 36]

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the House of Representatives and Senate approve the Presidential finding, submitted to the Congress on January 31, 1997, that the limitation on obligations imposed by section 518A(a) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1997, is having a negative impact on the proper functioning of the population planning program.

Approved February 28, 1997.

LEGISLATIVE HISTORY—H.J. Res. 36 (S.J. Res. 14):

CONGRESSIONAL RECORD, Vol. 143 (1997):

Feb. 13, considered and passed House.

Feb. 24, 25, considered and passed Senate.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Feb. 28, Presidential statement.



Public Law 105-4
105th Congress

An Act

MAR. 3, 1997
[H.R. 499]

To designate the facility of the United States Postal Service under construction at 7411 Barlite Boulevard in San Antonio, Texas, as the “Frank M. Tejeda Post Office Building”.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The facility of the United States Postal Service under construction at 7411 Barlite Boulevard in San Antonio, Texas, shall be known and designated as the “Frank M. Tejeda Post Office Building”.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the facility referred to in section 1 shall be deemed to be a reference to the “Frank M. Tejeda Post Office Building”.

Approved March 3, 1997.

LEGISLATIVE HISTORY—H.R. 499:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Feb. 5, considered and passed House.

Feb. 26, considered and passed Senate.



Public Law 105–5
105th Congress

Joint Resolution

Waiving certain provisions of the Trade Act of 1974 relating to the appointment of the United States Trade Representative.

Mar. 17, 1997
[S.J. Res. 5]

Whereas paragraph (3) of section 141(b) of the Trade Act of 1974 (19 U.S.C. 2171(b)(3)) became effective on January 1, 1996, and provides certain limitations with respect to the appointment of the United States Trade Representative and Deputy United States Trade Representatives;

Whereas paragraph (3) of section 141(b) of the Trade Act of 1974 does not apply to any individual who was serving as the United States Trade Representative or Deputy United States Trade Representative on the effective date of such paragraph (3) and who continued to serve in that position;

Whereas Charlene Barshefsky was appointed Deputy United States Trade Representative on May 28, 1993, with the advice and consent of the Senate, and was serving in that position on January 1, 1996;

Whereas paragraph (3) of section 141(b) of the Trade Act of 1974 does not apply to Charlene Barshefsky in her capacity as Deputy United States Trade Representative; and

Whereas in light of the foregoing, it is appropriate to continue to waive the provisions of paragraph (3) of section 141(b) of the Trade Act of 1974 with respect to the appointment of Charlene Barshefsky as the United States Trade Representative: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding the provisions of paragraph (3) of section 141(b) of the Trade Act of 1974 (19 U.S.C. 2171(b)(3)) or any other provision of law, the President, acting by and with the advice and consent of the Senate, is authorized to appoint Charlene Barshefsky as the United States Trade Representative.

19 USC 2171
note.

Approved March 17, 1997.

LEGISLATIVE HISTORY—S.J. Res. 5:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Mar. 5, considered and passed Senate.

Mar. 11, considered and passed House.



Public Law 105–6
105th Congress

An Act

Mar. 19, 1997
[H.R. 924]

Victim Rights
Clarification Act
of 1997.
18 USC 3481
note.

To amend title 18, United States Code, to give further assurance to the right of victims of crime to attend and observe the trials of those accused of the crime.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Victim Rights Clarification Act of 1997”.

SEC. 2. RIGHTS OF VICTIMS TO ATTEND AND OBSERVE TRIAL.

(a) IN GENERAL.—Chapter 223 of title 18, United States Code, is amended by adding at the end the following:

“§ 3510. Rights of victims to attend and observe trial.

“(a) NON-CAPITAL CASES.—Notwithstanding any statute, rule, or other provision of law, a United States district court shall not order any victim of an offense excluded from the trial of a defendant accused of that offense because such victim may, during the sentencing hearing, make a statement or present any information in relation to the sentence.

“(b) CAPITAL CASES.—Notwithstanding any statute, rule, or other provision of law, a United States district court shall not order any victim of an offense excluded from the trial of a defendant accused of that offense because such victim may, during the sentencing hearing, testify as to the effect of the offense on the victim and the victim’s family or as to any other factor for which notice is required under section 3593(a).

“(c) DEFINITION.—As used in this section, the term ‘victim’ includes all persons defined as victims in section 503(e)(2) of the Victims’ Rights and Restitution Act of 1990.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 223 of title 18, United States Code, is amended by adding at the end the following new item:

“3510. Rights of victims to attend and observe trial.”.

(c) CLARIFICATION OF GROUNDS FOR EXCLUSION.—Section 3593(c) of title 18, United States Code, is amended by inserting “For the purposes of the preceding sentence, the fact that a victim, as defined in section 3510, attended or observed the trial shall not be construed to pose a danger of creating unfair prejudice, confusing the issues, or misleading the jury.” after “misleading the jury.”.

(d) EFFECT ON PENDING CASES.—The amendments made by this section shall apply in cases pending on the date of the enactment of this Act. 18 USC 3510 note.

Approved March 19, 1997.

LEGISLATIVE HISTORY—H.R. 924 (S. 447):

HOUSE REPORTS: No. 105–28 (Comm. on the Judiciary).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Mar. 18, considered and passed House.

Mar. 19, considered and passed Senate.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Mar. 20, Presidential statement.



Public Law 105–7
105th Congress

An Act

Mar. 25, 1997
[H.R. 514]

To permit the waiver of District of Columbia residency requirements for certain employees of the Office of the Inspector General of the District of Columbia.

District of
Columbia
Inspector
General
Improvement Act
of 1997.

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the “District of Columbia Inspector General Improvement Act of 1997”.

SEC. 2. WAIVER OF RESIDENCY REQUIREMENT FOR CERTAIN EMPLOYEES OF INSPECTOR GENERAL.

Section 906 of the District of Columbia Government Comprehensive Merit Personnel Act of 1978 (sec. 1–610.6, D.C. Code) is amended—

(1) in subsection (a), by inserting “or subsection (d)” after “subsection (c)”; and

(2) by adding at the end the following new subsection:

“(d) At the request of the Inspector General (as described in section 208(a) of the District of Columbia Procurement Practices Act of 1985), the Director of Personnel may waive the application of subsections (a) and (b) to employees of the Office of the Inspector General.”.

Approved March 25, 1997.

LEGISLATIVE HISTORY—H.R. 514:

HOUSE REPORTS: No. 105–29 (Comm. on Government Reform and Oversight).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Mar. 18, considered and passed House.

Mar. 20, considered and passed Senate.



Public Law 105–8
105th Congress

An Act

To extend the effective date of the Investment Advisers Supervision Coordination Act.

Mar. 31, 1997
[S. 410]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXTENSION OF EFFECTIVE DATE.

Section 308(a) of the Investment Advisers Supervision Coordination Act (110 Stat. 3440) is amended by striking “180” and inserting “270”.

15 USC 80b–2
note.

Approved March 31, 1997.

LEGISLATIVE HISTORY—S. 410:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Mar. 12, considered and passed Senate.

Mar. 18, considered and passed House.



Public Law 105–9
105th Congress

An Act

Apr. 14, 1997
[H.R. 412]

To approve a settlement agreement between the Bureau of Reclamation and the
Oroville-Tonasket Irrigation District.

Oroville-
Tonasket Claim
Settlement and
Conveyance Act.
Washington.

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the “Oroville-Tonasket Claim Settlement and Conveyance Act”.

SEC. 2. PURPOSES.

The purposes of this Act are to authorize the Secretary of the Interior to implement the provisions of the negotiated Settlement Agreement including conveyance of the Project Irrigation Works, identified as not having national importance, to the District, and for other purposes.

SEC. 3. DEFINITIONS.

As used in this Act:

(1) The term “Secretary” means the Secretary of the Interior.

(2) The term “Reclamation” means the United States Bureau of Reclamation.

(3) The term “District” or “Oroville-Tonasket Irrigation District” means the project beneficiary organized and operating under the laws of the State of Washington, which is the operating and repayment entity for the Project.

(4) The term “Project” means the Oroville-Tonasket unit extension, Okanogan-Similkameen division, Chief Joseph Dam Project, Washington, constructed and rehabilitated by the United States under the Act of September 28, 1976 (Public Law 94–423, 90 Stat. 1324), previously authorized and constructed under the Act of October 9, 1962 (Public Law 87–762, 76 Stat. 761), under the Federal reclamation laws (including the Act of June 17, 1902 (ch. 1093, 32 Stat. 388), and Acts supplementary thereto or amendatory thereof).

(5) The term “Project Irrigation Works” means—

(A) those works actually in existence and described in subarticle 3(a) of the Repayment Contract, excluding Wildlife Mitigation Facilities, and depicted on the maps held by the District and Reclamation, consisting of the realty with improvements and real estate interests;

(B) all equipment, parts, inventories, and tools associated with the Project Irrigation Works realty and

improvements and currently in the District's possession;
and

(C) all third party agreements.

(6)(A) The term "Basic Contract" means Repayment Contract No. 14-06-100-4442, dated December 26, 1964, as amended and supplemented, between the United States and the District;

(B) the term "Repayment Contract" means Repayment Contract No. 00-7-10-W0242, dated November 28, 1979, as amended and supplemented, between the United States and the District; and

(C) the term "third party agreements" means existing contractual duties, obligations, and responsibilities that exist because of all leases, licenses, and easements with third-parties related to the Project Irrigation Works, or the lands or rights-of-way for the Project Irrigation Works, but excepting power arrangements with the Bonneville Power Administration.

(7) The term "Wildlife Mitigation Facilities" means—

(A) land, improvements, or easements, or any combination thereof, secured for access to such lands, acquired by the United States under the Fish and Wildlife Coordination Act (16 U.S.C. 661-667e); and

(B) all third party agreements associated with the land, improvements, or easements referred to in subparagraph (A).

(8) The term "Indian Trust Lands" means approximately 61 acres of lands identified on land classification maps on file with the District and Reclamation beneficially owned by the Confederated Tribes of the Colville Reservation (Colville Tribes) or by individual Indians, and held in trust by the United States for the benefit of the Colville Tribes in accordance with the Executive Order of April 9, 1872.

(9) The term "Settlement Agreement" means the Agreement made and entered on April 15, 1996, between the United States of America acting through the Regional Director, Pacific Northwest Region, Bureau of Reclamation, and the Oroville-Tonasket Irrigation District.

(10) The term "operations and maintenance" means normal and reasonable care, control, operation, repair, replacement, and maintenance.

SEC. 4. AGREEMENT AUTHORIZATION.

The Settlement Agreement is approved and the Secretary of the Interior is authorized to conduct all necessary and appropriate investigations, studies, and required Federal actions to implement the Settlement Agreement.

SEC. 5. CONSIDERATION AND SATISFACTION OF OUTSTANDING OBLIGATIONS.

(a) CONSIDERATION TO UNITED STATES.—Consideration by the District to the United States in accordance with the Settlement Agreement approved by this Act shall be—

(1) payment of \$350,000 by the District to the United States;

(2) assumption by the District of full liability and responsibility and release of the United States of all further responsibility, obligations, and liability for removing irrigation facilities constructed and rehabilitated by the United States

under the Act of October 9, 1962 (Public Law 87-762, 76 Stat. 761), or referenced in section 201 of the Act of September 28, 1976 (Public Law 94-423, 90 Stat. 1324), and identified in Article 3(a)(8) of the Repayment Contract;

(3) assumption by the District of sole and absolute responsibility for the operations and maintenance of the Project Irrigation Works;

(4) release and discharge by the District as to the United States from all past and future claims, whether now known or unknown, arising from or in any way related to the Project, including any arising from the Project Irrigation Works constructed pursuant to the 1964 Basic Contract or the 1979 Repayment Contract;

(5) assumption by the District of full responsibility to indemnify and defend the United States against any third party claims associated with any aspect of the Project, except for that claim known as the Grillo Claim, government contractor construction claims accruing at any time, and any other suits or claims filed as of the date of the Settlement Agreement; and

(6) continued obligation by the District to deliver water to and provide for operations and maintenance of the Wildlife Mitigation Facilities at its own expense in accordance with the Settlement Agreement.

(b) RESPONSIBILITIES OF UNITED STATES.—In return the United States shall—

(1) release and discharge the District's obligation, including any delinquent or accrued payments, or assessments of any nature under the 1979 Repayment Contract, including the unpaid obligation of the 1964 Basic Contract;

(2) transfer title of the Project Irrigation Works to the District;

(3) assign to the District all third party agreements associated with the Project Irrigation Works;

(4) continue power deliveries provided under section 6 of this Act; and

(5) assume full responsibility to indemnify and defend the District against any claim known as the Grillo Claim, government contractor construction claims accruing at any time, and any other suits or claims filed against the United States as of the date of the Settlement Agreement.

(c) PROJECT CONSTRUCTION COSTS.—The transfer of title authorized by this Act shall not affect the timing or amount of the obligation of the Bonneville Power Administration for the repayment of construction costs incurred by the Federal government under section 202 of the Act of September 28, 1976 (90 Stat. 1324, 1326) that the Secretary of the Interior has determined to be beyond the ability of the irrigators to pay. The obligation shall remain charged to, and be returned to the Reclamation Fund as provided for in section 2 of the Act of June 14, 1966 (80 Stat. 200) as amended by section 6 of the Act of September 7, 1966 (80 Stat. 707, 714).

SEC. 6. POWER.

Nothing in this Act shall be construed as having any effect on power arrangements under Public Law 94-423 (90 Stat. 1324). The United States shall continue to provide to the District power

and energy for irrigation water pumping for the Project, including Dairy Point Pumping Plant. However, the amount and term of reserved power shall not exceed, respectively—

- (1) 27,100,000 kilowatt hours per year; and
- (2) 50 years commencing October 18, 1990.

The rate that the District shall pay the Secretary for such reserved power shall continue to reflect full recovery of Bonneville Power Administration transmission costs.

SEC. 7. CONVEYANCE.

(a) **CONVEYANCE OF INTERESTS OF UNITED STATES.**—Subject to valid existing rights, the Secretary is authorized to convey all right, title, and interest, without warranties, of the United States in and to all Project Irrigation Works to the District. In the event a significant cultural resource or hazardous waste site is identified, the Secretary is authorized to defer or delay transfer of title to any parcel until required Federal action is completed.

(b) **RETENTION OF TITLE TO WILDLIFE MITIGATION FACILITIES.**—The Secretary will retain title to the Wildlife Mitigation Facilities. The District shall remain obligated to deliver water to and provide for the operations and maintenance of the Wildlife Mitigation Facilities at its own expense in accordance with the Settlement Agreement.

(c) **RESERVATION.**—The transfer of rights and interests pursuant to subsection (a) shall reserve to the United States all oil, gas, and other mineral deposits and a perpetual right to existing public access open to public fishing, hunting, and other outdoor recreation purposes, and such other existing public uses.

SEC. 8. REPAYMENT CONTRACT.

Upon conveyance of title to the Project Irrigation Works notwithstanding any parcels delayed in accordance with section 7(a), the 1964 Basic Contract, and the 1979 Repayment Contract between the District and Reclamation, shall be terminated and of no further force or effect.

SEC. 9. INDIAN TRUST RESPONSIBILITIES.

The District shall remain obligated to deliver water under appropriate water service contracts to Indian Trust Lands upon request from the owners or lessees of such land.

SEC. 10. LIABILITY.

Upon completion of the conveyance of Project Irrigation Works under this Act, the District shall—

(1) be liable for all acts or omissions relating to the operation and use of the Project Irrigation Works that occur before or after the conveyance except for the Grillo Claim, government contractor construction claims accruing at any time, and any other suits or claims filed as of the date of the Settlement Agreement;

(2) absolve the United States and its officers and agents of responsibility and liability for the design and construction including latent defects associated with the Project; and

(3) assume responsibility to indemnify and defend the United States against all claims whether now known or unknown and including those of third party claims associated with, arising from, or in any way related to, the Project except for the Grillo Claim, government contractor construction claims

accruing at any time, and any other suits or claims filed as of the date of the Settlement Agreement.

SEC. 11. CERTAIN ACTS NOT APPLICABLE AND TERMINATION OF MANDATES.

(a) **RECLAMATION LAWS.**—All mandates imposed by the Reclamation Act of 1902, and all Acts supplementary thereto or amendatory thereof, including the Reclamation Reform Act of 1982, upon the Project Irrigation Works shall be terminated upon the completion of the transfers as provided by this Act and the Settlement Agreement.

(b) **RELATIONSHIP TO OTHER LAWS.**—The transfer of title authorized by this Act shall not—

(1) be subject to the provisions of chapter 5 of title 5, United States Code (commonly known as the “Administrative Procedure Act”); or

(2) be considered a disposal of surplus property under the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.) and the Surplus Property Act of 1944 (50 U.S.C. App. 1601 et seq.).

(c) **DEAUTHORIZATION.**—Effective upon transfer of title to the District under this Act, that portion of the Oroville-Tonasket Unit Extension, Okanogan-Similkameen Division, Chief Joseph Dam Project, Washington, referred to in section 7(a) as the Project Irrigation Works is hereby deauthorized. After transfer of title, the District shall not be entitled to receive any further Reclamation benefits pursuant to the Reclamation Act of June 17, 1902, and Act supplementary thereto or amendatory thereof.

Approved April 14, 1997.

LEGISLATIVE HISTORY—H.R. 412:

HOUSE REPORTS: No. 105-8 (Comm. on Resources).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Mar. 18, considered and passed House.

Apr. 8, considered and passed Senate.



Public Law 105–11
105th Congress

An Act

Apr. 25, 1997
[H.R. 1225]

To make a technical correction to title 28, United States Code, relating to jurisdiction for lawsuits against terrorist states.

28 USC 1605
note.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, effective with respect to any cause of action arising, before, on, or after the date of the enactment of this Act, section 1605(a)(7)(B)(ii) of title 28, United States Code, is amended by striking “the claimant or victim was not” and inserting “neither the claimant nor the victim was”.

Approved April 25, 1997.

LEGISLATIVE HISTORY—H.R. 1225 (S. 568):

HOUSE REPORTS: No. 105–48 (Comm. on the Judiciary).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Apr. 15, considered and passed House.

Apr. 24, considered and passed Senate.



Public Law 105–12
105th Congress

An Act

To clarify Federal law with respect to restricting the use of Federal funds in support of assisted suicide.

Apr. 30, 1997

[H.R. 1003]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Assisted Suicide Funding Restriction Act of 1997”.

(b) **TABLE OF CONTENTS.**—The table of contents of this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings and purpose.
- Sec. 3. Restriction on use of Federal funds under health care programs.
- Sec. 4. Restriction on use of Federal funds under certain grant programs under the Developmental Disabilities Assistance and Bill of Rights Act.
- Sec. 5. Restriction on use of Federal funds by advocacy programs.
- Sec. 6. Restriction on use of other Federal funds.
- Sec. 7. Clarification with respect to advance directives.
- Sec. 8. Application to District of Columbia.
- Sec. 9. Conforming amendments.
- Sec. 10. Relation to other laws.
- Sec. 11. Effective date.
- Sec. 12. Suicide prevention (including assisted suicide).

SEC. 2. FINDINGS AND PURPOSE.

42 USC 14401.

(a) **FINDINGS.**—Congress finds the following:

(1) The Federal Government provides financial support for the provision of and payment for health care services, as well as for advocacy activities to protect the rights of individuals.

(2) Assisted suicide, euthanasia, and mercy killing have been criminal offenses throughout the United States and, under current law, it would be unlawful to provide services in support of such illegal activities.

(3) Because of recent legal developments, it may become lawful in areas of the United States to furnish services in support of such activities.

(4) Congress is not providing Federal financial assistance in support of assisted suicide, euthanasia, and mercy killing and intends that Federal funds not be used to promote such activities.

(b) **PURPOSE.**—It is the principal purpose of this Act to continue current Federal policy by providing explicitly that Federal funds may not be used to pay for items and services (including assistance) the purpose of which is to cause (or assist in causing) the suicide, euthanasia, or mercy killing of any individual.

SEC. 3. RESTRICTION ON USE OF FEDERAL FUNDS UNDER HEALTH CARE PROGRAMS.

42 USC 14402.

(a) **RESTRICTION ON FEDERAL FUNDING OF HEALTH CARE SERVICES.**—Subject to subsection (b), no funds appropriated by Congress for the purpose of paying (directly or indirectly) for the provision of health care services may be used—

(1) to provide any health care item or service furnished for the purpose of causing, or for the purpose of assisting in causing, the death of any individual, such as by assisted suicide, euthanasia, or mercy killing;

Assisted Suicide
Funding
Restriction Act of
1997.
42 USC 14401
note.

(2) to pay (directly, through payment of Federal financial participation or other matching payment, or otherwise) for such an item or service, including payment of expenses relating to such an item or service; or

(3) to pay (in whole or in part) for health benefit coverage that includes any coverage of such an item or service or of any expenses relating to such an item or service.

(b) CONSTRUCTION AND TREATMENT OF CERTAIN SERVICES.—Nothing in subsection (a), or in any other provision of this Act (or in any amendment made by this Act), shall be construed to apply to or to affect any limitation relating to—

(1) the withholding or withdrawing of medical treatment or medical care;

(2) the withholding or withdrawing of nutrition or hydration;

(3) abortion; or

(4) the use of an item, good, benefit, or service furnished for the purpose of alleviating pain or discomfort, even if such use may increase the risk of death, so long as such item, good, benefit, or service is not also furnished for the purpose of causing, or the purpose of assisting in causing, death, for any reason.

(c) LIMITATION ON FEDERAL FACILITIES AND EMPLOYEES.—Subject to subsection (b), with respect to health care items and services furnished—

(1) by or in a health care facility owned or operated by the Federal government, or

(2) by any physician or other individual employed by the Federal government to provide health care services within the scope of the physician's or individual's employment, no such item or service may be furnished for the purpose of causing, or for the purpose of assisting in causing, the death of any individual, such as by assisted suicide, euthanasia, or mercy killing.

(d) LIST OF PROGRAMS TO WHICH RESTRICTIONS APPLY.—

(1) FEDERAL HEALTH CARE FUNDING PROGRAMS.—Subsection (a) applies to funds appropriated under or to carry out the following:

(A) MEDICARE PROGRAM.—Title XVIII of the Social Security Act.

(B) MEDICAID PROGRAM.—Title XIX of the Social Security Act.

(C) TITLE XX SOCIAL SERVICES BLOCK GRANT.—Title XX of the Social Security Act.

(D) MATERNAL AND CHILD HEALTH BLOCK GRANT PROGRAM.—Title V of the Social Security Act.

(E) PUBLIC HEALTH SERVICE ACT.—The Public Health Service Act.

(F) INDIAN HEALTH CARE IMPROVEMENT ACT.—The Indian Health Care Improvement Act.

(G) FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM.—Chapter 89 of title 5, United States Code.

(H) MILITARY HEALTH CARE SYSTEM (INCLUDING TRICARE AND CHAMPUS PROGRAMS).—Chapter 55 of title 10, United States Code.

(I) VETERANS MEDICAL CARE.—Chapter 17 of title 38, United States Code.

(J) HEALTH SERVICES FOR PEACE CORPS VOLUNTEERS.—Section 5(e) of the Peace Corps Act (22 U.S.C. 2504(e)).

(K) MEDICAL SERVICES FOR FEDERAL PRISONERS.—Section 4005(a) of title 18, United States Code.

(2) FEDERAL FACILITIES AND PERSONNEL.—The provisions of subsection (c) apply to facilities and personnel of the following:

(A) MILITARY HEALTH CARE SYSTEM.—The Department of Defense operating under chapter 55 of title 10, United States Code.

(B) VETERANS MEDICAL CARE.—The Veterans Health Administration of the Department of Veterans Affairs.

(C) PUBLIC HEALTH SERVICE.—The Public Health Service.

(3) NONEXCLUSIVE LIST.—Nothing in this subsection shall be construed as limiting the application of subsection (a) to the programs specified in paragraph (1) or the application of subsection (c) to the facilities and personnel specified in paragraph (2).

SEC. 4. RESTRICTION ON USE OF FEDERAL FUNDS UNDER CERTAIN GRANT PROGRAMS UNDER THE DEVELOPMENTAL DISABILITIES ASSISTANCE AND BILL OF RIGHTS ACT. 42 USC 14403.

Subject to section 3(b) (relating to construction and treatment of certain services), no funds appropriated by Congress to carry out part B, D, or E of the Developmental Disabilities Assistance and Bill of Rights Act may be used to support or fund any program or service which has a purpose of assisting in procuring any item, benefit, or service furnished for the purpose of causing, or the purpose of assisting in causing, the death of any individual, such as by assisted suicide, euthanasia, or mercy killing.

SEC. 5. RESTRICTION ON USE OF FEDERAL FUNDS BY ADVOCACY PROGRAMS. 42 USC 14404.

(a) IN GENERAL.—Subject to section 3(b) (relating to construction and treatment of certain services), no funds appropriated by Congress may be used to assist in, to support, or to fund any activity or service which has a purpose of assisting in, or to bring suit or provide any other form of legal assistance for the purpose of—

(1) securing or funding any item, benefit, program, or service furnished for the purpose of causing, or the purpose of assisting in causing, the suicide, euthanasia, or mercy killing of any individual;

(2) compelling any person, institution, governmental entity to provide or fund any item, benefit, program, or service for such purpose; or

(3) asserting or advocating a legal right to cause, or to assist in causing, the suicide, euthanasia, or mercy killing of any individual.

(b) LIST OF PROGRAMS TO WHICH RESTRICTIONS APPLY.—

(1) IN GENERAL.—Subsection (a) applies to funds appropriated under or to carry out the following:

(A) PROTECTION AND ADVOCACY SYSTEMS UNDER THE DEVELOPMENTAL DISABILITIES ASSISTANCE AND BILL OF RIGHTS ACT.—Part C of the Developmental Disabilities Assistance and Bill of Rights Act.

(B) PROTECTION AND ADVOCACY SYSTEMS UNDER THE PROTECTION AND ADVOCACY FOR MENTALLY ILL INDIVIDUALS ACT.—The Protection and Advocacy for Mentally Ill Individuals Act of 1986.

(C) PROTECTION AND ADVOCACY SYSTEMS UNDER THE REHABILITATION ACT OF 1973.—Section 509 of the Rehabilitation Act of 1973 (29 U.S.C. 794e).

(D) OMBUDSMAN PROGRAMS UNDER THE OLDER AMERICANS ACT OF 1965.—Ombudsman programs under the Older Americans Act of 1965.

(E) LEGAL ASSISTANCE.—Legal assistance programs under the Legal Services Corporation Act.

(2) NONEXCLUSIVE LIST.—Nothing in this subsection shall be construed as limiting the application of subsection (a) to the programs specified in paragraph (1).

SEC. 6. RESTRICTION ON USE OF OTHER FEDERAL FUNDS. 42 USC 14405.

(a) IN GENERAL.—Subject to section 3(b) (relating to construction and treatment of certain services) and subsection (b) of this section, no funds appropriated by the Congress shall be used to provide, procure, furnish, or fund any item, good, benefit, activity,

or service, furnished or performed for the purpose of causing, or assisting in causing, the suicide, euthanasia, or mercy killing of any individual.

(b) NONDUPLICATION.—Subsection (a) shall not apply to funds to which section 3, 4, or 5 applies, except that subsection (a), rather than section 3, shall apply to funds appropriated to carry out title 10, United States Code (other than chapter 55), title 18, United States Code (other than section 4005(a)), and chapter 37 of title 28, United States Code.

42 USC 14406.

SEC. 7. CLARIFICATION WITH RESPECT TO ADVANCE DIRECTIVES.

Subject to section 3(b) (relating to construction and treatment of certain services), sections 1866(f) and 1902(w) of the Social Security Act shall not be construed—

(1) to require any provider or organization, or any employee of such a provider or organization, to inform or counsel any individual regarding any right to obtain an item or service furnished for the purpose of causing, or the purpose of assisting in causing, the death of the individual, such as by assisted suicide, euthanasia, or mercy killing; or

(2) to apply to or to affect any requirement with respect to a portion of an advance directive that directs the purposeful causing of, or the purposeful assisting in causing, the death of any individual, such as by assisted suicide, euthanasia, or mercy killing.

42 USC 14407.

SEC. 8. APPLICATION TO DISTRICT OF COLUMBIA.

For purposes of this Act, the term “funds appropriated by Congress” includes funds appropriated to the District of Columbia pursuant to an authorization of appropriations under title V of the District of Columbia Self-Government and Governmental Reorganization Act and the term “Federal government” includes the government of the District of Columbia.

SEC. 9. CONFORMING AMENDMENTS.

(a) MEDICARE PROGRAM.—

(1) FUNDING.—Section 1862(a) of the Social Security Act (42 U.S.C. 1395y(a)) is amended—

(A) by striking “or” at the end of paragraph (14);

(B) by striking the period at the end of paragraph (15) and inserting “; or”; and

(C) by inserting after paragraph (15) the following new paragraph:

“(16) in the case in which funds may not be used for such items and services under the Assisted Suicide Funding Restriction Act of 1997.”.

(2) ADVANCE DIRECTIVES.—Section 1866(f) of such Act (42 U.S.C. 1395cc(f)) is amended by adding at the end the following new paragraph:

“(4) For construction relating to this subsection, see section 7 of the Assisted Suicide Funding Restriction Act of 1997 (relating to clarification respecting assisted suicide, euthanasia, and mercy killing).”.

(b) MEDICAID PROGRAM.—

(1) FUNDING.—Section 1903(i) of the Social Security Act (42 U.S.C. 1396b(i)) is amended—

(A) by striking “or” at the end of paragraph (14);

(B) by striking the period at the end of paragraph (15) and inserting “; or”; and

(C) by inserting after paragraph (15) the following new paragraph:

“(16) with respect to any amount expended for which funds may not be used under the Assisted Suicide Funding Restriction Act of 1997.”.

(2) ADVANCE DIRECTIVES.—Section 1902(w) of such Act (42 U.S.C. 1396a(w)) is amended by adding at the end the following new paragraph:

“(5) For construction relating to this subsection, see section 7 of the Assisted Suicide Funding Restriction Act of 1997 (relating to clarification respecting assisted suicide, euthanasia, and mercy killing).”.

(c) TITLE XX BLOCK GRANT PROGRAM.—Section 2005(a) of the Social Security Act (42 U.S.C. 1397d(a)) is amended—

(1) by striking “or” at the end of paragraph (8);

(2) by striking the period at the end of paragraph (9) and inserting “; or”; and

(3) by adding at the end the following:

“(10) in a manner inconsistent with the Assisted Suicide Funding Restriction Act of 1997.”.

(d) MATERNAL AND CHILD HEALTH BLOCK GRANT PROGRAM.—Section 501(a) of the Social Security Act (42 U.S.C. 701(a)) is amended by adding at the end the following:

“Funds appropriated under this section may only be used in a manner consistent with the Assisted Suicide Funding Restriction Act of 1997.”.

(e) PUBLIC HEALTH SERVICE ACT.—Title II of the Public Health Service Act (42 U.S.C. 201 et seq.) is amended by adding at the end thereof the following new section:

“SEC. 246. RESTRICTION ON USE OF FUNDS FOR ASSISTED SUICIDE, EUTHANASIA, AND MERCY KILLING. 42 USC 238o.

“Appropriations for carrying out the purposes of this Act shall not be used in a manner inconsistent with the Assisted Suicide Funding Restriction Act of 1997.”.

(f) INDIAN HEALTH CARE IMPROVEMENT ACT.—Title II of the Indian Health Care Improvement Act (25 U.S.C. 1621 et seq.) is amended by adding at the end the following new section:

“LIMITATION ON USE OF FUNDS

“SEC. 225. Amounts appropriated to carry out this title may not be used in a manner inconsistent with the Assisted Suicide Funding Restriction Act of 1997.”. 25 USC 1621x.

(g) FEDERAL EMPLOYEES HEALTH BENEFIT PROGRAM.—Section 8902 of title 5, United States Code, is amended by adding at the end the following:

“(o) A contract may not be made or a plan approved which includes coverage for any benefit, item, or service for which funds may not be used under the Assisted Suicide Funding Restriction Act of 1997.”.

(h) MILITARY HEALTH CARE PROGRAM.—Section 1073 of title 10, United States Code, is amended by adding at the end the following: “This chapter shall be administered consistent with the Assisted Suicide Funding Restriction Act of 1997.”.

(i) VETERANS’ MEDICAL CARE PROGRAM.—

(1) IN GENERAL.—Subchapter I of chapter 17 of title 38, United States Code, is amended by adding at the end the following new section:

“§ 1707. Restriction on use of funds for assisted suicide, euthanasia, or mercy killing

“Funds appropriated to carry out this chapter may not be used for purposes that are inconsistent with the Assisted Suicide Funding Restriction Act of 1997.”.

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1706 the following new item:

“1707. Restriction on use of funds for assisted suicide, euthanasia, or mercy killing.”.

(j) HEALTH CARE PROVIDED FOR PEACE CORPS VOLUNTEERS.—Section 5(e) of the Peace Corps Act (22 U.S.C. 2504(e)) is amended by adding at the end the following: “Health care may not be provided under this subsection in a manner inconsistent with the Assisted Suicide Funding Restriction Act of 1997.”.

(k) MEDICAL SERVICES FOR FEDERAL PRISONERS.—Section 4005(a) of title 18, United States Code, is amended by inserting “and to the extent consistent with the Assisted Suicide Funding Restriction Act of 1997” after “Upon request of the Attorney General”.

(l) DEVELOPMENTAL DISABILITIES AND BILL OF RIGHTS ACT.—

(1) STATE PLANS REGARDING DEVELOPMENTAL DISABILITIES COUNCILS.—Section 122(c)(5)(A) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6022(c)(5)(A)) is amended—

(A) in clause (vi), by striking “and” after the semicolon at the end;

(B) in clause (vii), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following clause:

“(viii) such funds will be used consistent with section 4 of the Assisted Suicide Funding Restriction Act of 1997.”.

(2) LEGAL ACTIONS BY PROTECTION AND ADVOCACY SYSTEMS.—Section 142(h) of such Act (42 U.S.C. 6042(h)) is amended by adding at the end the following new paragraph:

“(3) LIMITATION.—The systems may only use assistance provided under this chapter consistent with section 5 of the Assisted Suicide Funding Restriction Act of 1997.”.

(3) UNIVERSITY AFFILIATED PROGRAMS.—Section 152(b)(5) of such Act (42 U.S.C. 6062(b)(5)) is amended by adding at the end the following: “Such grants shall not be used in a manner inconsistent with section 4 of the Assisted Suicide Funding Restriction Act of 1997.”.

(4) GRANTS OF NATIONAL SIGNIFICANCE.—Section 162(c) of such Act (42 U.S.C. 6082(c)) is amended—

(A) by striking “and” at the end of paragraph (4);

(B) by striking the period at the end of paragraph (5) and inserting “; and”; and

(C) by adding at the end the following new paragraph:

“(6) the applicant provides assurances that the grant will not be used in a manner inconsistent with section 4 of the Assisted Suicide Funding Restriction Act of 1997.”.

(m) PROTECTION AND ADVOCACY FOR MENTALLY ILL INDIVIDUALS ACT OF 1986.—Section 105(a) of the Protection and Advocacy for Mentally Ill Individuals Act of 1986 (42 U.S.C. 10805(a)) is amended—

(1) in paragraph (8), by striking “and” at the end;

(2) in paragraph (9), by striking the period and inserting “; and”; and

(3) by adding at the end thereof the following new paragraph:

“(10) not use allotments provided to a system in a manner inconsistent with section 5 of the Assisted Suicide Funding Restriction Act of 1997.”.

(n) PROTECTION AND ADVOCACY SYSTEMS UNDER THE REHABILITATION ACT OF 1973.—Section 509(f) of the Rehabilitation Act of 1973 (29 U.S.C. 794e(f)) is amended—

(1) in paragraph (6), by striking “and” after the semicolon at the end;

(2) in paragraph (7), by striking the period at the end and inserting “; and”; and

(3) by adding at the end the following paragraph:

“(8) not use allotments provided under this section in a manner inconsistent with section 5 of the Assisted Suicide Funding Restriction Act of 1997.”.

(o) LEGAL SERVICES PROGRAM.—Section 1007(b) of the Legal Services Corporation Act (42 U.S.C. 2996f(b)) is amended—

(1) by striking “or” at the end of paragraph (9);

(2) by striking the period at the end of paragraph (10) and inserting “; or”; and

(3) by adding after paragraph (10) the following:

“(11) to provide legal assistance in a manner inconsistent with the Assisted Suicide Funding Restriction Act of 1997.”.

(p) CONSTRUCTION ON CONFORMING AMENDMENTS.—The fact that a law is not amended under this section shall not be construed as indicating that the provisions of this Act do not apply to such a law.

42 USC 14401
note.

SEC. 10. RELATION TO OTHER LAWS.

42 USC 14408.

The provisions of this Act supersede other Federal laws (including laws enacted after the date of the enactment of this Act) except to the extent such laws specifically supersede the provisions of this Act.

SEC. 11. EFFECTIVE DATE.

42 USC 14401
note.

(a) IN GENERAL.—The provisions of this Act (and the amendments made by this Act) take effect upon its enactment and apply, subject to subsection (b), to Federal payments made pursuant to obligations incurred after the date of the enactment of this Act for items and services provided on or after such date.

(b) APPLICATION TO CONTRACTS.—Such provisions shall apply with respect to contracts entered into, renewed, or extended after the date of the enactment of this Act and shall also apply to a contract entered into before such date to the extent permitted under such contract.

SEC. 12. SUICIDE PREVENTION (INCLUDING ASSISTED SUICIDE).

(a) PURPOSE.—The purpose of this section is to reduce the rate of suicide (including assisted suicide) among persons with disabilities or terminal or chronic illness by furthering knowledge and practice of pain management, depression identification and treatment, and issues related to palliative care and suicide prevention.

42 USC 295 note.

(b) RESEARCH AND DEMONSTRATION PROJECTS.—Section 781 of the Public Health Service Act (42 U.S.C. 295) is amended—

- (1) by redesignating subsection (e) as subsection (f); and
- (2) by inserting after subsection (d) the following new subsection:

subsection:

“(e) RESEARCH AND DEMONSTRATION PROJECTS ON SUICIDE PREVENTION (INCLUDING ASSISTED SUICIDE).—

“(1) RESEARCH.—The Secretary may make grants to and enter into contracts with public and private entities for conducting research intended to reduce the rate of suicide (including assisted suicide) among persons with disabilities or terminal or chronic illness. The Secretary shall give preference to research that aims—

“(A) to assess the quality of care received by patients with disabilities or terminal or chronic illness by measuring and reporting specific outcomes;

“(B) to compare coordinated health care (which may include coordinated rehabilitation services, symptom control, psychological support, and community-based support services) to traditional health care delivery systems; or

“(C) to advance biomedical knowledge of pain management.

“(2) TRAINING.—The Secretary may make grants and enter into contracts to assist public and private entities, schools, academic health science centers, and hospitals in meeting the costs of projects intended to reduce the rate of suicide (including assisted suicide) among persons with disabilities or terminal or chronic illness. The Secretary shall give preference to qualified projects that will—

“(A) train health care practitioners in pain management, depression identification and treatment, and issues related to palliative care and suicide prevention;

“(B) train the faculty of health professions schools in pain management, depression identification and treatment, and issues related to palliative care and suicide prevention; or

“(C) develop and implement curricula regarding disability issues, including living with disabilities, living with chronic or terminal illness, attendant and personal care, assistive technology, and social support services.

“(3) DEMONSTRATION PROJECTS.—The Secretary may make grants to and enter into contracts with public and nonprofit private entities for the purpose of conducting demonstration projects that will—

“(A) reduce restrictions on access to hospice programs; or

“(B) fund home health care services, community living arrangements, and attendant care services.

“(4) PALLIATIVE MEDICINE.—The Secretary shall emphasize palliative medicine among its funding and research priorities.”.

42 USC 295 note.

(c) REPORT BY GENERAL ACCOUNTING OFFICE.—Not later than 1 year after the date of enactment of this Act, the Comptroller General of the United States shall submit to the Congress a report providing an assessment of programs under subsection (e) of section 781 of the Public Health Service Act (as added by subsection (b) of this section) to conduct research, provide training, and develop curricula and of the curricula offered and used by schools of medicine and osteopathic medicine in pain management, depression identification and treatment, and issues related to palliative care and suicide prevention. The purpose of the assessment shall be to determine the extent to which such programs have furthered knowledge and practice of pain management, depression identification and treatment, and issues related to palliative care and suicide prevention.

Approved April 30, 1997.

LEGISLATIVE HISTORY—H.R. 1003:

HOUSE REPORTS: No. 105–46, Pt. 1 (Comm. on Commerce).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Apr. 10, considered and passed House.

Apr. 16, considered and passed Senate.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Apr. 30, Presidential statement.



Public Law 105–13
105th Congress

An Act

To extend the term of appointment of certain members of the Prospective Payment Assessment Commission and the Physician Payment Review Commission.

May 14, 1997
[H.R. 1001]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXTENSION OF TERM OF APPOINTMENT OF CERTAIN MEMBERS OF THE PROSPECTIVE PAYMENT ASSESSMENT COMMISSION AND THE PHYSICIAN PAYMENT REVIEW COMMISSION.

42 USC 1395w–1
note.

In the case of an individual who is appointed as a member of the Prospective Payment Assessment Commission or of the Physician Payment Review Commission and whose term of appointment would otherwise expire during 1997, such term of appointment is hereby extended to expire as of May 1, 1998.

Approved May 14, 1997.

LEGISLATIVE HISTORY—H.R. 1001:

HOUSE REPORTS: No. 105–49, Pt. 1 (Comm. on Ways and Means) and Pt. 2 (Comm. on Commerce).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Apr. 15, considered and passed House.

Apr. 30, considered and passed Senate.



Public Law 105–14
105th Congress

An Act

May 14, 1997
[S. 305]

To authorize the President to award a gold medal on behalf of the Congress to Francis Albert “Frank” Sinatra in recognition of his outstanding and enduring contributions through his entertainment career and humanitarian activities, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

31 USC 5111
note.

SECTION 1. FINDINGS.

The Congress finds that—

(1) Francis Albert “Frank” Sinatra has touched the lives of millions around the world and across generations through his outstanding career in entertainment, which has spanned more than 5 decades;

(2) Frank Sinatra has significantly contributed to the entertainment industry through his endeavors as a producer, director, actor, and gifted vocalist;

(3) the humanitarian contributions of Frank Sinatra have been recognized in the forms of a Lifetime Achievement Award from the NAACP, the Jean Hersholt Humanitarian Award from the Academy of Motion Picture Arts and Sciences, the Presidential Medal of Freedom Award, and the George Foster Peabody Award; and

(4) the entertainment accomplishments of Frank Sinatra, including the release of more than 50 albums and appearances in more than 60 films, have been recognized in the forms of the Screen Actors Guild Award, the Kennedy Center Honors, 8 Grammy Awards from the National Academy of Recording Arts and Science, 2 Academy Awards from the Academy of Motion Picture Arts and Sciences, and an Emmy Award.

31 USC 5111
note.

SEC. 2. CONGRESSIONAL GOLD MEDAL.

(a) **PRESENTATION AUTHORIZED.**—The President is authorized to present, on behalf of the Congress, a gold medal of appropriate design to Francis Albert “Frank” Sinatra in recognition of his outstanding and enduring contributions through his entertainment career and numerous humanitarian activities.

(b) **DESIGN AND STRIKING.**—For the purpose of the presentation referred to in subsection (a), the Secretary of the Treasury (hereafter in this Act referred to as the “Secretary”) shall strike a gold medal with suitable emblems, devices, and inscriptions, to be determined by the Secretary.

SEC. 3. DUPLICATE MEDALS.31 USC 5111
note.

The Secretary may strike and sell duplicates in bronze of the gold medal struck pursuant to section 2 under such regulations as the Secretary may prescribe, and at a price sufficient to cover the costs thereof, including labor, materials, dies, use of machinery, overhead expenses, and the cost of the gold medal.

SEC. 4. NATIONAL MEDALS.31 USC 5111
note.

The medals struck pursuant to this Act are national medals for purposes of chapter 51 of title 31, United States Code.

SEC. 5. AUTHORIZATION OF APPROPRIATIONS; PROCEEDS OF SALE.31 USC 5111
note.

(a) AUTHORIZATION OF APPROPRIATIONS.—There is hereby authorized to be charged against the Numismatic Public Enterprise Fund an amount not to exceed \$30,000 to pay for the cost of the medal authorized by this Act.

(b) PROCEEDS OF SALE.—Amounts received from the sales of duplicate bronze medals under section 3 shall be deposited in the Numismatic Public Enterprise Fund.

Approved May 14, 1997.

LEGISLATIVE HISTORY—S. 305 (H.R. 279):

CONGRESSIONAL RECORD, Vol. 143 (1997):

Feb. 26, considered and passed Senate.

Apr. 29, H.R. 279 and S. 305 considered and passed House.



Public Law 105–15
105th Congress

An Act

May 15, 1997
[H.R. 968]

To amend title XVIII and XIX of the Social Security Act to permit a waiver of the prohibition of offering nurse aide training and competency evaluation programs in certain nursing facilities.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PERMITTING WAIVER OF PROHIBITION OF OFFERING NURSE AIDE TRAINING AND COMPETENCY EVALUATION PROGRAMS IN CERTAIN FACILITIES.

Section 1819(f)(2) of the Social Security Act (42 U.S.C. 1395i–3(f)(2)) and section 1919(f)(2) of such Act (42 U.S.C. 1396r(f)(2)) are each amended—

(1) in subparagraph (B)(iii), by inserting “subject to subparagraph (C),” after “(iii)”; and

(2) by adding at the end the following new subparagraph:
“(C) WAIVER AUTHORIZED.—Clause (iii)(I) of subparagraph (B) shall not apply to a program offered in (but not by) a nursing facility (or skilled nursing facility for purposes of title XVIII) in a State if the State—

“(i) determines that there is no other such program offered within a reasonable distance of the facility,

“(ii) assures, through an oversight effort, that an adequate environment exists for operating the program in the facility, and

“(iii) provides notice of such determination and assurances to the State long-term care ombudsman.”.

Approved May 15, 1997.

LEGISLATIVE HISTORY—H.R. 968:

HOUSE REPORTS: No. 105–23, Pt. 1 (Comm. on Ways and Means) and Pt. 2 (Comm. on Commerce).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Apr. 8, considered and passed House.

Apr. 30, considered and passed Senate.



Public Law 105–16
105th Congress

An Act

To authorize the President to award a gold medal on behalf of the Congress to Mother Teresa of Calcutta in recognition of her outstanding and enduring contributions through humanitarian and charitable activities, and for other purposes.

June 2, 1997
[H.R. 1650]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS.

31 USC 5111
note.

The Congress finds that—

(1) Mother Teresa of Calcutta has greatly impacted the lives of people in all walks of life in every corner of the world through love and her selfless dedication to humanity and charitable works for nearly 70 years;

(2) Mother Teresa has expanded her personal dedication by founding the Missionaries of Charity, which include well over 3,000 members in 25 countries, who devote their entire lives to serving the poor without accepting any material reward in return;

(3) Mother Teresa has been recognized as a humanitarian around the world and has been recognized in the form of—

(A) the first Pope John XXIII Peace Prize (1971);

(B) the Jawaharal Nehru Award for International Understanding (1972);

(C) the Nobel Peace Prize (1979); and

(D) the Presidential Medal of Freedom (1985);

(4) Mother Teresa is a tool of God;

(5) God's love flowing through Mother Teresa has forever impacted the culture and history of the world; and

(6) Mother Teresa truly leads by example and shows the people of the world the way to live by love for mankind.

SEC. 2. CONGRESSIONAL GOLD MEDAL.

31 USC 5111
note.

(a) **PRESENTATION AUTHORIZED.**—The President is authorized to present, on behalf of the Congress, a gold medal of appropriate design to Mother Teresa of Calcutta in recognition of her outstanding and enduring contributions to humanitarian and charitable activities.

(b) **DESIGN AND STRIKING.**—For the purpose of the presentation referred to in subsection (a), the Secretary of the Treasury (hereafter in this Act referred to as the “Secretary”) shall strike a gold medal with suitable emblems, devices, and inscriptions, to be determined by the Secretary.

31 USC 5111
note.

SEC. 3. DUPLICATE MEDALS.

The Secretary may strike and sell duplicates in bronze of the gold medal struck pursuant to section 2 under such regulations as the Secretary may prescribe, and at a price sufficient to cover the costs thereof, including labor, materials, dies, use of machinery, overhead expenses, and the cost of the gold medal.

31 USC 5111
note.

SEC. 4. NATIONAL MEDALS.

The medals struck pursuant to this Act are national medals for purposes of chapter 51 of title 31, United States Code.

31 USC 5111
note.

SEC. 5. AUTHORIZATION OF APPROPRIATIONS; PROCEEDS OF SALE.

(a) **AUTHORIZATION OF APPROPRIATIONS.**—There is hereby authorized to be charged against the Numismatic Public Enterprise Fund an amount not to exceed \$30,000 to pay for the cost of the medal authorized by this Act.

(b) **PROCEEDS OF SALE.**—Amounts received from the sales of duplicate bronze medals under section 3 shall be deposited in the Numismatic Public Enterprise Fund.

Approved June 2, 1997.

LEGISLATIVE HISTORY—H.R. 1650:

CONGRESSIONAL RECORD, Vol. 143 (1997):

May 20, considered and passed House.

May 21, considered and passed Senate.



Public Law 105–17
105th Congress

An Act

To amend the Individuals with Disabilities Education Act, to reauthorize and make improvements to that Act, and for other purposes.

June 4, 1997
[H.R. 5]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Individuals with Disabilities Education Act Amendments of 1997”.

Individuals with
Disabilities
Education Act
Amendments of
1997.
Children, youth
and families.
Inter-
governmental
relations.
20 USC 1400
note.

**TITLE I—AMENDMENTS TO THE
INDIVIDUALS WITH DISABILITIES
EDUCATION ACT**

**SEC. 101. AMENDMENTS TO THE INDIVIDUALS WITH DISABILITIES
EDUCATION ACT.**

Parts A through D of the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.) are amended to read as follows:

“PART A—GENERAL PROVISIONS

“SEC. 601. SHORT TITLE; TABLE OF CONTENTS; FINDINGS; PURPOSES. 20 USC 1400.

“(a) SHORT TITLE.—This Act may be cited as the ‘Individuals with Disabilities Education Act’.

“(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

“PART A—GENERAL PROVISIONS

“Sec. 601. Short title; table of contents; findings; purposes.

“Sec. 602. Definitions.

“Sec. 603. Office of Special Education Programs.

“Sec. 604. Abrogation of State sovereign immunity.

“Sec. 605. Acquisition of equipment; construction or alteration of facilities.

“Sec. 606. Employment of individuals with disabilities.

“Sec. 607. Requirements for prescribing regulations.

“PART B—ASSISTANCE FOR EDUCATION OF ALL CHILDREN WITH DISABILITIES

“Sec. 611. Authorization; allotment; use of funds; authorization of appropriations.

“Sec. 612. State eligibility.

“Sec. 613. Local educational agency eligibility.

“Sec. 614. Evaluations, eligibility determinations, individualized education programs, and educational placements.

“Sec. 615. Procedural safeguards.

“Sec. 616. Withholding and judicial review.

“Sec. 617. Administration.

- “Sec. 618. Program information.
- “Sec. 619. Preschool grants.

“PART C—INFANTS AND TODDLERS WITH DISABILITIES

- “Sec. 631. Findings and policy.
- “Sec. 632. Definitions.
- “Sec. 633. General authority.
- “Sec. 634. Eligibility.
- “Sec. 635. Requirements for statewide system.
- “Sec. 636. Individualized family service plan.
- “Sec. 637. State application and assurances.
- “Sec. 638. Uses of funds.
- “Sec. 639. Procedural safeguards.
- “Sec. 640. Payor of last resort.
- “Sec. 641. State Interagency Coordinating Council.
- “Sec. 642. Federal administration.
- “Sec. 643. Allocation of funds.
- “Sec. 644. Federal Interagency Coordinating Council.
- “Sec. 645. Authorization of appropriations.

“PART D—NATIONAL ACTIVITIES TO IMPROVE EDUCATION OF CHILDREN WITH
DISABILITIES

“SUBPART 1—STATE PROGRAM IMPROVEMENT GRANTS FOR CHILDREN WITH DISABILITIES

- “Sec. 651. Findings and purpose.
- “Sec. 652. Eligibility and collaborative process.
- “Sec. 653. Applications.
- “Sec. 654. Use of funds.
- “Sec. 655. Minimum State grant amounts.
- “Sec. 656. Authorization of appropriations.

“SUBPART 2—COORDINATED RESEARCH, PERSONNEL PREPARATION, TECHNICAL
ASSISTANCE, SUPPORT, AND DISSEMINATION OF INFORMATION

- “Sec. 661. Administrative provisions.

“CHAPTER 1—IMPROVING EARLY INTERVENTION, EDUCATIONAL, AND TRANSITIONAL
SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES THROUGH COORDINATED
RESEARCH AND PERSONNEL PREPARATION

- “Sec. 671. Findings and purpose.
- “Sec. 672. Research and innovation to improve services and results for children
with disabilities.
- “Sec. 673. Personnel preparation to improve services and results for children with
disabilities.
- “Sec. 674. Studies and evaluations.

“CHAPTER 2—IMPROVING EARLY INTERVENTION, EDUCATIONAL, AND TRANSITIONAL
SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES THROUGH COORDINATED
TECHNICAL ASSISTANCE, SUPPORT, AND DISSEMINATION OF INFORMATION

- “Sec. 681. Findings and purposes.
- “Sec. 682. Parent training and information centers.
- “Sec. 683. Community parent resource centers.
- “Sec. 684. Technical assistance for parent training and information centers.
- “Sec. 685. Coordinated technical assistance and dissemination.
- “Sec. 686. Authorization of appropriations.
- “Sec. 687. Technology development, demonstration, and utilization, and media
services.

“(c) FINDINGS.—The Congress finds the following:

“(1) Disability is a natural part of the human experience and in no way diminishes the right of individuals to participate in or contribute to society. Improving educational results for children with disabilities is an essential element of our national policy of ensuring equality of opportunity, full participation, independent living, and economic self-sufficiency for individuals with disabilities.

“(2) Before the date of the enactment of the Education for All Handicapped Children Act of 1975 (Public Law 94–142)—

“(A) the special educational needs of children with disabilities were not being fully met;

“(B) more than one-half of the children with disabilities in the United States did not receive appropriate educational services that would enable such children to have full equality of opportunity;

“(C) 1,000,000 of the children with disabilities in the United States were excluded entirely from the public school system and did not go through the educational process with their peers;

“(D) there were many children with disabilities throughout the United States participating in regular school programs whose disabilities prevented such children from having a successful educational experience because their disabilities were undetected; and

“(E) because of the lack of adequate services within the public school system, families were often forced to find services outside the public school system, often at great distance from their residence and at their own expense.

“(3) Since the enactment and implementation of the Education for All Handicapped Children Act of 1975, this Act has been successful in ensuring children with disabilities and the families of such children access to a free appropriate public education and in improving educational results for children with disabilities.

“(4) However, the implementation of this Act has been impeded by low expectations, and an insufficient focus on applying replicable research on proven methods of teaching and learning for children with disabilities.

“(5) Over 20 years of research and experience has demonstrated that the education of children with disabilities can be made more effective by—

“(A) having high expectations for such children and ensuring their access in the general curriculum to the maximum extent possible;

“(B) strengthening the role of parents and ensuring that families of such children have meaningful opportunities to participate in the education of their children at school and at home;

“(C) coordinating this Act with other local, educational service agency, State, and Federal school improvement efforts in order to ensure that such children benefit from such efforts and that special education can become a service for such children rather than a place where they are sent;

“(D) providing appropriate special education and related services and aids and supports in the regular classroom to such children, whenever appropriate;

“(E) supporting high-quality, intensive professional development for all personnel who work with such children in order to ensure that they have the skills and knowledge necessary to enable them—

“(i) to meet developmental goals and, to the maximum extent possible, those challenging expectations that have been established for all children; and

“(ii) to be prepared to lead productive, independent, adult lives, to the maximum extent possible;

“(F) providing incentives for whole-school approaches and pre-referral intervention to reduce the need to label children as disabled in order to address their learning needs; and

“(G) focusing resources on teaching and learning while reducing paperwork and requirements that do not assist in improving educational results.

“(6) While States, local educational agencies, and educational service agencies are responsible for providing an education for all children with disabilities, it is in the national interest that the Federal Government have a role in assisting State and local efforts to educate children with disabilities in order to improve results for such children and to ensure equal protection of the law.

“(7)(A) The Federal Government must be responsive to the growing needs of an increasingly more diverse society. A more equitable allocation of resources is essential for the Federal Government to meet its responsibility to provide an equal educational opportunity for all individuals.

“(B) America’s racial profile is rapidly changing. Between 1980 and 1990, the rate of increase in the population for white Americans was 6 percent, while the rate of increase for racial and ethnic minorities was much higher: 53 percent for Hispanics, 13.2 percent for African-Americans, and 107.8 percent for Asians.

“(C) By the year 2000, this Nation will have 275,000,000 people, nearly one of every three of whom will be either African-American, Hispanic, Asian-American, or American Indian.

“(D) Taken together as a group, minority children are comprising an ever larger percentage of public school students. Large-city school populations are overwhelmingly minority, for example: for fall 1993, the figure for Miami was 84 percent; Chicago, 89 percent; Philadelphia, 78 percent; Baltimore, 84 percent; Houston, 88 percent; and Los Angeles, 88 percent.

“(E) Recruitment efforts within special education must focus on bringing larger numbers of minorities into the profession in order to provide appropriate practitioner knowledge, role models, and sufficient manpower to address the clearly changing demography of special education.

“(F) The limited English proficient population is the fastest growing in our Nation, and the growth is occurring in many parts of our Nation. In the Nation’s 2 largest school districts, limited English proficient students make up almost half of all students initially entering school at the kindergarten level. Studies have documented apparent discrepancies in the levels of referral and placement of limited English proficient children in special education. The Department of Education has found that services provided to limited English proficient students often do not respond primarily to the pupil’s academic needs. These trends pose special challenges for special education in the referral, assessment, and services for our Nation’s students from non-English language backgrounds.

“(8)(A) Greater efforts are needed to prevent the intensification of problems connected with mislabeling and high dropout rates among minority children with disabilities.

“(B) More minority children continue to be served in special education than would be expected from the percentage of minority students in the general school population.

“(C) Poor African-American children are 2.3 times more likely to be identified by their teacher as having mental retardation than their white counterpart.

“(D) Although African-Americans represent 16 percent of elementary and secondary enrollments, they constitute 21 percent of total enrollments in special education.

“(E) The drop-out rate is 68 percent higher for minorities than for whites.

“(F) More than 50 percent of minority students in large cities drop out of school.

“(9)(A) The opportunity for full participation in awards for grants and contracts; boards of organizations receiving funds under this Act; and peer review panels; and training of professionals in the area of special education by minority individuals, organizations, and historically black colleges and universities is essential if we are to obtain greater success in the education of minority children with disabilities.

“(B) In 1993, of the 915,000 college and university professors, 4.9 percent were African-American and 2.4 percent were Hispanic. Of the 2,940,000 teachers, prekindergarten through high school, 6.8 percent were African-American and 4.1 percent were Hispanic.

“(C) Students from minority groups comprise more than 50 percent of K-12 public school enrollment in seven States yet minority enrollment in teacher training programs is less than 15 percent in all but six States.

“(D) As the number of African-American and Hispanic students in special education increases, the number of minority teachers and related service personnel produced in our colleges and universities continues to decrease.

“(E) Ten years ago, 12 percent of the United States teaching force in public elementary and secondary schools were members of a minority group. Minorities comprised 21 percent of the national population at that time and were clearly underrepresented then among employed teachers. Today, the elementary and secondary teaching force is 13 percent minority, while one-third of the students in public schools are minority children.

“(F) As recently as 1991, historically black colleges and universities enrolled 44 percent of the African-American teacher trainees in the Nation. However, in 1993, historically black colleges and universities received only 4 percent of the discretionary funds for special education and related services personnel training under this Act.

“(G) While African-American students constitute 28 percent of total enrollment in special education, only 11.2 percent of individuals enrolled in preservice training programs for special education are African-American.

“(H) In 1986-87, of the degrees conferred in education at the B.A., M.A., and Ph.D. levels, only 6, 8, and 8 percent, respectively, were awarded to African-American or Hispanic students.

“(10) Minorities and underserved persons are socially disadvantaged because of the lack of opportunities in training and educational programs, undergirded by the practices in the

private sector that impede their full participation in the mainstream of society.

“(d) PURPOSES.—The purposes of this title are—

“(1)(A) to ensure that all children with disabilities have available to them a free appropriate public education that emphasizes special education and related services designed to meet their unique needs and prepare them for employment and independent living;

“(B) to ensure that the rights of children with disabilities and parents of such children are protected; and

“(C) to assist States, localities, educational service agencies, and Federal agencies to provide for the education of all children with disabilities;

“(2) to assist States in the implementation of a statewide, comprehensive, coordinated, multidisciplinary, interagency system of early intervention services for infants and toddlers with disabilities and their families;

“(3) to ensure that educators and parents have the necessary tools to improve educational results for children with disabilities by supporting systemic-change activities; coordinated research and personnel preparation; coordinated technical assistance, dissemination, and support; and technology development and media services; and

“(4) to assess, and ensure the effectiveness of, efforts to educate children with disabilities.

20 USC 1401.

“SEC. 602. DEFINITIONS.

“Except as otherwise provided, as used in this Act:

“(1) ASSISTIVE TECHNOLOGY DEVICE.—The term ‘assistive technology device’ means any item, piece of equipment, or product system, whether acquired commercially off the shelf, modified, or customized, that is used to increase, maintain, or improve functional capabilities of a child with a disability.

“(2) ASSISTIVE TECHNOLOGY SERVICE.—The term ‘assistive technology service’ means any service that directly assists a child with a disability in the selection, acquisition, or use of an assistive technology device. Such term includes—

“(A) the evaluation of the needs of such child, including a functional evaluation of the child in the child’s customary environment;

“(B) purchasing, leasing, or otherwise providing for the acquisition of assistive technology devices by such child;

“(C) selecting, designing, fitting, customizing, adapting, applying, maintaining, repairing, or replacing of assistive technology devices;

“(D) coordinating and using other therapies, interventions, or services with assistive technology devices, such as those associated with existing education and rehabilitation plans and programs;

“(E) training or technical assistance for such child, or, where appropriate, the family of such child; and

“(F) training or technical assistance for professionals (including individuals providing education and rehabilitation services), employers, or other individuals who provide services to, employ, or are otherwise substantially involved in the major life functions of such child.

“(3) CHILD WITH A DISABILITY.—

“(A) IN GENERAL.—The term ‘child with a disability’ means a child—

“(i) with mental retardation, hearing impairments (including deafness), speech or language impairments, visual impairments (including blindness), serious emotional disturbance (hereinafter referred to as ‘emotional disturbance’), orthopedic impairments, autism, traumatic brain injury, other health impairments, or specific learning disabilities; and

“(ii) who, by reason thereof, needs special education and related services.

“(B) CHILD AGED 3 THROUGH 9.—The term ‘child with a disability’ for a child aged 3 through 9 may, at the discretion of the State and the local educational agency, include a child—

“(i) experiencing developmental delays, as defined by the State and as measured by appropriate diagnostic instruments and procedures, in one or more of the following areas: physical development, cognitive development, communication development, social or emotional development, or adaptive development; and

“(ii) who, by reason thereof, needs special education and related services.

“(4) EDUCATIONAL SERVICE AGENCY.—The term ‘educational service agency’—

“(A) means a regional public multiservice agency—

“(i) authorized by State law to develop, manage, and provide services or programs to local educational agencies; and

“(ii) recognized as an administrative agency for purposes of the provision of special education and related services provided within public elementary and secondary schools of the State; and

“(B) includes any other public institution or agency having administrative control and direction over a public elementary or secondary school.

“(5) ELEMENTARY SCHOOL.—The term ‘elementary school’ means a nonprofit institutional day or residential school that provides elementary education, as determined under State law.

“(6) EQUIPMENT.—The term ‘equipment’ includes—

“(A) machinery, utilities, and built-in equipment and any necessary enclosures or structures to house such machinery, utilities, or equipment; and

“(B) all other items necessary for the functioning of a particular facility as a facility for the provision of educational services, including items such as instructional equipment and necessary furniture; printed, published, and audio-visual instructional materials; telecommunications, sensory, and other technological aids and devices; and books, periodicals, documents, and other related materials.

“(7) EXCESS COSTS.—The term ‘excess costs’ means those costs that are in excess of the average annual per-student expenditure in a local educational agency during the preceding school year for an elementary or secondary school student, as may be appropriate, and which shall be computed after deducting—

“(A) amounts received—

- “(i) under part B of this title;
 - “(ii) under part A of title I of the Elementary and Secondary Education Act of 1965; or
 - “(iii) under part A of title VII of that Act; and
 - “(B) any State or local funds expended for programs that would qualify for assistance under any of those parts.
- “(8) FREE APPROPRIATE PUBLIC EDUCATION.—The term ‘free appropriate public education’ means special education and related services that—
- “(A) have been provided at public expense, under public supervision and direction, and without charge;
 - “(B) meet the standards of the State educational agency;
 - “(C) include an appropriate preschool, elementary, or secondary school education in the State involved; and
 - “(D) are provided in conformity with the individualized education program required under section 614(d).
- “(9) INDIAN.—The term ‘Indian’ means an individual who is a member of an Indian tribe.
- “(10) INDIAN TRIBE.—The term ‘Indian tribe’ means any Federal or State Indian tribe, band, rancheria, pueblo, colony, or community, including any Alaska Native village or regional village corporation (as defined in or established under the Alaska Native Claims Settlement Act).
- “(11) INDIVIDUALIZED EDUCATION PROGRAM.—The term ‘individualized education program’ or ‘IEP’ means a written statement for each child with a disability that is developed, reviewed, and revised in accordance with section 614(d).
- “(12) INDIVIDUALIZED FAMILY SERVICE PLAN.—The term ‘individualized family service plan’ has the meaning given such term in section 636.
- “(13) INFANT OR TODDLER WITH A DISABILITY.—The term ‘infant or toddler with a disability’ has the meaning given such term in section 632.
- “(14) INSTITUTION OF HIGHER EDUCATION.—The term ‘institution of higher education’—
- “(A) has the meaning given that term in section 1201(a) of the Higher Education Act of 1965; and
 - “(B) also includes any community college receiving funding from the Secretary of the Interior under the Tribally Controlled Community College Assistance Act of 1978.
- “(15) LOCAL EDUCATIONAL AGENCY.—
- “(A) The term ‘local educational agency’ means a public board of education or other public authority legally constituted within a State for either administrative control or direction of, or to perform a service function for, public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a State, or for such combination of school districts or counties as are recognized in a State as an administrative agency for its public elementary or secondary schools.
 - “(B) The term includes—
 - “(i) an educational service agency, as defined in paragraph (4); and
 - “(ii) any other public institution or agency having administrative control and direction of a public elementary or secondary school.

“(C) The term includes an elementary or secondary school funded by the Bureau of Indian Affairs, but only to the extent that such inclusion makes the school eligible for programs for which specific eligibility is not provided to the school in another provision of law and the school does not have a student population that is smaller than the student population of the local educational agency receiving assistance under this Act with the smallest student population, except that the school shall not be subject to the jurisdiction of any State educational agency other than the Bureau of Indian Affairs.

“(16) NATIVE LANGUAGE.—The term ‘native language’, when used with reference to an individual of limited English proficiency, means the language normally used by the individual, or in the case of a child, the language normally used by the parents of the child.

“(17) NONPROFIT.—The term ‘nonprofit’, as applied to a school, agency, organization, or institution, means a school, agency, organization, or institution owned and operated by one or more nonprofit corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

“(18) OUTLYING AREA.—The term ‘outlying area’ means the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

“(19) PARENT.—The term ‘parent’—

“(A) includes a legal guardian; and

“(B) except as used in sections 615(b)(2) and 639(a)(5), includes an individual assigned under either of those sections to be a surrogate parent.

“(20) PARENT ORGANIZATION.—The term ‘parent organization’ has the meaning given that term in section 682(g).

“(21) PARENT TRAINING AND INFORMATION CENTER.—The term ‘parent training and information center’ means a center assisted under section 682 or 683.

“(22) RELATED SERVICES.—The term ‘related services’ means transportation, and such developmental, corrective, and other supportive services (including speech-language pathology and audiology services, psychological services, physical and occupational therapy, recreation, including therapeutic recreation, social work services, counseling services, including rehabilitation counseling, orientation and mobility services, and medical services, except that such medical services shall be for diagnostic and evaluation purposes only) as may be required to assist a child with a disability to benefit from special education, and includes the early identification and assessment of disabling conditions in children.

“(23) SECONDARY SCHOOL.—The term ‘secondary school’ means a nonprofit institutional day or residential school that provides secondary education, as determined under State law, except that it does not include any education beyond grade 12.

“(24) SECRETARY.—The term ‘Secretary’ means the Secretary of Education.

“(25) SPECIAL EDUCATION.—The term ‘special education’ means specially designed instruction, at no cost to parents, to meet the unique needs of a child with a disability, including—

“(A) instruction conducted in the classroom, in the home, in hospitals and institutions, and in other settings; and

“(B) instruction in physical education.

“(26) SPECIFIC LEARNING DISABILITY.—

“(A) IN GENERAL.—The term ‘specific learning disability’ means a disorder in one or more of the basic psychological processes involved in understanding or in using language, spoken or written, which disorder may manifest itself in imperfect ability to listen, think, speak, read, write, spell, or do mathematical calculations.

“(B) DISORDERS INCLUDED.—Such term includes such conditions as perceptual disabilities, brain injury, minimal brain dysfunction, dyslexia, and developmental aphasia.

“(C) DISORDERS NOT INCLUDED.—Such term does not include a learning problem that is primarily the result of visual, hearing, or motor disabilities, of mental retardation, of emotional disturbance, or of environmental, cultural, or economic disadvantage.

“(27) STATE.—The term ‘State’ means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and each of the outlying areas.

“(28) STATE EDUCATIONAL AGENCY.—The term ‘State educational agency’ means the State board of education or other agency or officer primarily responsible for the State supervision of public elementary and secondary schools, or, if there is no such officer or agency, an officer or agency designated by the Governor or by State law.

“(29) SUPPLEMENTARY AIDS AND SERVICES.—The term ‘supplementary aids and services’ means, aids, services, and other supports that are provided in regular education classes or other education-related settings to enable children with disabilities to be educated with nondisabled children to the maximum extent appropriate in accordance with section 612(a)(5).

“(30) TRANSITION SERVICES.—The term ‘transition services’ means a coordinated set of activities for a student with a disability that—

“(A) is designed within an outcome-oriented process, which promotes movement from school to post-school activities, including post-secondary education, vocational training, integrated employment (including supported employment), continuing and adult education, adult services, independent living, or community participation;

“(B) is based upon the individual student’s needs, taking into account the student’s preferences and interests; and

“(C) includes instruction, related services, community experiences, the development of employment and other post-school adult living objectives, and, when appropriate, acquisition of daily living skills and functional vocational evaluation.

“SEC. 603. OFFICE OF SPECIAL EDUCATION PROGRAMS.

“(a) ESTABLISHMENT.—There shall be, within the Office of Special Education and Rehabilitative Services in the Department of Education, an Office of Special Education Programs, which shall

be the principal agency in such Department for administering and carrying out this Act and other programs and activities concerning the education of children with disabilities.

“(b) **DIRECTOR.**—The Office established under subsection (a) shall be headed by a Director who shall be selected by the Secretary and shall report directly to the Assistant Secretary for Special Education and Rehabilitative Services.

“(c) **VOLUNTARY AND UNCOMPENSATED SERVICES.**—Notwithstanding section 1342 of title 31, United States Code, the Secretary is authorized to accept voluntary and uncompensated services in furtherance of the purposes of this Act.

“SEC. 604. ABROGATION OF STATE SOVEREIGN IMMUNITY.

20 USC 1403.

“(a) **IN GENERAL.**—A State shall not be immune under the eleventh amendment to the Constitution of the United States from suit in Federal court for a violation of this Act.

“(b) **REMEDIES.**—In a suit against a State for a violation of this Act, remedies (including remedies both at law and in equity) are available for such a violation to the same extent as those remedies are available for such a violation in the suit against any public entity other than a State.

“(c) **EFFECTIVE DATE.**—Subsections (a) and (b) apply with respect to violations that occur in whole or part after the date of the enactment of the Education of the Handicapped Act Amendments of 1990.

“SEC. 605. ACQUISITION OF EQUIPMENT; CONSTRUCTION OR ALTERATION OF FACILITIES.

20 USC 1404.

“(a) **IN GENERAL.**—If the Secretary determines that a program authorized under this Act would be improved by permitting program funds to be used to acquire appropriate equipment, or to construct new facilities or alter existing facilities, the Secretary is authorized to allow the use of those funds for those purposes.

“(b) **COMPLIANCE WITH CERTAIN REGULATIONS.**—Any construction of new facilities or alteration of existing facilities under subsection (a) shall comply with the requirements of—

“(1) appendix A of part 36 of title 28, Code of Federal Regulations (commonly known as the ‘Americans with Disabilities Accessibility Guidelines for Buildings and Facilities’); or

“(2) appendix A of part 101-19.6 of title 41, Code of Federal Regulations (commonly known as the ‘Uniform Federal Accessibility Standards’).

“SEC. 606. EMPLOYMENT OF INDIVIDUALS WITH DISABILITIES.

20 USC 1405.

“The Secretary shall ensure that each recipient of assistance under this Act makes positive efforts to employ and advance in employment qualified individuals with disabilities in programs assisted under this Act.

“SEC. 607. REQUIREMENTS FOR PRESCRIBING REGULATIONS.

20 USC 1406.

“(a) **PUBLIC COMMENT PERIOD.**—The Secretary shall provide a public comment period of at least 90 days on any regulation proposed under part B or part C of this Act on which an opportunity for public comment is otherwise required by law.

“(b) **PROTECTIONS PROVIDED TO CHILDREN.**—The Secretary may not implement, or publish in final form, any regulation prescribed pursuant to this Act that would procedurally or substantively lessen the protections provided to children with disabilities under this

Act, as embodied in regulations in effect on July 20, 1983 (particularly as such protections relate to parental consent to initial evaluation or initial placement in special education, least restrictive environment, related services, timelines, attendance of evaluation personnel at individualized education program meetings, or qualifications of personnel), except to the extent that such regulation reflects the clear and unequivocal intent of the Congress in legislation.

“(c) POLICY LETTERS AND STATEMENTS.—The Secretary may not, through policy letters or other statements, establish a rule that is required for compliance with, and eligibility under, this part without following the requirements of section 553 of title 5, United States Code.

“(d) CORRESPONDENCE FROM DEPARTMENT OF EDUCATION DESCRIBING INTERPRETATIONS OF THIS PART.—

Federal Register,
publication.

“(1) IN GENERAL.—The Secretary shall, on a quarterly basis, publish in the Federal Register, and widely disseminate to interested entities through various additional forms of communication, a list of correspondence from the Department of Education received by individuals during the previous quarter that describes the interpretations of the Department of Education of this Act or the regulations implemented pursuant to this Act.

“(2) ADDITIONAL INFORMATION.—For each item of correspondence published in a list under paragraph (1), the Secretary shall identify the topic addressed by the correspondence and shall include such other summary information as the Secretary determines to be appropriate.

“(e) ISSUES OF NATIONAL SIGNIFICANCE.—If the Secretary receives a written request regarding a policy, question, or interpretation under part B of this Act, and determines that it raises an issue of general interest or applicability of national significance to the implementation of part B, the Secretary shall—

“(1) include a statement to that effect in any written response;

“(2) widely disseminate that response to State educational agencies, local educational agencies, parent and advocacy organizations, and other interested organizations, subject to applicable laws relating to confidentiality of information; and

“(3) not later than one year after the date on which the Secretary responds to the written request, issue written guidance on such policy, question, or interpretation through such means as the Secretary determines to be appropriate and consistent with law, such as a policy memorandum, notice of interpretation, or notice of proposed rulemaking.

“(f) EXPLANATION.—Any written response by the Secretary under subsection (e) regarding a policy, question, or interpretation under part B of this Act shall include an explanation that the written response—

“(1) is provided as informal guidance and is not legally binding; and

“(2) represents the interpretation by the Department of Education of the applicable statutory or regulatory requirements in the context of the specific facts presented.

**“PART B—ASSISTANCE FOR EDUCATION OF
ALL CHILDREN WITH DISABILITIES**

“SEC. 611. AUTHORIZATION; ALLOTMENT; USE OF FUNDS; AUTHORIZATION OF APPROPRIATIONS. 20 USC 1411.

“(a) GRANTS TO STATES.—

“(1) PURPOSE OF GRANTS.—The Secretary shall make grants to States and the outlying areas, and provide funds to the Secretary of the Interior, to assist them to provide special education and related services to children with disabilities in accordance with this part.

“(2) MAXIMUM AMOUNTS.—The maximum amount of the grant a State may receive under this section for any fiscal year is—

“(A) the number of children with disabilities in the State who are receiving special education and related services—

“(i) aged 3 through 5 if the State is eligible for a grant under section 619; and

“(ii) aged 6 through 21; multiplied by

“(B) 40 percent of the average per-pupil expenditure in public elementary and secondary schools in the United States.

“(b) OUTLYING AREAS AND FREELY ASSOCIATED STATES.—

“(1) FUNDS RESERVED.—From the amount appropriated for any fiscal year under subsection (j), the Secretary shall reserve not more than one percent, which shall be used—

“(A) to provide assistance to the outlying areas in accordance with their respective populations of individuals aged 3 through 21; and

“(B) for fiscal years 1998 through 2001, to carry out the competition described in paragraph (2), except that the amount reserved to carry out that competition shall not exceed the amount reserved for fiscal year 1996 for the competition under part B of this Act described under the heading “SPECIAL EDUCATION” in Public Law 104–134.

“(2) LIMITATION FOR FREELY ASSOCIATED STATES.—

“(A) COMPETITIVE GRANTS.—The Secretary shall use funds described in paragraph (1)(B) to award grants, on a competitive basis, to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the freely associated States to carry out the purposes of this part.

“(B) AWARD BASIS.—The Secretary shall award grants under subparagraph (A) on a competitive basis, pursuant to the recommendations of the Pacific Region Educational Laboratory in Honolulu, Hawaii. Those recommendations shall be made by experts in the field of special education and related services.

“(C) ASSISTANCE REQUIREMENTS.—Any freely associated State that wishes to receive funds under this part shall include, in its application for assistance—

“(i) information demonstrating that it will meet all conditions that apply to States under this part;

“(ii) an assurance that, notwithstanding any other provision of this part, it will use those funds only for the direct provision of special education and related services to children with disabilities and to enhance its capacity to make a free appropriate public education available to all children with disabilities;

“(iii) the identity of the source and amount of funds, in addition to funds under this part, that it will make available to ensure that a free appropriate public education is available to all children with disabilities within its jurisdiction; and

“(iv) such other information and assurances as the Secretary may require.

“(D) TERMINATION OF ELIGIBILITY.—Notwithstanding any other provision of law, the freely associated States shall not receive any funds under this part for any program year that begins after September 30, 2001.

“(E) ADMINISTRATIVE COSTS.—The Secretary may provide not more than five percent of the amount reserved for grants under this paragraph to pay the administrative costs of the Pacific Region Educational Laboratory under subparagraph (B).

“(3) LIMITATION.—An outlying area is not eligible for a competitive award under paragraph (2) unless it receives assistance under paragraph (1)(A).

“(4) SPECIAL RULE.—The provisions of Public Law 95-134, permitting the consolidation of grants by the outlying areas, shall not apply to funds provided to those areas or to the freely associated States under this section.

“(5) ELIGIBILITY FOR DISCRETIONARY PROGRAMS.—The freely associated States shall be eligible to receive assistance under subpart 2 of part D of this Act until September 30, 2001.

“(6) DEFINITION.—As used in this subsection, the term ‘freely associated States’ means the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

“(c) SECRETARY OF THE INTERIOR.—From the amount appropriated for any fiscal year under subsection (j), the Secretary shall reserve 1.226 percent to provide assistance to the Secretary of the Interior in accordance with subsection (i).

“(d) ALLOCATIONS TO STATES.—

“(1) IN GENERAL.—After reserving funds for studies and evaluations under section 674(e), and for payments to the outlying areas and the Secretary of the Interior under subsections (b) and (c), the Secretary shall allocate the remaining amount among the States in accordance with paragraph (2) or subsection (e), as the case may be.

“(2) INTERIM FORMULA.—Except as provided in subsection (e), the Secretary shall allocate the amount described in paragraph (1) among the States in accordance with section 611(a)(3), (4), and (5) and (b)(1), (2), and (3) of this Act, as in effect prior to the enactment of the Individuals with Disabilities Education Act Amendments of 1997, except that the determination of the number of children with disabilities receiving special education and related services under such section 611(a)(3) may, at the State’s discretion, be calculated as of the last

Friday in October or as of December 1 of the fiscal year for which the funds are appropriated.

“(e) PERMANENT FORMULA.—

“(1) ESTABLISHMENT OF BASE YEAR.—The Secretary shall allocate the amount described in subsection (d)(1) among the States in accordance with this subsection for each fiscal year beginning with the first fiscal year for which the amount appropriated under subsection (j) is more than \$4,924,672,200.

“(2) USE OF BASE YEAR.—

“(A) DEFINITION.—As used in this subsection, the term ‘base year’ means the fiscal year preceding the first fiscal year in which this subsection applies.

“(B) SPECIAL RULE FOR USE OF BASE YEAR AMOUNT.—

If a State received any funds under this section for the base year on the basis of children aged 3 through 5, but does not make a free appropriate public education available to all children with disabilities aged 3 through 5 in the State in any subsequent fiscal year, the Secretary shall compute the State’s base year amount, solely for the purpose of calculating the State’s allocation in that subsequent year under paragraph (3) or (4), by subtracting the amount allocated to the State for the base year on the basis of those children.

“(3) INCREASE IN FUNDS.—If the amount available for allocations to States under paragraph (1) is equal to or greater than the amount allocated to the States under this paragraph for the preceding fiscal year, those allocations shall be calculated as follows:

“(A)(i) Except as provided in subparagraph (B), the Secretary shall—

“(I) allocate to each State the amount it received for the base year;

“(II) allocate 85 percent of any remaining funds to States on the basis of their relative populations of children aged 3 through 21 who are of the same age as children with disabilities for whom the State ensures the availability of a free appropriate public education under this part; and

“(III) allocate 15 percent of those remaining funds to States on the basis of their relative populations of children described in subclause (II) who are living in poverty.

“(ii) For the purpose of making grants under this paragraph, the Secretary shall use the most recent population data, including data on children living in poverty, that are available and satisfactory to the Secretary.

“(B) Notwithstanding subparagraph (A), allocations under this paragraph shall be subject to the following:

“(i) No State’s allocation shall be less than its allocation for the preceding fiscal year.

“(ii) No State’s allocation shall be less than the greatest of—

“(I) the sum of—

“(aa) the amount it received for the base year; and

“(bb) one third of one percent of the amount by which the amount appropriated

under subsection (j) exceeds the amount appropriated under this section for the base year;

“(II) the sum of—

“(aa) the amount it received for the preceding fiscal year; and

“(bb) that amount multiplied by the percentage by which the increase in the funds appropriated from the preceding fiscal year exceeds 1.5 percent; or

“(III) the sum of—

“(aa) the amount it received for the preceding fiscal year; and

“(bb) that amount multiplied by 90 percent of the percentage increase in the amount appropriated from the preceding fiscal year.

“(iii) Notwithstanding clause (ii), no State’s allocation under this paragraph shall exceed the sum of—

“(I) the amount it received for the preceding fiscal year; and

“(II) that amount multiplied by the sum of 1.5 percent and the percentage increase in the amount appropriated.

“(C) If the amount available for allocations under this paragraph is insufficient to pay those allocations in full, those allocations shall be ratably reduced, subject to subparagraph (B)(i).

“(4) DECREASE IN FUNDS.—If the amount available for allocations to States under paragraph (1) is less than the amount allocated to the States under this section for the preceding fiscal year, those allocations shall be calculated as follows:

“(A) If the amount available for allocations is greater than the amount allocated to the States for the base year, each State shall be allocated the sum of—

“(i) the amount it received for the base year; and

“(ii) an amount that bears the same relation to any remaining funds as the increase the State received for the preceding fiscal year over the base year bears to the total of all such increases for all States.

“(B)(i) If the amount available for allocations is equal to or less than the amount allocated to the States for the base year, each State shall be allocated the amount it received for the base year.

“(ii) If the amount available is insufficient to make the allocations described in clause (i), those allocations shall be ratably reduced.

“(f) STATE-LEVEL ACTIVITIES.—

“(1) GENERAL.—

“(A) Each State may retain not more than the amount described in subparagraph (B) for administration and other State-level activities in accordance with paragraphs (2) and (3).

“(B) For each fiscal year, the Secretary shall determine and report to the State educational agency an amount that is 25 percent of the amount the State received under this section for fiscal year 1997, cumulatively adjusted by the Secretary for each succeeding fiscal year by the lesser of—

“(i) the percentage increase, if any, from the preceding fiscal year in the State’s allocation under this section; or

“(ii) the rate of inflation, as measured by the percentage increase, if any, from the preceding fiscal year in the Consumer Price Index For All Urban Consumers, published by the Bureau of Labor Statistics of the Department of Labor.

“(C) A State may use funds it retains under subparagraph (A) without regard to—

“(i) the prohibition on commingling of funds in section 612(a)(18)(B); and

“(ii) the prohibition on supplanting other funds in section 612(a)(18)(C).

“(2) STATE ADMINISTRATION.—

“(A) For the purpose of administering this part, including section 619 (including the coordination of activities under this part with, and providing technical assistance to, other programs that provide services to children with disabilities)—

“(i) each State may use not more than twenty percent of the maximum amount it may retain under paragraph (1)(A) for any fiscal year or \$500,000 (adjusted by the cumulative rate of inflation since fiscal year 1998, as measured by the percentage increase, if any, in the Consumer Price Index For All Urban Consumers, published by the Bureau of Labor Statistics of the Department of Labor), whichever is greater; and

“(ii) each outlying area may use up to five percent of the amount it receives under this section for any fiscal year or \$35,000, whichever is greater.

“(B) Funds described in subparagraph (A) may also be used for the administration of part C of this Act, if the State educational agency is the lead agency for the State under that part.

“(3) OTHER STATE-LEVEL ACTIVITIES.—Each State shall use any funds it retains under paragraph (1) and does not use for administration under paragraph (2) for any of the following:

“(A) Support and direct services, including technical assistance and personnel development and training.

“(B) Administrative costs of monitoring and complaint investigation, but only to the extent that those costs exceed the costs incurred for those activities during fiscal year 1985.

“(C) To establish and implement the mediation process required by section 615(e), including providing for the costs of mediators and support personnel.

“(D) To assist local educational agencies in meeting personnel shortages.

“(E) To develop a State Improvement Plan under subpart 1 of part D.

“(F) Activities at the State and local levels to meet the performance goals established by the State under section 612(a)(16) and to support implementation of the State Improvement Plan under subpart 1 of part D if the State receives funds under that subpart.

“(G) To supplement other amounts used to develop and implement a Statewide coordinated services system designed to improve results for children and families, including children with disabilities and their families, but not to exceed one percent of the amount received by the State under this section. This system shall be coordinated with and, to the extent appropriate, build on the system of coordinated services developed by the State under part C of this Act.

“(H) For subgrants to local educational agencies for the purposes described in paragraph (4)(A).

“(4)(A) SUBGRANTS TO LOCAL EDUCATIONAL AGENCIES FOR CAPACITY-BUILDING AND IMPROVEMENT.—In any fiscal year in which the percentage increase in the State’s allocation under this section exceeds the rate of inflation (as measured by the percentage increase, if any, from the preceding fiscal year in the Consumer Price Index For All Urban Consumers, published by the Bureau of Labor Statistics of the Department of Labor), each State shall reserve, from its allocation under this section, the amount described in subparagraph (B) to make subgrants to local educational agencies, unless that amount is less than \$100,000, to assist them in providing direct services and in making systemic change to improve results for children with disabilities through one or more of the following:

“(i) Direct services, including alternative programming for children who have been expelled from school, and services for children in correctional facilities, children enrolled in State-operated or State-supported schools, and children in charter schools.

“(ii) Addressing needs or carrying out improvement strategies identified in the State’s Improvement Plan under subpart 1 of part D.

“(iii) Adopting promising practices, materials, and technology, based on knowledge derived from education research and other sources.

“(iv) Establishing, expanding, or implementing inter-agency agreements and arrangements between local educational agencies and other agencies or organizations concerning the provision of services to children with disabilities and their families.

“(v) Increasing cooperative problem-solving between parents and school personnel and promoting the use of alternative dispute resolution.

“(B) MAXIMUM SUBGRANT.—For each fiscal year, the amount referred to in subparagraph (A) is—

“(i) the maximum amount the State was allowed to retain under paragraph (1)(A) for the prior fiscal year, or for fiscal year 1998, 25 percent of the State’s allocation for fiscal year 1997 under this section; multiplied by

“(ii) the difference between the percentage increase in the State’s allocation under this section and the rate of inflation, as measured by the percentage increase, if any, from the preceding fiscal year in the Consumer Price Index For All Urban Consumers, published by the Bureau of Labor Statistics of the Department of Labor.

“(5) REPORT ON USE OF FUNDS.—As part of the information required to be submitted to the Secretary under section 612, each State shall annually describe—

“(A) how amounts retained under paragraph (1) will be used to meet the requirements of this part;

“(B) how those amounts will be allocated among the activities described in paragraphs (2) and (3) to meet State priorities based on input from local educational agencies; and

“(C) the percentage of those amounts, if any, that will be distributed to local educational agencies by formula.

“(g) SUBGRANTS TO LOCAL EDUCATIONAL AGENCIES.—

“(1) SUBGRANTS REQUIRED.—Each State that receives a grant under this section for any fiscal year shall distribute any funds it does not retain under subsection (f) (at least 75 percent of the grant funds) to local educational agencies in the State that have established their eligibility under section 613, and to State agencies that received funds under section 614A(a) of this Act for fiscal year 1997, as then in effect, and have established their eligibility under section 613, for use in accordance with this part.

“(2) ALLOCATIONS TO LOCAL EDUCATIONAL AGENCIES.—

“(A) INTERIM PROCEDURE.—For each fiscal year for which funds are allocated to States under subsection (d)(2), each State shall allocate funds under paragraph (1) in accordance with section 611(d) of this Act, as in effect prior to the enactment of the Individuals with Disabilities Education Act Amendments of 1997.

“(B) PERMANENT PROCEDURE.—For each fiscal year for which funds are allocated to States under subsection (e), each State shall allocate funds under paragraph (1) as follows:

“(i) BASE PAYMENTS.—The State shall first award each agency described in paragraph (1) the amount that agency would have received under this section for the base year, as defined in subsection (e)(2)(A), if the State had distributed 75 percent of its grant for that year under section 611(d), as then in effect.

“(ii) ALLOCATION OF REMAINING FUNDS.—After making allocations under clause (i), the State shall—

“(I) allocate 85 percent of any remaining funds to those agencies on the basis of the relative numbers of children enrolled in public and private elementary and secondary schools within the agency’s jurisdiction; and

“(II) allocate 15 percent of those remaining funds to those agencies in accordance with their relative numbers of children living in poverty, as determined by the State educational agency.

“(3) FORMER CHAPTER 1 STATE AGENCIES.—

“(A) To the extent necessary, the State—

“(i) shall use funds that are available under subsection (f)(1)(A) to ensure that each State agency that received fiscal year 1994 funds under subpart 2 of part D of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 receives, from the combination of funds under subsection (f)(1)(A) and

funds provided under paragraph (1) of this subsection, an amount equal to—

“(I) the number of children with disabilities, aged 6 through 21, to whom the agency was providing special education and related services on December 1 of the fiscal year for which the funds were appropriated, subject to the limitation in subparagraph (B); multiplied by

“(II) the per-child amount provided under such subpart for fiscal year 1994; and

“(ii) may use those funds to ensure that each local educational agency that received fiscal year 1994 funds under that subpart for children who had transferred from a State-operated or State-supported school or program assisted under that subpart receives, from the combination of funds available under subsection (f)(1)(A) and funds provided under paragraph (1) of this subsection, an amount for each such child, aged 3 through 21 to whom the agency was providing special education and related services on December 1 of the fiscal year for which the funds were appropriated, equal to the per-child amount the agency received under that subpart for fiscal year 1994.

“(B) The number of children counted under subparagraph (A)(i)(I) shall not exceed the number of children aged 3 through 21 for whom the agency received fiscal year 1994 funds under subpart 2 of part D of chapter 1 of title I of the Elementary and Secondary Education Act of 1965.

“(4) REALLOCATION OF FUNDS.—If a State educational agency determines that a local educational agency is adequately providing a free appropriate public education to all children with disabilities residing in the area served by that agency with State and local funds, the State educational agency may reallocate any portion of the funds under this part that are not needed by that local agency to provide a free appropriate public education to other local educational agencies in the State that are not adequately providing special education and related services to all children with disabilities residing in the areas they serve.

“(h) DEFINITIONS.—For the purpose of this section—

“(1) the term ‘average per-pupil expenditure in public elementary and secondary schools in the United States’ means—

“(A) without regard to the source of funds—

“(i) the aggregate current expenditures, during the second fiscal year preceding the fiscal year for which the determination is made (or, if satisfactory data for that year are not available, during the most recent preceding fiscal year for which satisfactory data are available) of all local educational agencies in the 50 States and the District of Columbia; plus

“(ii) any direct expenditures by the State for the operation of those agencies; divided by

“(B) the aggregate number of children in average daily attendance to whom those agencies provided free public education during that preceding year; and

“(2) the term ‘State’ means each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

“(i) USE OF AMOUNTS BY SECRETARY OF THE INTERIOR.—

“(1) PROVISION OF AMOUNTS FOR ASSISTANCE.—

“(A) IN GENERAL.—The Secretary of Education shall provide amounts to the Secretary of the Interior to meet the need for assistance for the education of children with disabilities on reservations aged 5 to 21, inclusive, enrolled in elementary and secondary schools for Indian children operated or funded by the Secretary of the Interior. The amount of such payment for any fiscal year shall be equal to 80 percent of the amount allotted under subsection (c) for that fiscal year.

“(B) CALCULATION OF NUMBER OF CHILDREN.—In the case of Indian students aged 3 to 5, inclusive, who are enrolled in programs affiliated with the Bureau of Indian Affairs (hereafter in this subsection referred to as ‘BIA’) schools and that are required by the States in which such schools are located to attain or maintain State accreditation, and which schools have such accreditation prior to the date of enactment of the Individuals with Disabilities Education Act Amendments of 1991, the school shall be allowed to count those children for the purpose of distribution of the funds provided under this paragraph to the Secretary of the Interior. The Secretary of the Interior shall be responsible for meeting all of the requirements of this part for these children, in accordance with paragraph (2).

“(C) ADDITIONAL REQUIREMENT.—With respect to all other children aged 3 to 21, inclusive, on reservations, the State educational agency shall be responsible for ensuring that all of the requirements of this part are implemented.

“(2) SUBMISSION OF INFORMATION.—The Secretary of Education may provide the Secretary of the Interior amounts under paragraph (1) for a fiscal year only if the Secretary of the Interior submits to the Secretary of Education information that—

“(A) demonstrates that the Department of the Interior meets the appropriate requirements, as determined by the Secretary of Education, of sections 612 (including monitoring and evaluation activities) and 613;

“(B) includes a description of how the Secretary of the Interior will coordinate the provision of services under this part with local educational agencies, tribes and tribal organizations, and other private and Federal service providers;

“(C) includes an assurance that there are public hearings, adequate notice of such hearings, and an opportunity for comment afforded to members of tribes, tribal governing bodies, and affected local school boards before the adoption of the policies, programs, and procedures described in subparagraph (A);

“(D) includes an assurance that the Secretary of the Interior will provide such information as the Secretary of Education may require to comply with section 618;

“(E) includes an assurance that the Secretary of the Interior and the Secretary of Health and Human Services have entered into a memorandum of agreement, to be provided to the Secretary of Education, for the coordination of services, resources, and personnel between their respective Federal, State, and local offices and with State and local educational agencies and other entities to facilitate the provision of services to Indian children with disabilities residing on or near reservations (such agreement shall provide for the apportionment of responsibilities and costs including, but not limited to, child find, evaluation, diagnosis, remediation or therapeutic measures, and (where appropriate) equipment and medical or personal supplies as needed for a child to remain in school or a program); and

“(F) includes an assurance that the Department of the Interior will cooperate with the Department of Education in its exercise of monitoring and oversight of this application, and any agreements entered into between the Secretary of the Interior and other entities under this part, and will fulfill its duties under this part.

Section 616(a) shall apply to the information described in this paragraph.

“(3) PAYMENTS FOR EDUCATION AND SERVICES FOR INDIAN CHILDREN WITH DISABILITIES AGED 3 THROUGH 5.—

“(A) IN GENERAL.—With funds appropriated under subsection (j), the Secretary of Education shall make payments to the Secretary of the Interior to be distributed to tribes or tribal organizations (as defined under section 4 of the Indian Self-Determination and Education Assistance Act) or consortia of the above to provide for the coordination of assistance for special education and related services for children with disabilities aged 3 through 5 on reservations served by elementary and secondary schools for Indian children operated or funded by the Department of the Interior. The amount of such payments under subparagraph (B) for any fiscal year shall be equal to 20 percent of the amount allotted under subsection (c).

“(B) DISTRIBUTION OF FUNDS.—The Secretary of the Interior shall distribute the total amount of the payment under subparagraph (A) by allocating to each tribe or tribal organization an amount based on the number of children with disabilities ages 3 through 5 residing on reservations as reported annually, divided by the total of those children served by all tribes or tribal organizations.

“(C) SUBMISSION OF INFORMATION.—To receive a payment under this paragraph, the tribe or tribal organization shall submit such figures to the Secretary of the Interior as required to determine the amounts to be allocated under subparagraph (B). This information shall be compiled and submitted to the Secretary of Education.

“(D) USE OF FUNDS.—The funds received by a tribe or tribal organization shall be used to assist in child find, screening, and other procedures for the early identification of children aged 3 through 5, parent training, and the provision of direct services. These activities may be carried out directly or through contracts or cooperative agreements

with the BIA, local educational agencies, and other public or private nonprofit organizations. The tribe or tribal organization is encouraged to involve Indian parents in the development and implementation of these activities. The above entities shall, as appropriate, make referrals to local, State, or Federal entities for the provision of services or further diagnosis.

“(E) BIENNIAL REPORT.—To be eligible to receive a grant pursuant to subparagraph (A), the tribe or tribal organization shall provide to the Secretary of the Interior a biennial report of activities undertaken under this paragraph, including the number of contracts and cooperative agreements entered into, the number of children contacted and receiving services for each year, and the estimated number of children needing services during the 2 years following the one in which the report is made. The Secretary of the Interior shall include a summary of this information on a biennial basis in the report to the Secretary of Education required under this subsection. The Secretary of Education may require any additional information from the Secretary of the Interior.

“(F) PROHIBITIONS.—None of the funds allocated under this paragraph may be used by the Secretary of the Interior for administrative purposes, including child count and the provision of technical assistance.

“(4) PLAN FOR COORDINATION OF SERVICES.—The Secretary of the Interior shall develop and implement a plan for the coordination of services for all Indian children with disabilities residing on reservations covered under this Act. Such plan shall provide for the coordination of services benefiting these children from whatever source, including tribes, the Indian Health Service, other BIA divisions, and other Federal agencies. In developing the plan, the Secretary of the Interior shall consult with all interested and involved parties. It shall be based on the needs of the children and the system best suited for meeting those needs, and may involve the establishment of cooperative agreements between the BIA, other Federal agencies, and other entities. The plan shall also be distributed upon request to States, State and local educational agencies, and other agencies providing services to infants, toddlers, and children with disabilities, to tribes, and to other interested parties.

“(5) ESTABLISHMENT OF ADVISORY BOARD.—To meet the requirements of section 612(a)(21), the Secretary of the Interior shall establish, not later than 6 months after the date of the enactment of the Individuals with Disabilities Education Act Amendments of 1997, under the BIA, an advisory board composed of individuals involved in or concerned with the education and provision of services to Indian infants, toddlers, children, and youth with disabilities, including Indians with disabilities, Indian parents or guardians of such children, teachers, service providers, State and local educational officials, representatives of tribes or tribal organizations, representatives from State Interagency Coordinating Councils under section 641 in States having reservations, and other members representing the various divisions and entities of the BIA. The chairperson shall

be selected by the Secretary of the Interior. The advisory board shall—

“(A) assist in the coordination of services within the BIA and with other local, State, and Federal agencies in the provision of education for infants, toddlers, and children with disabilities;

“(B) advise and assist the Secretary of the Interior in the performance of the Secretary’s responsibilities described in this subsection;

“(C) develop and recommend policies concerning effective inter- and intra-agency collaboration, including modifications to regulations, and the elimination of barriers to inter- and intra-agency programs and activities;

“(D) provide assistance and disseminate information on best practices, effective program coordination strategies, and recommendations for improved educational programming for Indian infants, toddlers, and children with disabilities; and

“(E) provide assistance in the preparation of information required under paragraph (2)(D).

“(6) ANNUAL REPORTS.—

“(A) IN GENERAL.—The advisory board established under paragraph (5) shall prepare and submit to the Secretary of the Interior and to the Congress an annual report containing a description of the activities of the advisory board for the preceding year.

“(B) AVAILABILITY.—The Secretary of the Interior shall make available to the Secretary of Education the report described in subparagraph (A).

“(j) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this part, other than section 619, there are authorized to be appropriated such sums as may be necessary.

20 USC 1412.

“SEC. 612. STATE ELIGIBILITY.

“(a) IN GENERAL.—A State is eligible for assistance under this part for a fiscal year if the State demonstrates to the satisfaction of the Secretary that the State has in effect policies and procedures to ensure that it meets each of the following conditions:

“(1) FREE APPROPRIATE PUBLIC EDUCATION.—

“(A) IN GENERAL.—A free appropriate public education is available to all children with disabilities residing in the State between the ages of 3 and 21, inclusive, including children with disabilities who have been suspended or expelled from school.

“(B) LIMITATION.—The obligation to make a free appropriate public education available to all children with disabilities does not apply with respect to children:

“(i) aged 3 through 5 and 18 through 21 in a State to the extent that its application to those children would be inconsistent with State law or practice, or the order of any court, respecting the provision of public education to children in those age ranges; and

“(ii) aged 18 through 21 to the extent that State law does not require that special education and related services under this part be provided to children with disabilities who, in the educational placement prior to their incarceration in an adult correctional facility:

“(I) were not actually identified as being a child with a disability under section 602(3) of this Act; or

“(II) did not have an individualized education program under this part.

“(2) FULL EDUCATIONAL OPPORTUNITY GOAL.—The State has established a goal of providing full educational opportunity to all children with disabilities and a detailed timetable for accomplishing that goal.

“(3) CHILD FIND.—

“(A) IN GENERAL.—All children with disabilities residing in the State, including children with disabilities attending private schools, regardless of the severity of their disabilities, and who are in need of special education and related services, are identified, located, and evaluated and a practical method is developed and implemented to determine which children with disabilities are currently receiving needed special education and related services.

“(B) CONSTRUCTION.—Nothing in this Act requires that children be classified by their disability so long as each child who has a disability listed in section 602 and who, by reason of that disability, needs special education and related services is regarded as a child with a disability under this part.

“(4) INDIVIDUALIZED EDUCATION PROGRAM.—An individualized education program, or an individualized family service plan that meets the requirements of section 636(d), is developed, reviewed, and revised for each child with a disability in accordance with section 614(d).

“(5) LEAST RESTRICTIVE ENVIRONMENT.—

“(A) IN GENERAL.—To the maximum extent appropriate, children with disabilities, including children in public or private institutions or other care facilities, are educated with children who are not disabled, and special classes, separate schooling, or other removal of children with disabilities from the regular educational environment occurs only when the nature or severity of the disability of a child is such that education in regular classes with the use of supplementary aids and services cannot be achieved satisfactorily.

“(B) ADDITIONAL REQUIREMENT.—

“(i) IN GENERAL.—If the State uses a funding mechanism by which the State distributes State funds on the basis of the type of setting in which a child is served, the funding mechanism does not result in placements that violate the requirements of subparagraph (A).

“(ii) ASSURANCE.—If the State does not have policies and procedures to ensure compliance with clause (i), the State shall provide the Secretary an assurance that it will revise the funding mechanism as soon as feasible to ensure that such mechanism does not result in such placements.

“(6) PROCEDURAL SAFEGUARDS.—

“(A) IN GENERAL.—Children with disabilities and their parents are afforded the procedural safeguards required by section 615.

“(B) ADDITIONAL PROCEDURAL SAFEGUARDS.—Procedures to ensure that testing and evaluation materials and procedures utilized for the purposes of evaluation and placement of children with disabilities will be selected and administered so as not to be racially or culturally discriminatory. Such materials or procedures shall be provided and administered in the child’s native language or mode of communication, unless it clearly is not feasible to do so, and no single procedure shall be the sole criterion for determining an appropriate educational program for a child.

“(7) EVALUATION.—Children with disabilities are evaluated in accordance with subsections (a) through (c) of section 614.

“(8) CONFIDENTIALITY.—Agencies in the State comply with section 617(c) (relating to the confidentiality of records and information).

“(9) TRANSITION FROM PART C TO PRESCHOOL PROGRAMS.—Children participating in early-intervention programs assisted under part C, and who will participate in preschool programs assisted under this part, experience a smooth and effective transition to those preschool programs in a manner consistent with section 637(a)(8). By the third birthday of such a child, an individualized education program or, if consistent with sections 614(d)(2)(B) and 636(d), an individualized family service plan, has been developed and is being implemented for the child. The local educational agency will participate in transition planning conferences arranged by the designated lead agency under section 637(a)(8).

“(10) CHILDREN IN PRIVATE SCHOOLS.—

“(A) CHILDREN ENROLLED IN PRIVATE SCHOOLS BY THEIR PARENTS.—

“(i) IN GENERAL.—To the extent consistent with the number and location of children with disabilities in the State who are enrolled by their parents in private elementary and secondary schools, provision is made for the participation of those children in the program assisted or carried out under this part by providing for such children special education and related services in accordance with the following requirements, unless the Secretary has arranged for services to those children under subsection (f):

“(I) Amounts expended for the provision of those services by a local educational agency shall be equal to a proportionate amount of Federal funds made available under this part.

“(II) Such services may be provided to children with disabilities on the premises of private, including parochial, schools, to the extent consistent with law.

“(ii) CHILD-FIND REQUIREMENT.—The requirements of paragraph (3) of this subsection (relating to child find) shall apply with respect to children with disabilities in the State who are enrolled in private, including parochial, elementary and secondary schools.

“(B) CHILDREN PLACED IN, OR REFERRED TO, PRIVATE SCHOOLS BY PUBLIC AGENCIES.—

“(i) IN GENERAL.—Children with disabilities in private schools and facilities are provided special education and related services, in accordance with an individualized education program, at no cost to their parents, if such children are placed in, or referred to, such schools or facilities by the State or appropriate local educational agency as the means of carrying out the requirements of this part or any other applicable law requiring the provision of special education and related services to all children with disabilities within such State.

“(ii) STANDARDS.—In all cases described in clause (i), the State educational agency shall determine whether such schools and facilities meet standards that apply to State and local educational agencies and that children so served have all the rights they would have if served by such agencies.

“(C) PAYMENT FOR EDUCATION OF CHILDREN ENROLLED IN PRIVATE SCHOOLS WITHOUT CONSENT OF OR REFERRAL BY THE PUBLIC AGENCY.—

“(i) IN GENERAL.—Subject to subparagraph (A), this part does not require a local educational agency to pay for the cost of education, including special education and related services, of a child with a disability at a private school or facility if that agency made a free appropriate public education available to the child and the parents elected to place the child in such private school or facility.

“(ii) REIMBURSEMENT FOR PRIVATE SCHOOL PLACEMENT.—If the parents of a child with a disability, who previously received special education and related services under the authority of a public agency, enroll the child in a private elementary or secondary school without the consent of or referral by the public agency, a court or a hearing officer may require the agency to reimburse the parents for the cost of that enrollment if the court or hearing officer finds that the agency had not made a free appropriate public education available to the child in a timely manner prior to that enrollment.

“(iii) LIMITATION ON REIMBURSEMENT.—The cost of reimbursement described in clause (ii) may be reduced or denied—

“(I) if—

“(aa) at the most recent IEP meeting that the parents attended prior to removal of the child from the public school, the parents did not inform the IEP Team that they were rejecting the placement proposed by the public agency to provide a free appropriate public education to their child, including stating their concerns and their intent to enroll their child in a private school at public expense; or

“(bb) 10 business days (including any holidays that occur on a business day) prior to the removal of the child from the public school, the parents did not give written notice to the

public agency of the information described in division (aa);

“(II) if, prior to the parents’ removal of the child from the public school, the public agency informed the parents, through the notice requirements described in section 615(b)(7), of its intent to evaluate the child (including a statement of the purpose of the evaluation that was appropriate and reasonable), but the parents did not make the child available for such evaluation; or

“(III) upon a judicial finding of unreasonableness with respect to actions taken by the parents.

“(iv) EXCEPTION.—Notwithstanding the notice requirement in clause (iii)(I), the cost of reimbursement may not be reduced or denied for failure to provide such notice if—

“(I) the parent is illiterate and cannot write in English;

“(II) compliance with clause (iii)(I) would likely result in physical or serious emotional harm to the child;

“(III) the school prevented the parent from providing such notice; or

“(IV) the parents had not received notice, pursuant to section 615, of the notice requirement in clause (iii)(I).

“(11) STATE EDUCATIONAL AGENCY RESPONSIBLE FOR GENERAL SUPERVISION.—

“(A) IN GENERAL.—The State educational agency is responsible for ensuring that—

“(i) the requirements of this part are met; and

“(ii) all educational programs for children with disabilities in the State, including all such programs administered by any other State or local agency—

“(I) are under the general supervision of individuals in the State who are responsible for educational programs for children with disabilities; and

“(II) meet the educational standards of the State educational agency.

“(B) LIMITATION.—Subparagraph (A) shall not limit the responsibility of agencies in the State other than the State educational agency to provide, or pay for some or all of the costs of, a free appropriate public education for any child with a disability in the State.

“(C) EXCEPTION.—Notwithstanding subparagraphs (A) and (B), the Governor (or another individual pursuant to State law), consistent with State law, may assign to any public agency in the State the responsibility of ensuring that the requirements of this part are met with respect to children with disabilities who are convicted as adults under State law and incarcerated in adult prisons.

“(12) OBLIGATIONS RELATED TO AND METHODS OF ENSURING SERVICES.—

“(A) ESTABLISHING RESPONSIBILITY FOR SERVICES.—The Chief Executive Officer or designee of the officer shall

ensure that an interagency agreement or other mechanism for interagency coordination is in effect between each public agency described in subparagraph (B) and the State educational agency, in order to ensure that all services described in subparagraph (B)(i) that are needed to ensure a free appropriate public education are provided, including the provision of such services during the pendency of any dispute under clause (iii). Such agreement or mechanism shall include the following:

“(i) AGENCY FINANCIAL RESPONSIBILITY.—An identification of, or a method for defining, the financial responsibility of each agency for providing services described in subparagraph (B)(i) to ensure a free appropriate public education to children with disabilities, provided that the financial responsibility of each public agency described in subparagraph (B), including the State Medicaid agency and other public insurers of children with disabilities, shall precede the financial responsibility of the local educational agency (or the State agency responsible for developing the child’s IEP).

“(ii) CONDITIONS AND TERMS OF REIMBURSEMENT.—The conditions, terms, and procedures under which a local educational agency shall be reimbursed by other agencies.

“(iii) INTERAGENCY DISPUTES.—Procedures for resolving interagency disputes (including procedures under which local educational agencies may initiate proceedings) under the agreement or other mechanism to secure reimbursement from other agencies or otherwise implement the provisions of the agreement or mechanism.

“(iv) COORDINATION OF SERVICES PROCEDURES.—Policies and procedures for agencies to determine and identify the interagency coordination responsibilities of each agency to promote the coordination and timely and appropriate delivery of services described in subparagraph (B)(i).

“(B) OBLIGATION OF PUBLIC AGENCY.—

“(i) IN GENERAL.—If any public agency other than an educational agency is otherwise obligated under Federal or State law, or assigned responsibility under State policy or pursuant to subparagraph (A), to provide or pay for any services that are also considered special education or related services (such as, but not limited to, services described in sections 602(1) relating to assistive technology devices, 602(2) relating to assistive technology services, 602(22) relating to related services, 602(29) relating to supplementary aids and services, and 602(30) relating to transition services) that are necessary for ensuring a free appropriate public education to children with disabilities within the State, such public agency shall fulfill that obligation or responsibility, either directly or through contract or other arrangement.

“(ii) REIMBURSEMENT FOR SERVICES BY PUBLIC AGENCY.—If a public agency other than an educational

agency fails to provide or pay for the special education and related services described in clause (i), the local educational agency (or State agency responsible for developing the child's IEP) shall provide or pay for such services to the child. Such local educational agency or State agency may then claim reimbursement for the services from the public agency that failed to provide or pay for such services and such public agency shall reimburse the local educational agency or State agency pursuant to the terms of the inter-agency agreement or other mechanism described in subparagraph (A)(i) according to the procedures established in such agreement pursuant to subparagraph (A)(ii).

“(C) SPECIAL RULE.—The requirements of subparagraph (A) may be met through—

“(i) state statute or regulation;

“(ii) signed agreements between respective agency officials that clearly identify the responsibilities of each agency relating to the provision of services; or

“(iii) other appropriate written methods as determined by the Chief Executive Officer of the State or designee of the officer.

“(13) PROCEDURAL REQUIREMENTS RELATING TO LOCAL EDUCATIONAL AGENCY ELIGIBILITY.—The State educational agency will not make a final determination that a local educational agency is not eligible for assistance under this part without first affording that agency reasonable notice and an opportunity for a hearing.

“(14) COMPREHENSIVE SYSTEM OF PERSONNEL DEVELOPMENT.—The State has in effect, consistent with the purposes of this Act and with section 635(a)(8), a comprehensive system of personnel development that is designed to ensure an adequate supply of qualified special education, regular education, and related services personnel that meets the requirements for a State improvement plan relating to personnel development in subsections (b)(2)(B) and (c)(3)(D) of section 653.

“(15) PERSONNEL STANDARDS.—

“(A) IN GENERAL.—The State educational agency has established and maintains standards to ensure that personnel necessary to carry out this part are appropriately and adequately prepared and trained.

“(B) STANDARDS DESCRIBED.—Such standards shall—

“(i) be consistent with any State-approved or State-recognized certification, licensing, registration, or other comparable requirements that apply to the professional discipline in which those personnel are providing special education or related services;

“(ii) to the extent the standards described in subparagraph (A) are not based on the highest requirements in the State applicable to a specific profession or discipline, the State is taking steps to require retraining or hiring of personnel that meet appropriate professional requirements in the State; and

“(iii) allow paraprofessionals and assistants who are appropriately trained and supervised, in accordance with State law, regulations, or written policy,

in meeting the requirements of this part to be used to assist in the provision of special education and related services to children with disabilities under this part.

“(C) POLICY.—In implementing this paragraph, a State may adopt a policy that includes a requirement that local educational agencies in the State make an ongoing good-faith effort to recruit and hire appropriately and adequately trained personnel to provide special education and related services to children with disabilities, including, in a geographic area of the State where there is a shortage of such personnel, the most qualified individuals available who are making satisfactory progress toward completing applicable course work necessary to meet the standards described in subparagraph (B)(i), consistent with State law, and the steps described in subparagraph (B)(ii) within three years.

“(16) PERFORMANCE GOALS AND INDICATORS.—The State—
“(A) has established goals for the performance of children with disabilities in the State that—

“(i) will promote the purposes of this Act, as stated in section 601(d); and

“(ii) are consistent, to the maximum extent appropriate, with other goals and standards for children established by the State;

“(B) has established performance indicators the State will use to assess progress toward achieving those goals that, at a minimum, address the performance of children with disabilities on assessments, drop-out rates, and graduation rates;

“(C) will, every two years, report to the Secretary and the public on the progress of the State, and of children with disabilities in the State, toward meeting the goals established under subparagraph (A); and

“(D) based on its assessment of that progress, will revise its State improvement plan under subpart 1 of part D as may be needed to improve its performance, if the State receives assistance under that subpart.

Reports.

“(17) PARTICIPATION IN ASSESSMENTS.—

“(A) IN GENERAL.—Children with disabilities are included in general State and district-wide assessment programs, with appropriate accommodations, where necessary. As appropriate, the State or local educational agency—

“(i) develops guidelines for the participation of children with disabilities in alternate assessments for those children who cannot participate in State and district-wide assessment programs; and

“(ii) develops and, beginning not later than July 1, 2000, conducts those alternate assessments.

“(B) REPORTS.—The State educational agency makes available to the public, and reports to the public with the same frequency and in the same detail as it reports on the assessment of nondisabled children, the following:

“(i) The number of children with disabilities participating in regular assessments.

“(ii) The number of those children participating in alternate assessments.

“(iii)(I) The performance of those children on regular assessments (beginning not later than July 1, 1998) and on alternate assessments (not later than July 1, 2000), if doing so would be statistically sound and would not result in the disclosure of performance results identifiable to individual children.

“(II) Data relating to the performance of children described under subclause (I) shall be disaggregated—

“(aa) for assessments conducted after July 1, 1998; and

“(bb) for assessments conducted before July 1, 1998, if the State is required to disaggregate such data prior to July 1, 1998.

“(18) SUPPLEMENTATION OF STATE, LOCAL, AND OTHER FEDERAL FUNDS.—

“(A) EXPENDITURES.—Funds paid to a State under this part will be expended in accordance with all the provisions of this part.

“(B) PROHIBITION AGAINST COMMINGLING.—Funds paid to a State under this part will not be commingled with State funds.

“(C) PROHIBITION AGAINST SUPPLANTATION AND CONDITIONS FOR WAIVER BY SECRETARY.—Except as provided in section 613, funds paid to a State under this part will be used to supplement the level of Federal, State, and local funds (including funds that are not under the direct control of State or local educational agencies) expended for special education and related services provided to children with disabilities under this part and in no case to supplant such Federal, State, and local funds, except that, where the State provides clear and convincing evidence that all children with disabilities have available to them a free appropriate public education, the Secretary may waive, in whole or in part, the requirements of this subparagraph if the Secretary concurs with the evidence provided by the State.

“(19) MAINTENANCE OF STATE FINANCIAL SUPPORT.—

“(A) IN GENERAL.—The State does not reduce the amount of State financial support for special education and related services for children with disabilities, or otherwise made available because of the excess costs of educating those children, below the amount of that support for the preceding fiscal year.

“(B) REDUCTION OF FUNDS FOR FAILURE TO MAINTAIN SUPPORT.—The Secretary shall reduce the allocation of funds under section 611 for any fiscal year following the fiscal year in which the State fails to comply with the requirement of subparagraph (A) by the same amount by which the State fails to meet the requirement.

“(C) WAIVERS FOR EXCEPTIONAL OR UNCONTROLLABLE CIRCUMSTANCES.—The Secretary may waive the requirement of subparagraph (A) for a State, for one fiscal year at a time, if the Secretary determines that—

“(i) granting a waiver would be equitable due to exceptional or uncontrollable circumstances such as a natural disaster or a precipitous and unforeseen decline in the financial resources of the State; or

“(ii) the State meets the standard in paragraph (18)(C) of this section for a waiver of the requirement to supplement, and not to supplant, funds received under this part.

“(D) SUBSEQUENT YEARS.—If, for any year, a State fails to meet the requirement of subparagraph (A), including any year for which the State is granted a waiver under subparagraph (C), the financial support required of the State in future years under subparagraph (A) shall be the amount that would have been required in the absence of that failure and not the reduced level of the State’s support.

“(E) REGULATIONS.—

“(i) The Secretary shall, by regulation, establish procedures (including objective criteria and consideration of the results of compliance reviews of the State conducted by the Secretary) for determining whether to grant a waiver under subparagraph (C)(ii).

“(ii) The Secretary shall publish proposed regulations under clause (i) not later than 6 months after the date of the enactment of the Individuals with Disabilities Education Act Amendments of 1997, and shall issue final regulations under clause (i) not later than 1 year after such date of enactment.

“(20) PUBLIC PARTICIPATION.—Prior to the adoption of any policies and procedures needed to comply with this section (including any amendments to such policies and procedures), the State ensures that there are public hearings, adequate notice of the hearings, and an opportunity for comment available to the general public, including individuals with disabilities and parents of children with disabilities.

“(21) STATE ADVISORY PANEL.—

“(A) IN GENERAL.—The State has established and maintains an advisory panel for the purpose of providing policy guidance with respect to special education and related services for children with disabilities in the State.

“(B) MEMBERSHIP.—Such advisory panel shall consist of members appointed by the Governor, or any other official authorized under State law to make such appointments, that is representative of the State population and that is composed of individuals involved in, or concerned with, the education of children with disabilities, including—

“(i) parents of children with disabilities;

“(ii) individuals with disabilities;

“(iii) teachers;

“(iv) representatives of institutions of higher education that prepare special education and related services personnel;

“(v) State and local education officials;

“(vi) administrators of programs for children with disabilities;

“(vii) representatives of other State agencies involved in the financing or delivery of related services to children with disabilities;

“(viii) representatives of private schools and public charter schools;

“(ix) at least one representative of a vocational, community, or business organization concerned with the provision of transition services to children with disabilities; and

“(x) representatives from the State juvenile and adult corrections agencies.

“(C) SPECIAL RULE.—A majority of the members of the panel shall be individuals with disabilities or parents of children with disabilities.

“(D) DUTIES.—The advisory panel shall—

“(i) advise the State educational agency of unmet needs within the State in the education of children with disabilities;

“(ii) comment publicly on any rules or regulations proposed by the State regarding the education of children with disabilities;

“(iii) advise the State educational agency in developing evaluations and reporting on data to the Secretary under section 618;

“(iv) advise the State educational agency in developing corrective action plans to address findings identified in Federal monitoring reports under this part; and

“(v) advise the State educational agency in developing and implementing policies relating to the coordination of services for children with disabilities.

“(22) SUSPENSION AND EXPULSION RATES.—

“(A) IN GENERAL.—The State educational agency examines data to determine if significant discrepancies are occurring in the rate of long-term suspensions and expulsions of children with disabilities—

“(i) among local educational agencies in the State; or

“(ii) compared to such rates for nondisabled children within such agencies.

“(B) REVIEW AND REVISION OF POLICIES.—If such discrepancies are occurring, the State educational agency reviews and, if appropriate, revises (or requires the affected State or local educational agency to revise) its policies, procedures, and practices relating to the development and implementation of IEPs, the use of behavioral interventions, and procedural safeguards, to ensure that such policies, procedures, and practices comply with this Act.

“(b) STATE EDUCATIONAL AGENCY AS PROVIDER OF FREE APPROPRIATE PUBLIC EDUCATION OR DIRECT SERVICES.—If the State educational agency provides free appropriate public education to children with disabilities, or provides direct services to such children, such agency—

“(1) shall comply with any additional requirements of section 613(a), as if such agency were a local educational agency; and

“(2) may use amounts that are otherwise available to such agency under this part to serve those children without regard to section 613(a)(2)(A)(i) (relating to excess costs).

“(c) EXCEPTION FOR PRIOR STATE PLANS.—

“(1) IN GENERAL.—If a State has on file with the Secretary policies and procedures that demonstrate that such State meets

any requirement of subsection (a), including any policies and procedures filed under this part as in effect before the effective date of the Individuals with Disabilities Education Act Amendments of 1997, the Secretary shall consider such State to have met such requirement for purposes of receiving a grant under this part.

“(2) MODIFICATIONS MADE BY STATE.—Subject to paragraph (3), an application submitted by a State in accordance with this section shall remain in effect until the State submits to the Secretary such modifications as the State deems necessary. This section shall apply to a modification to an application to the same extent and in the same manner as this section applies to the original plan.

Applicability.

“(3) MODIFICATIONS REQUIRED BY THE SECRETARY.—If, after the effective date of the Individuals with Disabilities Education Act Amendments of 1997, the provisions of this Act are amended (or the regulations developed to carry out this Act are amended), or there is a new interpretation of this Act by a Federal court or a State’s highest court, or there is an official finding of noncompliance with Federal law or regulations, the Secretary may require a State to modify its application only to the extent necessary to ensure the State’s compliance with this part.

“(d) APPROVAL BY THE SECRETARY.—

“(1) IN GENERAL.—If the Secretary determines that a State is eligible to receive a grant under this part, the Secretary shall notify the State of that determination.

“(2) NOTICE AND HEARING.—The Secretary shall not make a final determination that a State is not eligible to receive a grant under this part until after providing the State—

“(A) with reasonable notice; and

“(B) with an opportunity for a hearing.

“(e) ASSISTANCE UNDER OTHER FEDERAL PROGRAMS.—Nothing in this title permits a State to reduce medical and other assistance available, or to alter eligibility, under titles V and XIX of the Social Security Act with respect to the provision of a free appropriate public education for children with disabilities in the State.

“(f) BY-PASS FOR CHILDREN IN PRIVATE SCHOOLS.—

“(1) IN GENERAL.—If, on the date of enactment of the Education of the Handicapped Act Amendments of 1983, a State educational agency is prohibited by law from providing for the participation in special programs of children with disabilities enrolled in private elementary and secondary schools as required by subsection (a)(10)(A), the Secretary shall, notwithstanding such provision of law, arrange for the provision of services to such children through arrangements which shall be subject to the requirements of such subsection.

“(2) PAYMENTS.—

“(A) DETERMINATION OF AMOUNTS.—If the Secretary arranges for services pursuant to this subsection, the Secretary, after consultation with the appropriate public and private school officials, shall pay to the provider of such services for a fiscal year an amount per child that does not exceed the amount determined by dividing—

“(i) the total amount received by the State under this part for such fiscal year; by

“(ii) the number of children with disabilities served in the prior year, as reported to the Secretary by the State under section 618.

“(B) WITHHOLDING OF CERTAIN AMOUNTS.—Pending final resolution of any investigation or complaint that could result in a determination under this subsection, the Secretary may withhold from the allocation of the affected State educational agency the amount the Secretary estimates would be necessary to pay the cost of services described in subparagraph (A).

“(C) PERIOD OF PAYMENTS.—The period under which payments are made under subparagraph (A) shall continue until the Secretary determines that there will no longer be any failure or inability on the part of the State educational agency to meet the requirements of subsection (a)(10)(A).

“(3) NOTICE AND HEARING.—

“(A) IN GENERAL.—The Secretary shall not take any final action under this subsection until the State educational agency affected by such action has had an opportunity, for at least 45 days after receiving written notice thereof, to submit written objections and to appear before the Secretary or the Secretary’s designee to show cause why such action should not be taken.

“(B) REVIEW OF ACTION.—If a State educational agency is dissatisfied with the Secretary’s final action after a proceeding under subparagraph (A), such agency may, not later than 60 days after notice of such action, file with the United States court of appeals for the circuit in which such State is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. The Secretary thereupon shall file in the court the record of the proceedings on which the Secretary based the Secretary’s action, as provided in section 2112 of title 28, United States Code.

Records.

Records.

“(C) REVIEW OF FINDINGS OF FACT.—The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive, but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify the Secretary’s previous action, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

“(D) JURISDICTION OF COURT OF APPEALS; REVIEW BY UNITED STATES SUPREME COURT.—Upon the filing of a petition under subparagraph (B), the United States court of appeals shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

“SEC. 613. LOCAL EDUCATIONAL AGENCY ELIGIBILITY.

20 USC 1413.

“(a) IN GENERAL.—A local educational agency is eligible for assistance under this part for a fiscal year if such agency demonstrates to the satisfaction of the State educational agency that it meets each of the following conditions:

“(1) CONSISTENCY WITH STATE POLICIES.—The local educational agency, in providing for the education of children with disabilities within its jurisdiction, has in effect policies, procedures, and programs that are consistent with the State policies and procedures established under section 612.

“(2) USE OF AMOUNTS.—

“(A) IN GENERAL.—Amounts provided to the local educational agency under this part shall be expended in accordance with the applicable provisions of this part and—

“(i) shall be used only to pay the excess costs of providing special education and related services to children with disabilities;

“(ii) shall be used to supplement State, local, and other Federal funds and not to supplant such funds; and

“(iii) shall not be used, except as provided in subparagraphs (B) and (C), to reduce the level of expenditures for the education of children with disabilities made by the local educational agency from local funds below the level of those expenditures for the preceding fiscal year.

“(B) EXCEPTION.—Notwithstanding the restriction in subparagraph (A)(iii), a local educational agency may reduce the level of expenditures where such reduction is attributable to—

“(i) the voluntary departure, by retirement or otherwise, or departure for just cause, of special education personnel;

“(ii) a decrease in the enrollment of children with disabilities;

“(iii) the termination of the obligation of the agency, consistent with this part, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the State educational agency, because the child—

“(I) has left the jurisdiction of the agency;

“(II) has reached the age at which the obligation of the agency to provide a free appropriate public education to the child has terminated; or

“(III) no longer needs such program of special education; or

“(iv) the termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.

“(C) TREATMENT OF FEDERAL FUNDS IN CERTAIN FISCAL YEARS.—

“(i) Notwithstanding clauses (ii) and (iii) of subparagraph (A), for any fiscal year for which amounts appropriated to carry out section 611 exceeds \$4,100,000,000, a local educational agency may treat as local funds, for the purpose of such clauses, up

to 20 percent of the amount of funds it receives under this part that exceeds the amount it received under this part for the previous fiscal year.

“(ii) Notwithstanding clause (i), if a State educational agency determines that a local educational agency is not meeting the requirements of this part, the State educational agency may prohibit the local educational agency from treating funds received under this part as local funds under clause (i) for any fiscal year, only if it is authorized to do so by the State constitution or a State statute.

“(D) SCHOOLWIDE PROGRAMS UNDER TITLE I OF THE ESEA.—Notwithstanding subparagraph (A) or any other provision of this part, a local educational agency may use funds received under this part for any fiscal year to carry out a schoolwide program under section 1114 of the Elementary and Secondary Education Act of 1965, except that the amount so used in any such program shall not exceed—

“(i) the number of children with disabilities participating in the schoolwide program; multiplied by

“(ii)(I) the amount received by the local educational agency under this part for that fiscal year; divided by

“(II) the number of children with disabilities in the jurisdiction of that agency.

“(3) PERSONNEL DEVELOPMENT.—The local educational agency—

“(A) shall ensure that all personnel necessary to carry out this part are appropriately and adequately prepared, consistent with the requirements of section 653(c)(3)(D); and

“(B) to the extent such agency determines appropriate, shall contribute to and use the comprehensive system of personnel development of the State established under section 612(a)(14).

“(4) PERMISSIVE USE OF FUNDS.—Notwithstanding paragraph (2)(A) or section 612(a)(18)(B) (relating to commingled funds), funds provided to the local educational agency under this part may be used for the following activities:

“(A) SERVICES AND AIDS THAT ALSO BENEFIT NON-DISABLED CHILDREN.—For the costs of special education and related services and supplementary aids and services provided in a regular class or other education-related setting to a child with a disability in accordance with the individualized education program of the child, even if one or more nondisabled children benefit from such services.

“(B) INTEGRATED AND COORDINATED SERVICES SYSTEM.—To develop and implement a fully integrated and coordinated services system in accordance with subsection (f).

“(5) TREATMENT OF CHARTER SCHOOLS AND THEIR STUDENTS.—In carrying out this part with respect to charter schools that are public schools of the local educational agency, the local educational agency—

“(A) serves children with disabilities attending those schools in the same manner as it serves children with disabilities in its other schools; and

“(B) provides funds under this part to those schools in the same manner as it provides those funds to its other schools.

“(6) INFORMATION FOR STATE EDUCATIONAL AGENCY.—The local educational agency shall provide the State educational agency with information necessary to enable the State educational agency to carry out its duties under this part, including, with respect to paragraphs (16) and (17) of section 612(a), information relating to the performance of children with disabilities participating in programs carried out under this part.

“(7) PUBLIC INFORMATION.—The local educational agency shall make available to parents of children with disabilities and to the general public all documents relating to the eligibility of such agency under this part.

“(b) EXCEPTION FOR PRIOR LOCAL PLANS.—

“(1) IN GENERAL.—If a local educational agency or State agency has on file with the State educational agency policies and procedures that demonstrate that such local educational agency, or such State agency, as the case may be, meets any requirement of subsection (a), including any policies and procedures filed under this part as in effect before the effective date of the Individuals with Disabilities Education Act Amendments of 1997, the State educational agency shall consider such local educational agency or State agency, as the case may be, to have met such requirement for purposes of receiving assistance under this part.

“(2) MODIFICATION MADE BY LOCAL EDUCATIONAL AGENCY.—Subject to paragraph (3), an application submitted by a local educational agency in accordance with this section shall remain in effect until it submits to the State educational agency such modifications as the local educational agency deems necessary.

“(3) MODIFICATIONS REQUIRED BY STATE EDUCATIONAL AGENCY.—If, after the effective date of the Individuals with Disabilities Education Act Amendments of 1997, the provisions of this Act are amended (or the regulations developed to carry out this Act are amended), or there is a new interpretation of this Act by Federal or State courts, or there is an official finding of noncompliance with Federal or State law or regulations, the State educational agency may require a local educational agency to modify its application only to the extent necessary to ensure the local educational agency’s compliance with this part or State law.

“(c) NOTIFICATION OF LOCAL EDUCATIONAL AGENCY OR STATE AGENCY IN CASE OF INELIGIBILITY.—If the State educational agency determines that a local educational agency or State agency is not eligible under this section, the State educational agency shall notify the local educational agency or State agency, as the case may be, of that determination and shall provide such local educational agency or State agency with reasonable notice and an opportunity for a hearing.

“(d) LOCAL EDUCATIONAL AGENCY COMPLIANCE.—

“(1) IN GENERAL.—If the State educational agency, after reasonable notice and an opportunity for a hearing, finds that

a local educational agency or State agency that has been determined to be eligible under this section is failing to comply with any requirement described in subsection (a), the State educational agency shall reduce or shall not provide any further payments to the local educational agency or State agency until the State educational agency is satisfied that the local educational agency or State agency, as the case may be, is complying with that requirement.

“(2) ADDITIONAL REQUIREMENT.—Any State agency or local educational agency in receipt of a notice described in paragraph (1) shall, by means of public notice, take such measures as may be necessary to bring the pendency of an action pursuant to this subsection to the attention of the public within the jurisdiction of such agency.

“(3) CONSIDERATION.—In carrying out its responsibilities under paragraph (1), the State educational agency shall consider any decision made in a hearing held under section 615 that is adverse to the local educational agency or State agency involved in that decision.

“(e) JOINT ESTABLISHMENT OF ELIGIBILITY.—

“(1) JOINT ESTABLISHMENT.—

“(A) IN GENERAL.—A State educational agency may require a local educational agency to establish its eligibility jointly with another local educational agency if the State educational agency determines that the local educational agency would be ineligible under this section because the local educational agency would not be able to establish and maintain programs of sufficient size and scope to effectively meet the needs of children with disabilities.

“(B) CHARTER SCHOOL EXCEPTION.—A State educational agency may not require a charter school that is a local educational agency to jointly establish its eligibility under subparagraph (A) unless it is explicitly permitted to do so under the State’s charter school statute.

“(2) AMOUNT OF PAYMENTS.—If a State educational agency requires the joint establishment of eligibility under paragraph (1), the total amount of funds made available to the affected local educational agencies shall be equal to the sum of the payments that each such local educational agency would have received under section 611(g) if such agencies were eligible for such payments.

“(3) REQUIREMENTS.—Local educational agencies that establish joint eligibility under this subsection shall—

“(A) adopt policies and procedures that are consistent with the State’s policies and procedures under section 612(a); and

“(B) be jointly responsible for implementing programs that receive assistance under this part.

“(4) REQUIREMENTS FOR EDUCATIONAL SERVICE AGENCIES.—

“(A) IN GENERAL.—If an educational service agency is required by State law to carry out programs under this part, the joint responsibilities given to local educational agencies under this subsection shall—

“(i) not apply to the administration and disbursement of any payments received by that educational service agency; and

“(ii) be carried out only by that educational service agency.

“(B) ADDITIONAL REQUIREMENT.—Notwithstanding any other provision of this subsection, an educational service agency shall provide for the education of children with disabilities in the least restrictive environment, as required by section 612(a)(5).

“(f) COORDINATED SERVICES SYSTEM.—

“(1) IN GENERAL.—A local educational agency may not use more than 5 percent of the amount such agency receives under this part for any fiscal year, in combination with other amounts (which shall include amounts other than education funds), to develop and implement a coordinated services system designed to improve results for children and families, including children with disabilities and their families.

“(2) ACTIVITIES.—In implementing a coordinated services system under this subsection, a local educational agency may carry out activities that include—

“(A) improving the effectiveness and efficiency of service delivery, including developing strategies that promote accountability for results;

“(B) service coordination and case management that facilitates the linkage of individualized education programs under this part and individualized family service plans under part C with individualized service plans under multiple Federal and State programs, such as title I of the Rehabilitation Act of 1973 (vocational rehabilitation), title XIX of the Social Security Act (Medicaid), and title XVI of the Social Security Act (supplemental security income);

“(C) developing and implementing interagency financing strategies for the provision of education, health, mental health, and social services, including transition services and related services under this Act; and

“(D) interagency personnel development for individuals working on coordinated services.

“(3) COORDINATION WITH CERTAIN PROJECTS UNDER ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—If a local educational agency is carrying out a coordinated services project under title XI of the Elementary and Secondary Education Act of 1965 and a coordinated services project under this part in the same schools, such agency shall use amounts under this subsection in accordance with the requirements of that title.

“(g) SCHOOL-BASED IMPROVEMENT PLAN.—

“(1) IN GENERAL.—Each local educational agency may, in accordance with paragraph (2), use funds made available under this part to permit a public school within the jurisdiction of the local educational agency to design, implement, and evaluate a school-based improvement plan that is consistent with the purposes described in section 651(b) and that is designed to improve educational and transitional results for all children with disabilities and, as appropriate, for other children consistent with subparagraphs (A) and (B) of subsection (a)(4) in that public school.

“(2) AUTHORITY.—

“(A) IN GENERAL.—A State educational agency may grant authority to a local educational agency to permit

a public school described in paragraph (1) (through a school-based standing panel established under paragraph (4)(B)) to design, implement, and evaluate a school-based improvement plan described in paragraph (1) for a period not to exceed 3 years.

“(B) RESPONSIBILITY OF LOCAL EDUCATIONAL AGENCY.—If a State educational agency grants the authority described in subparagraph (A), a local educational agency that is granted such authority shall have the sole responsibility of oversight of all activities relating to the design, implementation, and evaluation of any school-based improvement plan that a public school is permitted to design under this subsection.

“(3) PLAN REQUIREMENTS.—A school-based improvement plan described in paragraph (1) shall—

“(A) be designed to be consistent with the purposes described in section 651(b) and to improve educational and transitional results for all children with disabilities and, as appropriate, for other children consistent with subparagraphs (A) and (B) of subsection (a)(4), who attend the school for which the plan is designed and implemented;

“(B) be designed, evaluated, and, as appropriate, implemented by a school-based standing panel established in accordance with paragraph (4)(B);

“(C) include goals and measurable indicators to assess the progress of the public school in meeting such goals; and

“(D) ensure that all children with disabilities receive the services described in the individualized education programs of such children.

“(4) RESPONSIBILITIES OF THE LOCAL EDUCATIONAL AGENCY.—A local educational agency that is granted authority under paragraph (2) to permit a public school to design, implement, and evaluate a school-based improvement plan shall—

“(A) select each school under the jurisdiction of such agency that is eligible to design, implement, and evaluate such a plan;

“(B) require each school selected under subparagraph (A), in accordance with criteria established by such local educational agency under subparagraph (C), to establish a school-based standing panel to carry out the duties described in paragraph (3)(B);

“(C) establish—

“(i) criteria that shall be used by such local educational agency in the selection of an eligible school under subparagraph (A);

“(ii) criteria that shall be used by a public school selected under subparagraph (A) in the establishment of a school-based standing panel to carry out the duties described in paragraph (3)(B) and that shall ensure that the membership of such panel reflects the diversity of the community in which the public school is located and includes, at a minimum—

“(I) parents of children with disabilities who attend such public school, including parents of

children with disabilities from unserved and underserved populations, as appropriate;

“(II) special education and general education teachers of such public school;

“(III) special education and general education administrators, or the designee of such administrators, of such public school; and

“(IV) related services providers who are responsible for providing services to the children with disabilities who attend such public school; and

“(iii) criteria that shall be used by such local educational agency with respect to the distribution of funds under this part to carry out this subsection;

“(D) disseminate the criteria established under subparagraph (C) to local school district personnel and local parent organizations within the jurisdiction of such local educational agency;

“(E) require a public school that desires to design, implement, and evaluate a school-based improvement plan to submit an application at such time, in such manner, and accompanied by such information as such local educational agency shall reasonably require; and

“(F) establish procedures for approval by such local educational agency of a school-based improvement plan designed under this subsection.

“(5) LIMITATION.—A school-based improvement plan described in paragraph (1) may be submitted to a local educational agency for approval only if a consensus with respect to any matter relating to the design, implementation, or evaluation of the goals of such plan is reached by the school-based standing panel that designed such plan.

“(6) ADDITIONAL REQUIREMENTS.—

“(A) PARENTAL INVOLVEMENT.—In carrying out the requirements of this subsection, a local educational agency shall ensure that the parents of children with disabilities are involved in the design, evaluation, and, where appropriate, implementation of school-based improvement plans in accordance with this subsection.

“(B) PLAN APPROVAL.—A local educational agency may approve a school-based improvement plan of a public school within the jurisdiction of such agency for a period of 3 years, if—

“(i) the approval is consistent with the policies, procedures, and practices established by such local educational agency and in accordance with this subsection; and

“(ii) a majority of parents of children who are members of the school-based standing panel, and a majority of other members of the school-based standing panel, that designed such plan agree in writing to such plan.

“(7) EXTENSION OF PLAN.—If a public school within the jurisdiction of a local educational agency meets the applicable requirements and criteria described in paragraphs (3) and (4) at the expiration of the 3-year approval period described in

paragraph (6)(B), such agency may approve a school-based improvement plan of such school for an additional 3-year period.

“(h) DIRECT SERVICES BY THE STATE EDUCATIONAL AGENCY.—

“(1) IN GENERAL.—A State educational agency shall use the payments that would otherwise have been available to a local educational agency or to a State agency to provide special education and related services directly to children with disabilities residing in the area served by that local agency, or for whom that State agency is responsible, if the State educational agency determines that the local education agency or State agency, as the case may be—

“(A) has not provided the information needed to establish the eligibility of such agency under this section;

“(B) is unable to establish and maintain programs of free appropriate public education that meet the requirements of subsection (a);

“(C) is unable or unwilling to be consolidated with one or more local educational agencies in order to establish and maintain such programs; or

“(D) has one or more children with disabilities who can best be served by a regional or State program or service-delivery system designed to meet the needs of such children.

“(2) MANNER AND LOCATION OF EDUCATION AND SERVICES.—

The State educational agency may provide special education and related services under paragraph (1) in such manner and at such locations (including regional or State centers) as the State agency considers appropriate. Such education and services shall be provided in accordance with this part.

“(i) STATE AGENCY ELIGIBILITY.—Any State agency that desires to receive a subgrant for any fiscal year under section 611(g) shall demonstrate to the satisfaction of the State educational agency that—

“(1) all children with disabilities who are participating in programs and projects funded under this part receive a free appropriate public education, and that those children and their parents are provided all the rights and procedural safeguards described in this part; and

“(2) the agency meets such other conditions of this section as the Secretary determines to be appropriate.

“(j) DISCIPLINARY INFORMATION.—The State may require that a local educational agency include in the records of a child with a disability a statement of any current or previous disciplinary action that has been taken against the child and transmit such statement to the same extent that such disciplinary information is included in, and transmitted with, the student records of non-disabled children. The statement may include a description of any behavior engaged in by the child that required disciplinary action, a description of the disciplinary action taken, and any other information that is relevant to the safety of the child and other individuals involved with the child. If the State adopts such a policy, and the child transfers from one school to another, the transmission of any of the child's records must include both the child's current individualized education program and any such statement of current or previous disciplinary action that has been taken against the child.

“SEC. 614. EVALUATIONS, ELIGIBILITY DETERMINATIONS, INDIVIDUALIZED EDUCATION PROGRAMS, AND EDUCATIONAL PLACEMENTS. 20 USC 1414.

“(a) EVALUATIONS AND REEVALUATIONS.—

“(1) INITIAL EVALUATIONS.—

“(A) IN GENERAL.—A State educational agency, other State agency, or local educational agency shall conduct a full and individual initial evaluation, in accordance with this paragraph and subsection (b), before the initial provision of special education and related services to a child with a disability under this part.

“(B) PROCEDURES.—Such initial evaluation shall consist of procedures—

“(i) to determine whether a child is a child with a disability (as defined in section 602(3)); and

“(ii) to determine the educational needs of such child.

“(C) PARENTAL CONSENT.—

“(i) IN GENERAL.—The agency proposing to conduct an initial evaluation to determine if the child qualifies as a child with a disability as defined in section 602(3)(A) or 602(3)(B) shall obtain an informed consent from the parent of such child before the evaluation is conducted. Parental consent for evaluation shall not be construed as consent for placement for receipt of special education and related services.

“(ii) REFUSAL.—If the parents of such child refuse consent for the evaluation, the agency may continue to pursue an evaluation by utilizing the mediation and due process procedures under section 615, except to the extent inconsistent with State law relating to parental consent.

“(2) REEVALUATIONS.—A local educational agency shall ensure that a reevaluation of each child with a disability is conducted—

“(A) if conditions warrant a reevaluation or if the child’s parent or teacher requests a reevaluation, but at least once every 3 years; and

“(B) in accordance with subsections (b) and (c).

“(b) EVALUATION PROCEDURES.—

“(1) NOTICE.—The local educational agency shall provide notice to the parents of a child with a disability, in accordance with subsections (b)(3), (b)(4), and (c) of section 615, that describes any evaluation procedures such agency proposes to conduct.

“(2) CONDUCT OF EVALUATION.—In conducting the evaluation, the local educational agency shall—

“(A) use a variety of assessment tools and strategies to gather relevant functional and developmental information, including information provided by the parent, that may assist in determining whether the child is a child with a disability and the content of the child’s individualized education program, including information related to enabling the child to be involved in and progress in the general curriculum or, for preschool children, to participate in appropriate activities;

“(B) not use any single procedure as the sole criterion for determining whether a child is a child with a disability or determining an appropriate educational program for the child; and

“(C) use technically sound instruments that may assess the relative contribution of cognitive and behavioral factors, in addition to physical or developmental factors.

“(3) ADDITIONAL REQUIREMENTS.—Each local educational agency shall ensure that—

“(A) tests and other evaluation materials used to assess a child under this section—

“(i) are selected and administered so as not to be discriminatory on a racial or cultural basis; and

“(ii) are provided and administered in the child’s native language or other mode of communication, unless it is clearly not feasible to do so; and

“(B) any standardized tests that are given to the child—

“(i) have been validated for the specific purpose for which they are used;

“(ii) are administered by trained and knowledgeable personnel; and

“(iii) are administered in accordance with any instructions provided by the producer of such tests;

“(C) the child is assessed in all areas of suspected disability; and

“(D) assessment tools and strategies that provide relevant information that directly assists persons in determining the educational needs of the child are provided.

“(4) DETERMINATION OF ELIGIBILITY.—Upon completion of administration of tests and other evaluation materials—

“(A) the determination of whether the child is a child with a disability as defined in section 602(3) shall be made by a team of qualified professionals and the parent of the child in accordance with paragraph (5); and

“(B) a copy of the evaluation report and the documentation of determination of eligibility will be given to the parent.

“(5) SPECIAL RULE FOR ELIGIBILITY DETERMINATION.—In making a determination of eligibility under paragraph (4)(A), a child shall not be determined to be a child with a disability if the determinant factor for such determination is lack of instruction in reading or math or limited English proficiency.

“(c) ADDITIONAL REQUIREMENTS FOR EVALUATION AND REEVALUATIONS.—

“(1) REVIEW OF EXISTING EVALUATION DATA.—As part of an initial evaluation (if appropriate) and as part of any reevaluation under this section, the IEP Team described in subsection (d)(1)(B) and other qualified professionals, as appropriate, shall—

“(A) review existing evaluation data on the child, including evaluations and information provided by the parents of the child, current classroom-based assessments and observations, and teacher and related services providers observation; and

“(B) on the basis of that review, and input from the child’s parents, identify what additional data, if any, are needed to determine—

“(i) whether the child has a particular category of disability, as described in section 602(3), or, in case of a reevaluation of a child, whether the child continues to have such a disability;

“(ii) the present levels of performance and educational needs of the child;

“(iii) whether the child needs special education and related services, or in the case of a reevaluation of a child, whether the child continues to need special education and related services; and

“(iv) whether any additions or modifications to the special education and related services are needed to enable the child to meet the measurable annual goals set out in the individualized education program of the child and to participate, as appropriate, in the general curriculum.

“(2) SOURCE OF DATA.—The local educational agency shall administer such tests and other evaluation materials as may be needed to produce the data identified by the IEP Team under paragraph (1)(B).

“(3) PARENTAL CONSENT.—Each local educational agency shall obtain informed parental consent, in accordance with subsection (a)(1)(C), prior to conducting any reevaluation of a child with a disability, except that such informed parent consent need not be obtained if the local educational agency can demonstrate that it had taken reasonable measures to obtain such consent and the child’s parent has failed to respond.

“(4) REQUIREMENTS IF ADDITIONAL DATA ARE NOT NEEDED.—If the IEP Team and other qualified professionals, as appropriate, determine that no additional data are needed to determine whether the child continues to be a child with a disability, the local educational agency—

“(A) shall notify the child’s parents of—

“(i) that determination and the reasons for it; and

“(ii) the right of such parents to request an assessment to determine whether the child continues to be a child with a disability; and

“(B) shall not be required to conduct such an assessment unless requested to by the child’s parents.

“(5) EVALUATIONS BEFORE CHANGE IN ELIGIBILITY.—A local educational agency shall evaluate a child with a disability in accordance with this section before determining that the child is no longer a child with a disability.

“(d) INDIVIDUALIZED EDUCATION PROGRAMS.—

“(1) DEFINITIONS.—As used in this title:

“(A) INDIVIDUALIZED EDUCATION PROGRAM.—The term ‘individualized education program’ or ‘IEP’ means a written statement for each child with a disability that is developed, reviewed, and revised in accordance with this section and that includes—

“(i) a statement of the child’s present levels of educational performance, including—

“(I) how the child’s disability affects the child’s involvement and progress in the general curriculum; or

“(II) for preschool children, as appropriate, how the disability affects the child’s participation in appropriate activities;

“(ii) a statement of measurable annual goals, including benchmarks or short-term objectives, related to—

“(I) meeting the child’s needs that result from the child’s disability to enable the child to be involved in and progress in the general curriculum; and

“(II) meeting each of the child’s other educational needs that result from the child’s disability;

“(iii) a statement of the special education and related services and supplementary aids and services to be provided to the child, or on behalf of the child, and a statement of the program modifications or supports for school personnel that will be provided for the child—

“(I) to advance appropriately toward attaining the annual goals;

“(II) to be involved and progress in the general curriculum in accordance with clause (i) and to participate in extracurricular and other nonacademic activities; and

“(III) to be educated and participate with other children with disabilities and nondisabled children in the activities described in this paragraph;

“(iv) an explanation of the extent, if any, to which the child will not participate with nondisabled children in the regular class and in the activities described in clause (iii);

“(v)(I) a statement of any individual modifications in the administration of State or districtwide assessments of student achievement that are needed in order for the child to participate in such assessment; and

“(II) if the IEP Team determines that the child will not participate in a particular State or districtwide assessment of student achievement (or part of such an assessment), a statement of—

“(aa) why that assessment is not appropriate for the child; and

“(bb) how the child will be assessed;

“(vi) the projected date for the beginning of the services and modifications described in clause (iii), and the anticipated frequency, location, and duration of those services and modifications;

“(vii)(I) beginning at age 14, and updated annually, a statement of the transition service needs of the child under the applicable components of the child’s IEP that focuses on the child’s courses of study (such as participation in advanced-placement courses or a vocational education program);

“(II) beginning at age 16 (or younger, if determined appropriate by the IEP Team), a statement of needed

transition services for the child, including, when appropriate, a statement of the interagency responsibilities or any needed linkages; and

“(III) beginning at least one year before the child reaches the age of majority under State law, a statement that the child has been informed of his or her rights under this title, if any, that will transfer to the child on reaching the age of majority under section 615(m); and

“(viii) a statement of—

“(I) how the child’s progress toward the annual goals described in clause (ii) will be measured; and

“(II) how the child’s parents will be regularly informed (by such means as periodic report cards), at least as often as parents are informed of their nondisabled children’s progress, of—

“(aa) their child’s progress toward the annual goals described in clause (ii); and

“(bb) the extent to which that progress is sufficient to enable the child to achieve the goals by the end of the year.

“(B) INDIVIDUALIZED EDUCATION PROGRAM TEAM.—The term ‘individualized education program team’ or ‘IEP Team’ means a group of individuals composed of—

“(i) the parents of a child with a disability;

“(ii) at least one regular education teacher of such child (if the child is, or may be, participating in the regular education environment);

“(iii) at least one special education teacher, or where appropriate, at least one special education provider of such child;

“(iv) a representative of the local educational agency who—

“(I) is qualified to provide, or supervise the provision of, specially designed instruction to meet the unique needs of children with disabilities;

“(II) is knowledgeable about the general curriculum; and

“(III) is knowledgeable about the availability of resources of the local educational agency;

“(v) an individual who can interpret the instructional implications of evaluation results, who may be a member of the team described in clauses (ii) through (vi);

“(vi) at the discretion of the parent or the agency, other individuals who have knowledge or special expertise regarding the child, including related services personnel as appropriate; and

“(vii) whenever appropriate, the child with a disability.

“(2) REQUIREMENT THAT PROGRAM BE IN EFFECT.—

“(A) IN GENERAL.—At the beginning of each school year, each local educational agency, State educational agency, or other State agency, as the case may be, shall

have in effect, for each child with a disability in its jurisdiction, an individualized education program, as defined in paragraph (1)(A).

“(B) PROGRAM FOR CHILD AGED 3 THROUGH 5.—In the case of a child with a disability aged 3 through 5 (or, at the discretion of the State educational agency, a 2 year-old child with a disability who will turn age 3 during the school year), an individualized family service plan that contains the material described in section 636, and that is developed in accordance with this section, may serve as the IEP of the child if using that plan as the IEP is—

“(i) consistent with State policy; and

“(ii) agreed to by the agency and the child’s parents.

“(3) DEVELOPMENT OF IEP.—

“(A) IN GENERAL.—In developing each child’s IEP, the IEP Team, subject to subparagraph (C), shall consider—

“(i) the strengths of the child and the concerns of the parents for enhancing the education of their child; and

“(ii) the results of the initial evaluation or most recent evaluation of the child.

“(B) CONSIDERATION OF SPECIAL FACTORS.—The IEP Team shall—

“(i) in the case of a child whose behavior impedes his or her learning or that of others, consider, when appropriate, strategies, including positive behavioral interventions, strategies, and supports to address that behavior;

“(ii) in the case of a child with limited English proficiency, consider the language needs of the child as such needs relate to the child’s IEP;

“(iii) in the case of a child who is blind or visually impaired, provide for instruction in Braille and the use of Braille unless the IEP Team determines, after an evaluation of the child’s reading and writing skills, needs, and appropriate reading and writing media (including an evaluation of the child’s future needs for instruction in Braille or the use of Braille), that instruction in Braille or the use of Braille is not appropriate for the child;

“(iv) consider the communication needs of the child, and in the case of a child who is deaf or hard of hearing, consider the child’s language and communication needs, opportunities for direct communications with peers and professional personnel in the child’s language and communication mode, academic level, and full range of needs, including opportunities for direct instruction in the child’s language and communication mode; and

“(v) consider whether the child requires assistive technology devices and services.

“(C) REQUIREMENT WITH RESPECT TO REGULAR EDUCATION TEACHER.—The regular education teacher of the child, as a member of the IEP Team, shall, to the extent appropriate, participate in the development of the IEP

of the child, including the determination of appropriate positive behavioral interventions and strategies and the determination of supplementary aids and services, program modifications, and support for school personnel consistent with paragraph (1)(A)(iii).

“(4) REVIEW AND REVISION OF IEP.—

“(A) IN GENERAL.—The local educational agency shall ensure that, subject to subparagraph (B), the IEP Team—

“(i) reviews the child’s IEP periodically, but not less than annually to determine whether the annual goals for the child are being achieved; and

“(ii) revises the IEP as appropriate to address—

“(I) any lack of expected progress toward the annual goals and in the general curriculum, where appropriate;

“(II) the results of any reevaluation conducted under this section;

“(III) information about the child provided to, or by, the parents, as described in subsection (c)(1)(B);

“(IV) the child’s anticipated needs; or

“(V) other matters.

“(B) REQUIREMENT WITH RESPECT TO REGULAR EDUCATION TEACHER.—The regular education teacher of the child, as a member of the IEP Team, shall, to the extent appropriate, participate in the review and revision of the IEP of the child.

“(5) FAILURE TO MEET TRANSITION OBJECTIVES.—If a participating agency, other than the local educational agency, fails to provide the transition services described in the IEP in accordance with paragraph (1)(A)(vii), the local educational agency shall reconvene the IEP Team to identify alternative strategies to meet the transition objectives for the child set out in that program.

“(6) CHILDREN WITH DISABILITIES IN ADULT PRISONS.—

“(A) IN GENERAL.—The following requirements do not apply to children with disabilities who are convicted as adults under State law and incarcerated in adult prisons:

“(i) The requirements contained in section 612(a)(17) and paragraph (1)(A)(v) of this subsection (relating to participation of children with disabilities in general assessments).

“(ii) The requirements of subclauses (I) and (II) of paragraph (1)(A)(vii) of this subsection (relating to transition planning and transition services), do not apply with respect to such children whose eligibility under this part will end, because of their age, before they will be released from prison.

“(B) ADDITIONAL REQUIREMENT.—If a child with a disability is convicted as an adult under State law and incarcerated in an adult prison, the child’s IEP Team may modify the child’s IEP or placement notwithstanding the requirements of sections 612(a)(5)(A) and 614(d)(1)(A) if the State has demonstrated a bona fide security or compelling penological interest that cannot otherwise be accommodated.

“(e) CONSTRUCTION.—Nothing in this section shall be construed to require the IEP Team to include information under one component of a child’s IEP that is already contained under another component of such IEP.

“(f) EDUCATIONAL PLACEMENTS.—Each local educational agency or State educational agency shall ensure that the parents of each child with a disability are members of any group that makes decisions on the educational placement of their child.

20 USC 1415.

“SEC. 615. PROCEDURAL SAFEGUARDS.

“(a) ESTABLISHMENT OF PROCEDURES.—Any State educational agency, State agency, or local educational agency that receives assistance under this part shall establish and maintain procedures in accordance with this section to ensure that children with disabilities and their parents are guaranteed procedural safeguards with respect to the provision of free appropriate public education by such agencies.

“(b) TYPES OF PROCEDURES.—The procedures required by this section shall include—

“(1) an opportunity for the parents of a child with a disability to examine all records relating to such child and to participate in meetings with respect to the identification, evaluation, and educational placement of the child, and the provision of a free appropriate public education to such child, and to obtain an independent educational evaluation of the child;

“(2) procedures to protect the rights of the child whenever the parents of the child are not known, the agency cannot, after reasonable efforts, locate the parents, or the child is a ward of the State, including the assignment of an individual (who shall not be an employee of the State educational agency, the local educational agency, or any other agency that is involved in the education or care of the child) to act as a surrogate for the parents;

“(3) written prior notice to the parents of the child whenever such agency—

“(A) proposes to initiate or change; or

“(B) refuses to initiate or change;

the identification, evaluation, or educational placement of the child, in accordance with subsection (c), or the provision of a free appropriate public education to the child;

“(4) procedures designed to ensure that the notice required by paragraph (3) is in the native language of the parents, unless it clearly is not feasible to do so;

“(5) an opportunity for mediation in accordance with subsection (e);

“(6) an opportunity to present complaints with respect to any matter relating to the identification, evaluation, or educational placement of the child, or the provision of a free appropriate public education to such child;

“(7) procedures that require the parent of a child with a disability, or the attorney representing the child, to provide notice (which shall remain confidential)—

“(A) to the State educational agency or local educational agency, as the case may be, in the complaint filed under paragraph (6); and

“(B) that shall include—

“(i) the name of the child, the address of the residence of the child, and the name of the school the child is attending;

“(ii) a description of the nature of the problem of the child relating to such proposed initiation or change, including facts relating to such problem; and

“(iii) a proposed resolution of the problem to the extent known and available to the parents at the time; and

“(8) procedures that require the State educational agency to develop a model form to assist parents in filing a complaint in accordance with paragraph (7).

“(c) CONTENT OF PRIOR WRITTEN NOTICE.—The notice required by subsection (b)(3) shall include—

“(1) a description of the action proposed or refused by the agency;

“(2) an explanation of why the agency proposes or refuses to take the action;

“(3) a description of any other options that the agency considered and the reasons why those options were rejected;

“(4) a description of each evaluation procedure, test, record, or report the agency used as a basis for the proposed or refused action;

“(5) a description of any other factors that are relevant to the agency’s proposal or refusal;

“(6) a statement that the parents of a child with a disability have protection under the procedural safeguards of this part and, if this notice is not an initial referral for evaluation, the means by which a copy of a description of the procedural safeguards can be obtained; and

“(7) sources for parents to contact to obtain assistance in understanding the provisions of this part.

“(d) PROCEDURAL SAFEGUARDS NOTICE.—

“(1) IN GENERAL.—A copy of the procedural safeguards available to the parents of a child with a disability shall be given to the parents, at a minimum—

“(A) upon initial referral for evaluation;

“(B) upon each notification of an individualized education program meeting and upon reevaluation of the child; and

“(C) upon registration of a complaint under subsection (b)(6).

“(2) CONTENTS.—The procedural safeguards notice shall include a full explanation of the procedural safeguards, written in the native language of the parents, unless it clearly is not feasible to do so, and written in an easily understandable manner, available under this section and under regulations promulgated by the Secretary relating to—

“(A) independent educational evaluation;

“(B) prior written notice;

“(C) parental consent;

“(D) access to educational records;

“(E) opportunity to present complaints;

“(F) the child’s placement during pendency of due process proceedings;

“(G) procedures for students who are subject to placement in an interim alternative educational setting;

“(H) requirements for unilateral placement by parents of children in private schools at public expense;

“(I) mediation;

“(J) due process hearings, including requirements for disclosure of evaluation results and recommendations;

“(K) State-level appeals (if applicable in that State);

“(L) civil actions; and

“(M) attorneys’ fees.

“(e) MEDIATION.—

“(1) IN GENERAL.—Any State educational agency or local educational agency that receives assistance under this part shall ensure that procedures are established and implemented to allow parties to disputes involving any matter described in subsection (b)(6) to resolve such disputes through a mediation process which, at a minimum, shall be available whenever a hearing is requested under subsection (f) or (k).

“(2) REQUIREMENTS.—Such procedures shall meet the following requirements:

“(A) The procedures shall ensure that the mediation process—

“(i) is voluntary on the part of the parties;

“(ii) is not used to deny or delay a parent’s right to a due process hearing under subsection (f), or to deny any other rights afforded under this part; and

“(iii) is conducted by a qualified and impartial mediator who is trained in effective mediation techniques.

“(B) A local educational agency or a State agency may establish procedures to require parents who choose not to use the mediation process to meet, at a time and location convenient to the parents, with a disinterested party who is under contract with—

“(i) a parent training and information center or community parent resource center in the State established under section 682 or 683; or

“(ii) an appropriate alternative dispute resolution entity;

to encourage the use, and explain the benefits, of the mediation process to the parents.

“(C) The State shall maintain a list of individuals who are qualified mediators and knowledgeable in laws and regulations relating to the provision of special education and related services.

“(D) The State shall bear the cost of the mediation process, including the costs of meetings described in subparagraph (B).

“(E) Each session in the mediation process shall be scheduled in a timely manner and shall be held in a location that is convenient to the parties to the dispute.

“(F) An agreement reached by the parties to the dispute in the mediation process shall be set forth in a written mediation agreement.

“(G) Discussions that occur during the mediation process shall be confidential and may not be used as evidence in any subsequent due process hearings or civil proceedings and the parties to the mediation process may be required

to sign a confidentiality pledge prior to the commencement of such process.

“(f) IMPARTIAL DUE PROCESS HEARING.—

“(1) IN GENERAL.—Whenever a complaint has been received under subsection (b)(6) or (k) of this section, the parents involved in such complaint shall have an opportunity for an impartial due process hearing, which shall be conducted by the State educational agency or by the local educational agency, as determined by State law or by the State educational agency.

“(2) DISCLOSURE OF EVALUATIONS AND RECOMMENDATIONS.—

“(A) IN GENERAL.—At least 5 business days prior to a hearing conducted pursuant to paragraph (1), each party shall disclose to all other parties all evaluations completed by that date and recommendations based on the offering party’s evaluations that the party intends to use at the hearing.

“(B) FAILURE TO DISCLOSE.—A hearing officer may bar any party that fails to comply with subparagraph (A) from introducing the relevant evaluation or recommendation at the hearing without the consent of the other party.

“(3) LIMITATION ON CONDUCT OF HEARING.—A hearing conducted pursuant to paragraph (1) may not be conducted by an employee of the State educational agency or the local educational agency involved in the education or care of the child.

“(g) APPEAL.—If the hearing required by subsection (f) is conducted by a local educational agency, any party aggrieved by the findings and decision rendered in such a hearing may appeal such findings and decision to the State educational agency. Such agency shall conduct an impartial review of such decision. The officer conducting such review shall make an independent decision upon completion of such review.

“(h) SAFEGUARDS.—Any party to a hearing conducted pursuant to subsection (f) or (k), or an appeal conducted pursuant to subsection (g), shall be accorded—

“(1) the right to be accompanied and advised by counsel and by individuals with special knowledge or training with respect to the problems of children with disabilities;

“(2) the right to present evidence and confront, cross-examine, and compel the attendance of witnesses;

“(3) the right to a written, or, at the option of the parents, electronic verbatim record of such hearing; and

“(4) the right to written, or, at the option of the parents, electronic findings of fact and decisions (which findings and decisions shall be made available to the public consistent with the requirements of section 617(c) (relating to the confidentiality of data, information, and records) and shall also be transmitted to the advisory panel established pursuant to section 612(a)(21)).

“(i) ADMINISTRATIVE PROCEDURES.—

“(1) IN GENERAL.—

“(A) DECISION MADE IN HEARING.—A decision made in a hearing conducted pursuant to subsection (f) or (k) shall be final, except that any party involved in such hearing may appeal such decision under the provisions of subsection (g) and paragraph (2) of this subsection.

“(B) DECISION MADE AT APPEAL.—A decision made under subsection (g) shall be final, except that any party may bring an action under paragraph (2) of this subsection.

“(2) RIGHT TO BRING CIVIL ACTION.—

“(A) IN GENERAL.—Any party aggrieved by the findings and decision made under subsection (f) or (k) who does not have the right to an appeal under subsection (g), and any party aggrieved by the findings and decision under this subsection, shall have the right to bring a civil action with respect to the complaint presented pursuant to this section, which action may be brought in any State court of competent jurisdiction or in a district court of the United States without regard to the amount in controversy.

“(B) ADDITIONAL REQUIREMENTS.—In any action brought under this paragraph, the court—

“(i) shall receive the records of the administrative proceedings;

“(ii) shall hear additional evidence at the request of a party; and

“(iii) basing its decision on the preponderance of the evidence, shall grant such relief as the court determines is appropriate.

“(3) JURISDICTION OF DISTRICT COURTS; ATTORNEYS’ FEES.—

“(A) IN GENERAL.—The district courts of the United States shall have jurisdiction of actions brought under this section without regard to the amount in controversy.

“(B) AWARD OF ATTORNEYS’ FEES.—In any action or proceeding brought under this section, the court, in its discretion, may award reasonable attorneys’ fees as part of the costs to the parents of a child with a disability who is the prevailing party.

“(C) DETERMINATION OF AMOUNT OF ATTORNEYS’ FEES.—Fees awarded under this paragraph shall be based on rates prevailing in the community in which the action or proceeding arose for the kind and quality of services furnished. No bonus or multiplier may be used in calculating the fees awarded under this subsection.

“(D) PROHIBITION OF ATTORNEYS’ FEES AND RELATED COSTS FOR CERTAIN SERVICES.—

“(i) Attorneys’ fees may not be awarded and related costs may not be reimbursed in any action or proceeding under this section for services performed subsequent to the time of a written offer of settlement to a parent if—

“(I) the offer is made within the time prescribed by Rule 68 of the Federal Rules of Civil Procedure or, in the case of an administrative proceeding, at any time more than 10 days before the proceeding begins;

“(II) the offer is not accepted within 10 days; and

“(III) the court or administrative hearing officer finds that the relief finally obtained by the parents is not more favorable to the parents than the offer of settlement.

“(ii) Attorneys’ fees may not be awarded relating to any meeting of the IEP Team unless such meeting

is convened as a result of an administrative proceeding or judicial action, or, at the discretion of the State, for a mediation described in subsection (e) that is conducted prior to the filing of a complaint under subsection (b)(6) or (k) of this section.

“(E) EXCEPTION TO PROHIBITION ON ATTORNEYS’ FEES AND RELATED COSTS.—Notwithstanding subparagraph (D), an award of attorneys’ fees and related costs may be made to a parent who is the prevailing party and who was substantially justified in rejecting the settlement offer.

“(F) REDUCTION IN AMOUNT OF ATTORNEYS’ FEES.—Except as provided in subparagraph (G), whenever the court finds that—

“(i) the parent, during the course of the action or proceeding, unreasonably protracted the final resolution of the controversy;

“(ii) the amount of the attorneys’ fees otherwise authorized to be awarded unreasonably exceeds the hourly rate prevailing in the community for similar services by attorneys of reasonably comparable skill, reputation, and experience;

“(iii) the time spent and legal services furnished were excessive considering the nature of the action or proceeding; or

“(iv) the attorney representing the parent did not provide to the school district the appropriate information in the due process complaint in accordance with subsection (b)(7);

the court shall reduce, accordingly, the amount of the attorneys’ fees awarded under this section.

“(G) EXCEPTION TO REDUCTION IN AMOUNT OF ATTORNEYS’ FEES.—The provisions of subparagraph (F) shall not apply in any action or proceeding if the court finds that the State or local educational agency unreasonably protracted the final resolution of the action or proceeding or there was a violation of this section.

“(j) MAINTENANCE OF CURRENT EDUCATIONAL PLACEMENT.—Except as provided in subsection (k)(7), during the pendency of any proceedings conducted pursuant to this section, unless the State or local educational agency and the parents otherwise agree, the child shall remain in the then-current educational placement of such child, or, if applying for initial admission to a public school, shall, with the consent of the parents, be placed in the public school program until all such proceedings have been completed.

“(k) PLACEMENT IN ALTERNATIVE EDUCATIONAL SETTING.—

“(1) AUTHORITY OF SCHOOL PERSONNEL.—

“(A) School personnel under this section may order a change in the placement of a child with a disability—

“(i) to an appropriate interim alternative educational setting, another setting, or suspension, for not more than 10 school days (to the extent such alternatives would be applied to children without disabilities); and

“(ii) to an appropriate interim alternative educational setting for the same amount of time that a child without a disability would be subject to discipline, but for not more than 45 days if—

“(I) the child carries a weapon to school or to a school function under the jurisdiction of a State or a local educational agency; or

“(II) the child knowingly possesses or uses illegal drugs or sells or solicits the sale of a controlled substance while at school or a school function under the jurisdiction of a State or local educational agency.

“(B) Either before or not later than 10 days after taking a disciplinary action described in subparagraph (A)—

“(i) if the local educational agency did not conduct a functional behavioral assessment and implement a behavioral intervention plan for such child before the behavior that resulted in the suspension described in subparagraph (A), the agency shall convene an IEP meeting to develop an assessment plan to address that behavior; or

“(ii) if the child already has a behavioral intervention plan, the IEP Team shall review the plan and modify it, as necessary, to address the behavior.

“(2) AUTHORITY OF HEARING OFFICER.—A hearing officer under this section may order a change in the placement of a child with a disability to an appropriate interim alternative educational setting for not more than 45 days if the hearing officer—

“(A) determines that the public agency has demonstrated by substantial evidence that maintaining the current placement of such child is substantially likely to result in injury to the child or to others;

“(B) considers the appropriateness of the child’s current placement;

“(C) considers whether the public agency has made reasonable efforts to minimize the risk of harm in the child’s current placement, including the use of supplementary aids and services; and

“(D) determines that the interim alternative educational setting meets the requirements of paragraph (3)(B).

“(3) DETERMINATION OF SETTING.—

“(A) IN GENERAL.—The alternative educational setting described in paragraph (1)(A)(ii) shall be determined by the IEP Team.

“(B) ADDITIONAL REQUIREMENTS.—Any interim alternative educational setting in which a child is placed under paragraph (1) or (2) shall—

“(i) be selected so as to enable the child to continue to participate in the general curriculum, although in another setting, and to continue to receive those services and modifications, including those described in the child’s current IEP, that will enable the child to meet the goals set out in that IEP; and

“(ii) include services and modifications designed to address the behavior described in paragraph (1) or paragraph (2) so that it does not recur.

“(4) MANIFESTATION DETERMINATION REVIEW.—

“(A) IN GENERAL.—If a disciplinary action is contemplated as described in paragraph (1) or paragraph (2) for a behavior of a child with a disability described in either of those paragraphs, or if a disciplinary action involving a change of placement for more than 10 days is contemplated for a child with a disability who has engaged in other behavior that violated any rule or code of conduct of the local educational agency that applies to all children—

“(i) not later than the date on which the decision to take that action is made, the parents shall be notified of that decision and of all procedural safeguards accorded under this section; and

“(ii) immediately, if possible, but in no case later than 10 school days after the date on which the decision to take that action is made, a review shall be conducted of the relationship between the child’s disability and the behavior subject to the disciplinary action.

“(B) INDIVIDUALS TO CARRY OUT REVIEW.—A review described in subparagraph (A) shall be conducted by the IEP Team and other qualified personnel.

“(C) CONDUCT OF REVIEW.—In carrying out a review described in subparagraph (A), the IEP Team may determine that the behavior of the child was not a manifestation of such child’s disability only if the IEP Team—

“(i) first considers, in terms of the behavior subject to disciplinary action, all relevant information, including—

“(I) evaluation and diagnostic results, including such results or other relevant information supplied by the parents of the child;

“(II) observations of the child; and

“(III) the child’s IEP and placement; and

“(ii) then determines that—

“(I) in relationship to the behavior subject to disciplinary action, the child’s IEP and placement were appropriate and the special education services, supplementary aids and services, and behavior intervention strategies were provided consistent with the child’s IEP and placement;

“(II) the child’s disability did not impair the ability of the child to understand the impact and consequences of the behavior subject to disciplinary action; and

“(III) the child’s disability did not impair the ability of the child to control the behavior subject to disciplinary action.

“(5) DETERMINATION THAT BEHAVIOR WAS NOT MANIFESTATION OF DISABILITY.—

“(A) IN GENERAL.—If the result of the review described in paragraph (4) is a determination, consistent with paragraph (4)(C), that the behavior of the child with a disability was not a manifestation of the child’s disability, the relevant disciplinary procedures applicable to children without disabilities may be applied to the child in the same manner in which they would be applied to children without disabilities, except as provided in section 612(a)(1).

“(B) ADDITIONAL REQUIREMENT.—If the public agency initiates disciplinary procedures applicable to all children, the agency shall ensure that the special education and disciplinary records of the child with a disability are transmitted for consideration by the person or persons making the final determination regarding the disciplinary action.

“(6) PARENT APPEAL.—

“(A) IN GENERAL.—

“(i) If the child’s parent disagrees with a determination that the child’s behavior was not a manifestation of the child’s disability or with any decision regarding placement, the parent may request a hearing.

“(ii) The State or local educational agency shall arrange for an expedited hearing in any case described in this subsection when requested by a parent.

“(B) REVIEW OF DECISION.—

“(i) In reviewing a decision with respect to the manifestation determination, the hearing officer shall determine whether the public agency has demonstrated that the child’s behavior was not a manifestation of such child’s disability consistent with the requirements of paragraph (4)(C).

“(ii) In reviewing a decision under paragraph (1)(A)(ii) to place the child in an interim alternative educational setting, the hearing officer shall apply the standards set out in paragraph (2).

“(7) PLACEMENT DURING APPEALS.—

“(A) IN GENERAL.—When a parent requests a hearing regarding a disciplinary action described in paragraph (1)(A)(ii) or paragraph (2) to challenge the interim alternative educational setting or the manifestation determination, the child shall remain in the interim alternative educational setting pending the decision of the hearing officer or until the expiration of the time period provided for in paragraph (1)(A)(ii) or paragraph (2), whichever occurs first, unless the parent and the State or local educational agency agree otherwise.

“(B) CURRENT PLACEMENT.—If a child is placed in an interim alternative educational setting pursuant to paragraph (1)(A)(ii) or paragraph (2) and school personnel propose to change the child’s placement after expiration of the interim alternative placement, during the pendency of any proceeding to challenge the proposed change in placement, the child shall remain in the current placement (the child’s placement prior to the interim alternative educational setting), except as provided in subparagraph (C).

“(C) EXPEDITED HEARING.—

“(i) If school personnel maintain that it is dangerous for the child to be in the current placement (placement prior to removal to the interim alternative education setting) during the pendency of the due process proceedings, the local educational agency may request an expedited hearing.

“(ii) In determining whether the child may be placed in the alternative educational setting or in

another appropriate placement ordered by the hearing officer, the hearing officer shall apply the standards set out in paragraph (2).

“(8) PROTECTIONS FOR CHILDREN NOT YET ELIGIBLE FOR SPECIAL EDUCATION AND RELATED SERVICES.—

“(A) IN GENERAL.—A child who has not been determined to be eligible for special education and related services under this part and who has engaged in behavior that violated any rule or code of conduct of the local educational agency, including any behavior described in paragraph (1), may assert any of the protections provided for in this part if the local educational agency had knowledge (as determined in accordance with this paragraph) that the child was a child with a disability before the behavior that precipitated the disciplinary action occurred.

“(B) BASIS OF KNOWLEDGE.—A local educational agency shall be deemed to have knowledge that a child is a child with a disability if—

“(i) the parent of the child has expressed concern in writing (unless the parent is illiterate or has a disability that prevents compliance with the requirements contained in this clause) to personnel of the appropriate educational agency that the child is in need of special education and related services;

“(ii) the behavior or performance of the child demonstrates the need for such services;

“(iii) the parent of the child has requested an evaluation of the child pursuant to section 614; or

“(iv) the teacher of the child, or other personnel of the local educational agency, has expressed concern about the behavior or performance of the child to the director of special education of such agency or to other personnel of the agency.

“(C) CONDITIONS THAT APPLY IF NO BASIS OF KNOWLEDGE.—

“(i) IN GENERAL.—If a local educational agency does not have knowledge that a child is a child with a disability (in accordance with subparagraph (B)) prior to taking disciplinary measures against the child, the child may be subjected to the same disciplinary measures as measures applied to children without disabilities who engaged in comparable behaviors consistent with clause (ii).

“(ii) LIMITATIONS.—If a request is made for an evaluation of a child during the time period in which the child is subjected to disciplinary measures under paragraph (1) or (2), the evaluation shall be conducted in an expedited manner. If the child is determined to be a child with a disability, taking into consideration information from the evaluation conducted by the agency and information provided by the parents, the agency shall provide special education and related services in accordance with the provisions of this part, except that, pending the results of the evaluation, the child shall remain in the educational placement determined by school authorities.

“(9) REFERRAL TO AND ACTION BY LAW ENFORCEMENT AND JUDICIAL AUTHORITIES.—

“(A) Nothing in this part shall be construed to prohibit an agency from reporting a crime committed by a child with a disability to appropriate authorities or to prevent State law enforcement and judicial authorities from exercising their responsibilities with regard to the application of Federal and State law to crimes committed by a child with a disability.

“(B) An agency reporting a crime committed by a child with a disability shall ensure that copies of the special education and disciplinary records of the child are transmitted for consideration by the appropriate authorities to whom it reports the crime.

“(10) DEFINITIONS.—For purposes of this subsection, the following definitions apply:

“(A) CONTROLLED SUBSTANCE.—The term ‘controlled substance’ means a drug or other substance identified under schedules I, II, III, IV, or V in section 202(c) of the Controlled Substances Act (21 U.S.C. 812(c)).

“(B) ILLEGAL DRUG.—The term ‘illegal drug’—

“(i) means a controlled substance; but

“(ii) does not include such a substance that is legally possessed or used under the supervision of a licensed health-care professional or that is legally possessed or used under any other authority under that Act or under any other provision of Federal law.

“(C) SUBSTANTIAL EVIDENCE.—The term ‘substantial evidence’ means beyond a preponderance of the evidence.

“(D) WEAPON.—The term ‘weapon’ has the meaning given the term ‘dangerous weapon’ under paragraph (2) of the first subsection (g) of section 930 of title 18, United States Code.

“(1) RULE OF CONSTRUCTION.—Nothing in this title shall be construed to restrict or limit the rights, procedures, and remedies available under the Constitution, the Americans with Disabilities Act of 1990, title V of the Rehabilitation Act of 1973, or other Federal laws protecting the rights of children with disabilities, except that before the filing of a civil action under such laws seeking relief that is also available under this part, the procedures under subsections (f) and (g) shall be exhausted to the same extent as would be required had the action been brought under this part.

“(m) TRANSFER OF PARENTAL RIGHTS AT AGE OF MAJORITY.—

“(1) IN GENERAL.—A State that receives amounts from a grant under this part may provide that, when a child with a disability reaches the age of majority under State law (except for a child with a disability who has been determined to be incompetent under State law)—

“(A) the public agency shall provide any notice required by this section to both the individual and the parents;

“(B) all other rights accorded to parents under this part transfer to the child;

“(C) the agency shall notify the individual and the parents of the transfer of rights; and

“(D) all rights accorded to parents under this part transfer to children who are incarcerated in an adult or juvenile Federal, State, or local correctional institution.

“(2) SPECIAL RULE.—If, under State law, a child with a disability who has reached the age of majority under State law, who has not been determined to be incompetent, but who is determined not to have the ability to provide informed consent with respect to the educational program of the child, the State shall establish procedures for appointing the parent of the child, or if the parent is not available, another appropriate individual, to represent the educational interests of the child throughout the period of eligibility of the child under this part.

“SEC. 616. WITHHOLDING AND JUDICIAL REVIEW.

20 USC 1416.

“(a) WITHHOLDING OF PAYMENTS.—

“(1) IN GENERAL.—Whenever the Secretary, after reasonable notice and opportunity for hearing to the State educational agency involved (and to any local educational agency or State agency affected by any failure described in subparagraph (B)), finds—

“(A) that there has been a failure by the State to comply substantially with any provision of this part; or

“(B) that there is a failure to comply with any condition of a local educational agency’s or State agency’s eligibility under this part, including the terms of any agreement to achieve compliance with this part within the timelines specified in the agreement;

the Secretary shall, after notifying the State educational agency, withhold, in whole or in part, any further payments to the State under this part, or refer the matter for appropriate enforcement action, which may include referral to the Department of Justice.

“(2) NATURE OF WITHHOLDING.—If the Secretary withholds further payments under paragraph (1), the Secretary may determine that such withholding will be limited to programs or projects, or portions thereof, affected by the failure, or that the State educational agency shall not make further payments under this part to specified local educational agencies or State agencies affected by the failure. Until the Secretary is satisfied that there is no longer any failure to comply with the provisions of this part, as specified in subparagraph (A) or (B) of paragraph (1), payments to the State under this part shall be withheld in whole or in part, or payments by the State educational agency under this part shall be limited to local educational agencies and State agencies whose actions did not cause or were not involved in the failure, as the case may be. Any State educational agency, State agency, or local educational agency that has received notice under paragraph (1) shall, by means of a public notice, take such measures as may be necessary to bring the pendency of an action pursuant to this subsection to the attention of the public within the jurisdiction of such agency.

“(b) JUDICIAL REVIEW.—

“(1) IN GENERAL.—If any State is dissatisfied with the Secretary’s final action with respect to the eligibility of the State under section 612, such State may, not later than 60 days after notice of such action, file with the United States court of appeals for the circuit in which such State is located a petition for review of that action. A copy of the petition

Records.

shall be forthwith transmitted by the clerk of the court to the Secretary. The Secretary thereupon shall file in the court the record of the proceedings upon which the Secretary's action was based, as provided in section 2112 of title 28, United States Code.

“(2) JURISDICTION; REVIEW BY UNITED STATES SUPREME COURT.—Upon the filing of such petition, the court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

“(3) STANDARD OF REVIEW.—The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive, but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify the Secretary's previous action, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

“(c) DIVIDED STATE AGENCY RESPONSIBILITY.—For purposes of this section, where responsibility for ensuring that the requirements of this part are met with respect to children with disabilities who are convicted as adults under State law and incarcerated in adult prisons is assigned to a public agency other than the State educational agency pursuant to section 612(a)(11)(C), the Secretary, in instances where the Secretary finds that the failure to comply substantially with the provisions of this part are related to a failure by the public agency, shall take appropriate corrective action to ensure compliance with this part, except—

“(1) any reduction or withholding of payments to the State is proportionate to the total funds allotted under section 611 to the State as the number of eligible children with disabilities in adult prisons under the supervision of the other public agency is proportionate to the number of eligible individuals with disabilities in the State under the supervision of the State educational agency; and

“(2) any withholding of funds under paragraph (1) shall be limited to the specific agency responsible for the failure to comply with this part.

20 USC 1417.

“SEC. 617. ADMINISTRATION.

“(a) RESPONSIBILITIES OF SECRETARY.—In carrying out this part, the Secretary shall—

“(1) cooperate with, and (directly or by grant or contract) furnish technical assistance necessary to, the State in matters relating to—

“(A) the education of children with disabilities; and

“(B) carrying out this part; and

“(2) provide short-term training programs and institutes.

“(b) RULES AND REGULATIONS.—In carrying out the provisions of this part, the Secretary shall issue regulations under this Act only to the extent that such regulations are necessary to ensure that there is compliance with the specific requirements of this Act.

“(c) CONFIDENTIALITY.—The Secretary shall take appropriate action, in accordance with the provisions of section 444 of the General Education Provisions Act (20 U.S.C. 1232g), to assure the protection of the confidentiality of any personally identifiable data, information, and records collected or maintained by the Secretary and by State and local educational agencies pursuant to the provisions of this part.

“(d) PERSONNEL.—The Secretary is authorized to hire qualified personnel necessary to carry out the Secretary’s duties under subsection (a) and under sections 618, 661, and 673 (or their predecessor authorities through October 1, 1997) without regard to the provisions of title 5, United States Code, relating to appointments in the competitive service and without regard to chapter 51 and subchapter III of chapter 53 of such title relating to classification and general schedule pay rates, except that no more than twenty such personnel shall be employed at any time.

“SEC. 618. PROGRAM INFORMATION.

20 USC 1418.

“(a) IN GENERAL.—Each State that receives assistance under this part, and the Secretary of the Interior, shall provide data each year to the Secretary—

“(1)(A) on—

“(i) the number of children with disabilities, by race, ethnicity, and disability category, who are receiving a free appropriate public education;

“(ii) the number of children with disabilities, by race and ethnicity, who are receiving early intervention services;

“(iii) the number of children with disabilities, by race, ethnicity, and disability category, who are participating in regular education;

“(iv) the number of children with disabilities, by race, ethnicity, and disability category, who are in separate classes, separate schools or facilities, or public or private residential facilities;

“(v) the number of children with disabilities, by race, ethnicity, and disability category, who, for each year of age from age 14 to 21, stopped receiving special education and related services because of program completion or other reasons and the reasons why those children stopped receiving special education and related services;

“(vi) the number of children with disabilities, by race and ethnicity, who, from birth through age 2, stopped receiving early intervention services because of program completion or for other reasons; and

“(vii)(I) the number of children with disabilities, by race, ethnicity, and disability category, who under subparagraphs (A)(ii) and (B) of section 615(k)(1), are removed to an interim alternative educational setting;

“(II) the acts or items precipitating those removals; and

“(III) the number of children with disabilities who are subject to long-term suspensions or expulsions; and

“(B) on the number of infants and toddlers, by race and ethnicity, who are at risk of having substantial developmental delays (as described in section 632), and who are receiving early intervention services under part C; and

“(2) on any other information that may be required by the Secretary.

“(b) SAMPLING.—The Secretary may permit States and the Secretary of the Interior to obtain the data described in subsection (a) through sampling.

“(c) DISPROPORTIONALITY.—

“(1) IN GENERAL.—Each State that receives assistance under this part, and the Secretary of the Interior, shall provide for the collection and examination of data to determine if significant disproportionality based on race is occurring in the State with respect to—

“(A) the identification of children as children with disabilities, including the identification of children as children with disabilities in accordance with a particular impairment described in section 602(3); and

“(B) the placement in particular educational settings of such children.

“(2) REVIEW AND REVISION OF POLICIES, PRACTICES, AND PROCEDURES.—In the case of a determination of significant disproportionality with respect to the identification of children as children with disabilities, or the placement in particular educational settings of such children, in accordance with paragraph (1), the State or the Secretary of the Interior, as the case may be, shall provide for the review and, if appropriate, revision of the policies, procedures, and practices used in such identification or placement to ensure that such policies, procedures, and practices comply with the requirements of this Act.

20 USC 1419.

“SEC. 619. PRESCHOOL GRANTS.

“(a) IN GENERAL.—The Secretary shall provide grants under this section to assist States to provide special education and related services, in accordance with this part—

“(1) to children with disabilities aged 3 through 5, inclusive; and

“(2) at the State’s discretion, to 2-year-old children with disabilities who will turn 3 during the school year.

“(b) ELIGIBILITY.—A State shall be eligible for a grant under this section if such State—

“(1) is eligible under section 612 to receive a grant under this part; and

“(2) makes a free appropriate public education available to all children with disabilities, aged 3 through 5, residing in the State.

“(c) ALLOCATIONS TO STATES.—

“(1) IN GENERAL.—After reserving funds for studies and evaluations under section 674(e), the Secretary shall allocate the remaining amount among the States in accordance with paragraph (2) or (3), as the case may be.

“(2) INCREASE IN FUNDS.—If the amount available for allocations to States under paragraph (1) is equal to or greater than the amount allocated to the States under this section for the preceding fiscal year, those allocations shall be calculated as follows:

“(A)(i) Except as provided in subparagraph (B), the Secretary shall—

“(I) allocate to each State the amount it received for fiscal year 1997;

“(II) allocate 85 percent of any remaining funds to States on the basis of their relative populations of children aged 3 through 5; and

“(III) allocate 15 percent of those remaining funds to States on the basis of their relative populations of all children aged 3 through 5 who are living in poverty.

“(ii) For the purpose of making grants under this paragraph, the Secretary shall use the most recent population data, including data on children living in poverty, that are available and satisfactory to the Secretary.

“(B) Notwithstanding subparagraph (A), allocations under this paragraph shall be subject to the following:

“(i) No State’s allocation shall be less than its allocation for the preceding fiscal year.

“(ii) No State’s allocation shall be less than the greatest of—

“(I) the sum of—

“(aa) the amount it received for fiscal year 1997; and

“(bb) one third of one percent of the amount by which the amount appropriated under subsection (j) exceeds the amount appropriated under this section for fiscal year 1997;

“(II) the sum of—

“(aa) the amount it received for the preceding fiscal year; and

“(bb) that amount multiplied by the percentage by which the increase in the funds appropriated from the preceding fiscal year exceeds 1.5 percent; or

“(III) the sum of—

“(aa) the amount it received for the preceding fiscal year; and

“(bb) that amount multiplied by 90 percent of the percentage increase in the amount appropriated from the preceding fiscal year.

“(iii) Notwithstanding clause (ii), no State’s allocation under this paragraph shall exceed the sum of—

“(I) the amount it received for the preceding fiscal year; and

“(II) that amount multiplied by the sum of 1.5 percent and the percentage increase in the amount appropriated.

“(C) If the amount available for allocations under this paragraph is insufficient to pay those allocations in full, those allocations shall be ratably reduced, subject to subparagraph (B)(i).

“(3) DECREASE IN FUNDS.—If the amount available for allocations to States under paragraph (1) is less than the amount allocated to the States under this section for the preceding fiscal year, those allocations shall be calculated as follows:

“(A) If the amount available for allocations is greater than the amount allocated to the States for fiscal year 1997, each State shall be allocated the sum of—

“(i) the amount it received for fiscal year 1997; and

“(ii) an amount that bears the same relation to any remaining funds as the increase the State received for the preceding fiscal year over fiscal year 1997 bears to the total of all such increases for all States.

“(B) If the amount available for allocations is equal to or less than the amount allocated to the States for fiscal year 1997, each State shall be allocated the amount it received for that year, ratably reduced, if necessary.

“(4) OUTLYING AREAS.—The Secretary shall increase the fiscal year 1998 allotment of each outlying area under section 611 by at least the amount that that area received under this section for fiscal year 1997.

“(d) RESERVATION FOR STATE ACTIVITIES.—

“(1) IN GENERAL.—Each State may retain not more than the amount described in paragraph (2) for administration and other State-level activities in accordance with subsections (e) and (f).

“(2) AMOUNT DESCRIBED.—For each fiscal year, the Secretary shall determine and report to the State educational agency an amount that is 25 percent of the amount the State received under this section for fiscal year 1997, cumulatively adjusted by the Secretary for each succeeding fiscal year by the lesser of—

“(A) the percentage increase, if any, from the preceding fiscal year in the State’s allocation under this section; or

“(B) the percentage increase, if any, from the preceding fiscal year in the Consumer Price Index For All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.

“(e) STATE ADMINISTRATION.—

“(1) IN GENERAL.—For the purpose of administering this section (including the coordination of activities under this part with, and providing technical assistance to, other programs that provide services to children with disabilities) a State may use not more than 20 percent of the maximum amount it may retain under subsection (d) for any fiscal year.

“(2) ADMINISTRATION OF PART C.—Funds described in paragraph (1) may also be used for the administration of part C of this Act, if the State educational agency is the lead agency for the State under that part.

“(f) OTHER STATE-LEVEL ACTIVITIES.—Each State shall use any funds it retains under subsection (d) and does not use for administration under subsection (e)—

“(1) for support services (including establishing and implementing the mediation process required by section 615(e)), which may benefit children with disabilities younger than 3 or older than 5 as long as those services also benefit children with disabilities aged 3 through 5;

“(2) for direct services for children eligible for services under this section;

“(3) to develop a State improvement plan under subpart 1 of part D;

“(4) for activities at the State and local levels to meet the performance goals established by the State under section

612(a)(16) and to support implementation of the State improvement plan under subpart 1 of part D if the State receives funds under that subpart; or

“(5) to supplement other funds used to develop and implement a Statewide coordinated services system designed to improve results for children and families, including children with disabilities and their families, but not to exceed one percent of the amount received by the State under this section for a fiscal year.

“(g) SUBGRANTS TO LOCAL EDUCATIONAL AGENCIES.—

“(1) SUBGRANTS REQUIRED.—Each State that receives a grant under this section for any fiscal year shall distribute any of the grant funds that it does not reserve under subsection (d) to local educational agencies in the State that have established their eligibility under section 613, as follows:

“(A) BASE PAYMENTS.—The State shall first award each agency described in paragraph (1) the amount that agency would have received under this section for fiscal year 1997 if the State had distributed 75 percent of its grant for that year under section 619(c)(3), as then in effect.

“(B) ALLOCATION OF REMAINING FUNDS.—After making allocations under subparagraph (A), the State shall—

“(i) allocate 85 percent of any remaining funds to those agencies on the basis of the relative numbers of children enrolled in public and private elementary and secondary schools within the agency’s jurisdiction; and

“(ii) allocate 15 percent of those remaining funds to those agencies in accordance with their relative numbers of children living in poverty, as determined by the State educational agency.

“(2) REALLOCATION OF FUNDS.—If a State educational agency determines that a local educational agency is adequately providing a free appropriate public education to all children with disabilities aged 3 through 5 residing in the area served by that agency with State and local funds, the State educational agency may reallocate any portion of the funds under this section that are not needed by that local agency to provide a free appropriate public education to other local educational agencies in the State that are not adequately providing special education and related services to all children with disabilities aged 3 through 5 residing in the areas they serve.

“(h) PART C INAPPLICABLE.—Part C of this Act does not apply to any child with a disability receiving a free appropriate public education, in accordance with this part, with funds received under this section.

“(i) DEFINITION.—For the purpose of this section, the term ‘State’ means each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

“(j) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this section, there are authorized to be appropriated to the Secretary \$500,000,000 for fiscal year 1998 and such sums as may be necessary for each subsequent fiscal year.

“PART C—INFANTS AND TODDLERS WITH DISABILITIES

20 USC 1431.

“SEC. 631. FINDINGS AND POLICY.

“(a) FINDINGS.—The Congress finds that there is an urgent and substantial need—

“(1) to enhance the development of infants and toddlers with disabilities and to minimize their potential for developmental delay;

“(2) to reduce the educational costs to our society, including our Nation’s schools, by minimizing the need for special education and related services after infants and toddlers with disabilities reach school age;

“(3) to minimize the likelihood of institutionalization of individuals with disabilities and maximize the potential for their independently living in society;

“(4) to enhance the capacity of families to meet the special needs of their infants and toddlers with disabilities; and

“(5) to enhance the capacity of State and local agencies and service providers to identify, evaluate, and meet the needs of historically underrepresented populations, particularly minority, low-income, inner-city, and rural populations.

“(b) POLICY.—It is therefore the policy of the United States to provide financial assistance to States—

“(1) to develop and implement a statewide, comprehensive, coordinated, multidisciplinary, interagency system that provides early intervention services for infants and toddlers with disabilities and their families;

“(2) to facilitate the coordination of payment for early intervention services from Federal, State, local, and private sources (including public and private insurance coverage);

“(3) to enhance their capacity to provide quality early intervention services and expand and improve existing early intervention services being provided to infants and toddlers with disabilities and their families; and

“(4) to encourage States to expand opportunities for children under 3 years of age who would be at risk of having substantial developmental delay if they did not receive early intervention services.

20 USC 1432.

“SEC. 632. DEFINITIONS.

“As used in this part:

“(1) AT-RISK INFANT OR TODDLER.—The term ‘at-risk infant or toddler’ means an individual under 3 years of age who would be at risk of experiencing a substantial developmental delay if early intervention services were not provided to the individual.

“(2) COUNCIL.—The term ‘council’ means a State interagency coordinating council established under section 641.

“(3) DEVELOPMENTAL DELAY.—The term ‘developmental delay’, when used with respect to an individual residing in a State, has the meaning given such term by the State under section 635(a)(1).

“(4) EARLY INTERVENTION SERVICES.—The term ‘early intervention services’ means developmental services that—

“(A) are provided under public supervision;

“(B) are provided at no cost except where Federal or State law provides for a system of payments by families, including a schedule of sliding fees;

“(C) are designed to meet the developmental needs of an infant or toddler with a disability in any one or more of the following areas—

- “(i) physical development;
- “(ii) cognitive development;
- “(iii) communication development;
- “(iv) social or emotional development; or
- “(v) adaptive development;

“(D) meet the standards of the State in which they are provided, including the requirements of this part;

“(E) include—

- “(i) family training, counseling, and home visits;
- “(ii) special instruction;
- “(iii) speech-language pathology and audiology services;
- “(iv) occupational therapy;
- “(v) physical therapy;
- “(vi) psychological services;
- “(vii) service coordination services;
- “(viii) medical services only for diagnostic or evaluation purposes;
- “(ix) early identification, screening, and assessment services;
- “(x) health services necessary to enable the infant or toddler to benefit from the other early intervention services;
- “(xi) social work services;
- “(xii) vision services;
- “(xiii) assistive technology devices and assistive technology services; and
- “(xiv) transportation and related costs that are necessary to enable an infant or toddler and the infant’s or toddler’s family to receive another service described in this paragraph;

“(F) are provided by qualified personnel, including—

- “(i) special educators;
- “(ii) speech-language pathologists and audiologists;
- “(iii) occupational therapists;
- “(iv) physical therapists;
- “(v) psychologists;
- “(vi) social workers;
- “(vii) nurses;
- “(viii) nutritionists;
- “(ix) family therapists;
- “(x) orientation and mobility specialists; and
- “(xi) pediatricians and other physicians;

“(G) to the maximum extent appropriate, are provided in natural environments, including the home, and community settings in which children without disabilities participate; and

“(H) are provided in conformity with an individualized family service plan adopted in accordance with section 636.

“(5) INFANT OR TODDLER WITH A DISABILITY.—The term ‘infant or toddler with a disability’—

“(A) means an individual under 3 years of age who needs early intervention services because the individual—

“(i) is experiencing developmental delays, as measured by appropriate diagnostic instruments and procedures in one or more of the areas of cognitive development, physical development, communication development, social or emotional development, and adaptive development; or

“(ii) has a diagnosed physical or mental condition which has a high probability of resulting in developmental delay; and

“(B) may also include, at a State’s discretion, at-risk infants and toddlers.

Grants.
20 USC 1433.

“SEC. 633. GENERAL AUTHORITY.

“The Secretary shall, in accordance with this part, make grants to States (from their allotments under section 643) to assist each State to maintain and implement a statewide, comprehensive, coordinated, multidisciplinary, interagency system to provide early intervention services for infants and toddlers with disabilities and their families.

20 USC 1434.

“SEC. 634. ELIGIBILITY.

“In order to be eligible for a grant under section 633, a State shall demonstrate to the Secretary that the State—

“(1) has adopted a policy that appropriate early intervention services are available to all infants and toddlers with disabilities in the State and their families, including Indian infants and toddlers with disabilities and their families residing on a reservation geographically located in the State; and

“(2) has in effect a statewide system that meets the requirements of section 635.

20 USC 1435.

“SEC. 635. REQUIREMENTS FOR STATEWIDE SYSTEM.

“(a) IN GENERAL.—A statewide system described in section 633 shall include, at a minimum, the following components:

“(1) A definition of the term ‘developmental delay’ that will be used by the State in carrying out programs under this part.

“(2) A State policy that is in effect and that ensures that appropriate early intervention services are available to all infants and toddlers with disabilities and their families, including Indian infants and toddlers and their families residing on a reservation geographically located in the State.

“(3) A timely, comprehensive, multidisciplinary evaluation of the functioning of each infant or toddler with a disability in the State, and a family-directed identification of the needs of each family of such an infant or toddler, to appropriately assist in the development of the infant or toddler.

“(4) For each infant or toddler with a disability in the State, an individualized family service plan in accordance with section 636, including service coordination services in accordance with such service plan.

“(5) A comprehensive child find system, consistent with part B, including a system for making referrals to service

providers that includes timelines and provides for participation by primary referral sources.

“(6) A public awareness program focusing on early identification of infants and toddlers with disabilities, including the preparation and dissemination by the lead agency designated or established under paragraph (10) to all primary referral sources, especially hospitals and physicians, of information for parents on the availability of early intervention services, and procedures for determining the extent to which such sources disseminate such information to parents of infants and toddlers.

“(7) A central directory which includes information on early intervention services, resources, and experts available in the State and research and demonstration projects being conducted in the State.

“(8) A comprehensive system of personnel development, including the training of paraprofessionals and the training of primary referral sources respecting the basic components of early intervention services available in the State, that is consistent with the comprehensive system of personnel development described in section 612(a)(14) and may include—

“(A) implementing innovative strategies and activities for the recruitment and retention of early education service providers;

“(B) promoting the preparation of early intervention providers who are fully and appropriately qualified to provide early intervention services under this part;

“(C) training personnel to work in rural and inner-city areas; and

“(D) training personnel to coordinate transition services for infants and toddlers served under this part from an early intervention program under this part to preschool or other appropriate services.

“(9) Subject to subsection (b), policies and procedures relating to the establishment and maintenance of standards to ensure that personnel necessary to carry out this part are appropriately and adequately prepared and trained, including—

“(A) the establishment and maintenance of standards which are consistent with any State-approved or recognized certification, licensing, registration, or other comparable requirements which apply to the area in which such personnel are providing early intervention services; and

“(B) to the extent such standards are not based on the highest requirements in the State applicable to a specific profession or discipline, the steps the State is taking to require the retraining or hiring of personnel that meet appropriate professional requirements in the State;

except that nothing in this part, including this paragraph, prohibits the use of paraprofessionals and assistants who are appropriately trained and supervised, in accordance with State law, regulations, or written policy, to assist in the provision of early intervention services to infants and toddlers with disabilities under this part.

“(10) A single line of responsibility in a lead agency designated or established by the Governor for carrying out—

“(A) the general administration and supervision of programs and activities receiving assistance under section 633, and the monitoring of programs and activities used by

the State to carry out this part, whether or not such programs or activities are receiving assistance made available under section 633, to ensure that the State complies with this part;

“(B) the identification and coordination of all available resources within the State from Federal, State, local, and private sources;

“(C) the assignment of financial responsibility in accordance with section 637(a)(2) to the appropriate agencies;

“(D) the development of procedures to ensure that services are provided to infants and toddlers with disabilities and their families under this part in a timely manner pending the resolution of any disputes among public agencies or service providers;

“(E) the resolution of intra- and interagency disputes; and

“(F) the entry into formal interagency agreements that define the financial responsibility of each agency for paying for early intervention services (consistent with State law) and procedures for resolving disputes and that include all additional components necessary to ensure meaningful cooperation and coordination.

“(11) A policy pertaining to the contracting or making of other arrangements with service providers to provide early intervention services in the State, consistent with the provisions of this part, including the contents of the application used and the conditions of the contract or other arrangements.

“(12) A procedure for securing timely reimbursements of funds used under this part in accordance with section 640(a).

“(13) Procedural safeguards with respect to programs under this part, as required by section 639.

“(14) A system for compiling data requested by the Secretary under section 618 that relates to this part.

“(15) A State interagency coordinating council that meets the requirements of section 641.

“(16) Policies and procedures to ensure that, consistent with section 636(d)(5)—

“(A) to the maximum extent appropriate, early intervention services are provided in natural environments; and

“(B) the provision of early intervention services for any infant or toddler occurs in a setting other than a natural environment only when early intervention cannot be achieved satisfactorily for the infant or toddler in a natural environment.

“(b) **POLICY.**—In implementing subsection (a)(9), a State may adopt a policy that includes making ongoing good-faith efforts to recruit and hire appropriately and adequately trained personnel to provide early intervention services to infants and toddlers with disabilities, including, in a geographic area of the State where there is a shortage of such personnel, the most qualified individuals available who are making satisfactory progress toward completing applicable course work necessary to meet the standards described in subsection (a)(9), consistent with State law within 3 years.

“SEC. 636. INDIVIDUALIZED FAMILY SERVICE PLAN.

20 USC 1436.

“(a) **ASSESSMENT AND PROGRAM DEVELOPMENT.**—A statewide system described in section 633 shall provide, at a minimum, for each infant or toddler with a disability, and the infant’s or toddler’s family, to receive—

“(1) a multidisciplinary assessment of the unique strengths and needs of the infant or toddler and the identification of services appropriate to meet such needs;

“(2) a family-directed assessment of the resources, priorities, and concerns of the family and the identification of the supports and services necessary to enhance the family’s capacity to meet the developmental needs of the infant or toddler; and

“(3) a written individualized family service plan developed by a multidisciplinary team, including the parents, as required by subsection (e).

“(b) **PERIODIC REVIEW.**—The individualized family service plan shall be evaluated once a year and the family shall be provided a review of the plan at 6-month intervals (or more often where appropriate based on infant or toddler and family needs).

“(c) **PROMPTNESS AFTER ASSESSMENT.**—The individualized family service plan shall be developed within a reasonable time after the assessment required by subsection (a)(1) is completed. With the parents’ consent, early intervention services may commence prior to the completion of the assessment.

“(d) **CONTENT OF PLAN.**—The individualized family service plan shall be in writing and contain—

“(1) a statement of the infant’s or toddler’s present levels of physical development, cognitive development, communication development, social or emotional development, and adaptive development, based on objective criteria;

“(2) a statement of the family’s resources, priorities, and concerns relating to enhancing the development of the family’s infant or toddler with a disability;

“(3) a statement of the major outcomes expected to be achieved for the infant or toddler and the family, and the criteria, procedures, and timelines used to determine the degree to which progress toward achieving the outcomes is being made and whether modifications or revisions of the outcomes or services are necessary;

“(4) a statement of specific early intervention services necessary to meet the unique needs of the infant or toddler and the family, including the frequency, intensity, and method of delivering services;

“(5) a statement of the natural environments in which early intervention services shall appropriately be provided, including a justification of the extent, if any, to which the services will not be provided in a natural environment;

“(6) the projected dates for initiation of services and the anticipated duration of the services;

“(7) the identification of the service coordinator from the profession most immediately relevant to the infant’s or toddler’s or family’s needs (or who is otherwise qualified to carry out all applicable responsibilities under this part) who will be responsible for the implementation of the plan and coordination with other agencies and persons; and

“(8) the steps to be taken to support the transition of the toddler with a disability to preschool or other appropriate services.

“(e) PARENTAL CONSENT.—The contents of the individualized family service plan shall be fully explained to the parents and informed written consent from the parents shall be obtained prior to the provision of early intervention services described in such plan. If the parents do not provide consent with respect to a particular early intervention service, then the early intervention services to which consent is obtained shall be provided.

20 USC 1437.

“SEC. 637. STATE APPLICATION AND ASSURANCES.

“(a) APPLICATION.—A State desiring to receive a grant under section 633 shall submit an application to the Secretary at such time and in such manner as the Secretary may reasonably require. The application shall contain—

“(1) a designation of the lead agency in the State that will be responsible for the administration of funds provided under section 633;

“(2) a designation of an individual or entity responsible for assigning financial responsibility among appropriate agencies;

“(3) information demonstrating eligibility of the State under section 634, including—

“(A) information demonstrating to the Secretary’s satisfaction that the State has in effect the statewide system required by section 633; and

“(B) a description of services to be provided to infants and toddlers with disabilities and their families through the system;

“(4) if the State provides services to at-risk infants and toddlers through the system, a description of such services;

“(5) a description of the uses for which funds will be expended in accordance with this part;

“(6) a description of the procedure used to ensure that resources are made available under this part for all geographic areas within the State;

“(7) a description of State policies and procedures that ensure that, prior to the adoption by the State of any other policy or procedure necessary to meet the requirements of this part, there are public hearings, adequate notice of the hearings, and an opportunity for comment available to the general public, including individuals with disabilities and parents of infants and toddlers with disabilities;

“(8) a description of the policies and procedures to be used—

“(A) to ensure a smooth transition for toddlers receiving early intervention services under this part to preschool or other appropriate services, including a description of how—

“(i) the families of such toddlers will be included in the transition plans required by subparagraph (C); and

“(ii) the lead agency designated or established under section 635(a)(10) will—

“(I) notify the local educational agency for the area in which such a child resides that the child will shortly reach the age of eligibility for preschool

services under part B, as determined in accordance with State law;

“(II) in the case of a child who may be eligible for such preschool services, with the approval of the family of the child, convene a conference among the lead agency, the family, and the local educational agency at least 90 days (and at the discretion of all such parties, up to 6 months) before the child is eligible for the preschool services, to discuss any such services that the child may receive; and

“(III) in the case of a child who may not be eligible for such preschool services, with the approval of the family, make reasonable efforts to convene a conference among the lead agency, the family, and providers of other appropriate services for children who are not eligible for preschool services under part B, to discuss the appropriate services that the child may receive;

“(B) to review the child’s program options for the period from the child’s third birthday through the remainder of the school year; and

“(C) to establish a transition plan; and

“(9) such other information and assurances as the Secretary may reasonably require.

“(b) ASSURANCES.—The application described in subsection (a)—

“(1) shall provide satisfactory assurance that Federal funds made available under section 643 to the State will be expended in accordance with this part;

“(2) shall contain an assurance that the State will comply with the requirements of section 640;

“(3) shall provide satisfactory assurance that the control of funds provided under section 643, and title to property derived from those funds, will be in a public agency for the uses and purposes provided in this part and that a public agency will administer such funds and property;

“(4) shall provide for—

“(A) making such reports in such form and containing such information as the Secretary may require to carry out the Secretary’s functions under this part; and

“(B) keeping such records and affording such access to them as the Secretary may find necessary to ensure the correctness and verification of those reports and proper disbursement of Federal funds under this part;

“(5) provide satisfactory assurance that Federal funds made available under section 643 to the State—

“(A) will not be commingled with State funds; and

“(B) will be used so as to supplement the level of State and local funds expended for infants and toddlers with disabilities and their families and in no case to supplant those State and local funds;

“(6) shall provide satisfactory assurance that such fiscal control and fund accounting procedures will be adopted as may be necessary to ensure proper disbursement of, and accounting for, Federal funds paid under section 643 to the State;

“(7) shall provide satisfactory assurance that policies and procedures have been adopted to ensure meaningful involvement of underserved groups, including minority, low-income, and rural families, in the planning and implementation of all the requirements of this part; and

“(8) shall contain such other information and assurances as the Secretary may reasonably require by regulation.

“(c) STANDARD FOR DISAPPROVAL OF APPLICATION.—The Secretary may not disapprove such an application unless the Secretary determines, after notice and opportunity for a hearing, that the application fails to comply with the requirements of this section.

“(d) SUBSEQUENT STATE APPLICATION.—If a State has on file with the Secretary a policy, procedure, or assurance that demonstrates that the State meets a requirement of this section, including any policy or procedure filed under part H (as in effect before July 1, 1998), the Secretary shall consider the State to have met the requirement for purposes of receiving a grant under this part.

“(e) MODIFICATION OF APPLICATION.—An application submitted by a State in accordance with this section shall remain in effect until the State submits to the Secretary such modifications as the State determines necessary. This section shall apply to a modification of an application to the same extent and in the same manner as this section applies to the original application.

“(f) MODIFICATIONS REQUIRED BY THE SECRETARY.—The Secretary may require a State to modify its application under this section, but only to the extent necessary to ensure the State’s compliance with this part, if—

“(1) an amendment is made to this Act, or a Federal regulation issued under this Act;

“(2) a new interpretation of this Act is made by a Federal court or the State’s highest court; or

“(3) an official finding of noncompliance with Federal law or regulations is made with respect to the State.

Applicability.

20 USC 1438.

“SEC. 638. USES OF FUNDS.

“In addition to using funds provided under section 633 to maintain and implement the statewide system required by such section, a State may use such funds—

“(1) for direct early intervention services for infants and toddlers with disabilities, and their families, under this part that are not otherwise funded through other public or private sources;

“(2) to expand and improve on services for infants and toddlers and their families under this part that are otherwise available;

“(3) to provide a free appropriate public education, in accordance with part B, to children with disabilities from their third birthday to the beginning of the following school year; and

“(4) in any State that does not provide services for at-risk infants and toddlers under section 637(a)(4), to strengthen the statewide system by initiating, expanding, or improving collaborative efforts related to at-risk infants and toddlers, including establishing linkages with appropriate public or private community-based organizations, services, and personnel for the purposes of—

“(A) identifying and evaluating at-risk infants and toddlers;

“(B) making referrals of the infants and toddlers identified and evaluated under subparagraph (A); and

“(C) conducting periodic follow-up on each such referral to determine if the status of the infant or toddler involved has changed with respect to the eligibility of the infant or toddler for services under this part.

“SEC. 639. PROCEDURAL SAFEGUARDS.

20 USC 1439.

“(a) **MINIMUM PROCEDURES.**—The procedural safeguards required to be included in a statewide system under section 635(a)(13) shall provide, at a minimum, the following:

“(1) The timely administrative resolution of complaints by parents. Any party aggrieved by the findings and decision regarding an administrative complaint shall have the right to bring a civil action with respect to the complaint in any State court of competent jurisdiction or in a district court of the United States without regard to the amount in controversy. In any action brought under this paragraph, the court shall receive the records of the administrative proceedings, shall hear additional evidence at the request of a party, and, basing its decision on the preponderance of the evidence, shall grant such relief as the court determines is appropriate.

Records.

“(2) The right to confidentiality of personally identifiable information, including the right of parents to written notice of and written consent to the exchange of such information among agencies consistent with Federal and State law.

“(3) The right of the parents to determine whether they, their infant or toddler, or other family members will accept or decline any early intervention service under this part in accordance with State law without jeopardizing other early intervention services under this part.

“(4) The opportunity for parents to examine records relating to assessment, screening, eligibility determinations, and the development and implementation of the individualized family service plan.

“(5) Procedures to protect the rights of the infant or toddler whenever the parents of the infant or toddler are not known or cannot be found or the infant or toddler is a ward of the State, including the assignment of an individual (who shall not be an employee of the State lead agency, or other State agency, and who shall not be any person, or any employee of a person, providing early intervention services to the infant or toddler or any family member of the infant or toddler) to act as a surrogate for the parents.

“(6) Written prior notice to the parents of the infant or toddler with a disability whenever the State agency or service provider proposes to initiate or change or refuses to initiate or change the identification, evaluation, or placement of the infant or toddler with a disability, or the provision of appropriate early intervention services to the infant or toddler.

“(7) Procedures designed to ensure that the notice required by paragraph (6) fully informs the parents, in the parents’ native language, unless it clearly is not feasible to do so, of all procedures available pursuant to this section.

“(8) The right of parents to use mediation in accordance with section 615(e), except that—

“(A) any reference in the section to a State educational agency shall be considered to be a reference to a State’s lead agency established or designated under section 635(a)(10);

“(B) any reference in the section to a local educational agency shall be considered to be a reference to a local service provider or the State’s lead agency under this part, as the case may be; and

“(C) any reference in the section to the provision of free appropriate public education to children with disabilities shall be considered to be a reference to the provision of appropriate early intervention services to infants and toddlers with disabilities.

“(b) SERVICES DURING PENDENCY OF PROCEEDINGS.—During the pendency of any proceeding or action involving a complaint by the parents of an infant or toddler with a disability, unless the State agency and the parents otherwise agree, the infant or toddler shall continue to receive the appropriate early intervention services currently being provided or, if applying for initial services, shall receive the services not in dispute.

20 USC 1440.

“SEC. 640. PAYOR OF LAST RESORT.

“(a) NONSUBSTITUTION.—Funds provided under section 643 may not be used to satisfy a financial commitment for services that would have been paid for from another public or private source, including any medical program administered by the Secretary of Defense, but for the enactment of this part, except that whenever considered necessary to prevent a delay in the receipt of appropriate early intervention services by an infant, toddler, or family in a timely fashion, funds provided under section 643 may be used to pay the provider of services pending reimbursement from the agency that has ultimate responsibility for the payment.

“(b) REDUCTION OF OTHER BENEFITS.—Nothing in this part shall be construed to permit the State to reduce medical or other assistance available or to alter eligibility under title V of the Social Security Act (relating to maternal and child health) or title XIX of the Social Security Act (relating to Medicaid for infants or toddlers with disabilities) within the State.

20 USC 1441.

“SEC. 641. STATE INTERAGENCY COORDINATING COUNCIL.

“(a) ESTABLISHMENT.—

“(1) IN GENERAL.—A State that desires to receive financial assistance under this part shall establish a State interagency coordinating council.

“(2) APPOINTMENT.—The council shall be appointed by the Governor. In making appointments to the council, the Governor shall ensure that the membership of the council reasonably represents the population of the State.

“(3) CHAIRPERSON.—The Governor shall designate a member of the council to serve as the chairperson of the council, or shall require the council to so designate such a member. Any member of the council who is a representative of the lead agency designated under section 635(a)(10) may not serve as the chairperson of the council.

“(b) COMPOSITION.—

“(1) IN GENERAL.—The council shall be composed as follows:

“(A) PARENTS.—At least 20 percent of the members shall be parents of infants or toddlers with disabilities or children with disabilities aged 12 or younger, with knowledge of, or experience with, programs for infants and toddlers with disabilities. At least one such member shall be a parent of an infant or toddler with a disability or a child with a disability aged 6 or younger.

“(B) SERVICE PROVIDERS.—At least 20 percent of the members shall be public or private providers of early intervention services.

“(C) STATE LEGISLATURE.—At least one member shall be from the State legislature.

“(D) PERSONNEL PREPARATION.—At least one member shall be involved in personnel preparation.

“(E) AGENCY FOR EARLY INTERVENTION SERVICES.—At least one member shall be from each of the State agencies involved in the provision of, or payment for, early intervention services to infants and toddlers with disabilities and their families and shall have sufficient authority to engage in policy planning and implementation on behalf of such agencies.

“(F) AGENCY FOR PRESCHOOL SERVICES.—At least one member shall be from the State educational agency responsible for preschool services to children with disabilities and shall have sufficient authority to engage in policy planning and implementation on behalf of such agency.

“(G) AGENCY FOR HEALTH INSURANCE.—At least one member shall be from the agency responsible for the State governance of health insurance.

“(H) HEAD START AGENCY.—At least one representative from a Head Start agency or program in the State.

“(I) CHILD CARE AGENCY.—At least one representative from a State agency responsible for child care.

“(2) OTHER MEMBERS.—The council may include other members selected by the Governor, including a representative from the Bureau of Indian Affairs, or where there is no BIA-operated or BIA-funded school, from the Indian Health Service or the tribe or tribal council.

“(c) MEETINGS.—The council shall meet at least quarterly and in such places as it deems necessary. The meetings shall be publicly announced, and, to the extent appropriate, open and accessible to the general public.

“(d) MANAGEMENT AUTHORITY.—Subject to the approval of the Governor, the council may prepare and approve a budget using funds under this part to conduct hearings and forums, to reimburse members of the council for reasonable and necessary expenses for attending council meetings and performing council duties (including child care for parent representatives), to pay compensation to a member of the council if the member is not employed or must forfeit wages from other employment when performing official council business, to hire staff, and to obtain the services of such professional, technical, and clerical personnel as may be necessary to carry out its functions under this part.

“(e) FUNCTIONS OF COUNCIL.—

“(1) DUTIES.—The council shall—

“(A) advise and assist the lead agency designated or established under section 635(a)(10) in the performance

of the responsibilities set forth in such section, particularly the identification of the sources of fiscal and other support for services for early intervention programs, assignment of financial responsibility to the appropriate agency, and the promotion of the interagency agreements;

“(B) advise and assist the lead agency in the preparation of applications and amendments thereto;

“(C) advise and assist the State educational agency regarding the transition of toddlers with disabilities to preschool and other appropriate services; and

Reports.

“(D) prepare and submit an annual report to the Governor and to the Secretary on the status of early intervention programs for infants and toddlers with disabilities and their families operated within the State.

“(2) AUTHORIZED ACTIVITY.—The council may advise and assist the lead agency and the State educational agency regarding the provision of appropriate services for children from birth through age 5. The council may advise appropriate agencies in the State with respect to the integration of services for infants and toddlers with disabilities and at-risk infants and toddlers and their families, regardless of whether at-risk infants and toddlers are eligible for early intervention services in the State.

“(f) CONFLICT OF INTEREST.—No member of the council shall cast a vote on any matter that would provide direct financial benefit to that member or otherwise give the appearance of a conflict of interest under State law.

20 USC 1442.

“SEC. 642. FEDERAL ADMINISTRATION.

“Sections 616, 617, and 618 shall, to the extent not inconsistent with this part, apply to the program authorized by this part, except that—

“(1) any reference in such sections to a State educational agency shall be considered to be a reference to a State’s lead agency established or designated under section 635(a)(10);

“(2) any reference in such sections to a local educational agency, educational service agency, or a State agency shall be considered to be a reference to an early intervention service provider under this part; and

“(3) any reference to the education of children with disabilities or the education of all children with disabilities shall be considered to be a reference to the provision of appropriate early intervention services to infants and toddlers with disabilities.

20 USC 1443.

“SEC. 643. ALLOCATION OF FUNDS.

“(a) RESERVATION OF FUNDS FOR OUTLYING AREAS.—

“(1) IN GENERAL.—From the sums appropriated to carry out this part for any fiscal year, the Secretary may reserve up to one percent for payments to Guam, American Samoa, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands in accordance with their respective needs.

“(2) CONSOLIDATION OF FUNDS.—The provisions of Public Law 95-134, permitting the consolidation of grants to the outlying areas, shall not apply to funds those areas receive under this part.

“(b) PAYMENTS TO INDIANS.—

“(1) IN GENERAL.—The Secretary shall, subject to this subsection, make payments to the Secretary of the Interior to be distributed to tribes, tribal organizations (as defined under section 4 of the Indian Self-Determination and Education Assistance Act), or consortia of the above entities for the coordination of assistance in the provision of early intervention services by the States to infants and toddlers with disabilities and their families on reservations served by elementary and secondary schools for Indian children operated or funded by the Department of the Interior. The amount of such payment for any fiscal year shall be 1.25 percent of the aggregate of the amount available to all States under this part for such fiscal year.

“(2) ALLOCATION.—For each fiscal year, the Secretary of the Interior shall distribute the entire payment received under paragraph (1) by providing to each tribe, tribal organization, or consortium an amount based on the number of infants and toddlers residing on the reservation, as determined annually, divided by the total of such children served by all tribes, tribal organizations, or consortia.

“(3) INFORMATION.—To receive a payment under this subsection, the tribe, tribal organization, or consortium shall submit such information to the Secretary of the Interior as is needed to determine the amounts to be distributed under paragraph (2).

“(4) USE OF FUNDS.—The funds received by a tribe, tribal organization, or consortium shall be used to assist States in child find, screening, and other procedures for the early identification of Indian children under 3 years of age and for parent training. Such funds may also be used to provide early intervention services in accordance with this part. Such activities may be carried out directly or through contracts or cooperative agreements with the BIA, local educational agencies, and other public or private nonprofit organizations. The tribe, tribal organization, or consortium is encouraged to involve Indian parents in the development and implementation of these activities. The above entities shall, as appropriate, make referrals to local, State, or Federal entities for the provision of services or further diagnosis.

“(5) REPORTS.—To be eligible to receive a grant under paragraph (2), a tribe, tribal organization, or consortium shall make a biennial report to the Secretary of the Interior of activities undertaken under this subsection, including the number of contracts and cooperative agreements entered into, the number of children contacted and receiving services for each year, and the estimated number of children needing services during the 2 years following the year in which the report is made. The Secretary of the Interior shall include a summary of this information on a biennial basis to the Secretary of Education along with such other information as required under section 611(i)(3)(E). The Secretary of Education may require any additional information from the Secretary of the Interior.

“(6) PROHIBITED USES OF FUNDS.—None of the funds under this subsection may be used by the Secretary of the Interior for administrative purposes, including child count, and the provision of technical assistance.

“(c) STATE ALLOTMENTS.—

“(1) IN GENERAL.—Except as provided in paragraphs (2), (3), and (4), from the funds remaining for each fiscal year after the reservation and payments under subsections (a) and (b), the Secretary shall first allot to each State an amount that bears the same ratio to the amount of such remainder as the number of infants and toddlers in the State bears to the number of infants and toddlers in all States.

“(2) MINIMUM ALLOTMENTS.—Except as provided in paragraphs (3) and (4), no State shall receive an amount under this section for any fiscal year that is less than the greatest of—

“(A) one-half of one percent of the remaining amount described in paragraph (1); or

“(B) \$500,000.

“(3) SPECIAL RULE FOR 1998 AND 1999.—

“(A) IN GENERAL.—Except as provided in paragraph (4), no State may receive an amount under this section for either fiscal year 1998 or 1999 that is less than the sum of the amounts such State received for fiscal year 1994 under—

“(i) part H (as in effect for such fiscal year); and

“(ii) subpart 2 of part D of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 (as in effect on the day before the date of the enactment of the Improving America’s Schools Act of 1994) for children with disabilities under 3 years of age.

“(B) EXCEPTION.—If, for fiscal year 1998 or 1999, the number of infants and toddlers in a State, as determined under paragraph (1), is less than the number of infants and toddlers so determined for fiscal year 1994, the amount determined under subparagraph (A) for the State shall be reduced by the same percentage by which the number of such infants and toddlers so declined.

“(4) RATABLE REDUCTION.—

“(A) IN GENERAL.—If the sums made available under this part for any fiscal year are insufficient to pay the full amounts that all States are eligible to receive under this subsection for such year, the Secretary shall ratably reduce the allotments to such States for such year.

“(B) ADDITIONAL FUNDS.—If additional funds become available for making payments under this subsection for a fiscal year, allotments that were reduced under subparagraph (A) shall be increased on the same basis they were reduced.

“(5) DEFINITIONS.—For the purpose of this subsection—

“(A) the terms ‘infants’ and ‘toddlers’ mean children under 3 years of age; and

“(B) the term ‘State’ means each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

“(d) REALLOTMENT OF FUNDS.—If a State elects not to receive its allotment under subsection (c), the Secretary shall realLOT, among the remaining States, amounts from such State in accordance with such subsection.

“SEC. 644. FEDERAL INTERAGENCY COORDINATING COUNCIL.

20 USC 1444.

“(a) ESTABLISHMENT AND PURPOSE.—

“(1) IN GENERAL.—The Secretary shall establish a Federal Interagency Coordinating Council in order to—

“(A) minimize duplication of programs and activities across Federal, State, and local agencies, relating to—

“(i) early intervention services for infants and toddlers with disabilities (including at-risk infants and toddlers) and their families; and

“(ii) preschool or other appropriate services for children with disabilities;

“(B) ensure the effective coordination of Federal early intervention and preschool programs and policies across Federal agencies;

“(C) coordinate the provision of Federal technical assistance and support activities to States;

“(D) identify gaps in Federal agency programs and services; and

“(E) identify barriers to Federal interagency cooperation.

“(2) APPOINTMENTS.—The council established under paragraph (1) (hereafter in this section referred to as the ‘Council’) and the chairperson of the Council shall be appointed by the Secretary in consultation with other appropriate Federal agencies. In making the appointments, the Secretary shall ensure that each member has sufficient authority to engage in policy planning and implementation on behalf of the department, agency, or program that the member represents.

“(b) COMPOSITION.—The Council shall be composed of—

“(1) a representative of the Office of Special Education Programs;

“(2) a representative of the National Institute on Disability and Rehabilitation Research and a representative of the Office of Educational Research and Improvement;

“(3) a representative of the Maternal and Child Health Services Block Grant Program;

“(4) a representative of programs administered under the Developmental Disabilities Assistance and Bill of Rights Act;

“(5) a representative of the Health Care Financing Administration;

“(6) a representative of the Division of Birth Defects and Developmental Disabilities of the Centers for Disease Control;

“(7) a representative of the Social Security Administration;

“(8) a representative of the special supplemental nutrition program for women, infants, and children of the Department of Agriculture;

“(9) a representative of the National Institute of Mental Health;

“(10) a representative of the National Institute of Child Health and Human Development;

“(11) a representative of the Bureau of Indian Affairs of the Department of the Interior;

“(12) a representative of the Indian Health Service;

“(13) a representative of the Surgeon General;

“(14) a representative of the Department of Defense;

“(15) a representative of the Children’s Bureau, and a representative of the Head Start Bureau, of the Administration for Children and Families;

“(16) a representative of the Substance Abuse and Mental Health Services Administration;

“(17) a representative of the Pediatric AIDS Health Care Demonstration Program in the Public Health Service;

“(18) parents of children with disabilities age 12 or under (who shall constitute at least 20 percent of the members of the Council), of whom at least one must have a child with a disability under the age of 6;

“(19) at least two representatives of State lead agencies for early intervention services to infants and toddlers, one of whom must be a representative of a State educational agency and the other a representative of a non-educational agency;

“(20) other members representing appropriate agencies involved in the provision of, or payment for, early intervention services and special education and related services to infants and toddlers with disabilities and their families and preschool children with disabilities; and

“(21) other persons appointed by the Secretary.

“(c) MEETINGS.—The Council shall meet at least quarterly and in such places as the Council deems necessary. The meetings shall be publicly announced, and, to the extent appropriate, open and accessible to the general public.

“(d) FUNCTIONS OF THE COUNCIL.—The Council shall—

“(1) advise and assist the Secretary of Education, the Secretary of Health and Human Services, the Secretary of Defense, the Secretary of the Interior, the Secretary of Agriculture, and the Commissioner of Social Security in the performance of their responsibilities related to serving children from birth through age 5 who are eligible for services under this part or under part B;

“(2) conduct policy analyses of Federal programs related to the provision of early intervention services and special educational and related services to infants and toddlers with disabilities and their families, and preschool children with disabilities, in order to determine areas of conflict, overlap, duplication, or inappropriate omission;

“(3) identify strategies to address issues described in paragraph (2);

“(4) develop and recommend joint policy memoranda concerning effective interagency collaboration, including modifications to regulations, and the elimination of barriers to interagency programs and activities;

“(5) coordinate technical assistance and disseminate information on best practices, effective program coordination strategies, and recommendations for improved early intervention programming for infants and toddlers with disabilities and their families and preschool children with disabilities; and

“(6) facilitate activities in support of States’ interagency coordination efforts.

“(e) CONFLICT OF INTEREST.—No member of the Council shall cast a vote on any matter that would provide direct financial benefit to that member or otherwise give the appearance of a conflict of interest under Federal law.

“(f) FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the establishment or operation of the Council.

“SEC. 645. AUTHORIZATION OF APPROPRIATIONS.

20 USC 1445.

“For the purpose of carrying out this part, there are authorized to be appropriated \$400,000,000 for fiscal year 1998 and such sums as may be necessary for each of the fiscal years 1999 through 2002.

**“PART D—NATIONAL ACTIVITIES TO IMPROVE
EDUCATION OF CHILDREN WITH DISABILITIES**

**“Subpart 1—State Program Improvement Grants
for Children with Disabilities**

“SEC. 651. FINDINGS AND PURPOSE.

20 USC 1451.

“(a) FINDINGS.—The Congress finds the following:

“(1) States are responding with some success to multiple pressures to improve educational and transitional services and results for children with disabilities in response to growing demands imposed by ever-changing factors, such as demographics, social policies, and labor and economic markets.

“(2) In order for States to address such demands and to facilitate lasting systemic change that is of benefit to all students, including children with disabilities, States must involve local educational agencies, parents, individuals with disabilities and their families, teachers and other service providers, and other interested individuals and organizations in carrying out comprehensive strategies to improve educational results for children with disabilities.

“(3) Targeted Federal financial resources are needed to assist States, working in partnership with others, to identify and make needed changes to address the needs of children with disabilities into the next century.

“(4) State educational agencies, in partnership with local educational agencies and other individuals and organizations, are in the best position to identify and design ways to meet emerging and expanding demands to improve education for children with disabilities and to address their special needs.

“(5) Research, demonstration, and practice over the past 20 years in special education and related disciplines have built a foundation of knowledge on which State and local systemic-change activities can now be based.

“(6) Such research, demonstration, and practice in special education and related disciplines have demonstrated that an effective educational system now and in the future must—

“(A) maintain high academic standards and clear performance goals for children with disabilities, consistent with the standards and expectations for all students in the educational system, and provide for appropriate and effective strategies and methods to ensure that students who are children with disabilities have maximum opportunities to achieve those standards and goals;

“(B) create a system that fully addresses the needs of all students, including children with disabilities, by

addressing the needs of children with disabilities in carrying out educational reform activities;

“(C) clearly define, in measurable terms, the school and post-school results that children with disabilities are expected to achieve;

“(D) promote service integration, and the coordination of State and local education, social, health, mental health, and other services, in addressing the full range of student needs, particularly the needs of children with disabilities who require significant levels of support to maximize their participation and learning in school and the community;

“(E) ensure that children with disabilities are provided assistance and support in making transitions as described in section 674(b)(3)(C);

“(F) promote comprehensive programs of professional development to ensure that the persons responsible for the education or a transition of children with disabilities possess the skills and knowledge necessary to address the educational and related needs of those children;

“(G) disseminate to teachers and other personnel serving children with disabilities research-based knowledge about successful teaching practices and models and provide technical assistance to local educational agencies and schools on how to improve results for children with disabilities;

“(H) create school-based disciplinary strategies that will be used to reduce or eliminate the need to use suspension and expulsion as disciplinary options for children with disabilities;

“(I) establish placement-neutral funding formulas and cost-effective strategies for meeting the needs of children with disabilities; and

“(J) involve individuals with disabilities and parents of children with disabilities in planning, implementing, and evaluating systemic-change activities and educational reforms.

“(b) PURPOSE.—The purpose of this subpart is to assist State educational agencies, and their partners referred to in section 652(b), in reforming and improving their systems for providing educational, early intervention, and transitional services, including their systems for professional development, technical assistance, and dissemination of knowledge about best practices, to improve results for children with disabilities.

20 USC 1452.

“SEC. 652. ELIGIBILITY AND COLLABORATIVE PROCESS.

“(a) ELIGIBLE APPLICANTS.—A State educational agency may apply for a grant under this subpart for a grant period of not less than 1 year and not more than 5 years.

“(b) PARTNERS.—

“(1) REQUIRED PARTNERS.—

“(A) CONTRACTUAL PARTNERS.—In order to be considered for a grant under this subpart, a State educational agency shall establish a partnership with local educational agencies and other State agencies involved in, or concerned with, the education of children with disabilities.

“(B) OTHER PARTNERS.—In order to be considered for a grant under this subpart, a State educational agency

shall work in partnership with other persons and organizations involved in, and concerned with, the education of children with disabilities, including—

- “(i) the Governor;
- “(ii) parents of children with disabilities;
- “(iii) parents of nondisabled children;
- “(iv) individuals with disabilities;
- “(v) organizations representing individuals with disabilities and their parents, such as parent training and information centers;
- “(vi) community-based and other nonprofit organizations involved in the education and employment of individuals with disabilities;
- “(vii) the lead State agency for part C;
- “(viii) general and special education teachers, and early intervention personnel;
- “(ix) the State advisory panel established under part C;
- “(x) the State interagency coordinating council established under part C; and
- “(xi) institutions of higher education within the State.

“(2) OPTIONAL PARTNERS.—A partnership under subparagraph (A) or (B) of paragraph (1) may also include—

- “(A) individuals knowledgeable about vocational education;
- “(B) the State agency for higher education;
- “(C) the State vocational rehabilitation agency;
- “(D) public agencies with jurisdiction in the areas of health, mental health, social services, and juvenile justice; and
- “(E) other individuals.

“SEC. 653. APPLICATIONS.

20 USC 1453.

“(a) IN GENERAL.—

“(1) SUBMISSION.—A State educational agency that desires to receive a grant under this subpart shall submit to the Secretary an application at such time, in such manner, and including such information as the Secretary may require.

“(2) STATE IMPROVEMENT PLAN.—The application shall include a State improvement plan that—

“(A) is integrated, to the maximum extent possible, with State plans under the Elementary and Secondary Education Act of 1965 and the Rehabilitation Act of 1973, as appropriate; and

“(B) meets the requirements of this section.

“(b) DETERMINING CHILD AND PROGRAM NEEDS.—

“(1) IN GENERAL.—Each State improvement plan shall identify those critical aspects of early intervention, general education, and special education programs (including professional development, based on an assessment of State and local needs) that must be improved to enable children with disabilities to meet the goals established by the State under section 612(a)(16).

“(2) REQUIRED ANALYSES.—To meet the requirement of paragraph (1), the State improvement plan shall include at least—

“(A) an analysis of all information, reasonably available to the State educational agency, on the performance of children with disabilities in the State, including—

“(i) their performance on State assessments and other performance indicators established for all children, including drop-out rates and graduation rates;

“(ii) their participation in postsecondary education and employment; and

“(iii) how their performance on the assessments and indicators described in clause (i) compares to that of non-disabled children;

“(B) an analysis of State and local needs for professional development for personnel to serve children with disabilities that includes, at a minimum—

“(i) the number of personnel providing special education and related services; and

“(ii) relevant information on current and anticipated personnel vacancies and shortages (including the number of individuals described in clause (i) with temporary certification), and on the extent of certification or retraining necessary to eliminate such shortages, that is based, to the maximum extent possible, on existing assessments of personnel needs;

“(C) an analysis of the major findings of the Secretary’s most recent reviews of State compliance, as they relate to improving results for children with disabilities; and

“(D) an analysis of other information, reasonably available to the State, on the effectiveness of the State’s systems of early intervention, special education, and general education in meeting the needs of children with disabilities.

“(c) IMPROVEMENT STRATEGIES.—Each State improvement plan shall—

“(1) describe a partnership agreement that—

“(A) specifies—

“(i) the nature and extent of the partnership among the State educational agency, local educational agencies, and other State agencies involved in, or concerned with, the education of children with disabilities, and the respective roles of each member of the partnership; and

“(ii) how such agencies will work in partnership with other persons and organizations involved in, and concerned with, the education of children with disabilities, including the respective roles of each of these persons and organizations; and

“(B) is in effect for the period of the grant;

“(2) describe how grant funds will be used in undertaking the systemic-change activities, and the amount and nature of funds from any other sources, including part B funds retained for use at the State level under sections 611(f) and 619(d), that will be committed to the systemic-change activities;

“(3) describe the strategies the State will use to address the needs identified under subsection (b), including—

“(A) how the State will change State policies and procedures to address systemic barriers to improving results for children with disabilities;

“(B) how the State will hold local educational agencies and schools accountable for educational progress of children with disabilities;

“(C) how the State will provide technical assistance to local educational agencies and schools to improve results for children with disabilities;

“(D) how the State will address the identified needs for in-service and pre-service preparation to ensure that all personnel who work with children with disabilities (including both professional and paraprofessional personnel who provide special education, general education, related services, or early intervention services) have the skills and knowledge necessary to meet the needs of children with disabilities, including a description of how—

“(i) the State will prepare general and special education personnel with the content knowledge and collaborative skills needed to meet the needs of children with disabilities, including how the State will work with other States on common certification criteria;

“(ii) the State will prepare professionals and paraprofessionals in the area of early intervention with the content knowledge and collaborative skills needed to meet the needs of infants and toddlers with disabilities;

“(iii) the State will work with institutions of higher education and other entities that (on both a pre-service and an in-service basis) prepare personnel who work with children with disabilities to ensure that those institutions and entities develop the capacity to support quality professional development programs that meet State and local needs;

“(iv) the State will work to develop collaborative agreements with other States for the joint support and development of programs to prepare personnel for which there is not sufficient demand within a single State to justify support or development of such a program of preparation;

“(v) the State will work in collaboration with other States, particularly neighboring States, to address the lack of uniformity and reciprocity in the credentialing of teachers and other personnel;

“(vi) the State will enhance the ability of teachers and others to use strategies, such as behavioral interventions, to address the conduct of children with disabilities that impedes the learning of children with disabilities and others;

“(vii) the State will acquire and disseminate, to teachers, administrators, school board members, and related services personnel, significant knowledge derived from educational research and other sources, and how the State will, when appropriate, adopt promising practices, materials, and technology;

“(viii) the State will recruit, prepare, and retain qualified personnel, including personnel with disabilities and personnel from groups that are underrepresented in the fields of regular education, special education, and related services;

“(ix) the plan is integrated, to the maximum extent possible, with other professional development plans and activities, including plans and activities developed and carried out under other Federal and State laws that address personnel recruitment and training; and

“(x) the State will provide for the joint training of parents and special education, related services, and general education personnel;

“(E) strategies that will address systemic problems identified in Federal compliance reviews, including shortages of qualified personnel;

“(F) how the State will disseminate results of the local capacity-building and improvement projects funded under section 611(f)(4);

“(G) how the State will address improving results for children with disabilities in the geographic areas of greatest need; and

“(H) how the State will assess, on a regular basis, the extent to which the strategies implemented under this subpart have been effective; and

“(4) describe how the improvement strategies described in paragraph (3) will be coordinated with public and private sector resources.

“(d) COMPETITIVE AWARDS.—

Grants.

“(1) IN GENERAL.—The Secretary shall make grants under this subpart on a competitive basis.

“(2) PRIORITY.—The Secretary may give priority to applications on the basis of need, as indicated by such information as the findings of Federal compliance reviews.

“(e) PEER REVIEW.—

“(1) IN GENERAL.—The Secretary shall use a panel of experts who are competent, by virtue of their training, expertise, or experience, to evaluate applications under this subpart.

“(2) COMPOSITION OF PANEL.—A majority of a panel described in paragraph (1) shall be composed of individuals who are not employees of the Federal Government.

“(3) PAYMENT OF FEES AND EXPENSES OF CERTAIN MEMBERS.—The Secretary may use available funds appropriated to carry out this subpart to pay the expenses and fees of panel members who are not employees of the Federal Government.

“(f) REPORTING PROCEDURES.—Each State educational agency that receives a grant under this subpart shall submit performance reports to the Secretary pursuant to a schedule to be determined by the Secretary, but not more frequently than annually. The reports shall describe the progress of the State in meeting the performance goals established under section 612(a)(16), analyze the effectiveness of the State’s strategies in meeting those goals, and identify any changes in the strategies needed to improve its performance.

20 USC 1454.

“SEC. 654. USE OF FUNDS.

“(a) IN GENERAL.—

“(1) ACTIVITIES.—A State educational agency that receives a grant under this subpart may use the grant to carry out any activities that are described in the State’s application and that are consistent with the purpose of this subpart.

“(2) CONTRACTS AND SUBGRANTS.—Each such State educational agency—

“(A) shall, consistent with its partnership agreement under section 652(b), award contracts or subgrants to local educational agencies, institutions of higher education, and parent training and information centers, as appropriate, to carry out its State improvement plan under this subpart; and

“(B) may award contracts and subgrants to other public and private entities, including the lead agency under part C, to carry out such plan.

“(b) USE OF FUNDS FOR PROFESSIONAL DEVELOPMENT.—A State educational agency that receives a grant under this subpart—

“(1) shall use not less than 75 percent of the funds it receives under the grant for any fiscal year—

“(A) to ensure that there are sufficient regular education, special education, and related services personnel who have the skills and knowledge necessary to meet the needs of children with disabilities and developmental goals of young children; or

“(B) to work with other States on common certification criteria; or

“(2) shall use not less than 50 percent of such funds for such purposes, if the State demonstrates to the Secretary’s satisfaction that it has the personnel described in paragraph (1)(A).

“(c) GRANTS TO OUTLYING AREAS.—Public Law 95-134, permitting the consolidation of grants to the outlying areas, shall not apply to funds received under this subpart.

“SEC. 655. MINIMUM STATE GRANT AMOUNTS.

20 USC 1455.

“(a) IN GENERAL.—The Secretary shall make a grant to each State educational agency whose application the Secretary has selected for funding under this subpart in an amount for each fiscal year that is—

“(1) not less than \$500,000, nor more than \$2,000,000, in the case of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico; and

“(2) not less than \$80,000, in the case of an outlying area.

“(b) INFLATION ADJUSTMENT.—Beginning with fiscal year 1999, the Secretary may increase the maximum amount described in subsection (a)(1) to account for inflation.

“(c) FACTORS.—The Secretary shall set the amount of each grant under subsection (a) after considering—

“(1) the amount of funds available for making the grants;

“(2) the relative population of the State or outlying area; and

“(3) the types of activities proposed by the State or outlying area.

“SEC. 656. AUTHORIZATION OF APPROPRIATIONS.

20 USC 1456.

“There are authorized to be appropriated to carry out this subpart such sums as may be necessary for each of the fiscal years 1998 through 2002.

**“Subpart 2—Coordinated Research, Personnel
Preparation, Technical Assistance, Support, and
Dissemination of Information**

20 USC 1461.

“SEC. 661. ADMINISTRATIVE PROVISIONS.**“(a) COMPREHENSIVE PLAN.—**

“(1) IN GENERAL.—The Secretary shall develop and implement a comprehensive plan for activities carried out under this subpart in order to enhance the provision of educational, related, transitional, and early intervention services to children with disabilities under parts B and C. The plan shall include mechanisms to address educational, related services, transitional, and early intervention needs identified by State educational agencies in applications submitted for State program improvement grants under subpart 1.

“(2) PARTICIPANTS IN PLAN DEVELOPMENT.—In developing the plan described in paragraph (1), the Secretary shall consult with—

“(A) individuals with disabilities;

“(B) parents of children with disabilities;

“(C) appropriate professionals; and

“(D) representatives of State and local educational agencies, private schools, institutions of higher education, other Federal agencies, the National Council on Disability, and national organizations with an interest in, and expertise in, providing services to children with disabilities and their families.

“(3) PUBLIC COMMENT.—The Secretary shall take public comment on the plan.

“(4) DISTRIBUTION OF FUNDS.—In implementing the plan, the Secretary shall, to the extent appropriate, ensure that funds are awarded to recipients under this subpart to carry out activities that benefit, directly or indirectly, children with disabilities of all ages.

“(5) REPORTS TO CONGRESS.—The Secretary shall periodically report to the Congress on the Secretary’s activities under this subsection, including an initial report not later than the date that is 18 months after the date of the enactment of the Individuals with Disabilities Education Act Amendments of 1997.

“(b) ELIGIBLE APPLICANTS.—

“(1) IN GENERAL.—Except as otherwise provided in this subpart, the following entities are eligible to apply for a grant, contract, or cooperative agreement under this subpart:

“(A) A State educational agency.

“(B) A local educational agency.

“(C) An institution of higher education.

“(D) Any other public agency.

“(E) A private nonprofit organization.

“(F) An outlying area.

“(G) An Indian tribe or a tribal organization (as defined under section 4 of the Indian Self-Determination and Education Assistance Act).

“(H) A for-profit organization, if the Secretary finds it appropriate in light of the purposes of a particular competition for a grant, contract, or cooperative agreement under this subpart.

“(2) SPECIAL RULE.—The Secretary may limit the entities eligible for an award of a grant, contract, or cooperative agreement to one or more categories of eligible entities described in paragraph (1).

“(C) USE OF FUNDS BY SECRETARY.—Notwithstanding any other provision of law, and in addition to any authority granted the Secretary under chapter 1 or chapter 2, the Secretary may use up to 20 percent of the funds available under either chapter 1 or chapter 2 for any fiscal year to carry out any activity, or combination of activities, subject to such conditions as the Secretary determines are appropriate effectively to carry out the purposes of such chapters, that—

“(1) is consistent with the purposes of chapter 1, chapter 2, or both; and

“(2) involves—

“(A) research;

“(B) personnel preparation;

“(C) parent training and information;

“(D) technical assistance and dissemination;

“(E) technology development, demonstration, and utilization; or

“(F) media services.

“(d) SPECIAL POPULATIONS.—

“(1) APPLICATION REQUIREMENT.—In making an award of a grant, contract, or cooperative agreement under this subpart, the Secretary shall, as appropriate, require an applicant to demonstrate how the applicant will address the needs of children with disabilities from minority backgrounds.

“(2) OUTREACH AND TECHNICAL ASSISTANCE.—

“(A) REQUIREMENT.—Notwithstanding any other provision of this Act, the Secretary shall ensure that at least one percent of the total amount of funds appropriated to carry out this subpart is used for either or both of the following activities:

“(i) To provide outreach and technical assistance to Historically Black Colleges and Universities, and to institutions of higher education with minority enrollments of at least 25 percent, to promote the participation of such colleges, universities, and institutions in activities under this subpart.

“(ii) To enable Historically Black Colleges and Universities, and the institutions described in clause (i), to assist other colleges, universities, institutions, and agencies in improving educational and transitional results for children with disabilities.

“(B) RESERVATION OF FUNDS.—The Secretary may reserve funds appropriated under this subpart to satisfy the requirement of subparagraph (A).

“(e) PRIORITIES.—

“(1) IN GENERAL.—Except as otherwise explicitly authorized in this subpart, the Secretary shall ensure that a grant, contract, or cooperative agreement under chapter 1 or 2 is awarded only—

“(A) for activities that are designed to benefit children with disabilities, their families, or the personnel employed to work with such children or their families; or

“(B) to benefit other individuals with disabilities that such chapter is intended to benefit.

“(2) PRIORITY FOR PARTICULAR ACTIVITIES.—Subject to paragraph (1), the Secretary, in making an award of a grant, contract, or cooperative agreement under this subpart, may, without regard to the rule making procedures under section 553 of title 5, United States Code, limit competitions to, or otherwise give priority to—

“(A) projects that address one or more—

“(i) age ranges;

“(ii) disabilities;

“(iii) school grades;

“(iv) types of educational placements or early intervention environments;

“(v) types of services;

“(vi) content areas, such as reading; or

“(vii) effective strategies for helping children with disabilities learn appropriate behavior in the school and other community-based educational settings;

“(B) projects that address the needs of children based on the severity of their disability;

“(C) projects that address the needs of—

“(i) low-achieving students;

“(ii) underserved populations;

“(iii) children from low-income families;

“(iv) children with limited English proficiency;

“(v) unserved and underserved areas;

“(vi) particular types of geographic areas; or

“(vii) children whose behavior interferes with their learning and socialization;

“(D) projects to reduce inappropriate identification of children as children with disabilities, particularly among minority children;

“(E) projects that are carried out in particular areas of the country, to ensure broad geographic coverage; and

“(F) any activity that is expressly authorized in chapter 1 or 2.

“(f) APPLICANT AND RECIPIENT RESPONSIBILITIES.—

“(1) DEVELOPMENT AND ASSESSMENT OF PROJECTS.—The Secretary shall require that an applicant for, and a recipient of, a grant, contract, or cooperative agreement for a project under this subpart—

“(A) involve individuals with disabilities or parents of individuals with disabilities in planning, implementing, and evaluating the project; and

“(B) where appropriate, determine whether the project has any potential for replication and adoption by other entities.

“(2) ADDITIONAL RESPONSIBILITIES.—The Secretary may require a recipient of a grant, contract, or cooperative agreement for a project under this subpart—

“(A) to share in the cost of the project;

“(B) to prepare the research and evaluation findings and products from the project in formats that are useful

for specific audiences, including parents, administrators, teachers, early intervention personnel, related services personnel, and individuals with disabilities;

“(C) to disseminate such findings and products; and

“(D) to collaborate with other such recipients in carrying out subparagraphs (B) and (C).

“(g) APPLICATION MANAGEMENT.—

“(1) STANDING PANEL.—

“(A) IN GENERAL.—The Secretary shall establish and use a standing panel of experts who are competent, by virtue of their training, expertise, or experience, to evaluate applications under this subpart that, individually, request more than \$75,000 per year in Federal financial assistance.

“(B) MEMBERSHIP.—The standing panel shall include, at a minimum—

“(i) individuals who are representatives of institutions of higher education that plan, develop, and carry out programs of personnel preparation;

“(ii) individuals who design and carry out programs of research targeted to the improvement of special education programs and services;

“(iii) individuals who have recognized experience and knowledge necessary to integrate and apply research findings to improve educational and transitional results for children with disabilities;

“(iv) individuals who administer programs at the State or local level in which children with disabilities participate;

“(v) individuals who prepare parents of children with disabilities to participate in making decisions about the education of their children;

“(vi) individuals who establish policies that affect the delivery of services to children with disabilities;

“(vii) individuals who are parents of children with disabilities who are benefiting, or have benefited, from coordinated research, personnel preparation, and technical assistance; and

“(viii) individuals with disabilities.

“(C) TRAINING.—The Secretary shall provide training to the individuals who are selected as members of the standing panel under this paragraph.

“(D) TERM.—No individual shall serve on the standing panel for more than 3 consecutive years, unless the Secretary determines that the individual’s continued participation is necessary for the sound administration of this subpart.

“(2) PEER-REVIEW PANELS FOR PARTICULAR COMPETITIONS.—

“(A) COMPOSITION.—The Secretary shall ensure that each sub-panel selected from the standing panel that reviews applications under this subpart includes—

“(i) individuals with knowledge and expertise on the issues addressed by the activities authorized by the subpart; and

“(ii) to the extent practicable, parents of children with disabilities, individuals with disabilities, and persons from diverse backgrounds.

“(B) FEDERAL EMPLOYMENT LIMITATION.—A majority of the individuals on each sub-panel that reviews an application under this subpart shall be individuals who are not employees of the Federal Government.

“(3) USE OF DISCRETIONARY FUNDS FOR ADMINISTRATIVE PURPOSES.—

“(A) EXPENSES AND FEES OF NON-FEDERAL PANEL MEMBERS.—The Secretary may use funds available under this subpart to pay the expenses and fees of the panel members who are not officers or employees of the Federal Government.

“(B) ADMINISTRATIVE SUPPORT.—The Secretary may use not more than 1 percent of the funds appropriated to carry out this subpart to pay non-Federal entities for administrative support related to management of applications submitted under this subpart.

“(C) MONITORING.—The Secretary may use funds available under this subpart to pay the expenses of Federal employees to conduct on-site monitoring of projects receiving \$500,000 or more for any fiscal year under this subpart.

“(h) PROGRAM EVALUATION.—The Secretary may use funds appropriated to carry out this subpart to evaluate activities carried out under the subpart.

“(i) MINIMUM FUNDING REQUIRED.—

“(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall ensure that, for each fiscal year, at least the following amounts are provided under this subpart to address the following needs:

“(A) \$12,832,000 to address the educational, related services, transitional, and early intervention needs of children with deaf-blindness.

“(B) \$4,000,000 to address the postsecondary, vocational, technical, continuing, and adult education needs of individuals with deafness.

“(C) \$4,000,000 to address the educational, related services, and transitional needs of children with an emotional disturbance and those who are at risk of developing an emotional disturbance.

“(2) RATABLE REDUCTION.—If the total amount appropriated to carry out sections 672, 673, and 685 for any fiscal year is less than \$130,000,000, the amounts listed in paragraph (1) shall be ratably reduced.

“(j) ELIGIBILITY FOR FINANCIAL ASSISTANCE.—Effective for fiscal years for which the Secretary may make grants under section 619(b), no State or local educational agency or educational service agency or other public institution or agency may receive a grant under this subpart which relates exclusively to programs, projects, and activities pertaining to children aged 3 through 5, inclusive, unless the State is eligible to receive a grant under section 619(b).

“Chapter 1—Improving Early Intervention, Educational, and Transitional Services and Results for Children with Disabilities through Coordinated Research and Personnel Preparation

“SEC. 671. FINDINGS AND PURPOSE.

20 USC 1471.

“(a) FINDINGS.—The Congress finds the following:

“(1) The Federal Government has an ongoing obligation to support programs, projects, and activities that contribute to positive results for children with disabilities, enabling them—

“(A) to meet their early intervention, educational, and transitional goals and, to the maximum extent possible, educational standards that have been established for all children; and

“(B) to acquire the skills that will empower them to lead productive and independent adult lives.

“(2)(A) As a result of more than 20 years of Federal support for research, demonstration projects, and personnel preparation, there is an important knowledge base for improving results for children with disabilities.

“(B) Such knowledge should be used by States and local educational agencies to design and implement state-of-the-art educational systems that consider the needs of, and include, children with disabilities, especially in environments in which they can learn along with their peers and achieve results measured by the same standards as the results of their peers.

“(3)(A) Continued Federal support is essential for the development and maintenance of a coordinated and high-quality program of research, demonstration projects, dissemination of information, and personnel preparation.

“(B) Such support—

“(i) enables State educational agencies and local educational agencies to improve their educational systems and results for children with disabilities;

“(ii) enables State and local agencies to improve early intervention services and results for infants and toddlers with disabilities and their families; and

“(iii) enhances the opportunities for general and special education personnel, related services personnel, parents, and paraprofessionals to participate in pre-service and in-service training, to collaborate, and to improve results for children with disabilities and their families.

“(4) The Federal Government plays a critical role in facilitating the availability of an adequate number of qualified personnel—

“(A) to serve effectively the over 5,000,000 children with disabilities;

“(B) to assume leadership positions in administrative and direct-service capacities related to teacher training and research concerning the provision of early intervention services, special education, and related services; and

“(C) to work with children with low-incidence disabilities and their families.

“(5) The Federal Government performs the role described in paragraph (4)—

“(A) by supporting models of personnel development that reflect successful practice, including strategies for recruiting, preparing, and retaining personnel;

“(B) by promoting the coordination and integration of—

“(i) personnel-development activities for teachers of children with disabilities; and

“(ii) other personnel-development activities supported under Federal law, including this chapter;

“(C) by supporting the development and dissemination of information about teaching standards; and

“(D) by promoting the coordination and integration of personnel-development activities through linkage with systemic-change activities within States and nationally.

“(b) PURPOSE.—The purpose of this chapter is to provide Federal funding for coordinated research, demonstration projects, outreach, and personnel-preparation activities that—

“(1) are described in sections 672 through 674;

“(2) are linked with, and promote, systemic change; and

“(3) improve early intervention, educational, and transitional results for children with disabilities.

20 USC 1472.

“SEC. 672. RESEARCH AND INNOVATION TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES.

Grants.
Contracts.

“(a) IN GENERAL.—The Secretary shall make competitive grants to, or enter into contracts or cooperative agreements with, eligible entities to produce, and advance the use of, knowledge—

“(1) to improve—

“(A) services provided under this Act, including the practices of professionals and others involved in providing such services to children with disabilities; and

“(B) educational results for children with disabilities;

“(2) to address the special needs of preschool-aged children and infants and toddlers with disabilities, including infants and toddlers who would be at risk of having substantial developmental delays if early intervention services were not provided to them;

“(3) to address the specific problems of over-identification and under-identification of children with disabilities;

“(4) to develop and implement effective strategies for addressing inappropriate behavior of students with disabilities in schools, including strategies to prevent children with emotional and behavioral problems from developing emotional disturbances that require the provision of special education and related services;

“(5) to improve secondary and postsecondary education and transitional services for children with disabilities; and

“(6) to address the range of special education, related services, and early intervention needs of children with disabilities who need significant levels of support to maximize their participation and learning in school and in the community.

“(b) NEW KNOWLEDGE PRODUCTION; AUTHORIZED ACTIVITIES.—

“(1) IN GENERAL.—In carrying out this section, the Secretary shall support activities, consistent with the objectives described in subsection (a), that lead to the production of new knowledge.

“(2) AUTHORIZED ACTIVITIES.—Activities that may be carried out under this subsection include activities such as the following:

“(A) Expanding understanding of the relationships between learning characteristics of children with disabilities and the diverse ethnic, cultural, linguistic, social, and economic backgrounds of children with disabilities and their families.

“(B) Developing or identifying innovative, effective, and efficient curricula designs, instructional approaches, and strategies, and developing or identifying positive academic and social learning opportunities, that—

“(i) enable children with disabilities to make effective transitions described in section 674(b)(3)(C) or transitions between educational settings; and

“(ii) improve educational and transitional results for children with disabilities at all levels of the educational system in which the activities are carried out and, in particular, that improve the progress of the children, as measured by assessments within the general education curriculum involved.

“(C) Advancing the design of assessment tools and procedures that will accurately and efficiently determine the special instructional, learning, and behavioral needs of children with disabilities, especially within the context of general education.

“(D) Studying and promoting improved alignment and compatibility of general and special education reforms concerned with curricular and instructional reform, evaluation and accountability of such reforms, and administrative procedures.

“(E) Advancing the design, development, and integration of technology, assistive technology devices, media, and materials, to improve early intervention, educational, and transitional services and results for children with disabilities.

“(F) Improving designs, processes, and results of personnel preparation for personnel who provide services to children with disabilities through the acquisition of information on, and implementation of, research-based practices.

“(G) Advancing knowledge about the coordination of education with health and social services.

“(H) Producing information on the long-term impact of early intervention and education on results for individuals with disabilities through large-scale longitudinal studies.

“(c) INTEGRATION OF RESEARCH AND PRACTICE; AUTHORIZED ACTIVITIES.—

“(1) IN GENERAL.—In carrying out this section, the Secretary shall support activities, consistent with the objectives described in subsection (a), that integrate research and practice, including activities that support State systemic-change and local capacity-building and improvement efforts.

“(2) AUTHORIZED ACTIVITIES.—Activities that may be carried out under this subsection include activities such as the following:

“(A) Model demonstration projects to apply and test research findings in typical service settings to determine the usability, effectiveness, and general applicability of such research findings in such areas as improving instructional methods, curricula, and tools, such as textbooks and media.

“(B) Demonstrating and applying research-based findings to facilitate systemic changes, related to the provision of services to children with disabilities, in policy, procedure, practice, and the training and use of personnel.

“(C) Promoting and demonstrating the coordination of early intervention and educational services for children with disabilities with services provided by health, rehabilitation, and social service agencies.

“(D) Identifying and disseminating solutions that overcome systemic barriers to the effective and efficient delivery of early intervention, educational, and transitional services to children with disabilities.

“(d) IMPROVING THE USE OF PROFESSIONAL KNOWLEDGE; AUTHORIZED ACTIVITIES.—

“(1) IN GENERAL.—In carrying out this section, the Secretary shall support activities, consistent with the objectives described in subsection (a), that improve the use of professional knowledge, including activities that support State systemic-change and local capacity-building and improvement efforts.

“(2) AUTHORIZED ACTIVITIES.—Activities that may be carried out under this subsection include activities such as the following:

“(A) Synthesizing useful research and other information relating to the provision of services to children with disabilities, including effective practices.

“(B) Analyzing professional knowledge bases to advance an understanding of the relationships, and the effectiveness of practices, relating to the provision of services to children with disabilities.

“(C) Ensuring that research and related products are in appropriate formats for distribution to teachers, parents, and individuals with disabilities.

“(D) Enabling professionals, parents of children with disabilities, and other persons, to learn about, and implement, the findings of research, and successful practices developed in model demonstration projects, relating to the provision of services to children with disabilities.

“(E) Conducting outreach, and disseminating information relating to successful approaches to overcoming systemic barriers to the effective and efficient delivery of early intervention, educational, and transitional services, to personnel who provide services to children with disabilities.

“(e) BALANCE AMONG ACTIVITIES AND AGE RANGES.—In carrying out this section, the Secretary shall ensure that there is an appropriate balance—

“(1) among knowledge production, integration of research and practice, and use of professional knowledge; and

“(2) across all age ranges of children with disabilities.

“(f) APPLICATIONS.—An eligible entity that wishes to receive a grant, or enter into a contract or cooperative agreement, under

this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

“(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the fiscal years 1998 through 2002.

“SEC. 673. PERSONNEL PREPARATION TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES. 20 USC 1473.

“(a) IN GENERAL.—The Secretary shall, on a competitive basis, make grants to, or enter into contracts or cooperative agreements with, eligible entities—

Grants.
Contracts.

“(1) to help address State-identified needs for qualified personnel in special education, related services, early intervention, and regular education, to work with children with disabilities; and

“(2) to ensure that those personnel have the skills and knowledge, derived from practices that have been determined, through research and experience, to be successful, that are needed to serve those children.

“(b) LOW-INCIDENCE DISABILITIES; AUTHORIZED ACTIVITIES.—

“(1) IN GENERAL.—In carrying out this section, the Secretary shall support activities, consistent with the objectives described in subsection (a), that benefit children with low-incidence disabilities.

“(2) AUTHORIZED ACTIVITIES.—Activities that may be carried out under this subsection include activities such as the following:

“(A) Preparing persons who—

“(i) have prior training in educational and other related service fields; and

“(ii) are studying to obtain degrees, certificates, or licensure that will enable them to assist children with disabilities to achieve the objectives set out in their individualized education programs described in section 614(d), or to assist infants and toddlers with disabilities to achieve the outcomes described in their individualized family service plans described in section 636.

“(B) Providing personnel from various disciplines with interdisciplinary training that will contribute to improvement in early intervention, educational, and transitional results for children with disabilities.

“(C) Preparing personnel in the innovative uses and application of technology to enhance learning by children with disabilities through early intervention, educational, and transitional services.

“(D) Preparing personnel who provide services to visually impaired or blind children to teach and use Braille in the provision of services to such children.

“(E) Preparing personnel to be qualified educational interpreters, to assist children with disabilities, particularly deaf and hard-of-hearing children in school and school-related activities and deaf and hard-of-hearing infants and toddlers and preschool children in early intervention and preschool programs.

“(F) Preparing personnel who provide services to children with significant cognitive disabilities and children with multiple disabilities.

“(3) DEFINITION.—As used in this section, the term ‘low-incidence disability’ means—

“(A) a visual or hearing impairment, or simultaneous visual and hearing impairments;

“(B) a significant cognitive impairment; or

“(C) any impairment for which a small number of personnel with highly specialized skills and knowledge are needed in order for children with that impairment to receive early intervention services or a free appropriate public education.

“(4) SELECTION OF RECIPIENTS.—In selecting recipients under this subsection, the Secretary may give preference to applications that propose to prepare personnel in more than one low-incidence disability, such as deafness and blindness.

“(5) PREPARATION IN USE OF BRAILLE.—The Secretary shall ensure that all recipients of assistance under this subsection who will use that assistance to prepare personnel to provide services to visually impaired or blind children that can appropriately be provided in Braille will prepare those individuals to provide those services in Braille.

“(c) LEADERSHIP PREPARATION; AUTHORIZED ACTIVITIES.—

“(1) IN GENERAL.—In carrying out this section, the Secretary shall support leadership preparation activities that are consistent with the objectives described in subsection (a).

“(2) AUTHORIZED ACTIVITIES.—Activities that may be carried out under this subsection include activities such as the following:

“(A) Preparing personnel at the advanced graduate, doctoral, and postdoctoral levels of training to administer, enhance, or provide services for children with disabilities.

“(B) Providing interdisciplinary training for various types of leadership personnel, including teacher preparation faculty, administrators, researchers, supervisors, principals, and other persons whose work affects early intervention, educational, and transitional services for children with disabilities.

“(d) PROJECTS OF NATIONAL SIGNIFICANCE; AUTHORIZED ACTIVITIES.—

“(1) IN GENERAL.—In carrying out this section, the Secretary shall support activities, consistent with the objectives described in subsection (a), that are of national significance and have broad applicability.

“(2) AUTHORIZED ACTIVITIES.—Activities that may be carried out under this subsection include activities such as the following:

“(A) Developing and demonstrating effective and efficient practices for preparing personnel to provide services to children with disabilities, including practices that address any needs identified in the State’s improvement plan under part C;

“(B) Demonstrating the application of significant knowledge derived from research and other sources in the development of programs to prepare personnel to provide services to children with disabilities.

“(C) Demonstrating models for the preparation of, and interdisciplinary training of, early intervention, special education, and general education personnel, to enable the personnel—

“(i) to acquire the collaboration skills necessary to work within teams to assist children with disabilities; and

“(ii) to achieve results that meet challenging standards, particularly within the general education curriculum.

“(D) Demonstrating models that reduce shortages of teachers, and personnel from other relevant disciplines, who serve children with disabilities, through reciprocity arrangements between States that are related to licensure and certification.

“(E) Developing, evaluating, and disseminating model teaching standards for persons working with children with disabilities.

“(F) Promoting the transferability, across State and local jurisdictions, of licensure and certification of teachers and administrators working with such children.

“(G) Developing and disseminating models that prepare teachers with strategies, including behavioral interventions, for addressing the conduct of children with disabilities that impedes their learning and that of others in the classroom.

“(H) Institutes that provide professional development that addresses the needs of children with disabilities to teachers or teams of teachers, and where appropriate, to school board members, administrators, principals, pupil-service personnel, and other staff from individual schools.

“(I) Projects to improve the ability of general education teachers, principals, and other administrators to meet the needs of children with disabilities.

“(J) Developing, evaluating, and disseminating innovative models for the recruitment, induction, retention, and assessment of new, qualified teachers, especially from groups that are underrepresented in the teaching profession, including individuals with disabilities.

“(K) Supporting institutions of higher education with minority enrollments of at least 25 percent for the purpose of preparing personnel to work with children with disabilities.

“(e) HIGH-INCIDENCE DISABILITIES; AUTHORIZED ACTIVITIES.—

“(1) IN GENERAL.—In carrying out this section, the Secretary shall support activities, consistent with the objectives described in subsection (a), to benefit children with high-incidence disabilities, such as children with specific learning disabilities, speech or language impairment, or mental retardation.

“(2) AUTHORIZED ACTIVITIES.—Activities that may be carried out under this subsection include the following:

“(A) Activities undertaken by institutions of higher education, local educational agencies, and other local entities—

“(i) to improve and reform their existing programs to prepare teachers and related services personnel—

“(I) to meet the diverse needs of children with disabilities for early intervention, educational, and transitional services; and

“(II) to work collaboratively in regular classroom settings; and

“(ii) to incorporate best practices and research-based knowledge about preparing personnel so they will have the knowledge and skills to improve educational results for children with disabilities.

“(B) Activities incorporating innovative strategies to recruit and prepare teachers and other personnel to meet the needs of areas in which there are acute and persistent shortages of personnel.

“(C) Developing career opportunities for paraprofessionals to receive training as special education teachers, related services personnel, and early intervention personnel, including interdisciplinary training to enable them to improve early intervention, educational, and transitional results for children with disabilities.

“(f) APPLICATIONS.—

“(1) IN GENERAL.—Any eligible entity that wishes to receive a grant, or enter into a contract or cooperative agreement, under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

“(2) IDENTIFIED STATE NEEDS.—

“(A) REQUIREMENT TO ADDRESS IDENTIFIED NEEDS.—Any application under subsection (b), (c), or (e) shall include information demonstrating to the satisfaction of the Secretary that the activities described in the application will address needs identified by the State or States the applicant proposes to serve.

“(B) COOPERATION WITH STATE EDUCATIONAL AGENCIES.—Any applicant that is not a local educational agency or a State educational agency shall include information demonstrating to the satisfaction of the Secretary that the applicant and one or more State educational agencies have engaged in a cooperative effort to plan the project to which the application pertains, and will cooperate in carrying out and monitoring the project.

“(3) ACCEPTANCE BY STATES OF PERSONNEL PREPARATION REQUIREMENTS.—The Secretary may require applicants to provide letters from one or more States stating that the States—

“(A) intend to accept successful completion of the proposed personnel preparation program as meeting State personnel standards for serving children with disabilities or serving infants and toddlers with disabilities; and

“(B) need personnel in the area or areas in which the applicant proposes to provide preparation, as identified in the States’ comprehensive systems of personnel development under parts B and C.

“(g) SELECTION OF RECIPIENTS.—

“(1) IMPACT OF PROJECT.—In selecting recipients under this section, the Secretary may consider the impact of the project proposed in the application in meeting the need for personnel identified by the States.

“(2) REQUIREMENT ON APPLICANTS TO MEET STATE AND PROFESSIONAL STANDARDS.—The Secretary shall make grants under this section only to eligible applicants that meet State and professionally-recognized standards for the preparation of special education and related services personnel, if the purpose of the project is to assist personnel in obtaining degrees. Grants.

“(3) PREFERENCES.—In selecting recipients under this section, the Secretary may—

“(A) give preference to institutions of higher education that are educating regular education personnel to meet the needs of children with disabilities in integrated settings and educating special education personnel to work in collaboration with regular educators in integrated settings; and

“(B) give preference to institutions of higher education that are successfully recruiting and preparing individuals with disabilities and individuals from groups that are underrepresented in the profession for which they are preparing individuals.

“(h) SERVICE OBLIGATION.—

“(1) IN GENERAL.—Each application for funds under subsections (b) and (e), and to the extent appropriate subsection (d), shall include an assurance that the applicant will ensure that individuals who receive a scholarship under the proposed project will subsequently provide special education and related services to children with disabilities for a period of 2 years for every year for which assistance was received or repay all or part of the cost of that assistance, in accordance with regulations issued by the Secretary.

“(2) LEADERSHIP PREPARATION.—Each application for funds under subsection (c) shall include an assurance that the applicant will ensure that individuals who receive a scholarship under the proposed project will subsequently perform work related to their preparation for a period of 2 years for every year for which assistance was received or repay all or part of such costs, in accordance with regulations issued by the Secretary.

“(i) SCHOLARSHIPS.—The Secretary may include funds for scholarships, with necessary stipends and allowances, in awards under subsections (b), (c), (d), and (e).

“(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the fiscal years 1998 through 2002.

“SEC. 674. STUDIES AND EVALUATIONS.

20 USC 1474.

“(a) STUDIES AND EVALUATIONS.—

“(1) IN GENERAL.—The Secretary shall, directly or through grants, contracts, or cooperative agreements, assess the progress in the implementation of this Act, including the effectiveness of State and local efforts to provide— Grants.
Contracts.

“(A) a free appropriate public education to children with disabilities; and

“(B) early intervention services to infants and toddlers with disabilities and infants and toddlers who would be at risk of having substantial developmental delays if early intervention services were not provided to them.

“(2) AUTHORIZED ACTIVITIES.—In carrying out this subsection, the Secretary may support studies, evaluations, and assessments, including studies that—

“(A) analyze measurable impact, outcomes, and results achieved by State educational agencies and local educational agencies through their activities to reform policies, procedures, and practices designed to improve educational and transitional services and results for children with disabilities;

“(B) analyze State and local needs for professional development, parent training, and other appropriate activities that can reduce the need for disciplinary actions involving children with disabilities;

“(C) assess educational and transitional services and results for children with disabilities from minority backgrounds, including—

“(i) data on—

“(I) the number of minority children who are referred for special education evaluation;

“(II) the number of minority children who are receiving special education and related services and their educational or other service placement; and

“(III) the number of minority children who graduated from secondary and postsecondary education programs; and

“(ii) the performance of children with disabilities from minority backgrounds on State assessments and other performance indicators established for all students;

“(D) measure educational and transitional services and results of children with disabilities under this Act, including longitudinal studies that—

“(i) examine educational and transitional services and results for children with disabilities who are 3 through 17 years of age and are receiving special education and related services under this Act, using a national, representative sample of distinct age cohorts and disability categories; and

“(ii) examine educational results, postsecondary placement, and employment status of individuals with disabilities, 18 through 21 years of age, who are receiving or have received special education and related services under this Act; and

“(E) identify and report on the placement of children with disabilities by disability category.

“(b) NATIONAL ASSESSMENT.—

“(1) IN GENERAL.—The Secretary shall carry out a national assessment of activities carried out with Federal funds under this Act in order—

“(A) to determine the effectiveness of this Act in achieving its purposes;

“(B) to provide information to the President, the Congress, the States, local educational agencies, and the public on how to implement the Act more effectively; and

“(C) to provide the President and the Congress with information that will be useful in developing legislation to achieve the purposes of this Act more effectively.

“(2) CONSULTATION.—The Secretary shall plan, review, and conduct the national assessment under this subsection in consultation with researchers, State practitioners, local practitioners, parents of children with disabilities, individuals with disabilities, and other appropriate individuals.

“(3) SCOPE OF ASSESSMENT.—The national assessment shall examine how well schools, local educational agencies, States, other recipients of assistance under this Act, and the Secretary are achieving the purposes of this Act, including—

“(A) improving the performance of children with disabilities in general scholastic activities and assessments as compared to nondisabled children;

“(B) providing for the participation of children with disabilities in the general curriculum;

“(C) helping children with disabilities make successful transitions from—

“(i) early intervention services to preschool education;

“(ii) preschool education to elementary school; and

“(iii) secondary school to adult life;

“(D) placing and serving children with disabilities, including minority children, in the least restrictive environment appropriate;

“(E) preventing children with disabilities, especially children with emotional disturbances and specific learning disabilities, from dropping out of school;

“(F) addressing behavioral problems of children with disabilities as compared to nondisabled children;

“(G) coordinating services provided under this Act with each other, with other educational and pupil services (including preschool services), and with health and social services funded from other sources;

“(H) providing for the participation of parents of children with disabilities in the education of their children; and

“(I) resolving disagreements between education personnel and parents through activities such as mediation.

“(4) INTERIM AND FINAL REPORTS.—The Secretary shall submit to the President and the Congress—

“(A) an interim report that summarizes the preliminary findings of the assessment not later than October 1, 1999; and

“(B) a final report of the findings of the assessment not later than October 1, 2001.

“(c) ANNUAL REPORT.—The Secretary shall report annually to the Congress on—

“(1) an analysis and summary of the data reported by the States and the Secretary of the Interior under section 618;

“(2) the results of activities conducted under subsection (a);

“(3) the findings and determinations resulting from reviews of State implementation of this Act.

Grants.
Contracts.

“(d) TECHNICAL ASSISTANCE TO LEAS.—The Secretary shall provide directly, or through grants, contracts, or cooperative agreements, technical assistance to local educational agencies to assist them in carrying out local capacity-building and improvement projects under section 611(f)(4) and other LEA systemic improvement activities under this Act.

“(e) RESERVATION FOR STUDIES AND TECHNICAL ASSISTANCE.—

“(1) IN GENERAL.—Except as provided in paragraph (2) and notwithstanding any other provision of this Act, the Secretary may reserve up to one-half of one percent of the amount appropriated under parts B and C for each fiscal year to carry out this section.

“(2) MAXIMUM AMOUNT.—For the first fiscal year in which the amount described in paragraph (1) is at least \$20,000,000, the maximum amount the Secretary may reserve under paragraph (1) is \$20,000,000. For each subsequent fiscal year, the maximum amount the Secretary may reserve under paragraph (1) is \$20,000,000, increased by the cumulative rate of inflation since the fiscal year described in the previous sentence.

“(3) USE OF MAXIMUM AMOUNT.—In any fiscal year described in paragraph (2) for which the Secretary reserves the maximum amount described in that paragraph, the Secretary shall use at least half of the reserved amount for activities under subsection (d).

“Chapter 2—Improving Early Intervention, Educational, and Transitional Services and Results for Children With Disabilities Through Coordinated Technical Assistance, Support, and Dissemination of Information

20 USC 1481.

“SEC. 681. FINDINGS AND PURPOSES.

“(a) IN GENERAL.—The Congress finds as follows:

“(1) National technical assistance, support, and dissemination activities are necessary to ensure that parts B and C are fully implemented and achieve quality early intervention, educational, and transitional results for children with disabilities and their families.

“(2) Parents, teachers, administrators, and related services personnel need technical assistance and information in a timely, coordinated, and accessible manner in order to improve early intervention, educational, and transitional services and results at the State and local levels for children with disabilities and their families.

“(3) Parent training and information activities have taken on increased importance in efforts to assist parents of a child with a disability in dealing with the multiple pressures of rearing such a child and are of particular importance in—

“(A) ensuring the involvement of such parents in planning and decisionmaking with respect to early intervention, educational, and transitional services;

“(B) achieving quality early intervention, educational, and transitional results for children with disabilities;

“(C) providing such parents information on their rights and protections under this Act to ensure improved early

intervention, educational, and transitional results for children with disabilities;

“(D) assisting such parents in the development of skills to participate effectively in the education and development of their children and in the transitions described in section 674(b)(3)(C); and

“(E) supporting the roles of such parents as participants within partnerships seeking to improve early intervention, educational, and transitional services and results for children with disabilities and their families.

“(4) Providers of parent training and information activities need to ensure that such parents who have limited access to services and supports, due to economic, cultural, or linguistic barriers, are provided with access to appropriate parent training and information activities.

“(5) Parents of children with disabilities need information that helps the parents to understand the rights and responsibilities of their children under part B.

“(6) The provision of coordinated technical assistance and dissemination of information to State and local agencies, institutions of higher education, and other providers of services to children with disabilities is essential in—

“(A) supporting the process of achieving systemic change;

“(B) supporting actions in areas of priority specific to the improvement of early intervention, educational, and transitional results for children with disabilities;

“(C) conveying information and assistance that are—

“(i) based on current research (as of the date the information and assistance are conveyed);

“(ii) accessible and meaningful for use in supporting systemic-change activities of State and local partnerships; and

“(iii) linked directly to improving early intervention, educational, and transitional services and results for children with disabilities and their families; and

“(D) organizing systems and information networks for such information, based on modern technology related to—

“(i) storing and gaining access to information; and

“(ii) distributing information in a systematic manner to parents, students, professionals, and policymakers.

“(7) Federal support for carrying out technology research, technology development, and educational media services and activities has resulted in major innovations that have significantly improved early intervention, educational, and transitional services and results for children with disabilities and their families.

“(8) Such Federal support is needed—

“(A) to stimulate the development of software, interactive learning tools, and devices to address early intervention, educational, and transitional needs of children with disabilities who have certain disabilities;

“(B) to make information available on technology research, technology development, and educational media

services and activities to individuals involved in the provision of early intervention, educational, and transitional services to children with disabilities;

“(C) to promote the integration of technology into curricula to improve early intervention, educational, and transitional results for children with disabilities;

“(D) to provide incentives for the development of technology and media devices and tools that are not readily found or available because of the small size of potential markets;

“(E) to make resources available to pay for such devices and tools and educational media services and activities;

“(F) to promote the training of personnel—

“(i) to provide such devices, tools, services, and activities in a competent manner; and

“(ii) to assist children with disabilities and their families in using such devices, tools, services, and activities; and

“(G) to coordinate the provision of such devices, tools, services, and activities—

“(i) among State human services programs; and

“(ii) between such programs and private agencies.

“(b) PURPOSES.—The purposes of this chapter are to ensure that—

“(1) children with disabilities, and their parents, receive training and information on their rights and protections under this Act, in order to develop the skills necessary to effectively participate in planning and decisionmaking relating to early intervention, educational, and transitional services and in systemic-change activities;

“(2) parents, teachers, administrators, early intervention personnel, related services personnel, and transition personnel receive coordinated and accessible technical assistance and information to assist such persons, through systemic-change activities and other efforts, to improve early intervention, educational, and transitional services and results for children with disabilities and their families;

“(3) appropriate technology and media are researched, developed, demonstrated, and made available in timely and accessible formats to parents, teachers, and all types of personnel providing services to children with disabilities to support their roles as partners in the improvement and implementation of early intervention, educational, and transitional services and results for children with disabilities and their families;

“(4) on reaching the age of majority under State law, children with disabilities understand their rights and responsibilities under part B, if the State provides for the transfer of parental rights under section 615(m); and

“(5) the general welfare of deaf and hard-of-hearing individuals is promoted by—

“(A) bringing to such individuals understanding and appreciation of the films and television programs that play an important part in the general and cultural advancement of hearing individuals;

“(B) providing, through those films and television programs, enriched educational and cultural experiences

through which deaf and hard-of-hearing individuals can better understand the realities of their environment; and

“(C) providing wholesome and rewarding experiences that deaf and hard-of-hearing individuals may share.

“SEC. 682. PARENT TRAINING AND INFORMATION CENTERS.

20 USC 1482.

“(a) PROGRAM AUTHORIZED.—The Secretary may make grants to, and enter into contracts and cooperative agreements with, parent organizations to support parent training and information centers to carry out activities under this section.

“(b) REQUIRED ACTIVITIES.—Each parent training and information center that receives assistance under this section shall—

“(1) provide training and information that meets the training and information needs of parents of children with disabilities living in the area served by the center, particularly underserved parents and parents of children who may be inappropriately identified;

“(2) assist parents to understand the availability of, and how to effectively use, procedural safeguards under this Act, including encouraging the use, and explaining the benefits, of alternative methods of dispute resolution, such as the mediation process described in section 615(e);

“(3) serve the parents of infants, toddlers, and children with the full range of disabilities;

“(4) assist parents to—

“(A) better understand the nature of their children’s disabilities and their educational and developmental needs;

“(B) communicate effectively with personnel responsible for providing special education, early intervention, and related services;

“(C) participate in decisionmaking processes and the development of individualized education programs under part B and individualized family service plans under part C;

“(D) obtain appropriate information about the range of options, programs, services, and resources available to assist children with disabilities and their families;

“(E) understand the provisions of this Act for the education of, and the provision of early intervention services to, children with disabilities; and

“(F) participate in school reform activities;

“(5) in States where the State elects to contract with the parent training and information center, contract with State educational agencies to provide, consistent with subparagraphs (B) and (D) of section 615(e)(2), individuals who meet with parents to explain the mediation process to them;

“(6) network with appropriate clearinghouses, including organizations conducting national dissemination activities under section 685(d), and with other national, State, and local organizations and agencies, such as protection and advocacy agencies, that serve parents and families of children with the full range of disabilities; and

“(7) annually report to the Secretary on—

Reports.

“(A) the number of parents to whom it provided information and training in the most recently concluded fiscal year; and

“(B) the effectiveness of strategies used to reach and serve parents, including underserved parents of children with disabilities.

“(c) OPTIONAL ACTIVITIES.—A parent training and information center that receives assistance under this section may—

“(1) provide information to teachers and other professionals who provide special education and related services to children with disabilities;

“(2) assist students with disabilities to understand their rights and responsibilities under section 615(m) on reaching the age of majority; and

“(3) assist parents of children with disabilities to be informed participants in the development and implementation of the State’s State improvement plan under subpart 1.

“(d) APPLICATION REQUIREMENTS.—Each application for assistance under this section shall identify with specificity the special efforts that the applicant will undertake—

“(1) to ensure that the needs for training and information of underserved parents of children with disabilities in the area to be served are effectively met; and

“(2) to work with community-based organizations.

“(e) DISTRIBUTION OF FUNDS.—

“(1) IN GENERAL.—The Secretary shall make at least 1 award to a parent organization in each State, unless the Secretary does not receive an application from such an organization in each State of sufficient quality to warrant approval.

“(2) SELECTION REQUIREMENT.—The Secretary shall select among applications submitted by parent organizations in a State in a manner that ensures the most effective assistance to parents, including parents in urban and rural areas, in the State.

“(f) QUARTERLY REVIEW.—

“(1) REQUIREMENTS.—

“(A) MEETINGS.—The board of directors or special governing committee of each organization that receives an award under this section shall meet at least once in each calendar quarter to review the activities for which the award was made.

“(B) ADVISING BOARD.—Each special governing committee shall directly advise the organization’s governing board of its views and recommendations.

“(2) CONTINUATION AWARD.—When an organization requests a continuation award under this section, the board of directors or special governing committee shall submit to the Secretary a written review of the parent training and information program conducted by the organization during the preceding fiscal year.

“(g) DEFINITION OF PARENT ORGANIZATION.—As used in this section, the term ‘parent organization’ means a private nonprofit organization (other than an institution of higher education) that—

“(1) has a board of directors—

“(A) the majority of whom are parents of children with disabilities;

“(B) that includes—

“(i) individuals working in the fields of special education, related services, and early intervention; and

“(ii) individuals with disabilities; and

“(C) the parent and professional members of which are broadly representative of the population to be served; or

“(2) has—

“(A) a membership that represents the interests of individuals with disabilities and has established a special governing committee that meets the requirements of paragraph (1); and

“(B) a memorandum of understanding between the special governing committee and the board of directors of the organization that clearly outlines the relationship between the board and the committee and the decisionmaking responsibilities and authority of each.

“SEC. 683. COMMUNITY PARENT RESOURCE CENTERS.

20 USC 1483.

“(a) IN GENERAL.—The Secretary may make grants to, and enter into contracts and cooperative agreements with, local parent organizations to support parent training and information centers that will help ensure that underserved parents of children with disabilities, including low-income parents, parents of children with limited English proficiency, and parents with disabilities, have the training and information they need to enable them to participate effectively in helping their children with disabilities—

“(1) to meet developmental goals and, to the maximum extent possible, those challenging standards that have been established for all children; and

“(2) to be prepared to lead productive independent adult lives, to the maximum extent possible.

“(b) REQUIRED ACTIVITIES.—Each parent training and information center assisted under this section shall—

“(1) provide training and information that meets the training and information needs of parents of children with disabilities proposed to be served by the grant, contract, or cooperative agreement;

“(2) carry out the activities required of parent training and information centers under paragraphs (2) through (7) of section 682(b);

“(3) establish cooperative partnerships with the parent training and information centers funded under section 682; and

“(4) be designed to meet the specific needs of families who experience significant isolation from available sources of information and support.

“(c) DEFINITION.—As used in this section, the term ‘local parent organization’ means a parent organization, as defined in section 682(g), that either—

“(1) has a board of directors the majority of whom are from the community to be served; or

“(2) has—

“(A) as a part of its mission, serving the interests of individuals with disabilities from such community; and

“(B) a special governing committee to administer the grant, contract, or cooperative agreement, a majority of the members of which are individuals from such community.

“SEC. 684. TECHNICAL ASSISTANCE FOR PARENT TRAINING AND INFORMATION CENTERS.

“(a) IN GENERAL.—The Secretary may, directly or through awards to eligible entities, provide technical assistance for developing, assisting, and coordinating parent training and information programs carried out by parent training and information centers receiving assistance under sections 682 and 683.

“(b) AUTHORIZED ACTIVITIES.—The Secretary may provide technical assistance to a parent training and information center under this section in areas such as—

- “(1) effective coordination of parent training efforts;
- “(2) dissemination of information;
- “(3) evaluation by the center of itself;
- “(4) promotion of the use of technology, including assistive technology devices and assistive technology services;
- “(5) reaching underserved populations;
- “(6) including children with disabilities in general education programs;
- “(7) facilitation of transitions from—
 - “(A) early intervention services to preschool;
 - “(B) preschool to school; and
 - “(C) secondary school to postsecondary environments; and
- “(8) promotion of alternative methods of dispute resolution.

20 USC 1485.

“SEC. 685. COORDINATED TECHNICAL ASSISTANCE AND DISSEMINATION.

“(a) IN GENERAL.—The Secretary shall, by competitively making grants or entering into contracts and cooperative agreements with eligible entities, provide technical assistance and information, through such mechanisms as institutes, Regional Resource Centers, clearinghouses, and programs that support States and local entities in building capacity, to improve early intervention, educational, and transitional services and results for children with disabilities and their families, and address systemic-change goals and priorities.

“(b) SYSTEMIC TECHNICAL ASSISTANCE; AUTHORIZED ACTIVITIES.—

“(1) IN GENERAL.—In carrying out this section, the Secretary shall carry out or support technical assistance activities, consistent with the objectives described in subsection (a), relating to systemic change.

“(2) AUTHORIZED ACTIVITIES.—Activities that may be carried out under this subsection include activities such as the following:

“(A) Assisting States, local educational agencies, and other participants in partnerships established under subpart 1 with the process of planning systemic changes that will promote improved early intervention, educational, and transitional results for children with disabilities.

“(B) Promoting change through a multistate or regional framework that benefits States, local educational agencies, and other participants in partnerships that are in the process of achieving systemic-change outcomes.

“(C) Increasing the depth and utility of information in ongoing and emerging areas of priority need identified by States, local educational agencies, and other participants

in partnerships that are in the process of achieving systemic-change outcomes.

“(D) Promoting communication and information exchange among States, local educational agencies, and other participants in partnerships, based on the needs and concerns identified by the participants in the partnerships, rather than on externally imposed criteria or topics, regarding—

“(i) the practices, procedures, and policies of the States, local educational agencies, and other participants in partnerships; and

“(ii) accountability of the States, local educational agencies, and other participants in partnerships for improved early intervention, educational, and transitional results for children with disabilities.

“(c) SPECIALIZED TECHNICAL ASSISTANCE; AUTHORIZED ACTIVITIES.—

“(1) IN GENERAL.—In carrying out this section, the Secretary shall carry out or support activities, consistent with the objectives described in subsection (a), relating to areas of priority or specific populations.

“(2) AUTHORIZED ACTIVITIES.—Examples of activities that may be carried out under this subsection include activities that—

“(A) focus on specific areas of high-priority need that—

“(i) are identified by States, local educational agencies, and other participants in partnerships;

“(ii) require the development of new knowledge, or the analysis and synthesis of substantial bodies of information not readily available to the States, agencies, and other participants in partnerships; and

“(iii) will contribute significantly to the improvement of early intervention, educational, and transitional services and results for children with disabilities and their families;

“(B) focus on needs and issues that are specific to a population of children with disabilities, such as the provision of single-State and multi-State technical assistance and in-service training—

“(i) to schools and agencies serving deaf-blind children and their families; and

“(ii) to programs and agencies serving other groups of children with low-incidence disabilities and their families; or

“(C) address the postsecondary education needs of individuals who are deaf or hard-of-hearing.

“(d) NATIONAL INFORMATION DISSEMINATION; AUTHORIZED ACTIVITIES.—

“(1) IN GENERAL.—In carrying out this section, the Secretary shall carry out or support information dissemination activities that are consistent with the objectives described in subsection (a), including activities that address national needs for the preparation and dissemination of information relating to eliminating barriers to systemic-change and improving early intervention, educational, and transitional results for children with disabilities.

“(2) AUTHORIZED ACTIVITIES.—Examples of activities that may be carried out under this subsection include activities relating to—

“(A) infants and toddlers with disabilities and their families, and children with disabilities and their families;

“(B) services for populations of children with low-incidence disabilities, including deaf-blind children, and targeted age groupings;

“(C) the provision of postsecondary services to individuals with disabilities;

“(D) the need for and use of personnel to provide services to children with disabilities, and personnel recruitment, retention, and preparation;

“(E) issues that are of critical interest to State educational agencies and local educational agencies, other agency personnel, parents of children with disabilities, and individuals with disabilities;

“(F) educational reform and systemic change within States; and

“(G) promoting schools that are safe and conducive to learning.

“(3) LINKING STATES TO INFORMATION SOURCES.—In carrying out this subsection, the Secretary may support projects that link States to technical assistance resources, including special education and general education resources, and may make research and related products available through libraries, electronic networks, parent training projects, and other information sources.

“(e) APPLICATIONS.—An eligible entity that wishes to receive a grant, or enter into a contract or cooperative agreement, under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

20 USC 1486.

“SEC. 686. AUTHORIZATION OF APPROPRIATIONS.

“There are authorized to be appropriated to carry out sections 681 through 685 such sums as may be necessary for each of the fiscal years 1998 through 2002.

20 USC 1487.

“SEC. 687. TECHNOLOGY DEVELOPMENT, DEMONSTRATION, AND UTILIZATION; AND MEDIA SERVICES.

Grants.
Contracts.

“(a) IN GENERAL.—The Secretary shall competitively make grants to, and enter into contracts and cooperative agreements with, eligible entities to support activities described in subsections (b) and (c).

“(b) TECHNOLOGY DEVELOPMENT, DEMONSTRATION, AND UTILIZATION; AUTHORIZED ACTIVITIES.—

“(1) IN GENERAL.—In carrying out this section, the Secretary shall support activities to promote the development, demonstration, and utilization of technology.

“(2) AUTHORIZED ACTIVITIES.—Activities that may be carried out under this subsection include activities such as the following:

“(A) Conducting research and development activities on the use of innovative and emerging technologies for children with disabilities.

“(B) Promoting the demonstration and use of innovative and emerging technologies for children with disabilities

by improving and expanding the transfer of technology from research and development to practice.

“(C) Providing technical assistance to recipients of other assistance under this section, concerning the development of accessible, effective, and usable products.

“(D) Communicating information on available technology and the uses of such technology to assist children with disabilities.

“(E) Supporting the implementation of research programs on captioning or video description.

“(F) Supporting research, development, and dissemination of technology with universal-design features, so that the technology is accessible to individuals with disabilities without further modification or adaptation.

“(G) Demonstrating the use of publicly-funded telecommunications systems to provide parents and teachers with information and training concerning early diagnosis of, intervention for, and effective teaching strategies for, young children with reading disabilities.

“(c) EDUCATIONAL MEDIA SERVICES; AUTHORIZED ACTIVITIES.—In carrying out this section, the Secretary shall support—

“(1) educational media activities that are designed to be of educational value to children with disabilities;

“(2) providing video description, open captioning, or closed captioning of television programs, videos, or educational materials through September 30, 2001; and after fiscal year 2001, providing video description, open captioning, or closed captioning of educational, news, and informational television, videos, or materials;

“(3) distributing captioned and described videos or educational materials through such mechanisms as a loan service;

“(4) providing free educational materials, including textbooks, in accessible media for visually impaired and print-disabled students in elementary, secondary, postsecondary, and graduate schools;

“(5) providing cultural experiences through appropriate nonprofit organizations, such as the National Theater of the Deaf, that—

“(A) enrich the lives of deaf and hard-of-hearing children and adults;

“(B) increase public awareness and understanding of deafness and of the artistic and intellectual achievements of deaf and hard-of-hearing persons; or

“(C) promote the integration of hearing, deaf, and hard-of-hearing persons through shared cultural, educational, and social experiences; and

“(6) compiling and analyzing appropriate data relating to the activities described in paragraphs (1) through (5).

“(d) APPLICATIONS.—Any eligible entity that wishes to receive a grant, or enter into a contract or cooperative agreement, under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

“(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the fiscal years 1998 through 2002.”.

TITLE II—MISCELLANEOUS PROVISIONS

20 USC 1400
note.

SEC. 201. EFFECTIVE DATES.

(a) PARTS A AND B.—

(1) IN GENERAL.—Except as provided in paragraph (2), parts A and B of the Individuals with Disabilities Education Act, as amended by title I, shall take effect upon the enactment of this Act.

(2) EXCEPTIONS.—

(A) IN GENERAL.—Sections 612(a)(4), 612(a)(14), 612(a)(16), 614(d) (except for paragraph (6)), and 618 of the Individuals with Disabilities Education Act, as amended by title I, shall take effect on July 1, 1998.

(B) SECTION 617.—Section 617 of the Individuals with Disabilities Education Act, as amended by title I, shall take effect on October 1, 1997.

(C) INDIVIDUALIZED EDUCATION PROGRAMS AND COMPREHENSIVE SYSTEM OF PERSONNEL DEVELOPMENT.—Section 618 of the Individuals with Disabilities Education Act, as in effect on the day before the date of the enactment of this Act, and the provisions of parts A and B of the Individuals with Disabilities Education Act relating to individualized education programs and the State's comprehensive system of personnel development, as so in effect, shall remain in effect until July 1, 1998.

(D) SECTIONS 611 AND 619.—Sections 611 and 619, as amended by title I, shall take effect beginning with funds appropriated for fiscal year 1998.

20 USC 1431
note.

(b) PART C.—Part C of the Individuals with Disabilities Education Act, as amended by title I, shall take effect on July 1, 1998.

20 USC 1451
note.

(c) PART D.—

(1) IN GENERAL.—Except as provided in paragraph (2), part D of the Individuals with Disabilities Education Act, as amended by title I, shall take effect on October 1, 1997.

(2) EXCEPTION.—Paragraphs (1) and (2) of section 661(g) of the Individuals with Disabilities Education Act, as amended by title I, shall take effect on January 1, 1998.

20 USC 1451
note.

SEC. 202. TRANSITION.

Notwithstanding any other provision of law, beginning on October 1, 1997, the Secretary of Education may use funds appropriated under part D of the Individuals with Disabilities Education Act to make continuation awards for projects that were funded under section 618 and parts C through G of such Act (as in effect on September 30, 1997).

SEC. 203. REPEALERS.

(a) PART I.—Effective October 1, 1998, part I of the Individuals with Disabilities Education Act is hereby repealed.

(b) PART H.—Effective July 1, 1998, part H of such Act is hereby repealed.

(c) PARTS C, E, F, AND G.—Effective October 1, 1997, parts C, E, F, and G of such Act are hereby repealed.

Effective dates.

20 USC 1491 *et*

seq.

20 USC 1471 *et*

seq.

20 USC 1421 *et*

seq.

Approved June 4, 1997.

LEGISLATIVE HISTORY—H.R. 5 (S. 717):

HOUSE REPORTS: No. 105–95 (Comm. on Education and the Workforce).

CONGRESSIONAL RECORD, Vol. 143 (1997):

May 13, considered and passed House.

May 14, considered and passed Senate.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

June 4, Presidential remarks and statement.



Public Law 105–18
105th Congress

An Act

June 12, 1997
[H.R. 1871]

Making emergency supplemental appropriations for recovery from natural disasters, and for overseas peacekeeping efforts, including those in Bosnia, for the fiscal year ending September 30, 1997, and for other purposes.

1997 Emergency
Supplemental
Appropriations
Act for Recovery
from Natural
Disasters, and for
Overseas
Peacekeeping
Efforts, Including
Those in Bosnia.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for recovery from natural disasters, and for overseas peacekeeping efforts, including those in Bosnia, for the fiscal year ending September 30, 1997, and for other purposes, namely:

TITLE I—EMERGENCY SUPPLEMENTAL APPROPRIATIONS
FOR THE DEPARTMENT OF DEFENSE

CHAPTER 1

DEPARTMENT OF DEFENSE—MILITARY

MILITARY PERSONNEL

MILITARY PERSONNEL, ARMY

For an additional amount for “Military Personnel, Army”, \$306,800,000: *Provided*, That such amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

MILITARY PERSONNEL, NAVY

For an additional amount for “Military Personnel, Navy”, \$7,900,000: *Provided*, That such amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

MILITARY PERSONNEL, MARINE CORPS

For an additional amount for “Military Personnel, Marine Corps”, \$300,000: *Provided*, That such amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

MILITARY PERSONNEL, AIR FORCE

For an additional amount for “Military Personnel, Air Force”, \$29,100,000: *Provided*, That such amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

OPERATION AND MAINTENANCE

OVERSEAS CONTINGENCY OPERATIONS TRANSFER FUND

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for “Overseas Contingency Operations Transfer Fund”, \$1,430,100,000: *Provided*, That the Secretary of Defense may transfer these funds only to Department of Defense operation and maintenance accounts: *Provided further*, That the funds transferred shall be merged with and shall be available for the same purposes and for the same time period, as the appropriation to which transferred: *Provided further*, That the transfer authority provided in this paragraph is in addition to any other transfer authority available to the Department of Defense: *Provided further*, That such amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

OPLAN 34A/35 P.O.W. PAYMENTS

For payments to individuals under section 657 of Public Law 104-201, \$20,000,000, to remain available until expended.

REVOLVING AND MANAGEMENT FUNDS

RESERVE MOBILIZATION INCOME INSURANCE FUND

For an additional amount for the “Reserve Mobilization Income Insurance Fund”, \$72,000,000, to remain available until expended: *Provided*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

GENERAL PROVISIONS, CHAPTER 1

(TRANSFER OF FUNDS)

SEC. 101. The Secretary of the Navy shall transfer up to \$23,000,000 to “Operation and Maintenance, Marine Corps” from the following accounts in the specified amounts, to be available only for reimbursing costs incurred for repairing damage caused by hurricanes, flooding, and other natural disasters during 1996 and 1997 to real property and facilities at Marine Corps facilities (including Camp Lejeune, North Carolina; Cherry Point, North Carolina; and the Mountain Warfare Training Center, Bridgeport, California);

“Military Personnel, Marine Corps”, \$4,000,000;

“Operation and Maintenance, Marine Corps”, \$11,000,000;

“Procurement of Ammunition, Navy and Marine Corps, 1996/1998”, \$4,000,000; and

“Procurement, Marine Corps, 1996/1998”, \$4,000,000.

SEC. 102. In addition to the amounts appropriated in title VI of the Department of Defense Appropriations Act, 1997 (as contained in section 101(b) of Public Law 104-208), under the heading “Defense Health Program”, \$21,000,000 is hereby appropriated and made available only for the provision of direct patient care at military treatment facilities.

SEC. 103. In addition to the amounts appropriated in title II of the Department of Defense Appropriations Act, 1997 (as contained in section 101(b) of Public Law 104-208), under the heading “Operation and Maintenance, Defense-Wide”, \$10,000,000 is hereby appropriated and made available only for force protection and counter-terrorism initiatives.

SEC. 104. In addition to the amounts provided in Public Law 104-208, \$25,800,000 is appropriated under the heading “Overseas Humanitarian, Disaster and Civic Aid”: *Provided*, That from the funds available under that heading, the Secretary of Defense shall make a grant in the amount of \$25,800,000 to the American Red Cross for Armed Forces emergency services.

President.

SEC. 105. REPORT ON COST AND SOURCE OF FUNDS FOR MILITARY ACTIVITIES RELATING TO BOSNIA.—(a) Not later than 60 days after enactment of this Act, the President shall submit to Congress the report described in subsection (b).

(b) REPORT ELEMENTS.—The report referred to in subsection (a) shall include the following:

(1) A detailed description of the estimated cumulative cost of all United States activities relating to Bosnia after December 1, 1995, including—

(A) the cost of all deployments, training activities, and mobilization and other preparatory activities of the Armed Forces; and

(B) the cost of all other activities relating to United States policy toward Bosnia, including humanitarian assistance, reconstruction assistance, aid and other financial assistance, the rescheduling or forgiveness of bilateral or multilateral aid, in-kind contributions, and any other activities of the United States Government.

(2) A detailed accounting of the source of funds obligated or expended to meet the costs described in paragraph (1), including—

(A) in the case of expenditures of funds of Department of Defense, a breakdown of such expenditures by military service or defense agency, line item, and program; and

(B) in the case of expenditures of funds of other departments and agencies of the United States, a breakdown of such expenditures by department or agency and by program.

SEC. 106. For an additional amount for “Family Housing, Navy and Marine Corps” to cover the incremental Operation and Maintenance costs arising from hurricane damage to family housing units at Marine Corps Base Camp Lejeune, North Carolina and Marine Corps Air Station Cherry Point, North Carolina, \$6,480,000, as authorized by 10 U.S.C. 2854.

CHAPTER 2

RESCISSIONS

DEPARTMENT OF DEFENSE—MILITARY

MILITARY PERSONNEL

MILITARY PERSONNEL, ARMY

(RESCISSION)

Of the funds made available under this heading in Public Law 104–208, \$57,000,000 are rescinded.

MILITARY PERSONNEL, NAVY

(RESCISSION)

Of the funds made available under this heading in Public Law 104–208, \$18,000,000 are rescinded.

MILITARY PERSONNEL, MARINE CORPS

(RESCISSION)

Of the funds made available under this heading in Public Law 104–208, \$5,000,000 are rescinded.

MILITARY PERSONNEL, AIR FORCE

(RESCISSION)

Of the funds made available under this heading in Public Law 104–208, \$23,000,000 are rescinded.

OPERATION AND MAINTENANCE

OPERATION AND MAINTENANCE, ARMY

(RESCISSION)

Of the funds made available under this heading in Public Law 104–208, \$196,000,000 are rescinded.

OPERATION AND MAINTENANCE, NAVY

(RESCISSION)

Of the funds made available under this heading in Public Law 104–208, \$51,000,000 are rescinded.

OPERATION AND MAINTENANCE, MARINE CORPS

(RESCISSION)

Of the funds made available under this heading in Public Law 104–208, \$3,000,000 are rescinded.

OPERATION AND MAINTENANCE, AIR FORCE

(RESCISSION)

Of the funds made available under this heading in Public Law 104-208, \$117,000,000 are rescinded.

OPERATION AND MAINTENANCE, DEFENSE-WIDE

(RESCISSION)

Of the funds made available under this heading in Public Law 104-208, \$25,000,000 are rescinded.

ENVIRONMENTAL RESTORATION, ARMY

(RESCISSION)

Of the funds made available under this heading in Public Law 104-208, \$250,000 are rescinded.

ENVIRONMENTAL RESTORATION, NAVY

(RESCISSION)

Of the funds made available under this heading in Public Law 104-208, \$250,000 are rescinded.

ENVIRONMENTAL RESTORATION, AIR FORCE

(RESCISSION)

Of the funds made available under this heading in Public Law 104-208, \$250,000 are rescinded.

ENVIRONMENTAL RESTORATION, DEFENSE-WIDE

(RESCISSION)

Of the funds made available under this heading in Public Law 104-208, \$250,000 are rescinded.

ENVIRONMENTAL RESTORATION, FORMERLY USED DEFENSE SITES

(RESCISSION)

Of the funds made available under this heading in Public Law 104-208, \$250,000 are rescinded.

FORMER SOVIET UNION THREAT REDUCTION

(RESCISSION)

Of the funds made available under this heading in Public Law 104-208, \$2,000,000 are rescinded.

PROCUREMENT

AIRCRAFT PROCUREMENT, ARMY

(RESCISSIONS)

Of the funds made available under this heading in Public Law 103-335, \$1,085,000 are rescinded.

Of the funds made available under this heading in Public Law 104-61, \$5,000,000 are rescinded.

Of the funds made available under this heading in Public Law 104-208, \$13,000,000 are rescinded.

MISSILE PROCUREMENT, ARMY

(RESCISSIONS)

Of the funds made available under this heading in Public Law 103-335, \$2,707,000 are rescinded.

Of the funds made available under this heading in Public Law 104-208, \$24,000,000 are rescinded.

PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES,
ARMY

(RESCISSIONS)

Of the funds made available under this heading in Public Law 103-335, \$2,296,000 are rescinded.

Of the funds made available under this heading in Public Law 104-61, \$15,400,000 are rescinded.

Of the funds made available under this heading in Public Law 104-208, \$5,000,000 are rescinded.

PROCUREMENT OF AMMUNITION, ARMY

(RESCISSIONS)

Of the funds made available under this heading in Public Law 103-335, \$3,236,000 are rescinded.

Of the funds made available under this heading in Public Law 104-61, \$18,000,000 are rescinded.

Of the funds made available under this heading in Public Law 104-208, \$11,000,000 are rescinded.

OTHER PROCUREMENT, ARMY

(RESCISSIONS)

Of the funds made available under this heading in Public Law 103-335, \$2,502,000 are rescinded.

Of the funds made available under this heading in Public Law 104-208, \$21,000,000 are rescinded.

AIRCRAFT PROCUREMENT, NAVY

(RESCISSIONS)

Of the funds made available under this heading in Public Law 103-335, \$34,000,000 are rescinded.

Of the funds made available under this heading in Public Law 104-208, \$52,000,000 are rescinded.

WEAPONS PROCUREMENT, NAVY

(RESCISSIONS)

Of the funds made available under this heading in Public Law 103-335, \$16,000,000 are rescinded.

Of the funds made available under this heading in Public Law 104-208, \$6,000,000 are rescinded.

PROCUREMENT OF AMMUNITION, NAVY AND MARINE CORPS

(RESCISSION)

Of the funds made available under this heading in Public Law 103-335, \$812,000 are rescinded.

SHIPBUILDING AND CONVERSION, NAVY

(RESCISSIONS)

Of the funds made available under this heading in Public Law 102-396, \$10,000,000 are rescinded.

Of the funds made available under this heading in Public Law 103-139, \$18,700,000 are rescinded.

Of the funds made available under this heading in Public Law 104-208, \$33,000,000 are rescinded.

OTHER PROCUREMENT, NAVY

(RESCISSIONS)

Of the funds made available under this heading in Public Law 103-335, \$4,237,000 are rescinded.

Of the funds made available under this heading in Public Law 104-61, \$3,000,000 are rescinded.

Of the funds made available under this heading in Public Law 104-208, \$8,000,000 are rescinded.

PROCUREMENT, MARINE CORPS

(RESCISSION)

Of the funds made available under this heading in Public Law 103-335, \$1,207,000 are rescinded.

AIRCRAFT PROCUREMENT, AIR FORCE

(RESCISSIONS)

Of the funds made available under this heading in Public Law 103-335, \$49,376,000 are rescinded.

Of the funds made available under this heading in Public Law 104-61, \$40,000,000 are rescinded.

Of the funds made available under this heading in Public Law 104-208, \$41,000,000 are rescinded.

MISSILE PROCUREMENT, AIR FORCE

(RESCISSIONS)

Of the funds made available under this heading in Public Law 103-335, \$16,020,000 are rescinded.

Of the funds made available under this heading in Public Law 104-208, \$163,000,000 are rescinded.

PROCUREMENT OF AMMUNITION, AIR FORCE

(RESCISSION)

Of the funds made available under this heading in Public Law 104-61, \$7,700,000 are rescinded.

OTHER PROCUREMENT, AIR FORCE

(RESCISSIONS)

Of the funds made available under this heading in Public Law 103-335, \$3,659,000 are rescinded.

Of the funds made available under this heading in Public Law 104-61, \$10,000,000 are rescinded.

Of the funds made available under this heading in Public Law 104-208, \$20,000,000 are rescinded.

PROCUREMENT, DEFENSE-WIDE

(RESCISSIONS)

Of the funds made available under this heading in Public Law 103-335, \$8,860,000 are rescinded.

Of the funds made available under this heading in Public Law 104-61, \$16,113,000 are rescinded.

Of the funds made available under this heading in Public Law 104-208, \$5,000,000 are rescinded.

NATIONAL GUARD AND RESERVE EQUIPMENT

(RESCISSIONS)

Of the funds made available under this heading in Public Law 103-335, \$5,029,000 are rescinded.

Of the funds made available under this heading in Public Law 104-208, \$8,000,000 are rescinded.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, ARMY

(RESCISSIONS)

Of the funds made available under this heading in Public Law 104-61, \$4,366,000 are rescinded.

Of the funds made available under this heading in Public Law 104-208, \$18,000,000 are rescinded.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, NAVY

(RESCISSIONS)

Of the funds made available under this heading in Public Law 104-61, \$16,878,000 are rescinded.

Of the funds made available under this heading in Public Law 104-208, \$9,600,000 are rescinded.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, AIR FORCE

(RESCISSIONS)

Of the funds made available under this heading in Public Law 104-61, \$24,245,000 are rescinded.

Of the funds made available under this heading in Public Law 104-208, \$172,000,000 are rescinded.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE-WIDE

(RESCISSIONS)

Of the funds made available under this heading in Public Law 104-61, \$95,714,000 are rescinded.

Of the funds made available under this heading in Public Law 104-208, \$87,000,000 are rescinded.

DEVELOPMENTAL TEST AND EVALUATION, DEFENSE

(RESCISSION)

Of the funds made available under this heading in Public Law 104-61, \$6,692,000 are rescinded.

OPERATIONAL TEST AND EVALUATION, DEFENSE

(RESCISSION)

Of the funds made available under this heading in Public Law 104-61, \$160,000 are rescinded.

REVOLVING AND MANAGEMENT FUNDS

NATIONAL DEFENSE SEALIFT FUND

(RESCISSION)

Of the funds made available under this heading in Public Law 104-208, \$25,200,000 are rescinded.

OTHER DEPARTMENT OF DEFENSE PROGRAMS

DEFENSE HEALTH PROGRAM

(RESCISSION)

Of the funds made available under this heading in Public Law 104-208, \$21,000,000 are rescinded.

CHEMICAL AGENTS AND MUNITIONS DESTRUCTION, DEFENSE

(RESCISSIONS)

Of the funds made available under this heading in Public Law 103-335, \$456,000 are rescinded.

Of the funds made available under this heading in Public Law 104-61, \$20,652,000 are rescinded.

Of the funds made available under this heading in Public Law 104-208, \$27,000,000 are rescinded.

DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE

(RESCISSION)

Of the funds made available under this heading in Public Law 104-208, \$2,000,000 are rescinded.

GENERAL PROVISIONS, CHAPTER 2

(RESCISSIONS)

SEC. 201. Of the funds appropriated in the Military Construction Appropriations Act, 1996 (Public Law 104-32), amounts are hereby rescinded from the following accounts in the specified amounts:

“Military Construction, Air National Guard”, \$5,000,000;

“Military Construction, Defense-wide”, \$41,000,000;

“Base Realignment and Closure Account, Part II”, \$35,391,000;

“Base Realignment and Closure Account, Part III”, \$75,638,000; and

“Base Realignment and Closure Account, Part IV”, \$22,971,000:

Provided, That of the funds appropriated in the Military Construction Appropriations Act, 1997 (Public Law 104-196), amounts are hereby rescinded from the following accounts in the specified amounts:

“Military Construction, Army”, \$1,000,000;

“Military Construction, Navy”, \$2,000,000;

“Military Construction, Air Force”, \$3,000,000; and

“Military Construction, Defense-wide”, \$3,000,000.

(RESCISSION)

SEC. 202. Of the funds appropriated for “Military Construction, Navy” under Public Law 103-307, \$6,480,000 is hereby rescinded.

CHAPTER 3

GENERAL PROVISIONS—THIS TITLE

SEC. 301. The Department of Defense is directed to report to the congressional defense committees 30 days prior to transferring management, development, and acquisition authority over the elements of the National Missile Defense Program from the Military Services: *Provided*, That the Joint Requirements Oversight Council is directed to conduct an analysis and submit recommendations as to the recommended future roles of the Military Services with Reports.

respect to development and deployment of the elements of the National Missile Defense Program: *Provided further*, That the analysis and recommendations shall be submitted to the congressional defense committees within 60 days of enactment of this Act: *Provided further*, That for 60 days following enactment of this Act, the Department of Defense shall take no actions to delay or defer planned activities under the National Missile Defense Program based solely on the conduct of the Joint Requirements Oversight Council analysis.

SEC. 302. Notwithstanding section 3612(a) of title 22, United States Code, the incumbent may continue to serve as the Secretary of Defense designee on the Board of the Panama Canal Commission if he retires as an officer of the Department of Defense, until and unless the Secretary of Defense designates another person to serve in this position.

SEC. 303. AUTHORITY OF SECRETARY OF DEFENSE TO ENTER INTO LEASE OF BUILDING NO. 1, LEXINGTON BLUE GRASS STATION, LEXINGTON, KENTUCKY.—

(a) AUTHORITY TO ENTER INTO LEASE.—The Secretary of Defense may enter into an agreement for the lease of Building No. 1, Lexington Blue Grass Station, Lexington, Kentucky, and any real property associated with the building, for purposes of the use of the building by the Defense Finance and Accounting Service. The agreement shall meet the requirements of this section.

(b) TERM.—(1) The agreement under this section shall provide for a lease term of not to exceed 50 years, but may provide for one or more options to renew or extend the term of the lease.

(2) The agreement shall include a provision specifying that, if the Secretary ceases to require the leased building for purpose of the use of the building by the Defense Finance and Accounting Service before the expiration of the term of the lease (including any extension or renewal of the term under an option provided for in paragraph (1)), the remainder of the lease term may, upon the approval of the lessor of the building, be satisfied by the Secretary or another department or agency of the Federal Government (including a military department) for another purpose similar to such purpose.

(c) CONSIDERATION.—(1) The agreement under this section may not require rental payments by the United States under the lease under the agreement.

(2) The Secretary or other lessee, if any, under subsection (b)(2) shall be responsible under the agreement for payment of any utilities associated with the lease of the building covered by the agreement and for maintenance and repair of the building.

(d) IMPROVEMENT.—The agreement under this section may provide for the improvement of the building covered by the agreement by the Secretary or other lessee, if any, under subsection (b)(2).

(e) LIMITATION ON CERTAIN ACTIVITIES.—The Secretary may not obligate or expend funds for the costs of any utilities, maintenance and repair, or improvements under this lease under this section in any fiscal year unless funds are appropriated or otherwise made available for the Department of Defense for such payment in such fiscal year.

SEC. 304. Notwithstanding 31 U.S.C. 1502(a), 31 U.S.C. 1552(a), and 31 U.S.C. 1553(a), funds appropriated in Public Law 101-511, Public Law 102-396, and Public Law 103-139, under the heading “Weapons Procurement, Navy”, that were obligated and expended to settle claims on the MK-50 torpedo program may continue to be obligated and expended to settle those claims.

SEC. 305. None of the funds available to the Department of Defense in this or any other Act shall be available to pay the cost of operating a National Missile Defense Joint Program Office which includes more than 55 military and civilian personnel located in the National Capital Region.

SEC. 306. Funds obligated by the National Aeronautics and Space Administration (NASA) in the amount of \$61,300,000 during fiscal year 1996, pursuant to the “Memorandum of Agreement between the National Aeronautics and Space Administration and the United States Air Force on Titan IV/Centaur Launch Support for the Cassini Mission,” signed September 8, 1994, and September 23, 1994, and Attachments A, B, and C to that Memorandum, shall be merged with Air Force appropriations available for research, development, test and evaluation and procurement for fiscal year 1996, and shall be available for the same time period as the appropriation with which merged, and shall be available for obligation only for those Titan IV vehicles and Titan IV-related activities under contract.

SEC. 307. For the purposes of implementing the 1997 Defense Experimental Program to Stimulate Competitive Research (DEPSCoR), the term “State” means a State of the United States, the District of Columbia, Puerto Rico, Guam and the Virgin Islands of the United States, American Samoa and the Commonwealth of the Northern Mariana Islands.

10 USC 2358
note.

TITLE II—EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR RECOVERY FROM NATURAL DISASTERS

CHAPTER 1

DEPARTMENT OF AGRICULTURE

FARM SERVICE AGENCY

AGRICULTURAL CREDIT INSURANCE FUND PROGRAM ACCOUNT

For an additional amount for the “Agricultural Credit Insurance Fund Program Account” for the additional cost of direct and guaranteed loans authorized by 7 U.S.C. 1928–1929, including the cost of modifying such loans as defined in section 502 of the Congressional Budget Act of 1974, resulting from flooding and other natural disasters, \$23,000,000, to remain available until expended, of which \$18,000,000 shall be available for emergency insured loans and \$5,000,000 shall be available for subsidized guaranteed operating loans: *Provided*, That the entire amount shall be available only to the extent that an official budget request for \$23,000,000 that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: *Provided further*, That such amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of such Act.

For an additional amount for the “Agricultural Credit Insurance Fund Program Account” for the additional cost of direct operating loans authorized by 7 U.S.C. 1928–1929, including the cost of modifying such loans as defined in section 502 of the Congressional Budget Act of 1974, \$6,300,000, to remain available until expended.

EMERGENCY CONSERVATION PROGRAM

For an additional amount for “Emergency Conservation Program” for expenses, including carcass removal, resulting from flooding and other natural disasters, \$70,000,000, to remain available until expended: *Provided*, That the entire amount shall be available only to the extent that an official budget request for \$70,000,000, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: *Provided further*, That such amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of such Act.

TREE ASSISTANCE PROGRAM

An amount of \$9,000,000 is provided for assistance to small orchardists to replace or rehabilitate trees and vineyards damaged by natural disasters: *Provided*, That the entire amount shall be available only to the extent that an official budget request of \$9,000,000, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: *Provided further*, That such amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of such Act.

COMMODITY CREDIT CORPORATION FUND

DISASTER RESERVE ASSISTANCE PROGRAM

Effective only for losses in the fiscal year beginning October 1, 1996, through the date of enactment of this Act, the Secretary may use up to \$50,000,000 from proceeds earned from the sale of grain in the disaster reserve established in the Agricultural Act of 1970 to implement a livestock indemnity program for losses from natural disasters pursuant to a Presidential or Secretarial declaration requested prior to the date of enactment of this Act in a manner similar to catastrophic loss coverage available for other commodities under 7 U.S.C. 1508(b): *Provided*, That in administering a program described in the preceding sentence, the Secretary shall, to the extent practicable, utilize gross income and payment limitations conditions established for the Disaster Reserve Assistance Program for the 1996 crop year: *Provided further*, That notwithstanding any other provision of law, beginning on October 1, 1997, grain in the disaster reserve established in the Agricultural Act of 1970 shall not exceed 20 million bushels: *Provided further*, That the entire amount shall be available only to the extent an official budget request, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress:

Provided further, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of such Act.

NATURAL RESOURCES CONSERVATION SERVICE

WATERSHED AND FLOOD PREVENTION OPERATIONS

For an additional amount for “Watershed and Flood Prevention Operations” to repair damages to the waterways and watersheds, including debris removal that would not be authorized under the Emergency Watershed Program, resulting from flooding and other natural disasters, including those in prior years, \$166,000,000, to remain available until expended: *Provided*, That the entire amount shall be available only to the extent an official budget request for \$166,000,000, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: *Provided further*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of such Act: *Provided further*, That if the Secretary determines that the cost of land and farm structures restoration exceeds the fair market value of an affected agricultural land, the Secretary may use sufficient amounts, not to exceed \$15,000,000, from funds provided under this heading to accept bids from willing sellers to provide floodplain easements for such agricultural land inundated by floods: *Provided further*, That none of the funds provided under this heading shall be used for the salmon memorandum of understanding.

RURAL HOUSING SERVICE

RURAL HOUSING INSURANCE FUND PROGRAM ACCOUNT

RURAL HOUSING ASSISTANCE PROGRAM

Any unobligated balances remaining in the “Rural Housing Insurance Fund Program Account” from prior years’ disaster supplementals shall be available until expended for Section 502 housing loans, Section 504 loans and grants, Section 515 loans, and domestic farm labor grants to meet emergency needs resulting from natural disasters: *Provided*, That such unobligated balances shall be available only to the extent an official budget request that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985 is transmitted by the President to the Congress: *Provided further*, That such unobligated balances are designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of such Act: *Provided further*, That notwithstanding section 520 of the Housing Act of 1949, as amended, (42 U.S.C. 1490) the College Station area of Pulaski County, Arkansas shall be eligible for loans and grants available through the Rural Housing Service: *Provided further*, That funds made available in Public Law 104-180 for Community Facility Grants for the Rural Housing Assistance Program may be provided to any community otherwise eligible for a Community Facility Loan for expenses directly or indirectly resulting from flooding and other natural disasters.

RURAL UTILITIES SERVICE

RURAL UTILITIES ASSISTANCE PROGRAM

For an additional amount for “Rural Utilities Assistance Program”, for the cost of direct loans, loan guarantees, and grants, including the cost of modifying loans as defined in section 502 of the Congressional Budget Act of 1974, for emergency expenses resulting from flooding and other natural disasters, \$4,000,000, to remain available until September 30, 1998: *Provided*, That the entire amount shall be available only to the extent that an official budget request for \$4,000,000, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: *Provided further*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

FOOD AND CONSUMER SERVICE

SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS,
AND CHILDREN (WIC)

For an additional amount for the “Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)” as authorized by section 17 of the Child Nutrition Act of 1966, as amended (42 U.S.C. et seq.), \$76,000,000, to remain available through September 30, 1998: *Provided*, That the Secretary shall allocate such funds through the existing formula or, notwithstanding sections 17(g), (h), or (i) of such Act and the regulations promulgated thereunder, such other means as the Secretary deems necessary.

GENERAL PROVISION, CHAPTER 1

7 USC 1622 note. **SEC. 1001. COLLECTION AND DISSEMINATION OF INFORMATION ON
PRICES RECEIVED FOR BULK CHEESE.**

(a) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, the Secretary of Agriculture shall collect and disseminate, on a weekly basis, statistically reliable information, obtained from cheese manufacturing areas in the United States on prices received and terms of trade involving bulk cheese, including information on the national average price for bulk cheese sold through spot and forward contract transactions. To the maximum extent practicable, the Secretary shall report the prices and terms of trade for spot and forward contract transactions separately.

(b) CONFIDENTIALITY.—All information provided to, or acquired by, the Secretary under subsection (a) shall be kept confidential by each officer and employee of the Department of Agriculture except that general weekly statements may be issued that are based on the information and that do not identify the information provided by any person.

(c) REPORT.—Not later than 150 days after the date of enactment of this Act, the Secretary shall report to the Committee on Agriculture, and the Committee on Appropriations, of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry, and the Committee on Appropriations, of the Senate,

on the rate of reporting compliance by cheese manufacturers with respect to the information collected under subsection (a). At the time of the report, the Secretary may submit legislative recommendations to improve the rate of reporting compliance.

(d) TERMINATION OF EFFECTIVENESS.—The authority provided by subsection (a) terminates effective April 5, 1999.

CHAPTER 2

DEPARTMENT OF COMMERCE

ECONOMIC DEVELOPMENT ADMINISTRATION

ECONOMIC DEVELOPMENT ASSISTANCE PROGRAMS

For an additional amount for “Economic Development Assistance Programs” for emergency infrastructure expenses and the capitalization of revolving loan funds related to recent flooding and other natural disasters, \$52,200,000, to remain available until expended, of which not to exceed \$2,000,000 may be available for administrative expenses and may be transferred to and merged with the appropriations for “Salaries and Expenses”: *Provided*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

INDUSTRIAL TECHNOLOGY SERVICES

Of the amount provided under this heading in Public Law 104-208 for the Advanced Technology Program, not to exceed \$35,000,000 shall be available for the award of new grants.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

OPERATIONS, RESEARCH, AND FACILITIES

Within amounts available for “Operations, Research, and Facilities” for Satellite Observing Systems, not to exceed \$7,000,000 is available until expended to provide disaster assistance related to recent flooding and red tide pursuant to section 312(a) of the Magnuson-Stevens Fishery Conservation and Management Act, and not to exceed \$2,000,000 is available until expended to implement the Magnuson-Stevens Fishery Conservation and Management Act: *Provided*, That the entire amount shall be available only to the extent that an official budget request for \$9,000,000, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to Congress: *Provided further*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of such Act.

CONSTRUCTION

For an additional amount for “Construction” for emergency expenses resulting from flooding and other natural disasters, \$10,800,000, to remain available until expended: *Provided*, That

the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

RELATED AGENCY

COMMISSION ON THE ADVANCEMENT OF FEDERAL LAW ENFORCEMENT

For an additional amount for the operations of the Commission on the Advancement of Federal Law Enforcement, \$2,000,000, to remain available until expended.

GENERAL PROVISIONS, CHAPTER 2

SEC. 2001. Of the funds currently contained within the “Counterterrorism Fund” of the Department of Justice, \$3,000,000 is provided for allocation by the Attorney General to the appropriate unit or units of government in Ogden, Utah, for necessary expenses, including enhancements and upgrade of security and communications infrastructure, to counter any potential terrorism threat related to the 2002 Winter Olympic games to be held in Utah.

SEC. 2002. EXPANDING SMALL BUSINESS PARTICIPATION IN DREDGING.—Section 722(a) of the Small Business Competitiveness Demonstration Program Act of 1988 (15 U.S.C. 644 note) is amended by striking “September 30, 1996” and inserting “September 30, 1997”.

SEC. 2003. Section 101 of the Marine Mammal Protection Act of 1972 (16 U.S.C. 1371) is amended by adding at the end thereof the following:

“(d) GOOD SAMARITAN EXEMPTION.—It shall not be a violation of this Act to take a marine mammal if—

“(1) such taking is imminently necessary to avoid serious injury, additional injury, or death to a marine mammal entangled in fishing gear or debris;

“(2) reasonable care is taken to ensure the safe release of the marine mammal, taking into consideration the equipment, expertise, and conditions at hand;

“(3) reasonable care is exercised to prevent any further injury to the marine mammal; and

“(4) such taking is reported to the Secretary within 48 hours.”.

SEC. 2004. Notwithstanding any other provision of law, the Secretary of Commerce shall have the authority to reprogram or transfer up to \$41,000,000 of the amounts provided under “National Oceanic and Atmospheric Administration, Operations, Research, and Facilities” for Satellite Observing Systems in Public Law 104-208 for other programmatic and operational requirements of the National Oceanic and Atmospheric Administration and the Department of Commerce subject to notification of the Committees on Appropriations of the House of Representatives and the Senate in accordance with section 605 of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1997 and which shall not be available for obligation or expenditure except in compliance with the procedure set forth in that section.

CHAPTER 3

DEPARTMENT OF DEFENSE—CIVIL

DEPARTMENT OF THE ARMY

CORPS OF ENGINEERS—CIVIL

FLOOD CONTROL, MISSISSIPPI RIVER AND TRIBUTARIES, ARKANSAS,
ILLINOIS, KENTUCKY, LOUISIANA, MISSISSIPPI, MISSOURI, AND
TENNESSEE

For an additional amount for “Flood Control, Mississippi River and Tributaries, Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee” for emergency expenses due to flooding and other natural disasters, \$20,000,000, to remain available until expended: *Provided*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

OPERATION AND MAINTENANCE, GENERAL

For an additional amount for “Operation and Maintenance, General” for emergency expenses due to flooding and other natural disasters, \$150,000,000, to remain available until expended: *Provided*, That of the total amount appropriated, the amount for eligible navigation projects which may be derived from the Harbor Maintenance Trust Fund pursuant to Public Law 99-662, shall be derived from that fund: *Provided further*, That of the total amount appropriated, \$5,000,000 shall be available solely for the Secretary of the Army, acting through the Chief of Engineers, to pay the costs of the Corps of Engineers and other Federal agencies associated with the development of necessary studies, an interagency management plan, environmental documentation, continued monitoring, and other activities related to allocations of water in the Alabama-Coosa-Tallapoosa and Apalachicola-Chattahoochee-Flint River Basins: *Provided further*, That no portion of such \$5,000,000 may be used by the Corps of Engineers to revise its master operational manuals or water control plans for operation of the reservoirs for the two river basins until (1) the interstate compacts for the two river basins are ratified by the Congress by law; and (2) the water allocation formulas for the two river basins have been agreed to by the States of Alabama, Georgia, and Florida and the Federal representative to the compacts: *Provided further*, That the preceding proviso shall not apply to the use of such funds for any environmental reviews necessary for the Federal representative to approve the water allocation formulas for the two river basins: *Provided further*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

FLOOD CONTROL AND COASTAL EMERGENCIES

For an additional amount for “Flood Control and Coastal Emergencies” due to flooding and other natural disasters, \$415,000,000, to remain available until expended: *Provided*, That the entire amount is designated by Congress as an emergency requirement

pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: *Provided further*, That with \$5,000,000 of the funds appropriated herein, the Secretary of the Army is directed to initiate and complete preconstruction engineering and design and the associated Environmental Impact Statement for an emergency outlet from Devils Lake, North Dakota, to the Sheyenne River: *Provided further*, That of the funds appropriated under this paragraph, \$5,000,000 shall be used for the project consisting of channel restoration and improvements on the James River authorized by section 401(b) of the Water Resources Development Act of 1986 (Public Law 99-662; 100 Stat. 4128) if the Secretary of the Army determines that the need for such restoration and improvements constitutes an emergency.

DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

OPERATION AND MAINTENANCE

For an additional amount for “Operation and Maintenance”, \$7,355,000, to remain available until expended, to repair damage caused by floods and other natural disasters: *Provided*, That of the total appropriated, the amount for program activities that can be financed by the Reclamation Fund shall be derived from that fund: *Provided further*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

GENERAL PROVISIONS, CHAPTER 3

SEC. 3001. (a) Beginning in fiscal year 1997 and thereafter, the United States members and the alternate members appointed under the Susquehanna River Basin Compact (Public Law 91-575), and the Delaware River Basin Compact (Public Law 87-328), shall be officers of the U.S. Army Corps of Engineers, who hold Presidential appointments as Regular Army officers with Senate confirmation, and who shall serve without additional compensation.

(b) Section 2, Reservations, Paragraph (u) of Public Law 91-575 (84 Stat. 1509) and section 15.1, Reservations, Paragraph (d) of Public Law 87-328 (75 Stat. 688, 691) are hereby repealed.

(c) Section 2.2 of Public Law 87-328 (75 Stat. 688, 691) is amended by striking the words “during the term of office of the President” and inserting the words “at the pleasure of the President”.

SEC. 3002. Notwithstanding section 5 of the Reclamation Safety of Dams Act of 1978, Public Law 95-578, as amended, the Secretary of the Interior is authorized to obligate up to \$1,200,000 for carrying out actual construction for safety of dam purposes to modify the Willow Creek Dam, Sun River Project, Montana.

SEC. 3003. (a) CONSULTATION AND CONFERENCING.—As provided by regulations issued under the Endangered Species Act (16 U.S.C. 1531 et seq.) for emergency situations, formal consultation or conferencing under section 7(a)(2) or section 7(a)(4) of the Act for any action authorized, funded or carried out by any Federal agency

to repair a Federal or non-Federal flood control project, facility or structure may be deferred by the Federal agency authorizing, funding or carrying out the action, if the agency determines that the repair is needed to respond to an emergency causing an imminent threat to human lives and property in 1996 or 1997. Formal consultation or conferencing shall be deferred until the imminent threat to human lives and property has been abated. For purposes of this section, the term repair shall include preventive and remedial measures to restore the project, facility or structure to remove an imminent threat to human lives and property.

(b) REASONABLE AND PRUDENT MEASURES.—Any reasonable and prudent measures specified under section 7 of the Endangered Species Act (16 U.S.C. 1536) to minimize the impact of an action taken under this section shall be related both in nature and extent to the effect of the action taken to repair the flood control project, facility or structure.

CHAPTER 4

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS

ASSISTANCE TO UKRAINE

SEC. 4001. The President may waive the minimum funding requirements contained in subsection (k) under the heading “Assistance for the New Independent States of the Former Soviet Union” contained in the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1997, as included in Public Law 104-208, for activities for the government of Ukraine funded in that subsection, if he determines and so reports to the Committees on Appropriations that the government of Ukraine:

- (1) has not made progress toward implementation of comprehensive economic reform;
- (2) is not taking steps to ensure that United States businesses and individuals are able to operate according to generally accepted business principles; or
- (3) is not taking steps to cease the illegal dumping of steel plate.

CHAPTER 5

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

CONSTRUCTION

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for “Construction” to repair damage caused by floods and other natural disasters, \$4,796,000, to remain available until expended, of which \$4,403,000 is to be derived by transfer from unobligated balances of funds under the heading, “Oregon and California Grant Lands”, made available as supplemental appropriations in Public Law 104-134: *Provided*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

OREGON AND CALIFORNIA GRANT LANDS

For an additional amount for “Oregon and California Grant Lands” to repair damage caused by floods and other natural disasters, \$2,694,000, to remain available until expended and to be derived from unobligated balances of funds under the heading, “Oregon and California Grant Lands”, made available as supplemental appropriations in Public Law 104-134: *Provided*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

UNITED STATES FISH AND WILDLIFE SERVICE

RESOURCE MANAGEMENT

For an additional amount for “Resource Management”, \$5,300,000, to remain available until expended, for technical assistance and fish replacement made necessary by floods and other natural disasters, for restoration of public lands damaged by fire, and for payments to private landowners for the voluntary use of private land to store water in restored wetlands: *Provided*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

CONSTRUCTION

For an additional amount for “Construction”, \$88,000,000, to remain available until expended, to repair damage caused by floods and other natural disasters: *Provided*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

LAND ACQUISITION

For an additional amount for “Land Acquisition”, \$10,000,000, to remain available until expended, for the cost-effective emergency acquisition of land and water rights necessitated by floods and other natural disasters: *Provided*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

NATIONAL PARK SERVICE

CONSTRUCTION

For an additional amount for “Construction” for emergency expenses resulting from flooding and other natural disasters, \$187,321,000, to remain available until expended: *Provided*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: *Provided further*, That of this amount, \$30,000,000 shall be available only to the extent an official budget request for a specific dollar amount, that includes designation of the entire amount of the request as an emergency requirement as defined in such Act,

is transmitted by the President to Congress, and upon certification by the Secretary of the Interior to the President that a specific amount of such funds is required for (1) repair or replacement of concession use facilities at Yosemite National Park if the Secretary determines, after consulting with the Director of the Office of Management and Budget, that the repair or replacement of those facilities cannot be postponed until completion of an agreement with the Yosemite Concessions Services Corporation or any responsible third party to satisfy its repair or replacement obligations for the facilities, or (2) the Federal portion, if any, of the costs of repair or replacement of such concession use facilities: *Provided further*, That nothing herein should be construed as impairing in any way the rights of the United States against the Yosemite Concession Services Corporation or any other party or as relieving the Corporation or any other party of its obligations to the United States: *Provided further*, That prior to any final agreement by the Secretary with the Corporation or any other party concerning its obligation to repair or replace concession use facilities, the Solicitor of the Department of the Interior shall certify that the agreement fully satisfies the obligations of the Corporation or third party: *Provided further*, That nothing herein, or any payments, repairs, or replacements made by the Corporation or a third party in fulfillment of the Corporation's obligations to the United States to repair and replace damaged facilities, shall create any possessory interest for the Corporation or such third party in such repaired or replaced facilities: *Provided further*, That any payments made to the United States by the Corporation or a third party for repair or replacement of concession use facilities shall be deposited in the General Fund of the Treasury or, where facilities are repaired or replaced by the Corporation or any other third party, an equal amount of appropriations for "Construction" shall be rescinded.

Certification.

For an additional amount for "Construction", \$10,000,000, to remain available until expended, to make repairs, construct facilities, and provide visitor transportation and for related purposes at Yosemite National Park.

UNITED STATES GEOLOGICAL SURVEY

SURVEYS, INVESTIGATIONS, AND RESEARCH

For an additional amount for "Surveys, Investigations, and Research", \$4,650,000, to remain available until September 30, 1998, to repair or replace damaged equipment and facilities caused by floods and other natural disasters: *Provided*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

BUREAU OF INDIAN AFFAIRS

OPERATION OF INDIAN PROGRAMS

For an additional amount for "Operation of Indian Programs", \$14,317,000, to remain available until September 30, 1998, for emergency response activities, including emergency school operations, heating costs, emergency welfare assistance, and to repair and replace facilities and resources damaged by snow, floods, and

other natural disasters: *Provided*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

CONSTRUCTION

For an additional amount for “Construction”, \$6,249,000, to remain available until expended, to repair damages caused by floods and other natural disasters: *Provided*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: *Provided further*, That notwithstanding any other provision of law, funds appropriated herein and in Public Law 104-208 to the Bureau of Indian Affairs for repair of the Wapato irrigation project shall be made available on a nonreimbursable basis.

RELATED AGENCIES

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

NATIONAL FOREST SYSTEM

For an additional amount for “National Forest System” for emergency expenses resulting from flooding and other natural disasters, \$39,677,000, to remain available until expended: *Provided*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

RECONSTRUCTION AND CONSTRUCTION

For an additional amount for “Reconstruction and Construction” for emergency expenses resulting from flooding and other natural disasters, \$27,685,000, to remain available until expended: *Provided*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

INDIAN HEALTH SERVICE

INDIAN HEALTH SERVICES

For an additional amount for “Indian Health Services” for emergency expenses resulting from flooding and other natural disasters, \$1,000,000, to remain available until expended: *Provided*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

INDIAN HEALTH FACILITIES

For an additional amount for “Indian Health Facilities” for emergency expenses resulting from flooding and other natural disasters, \$2,000,000, to remain available until expended: *Provided*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

GENERAL PROVISIONS, CHAPTER 5

SEC. 5001. Section 101(c) of Public Law 104-134 is amended as follows: Under the heading “Title III—General Provisions” amend sections 315(c)(1)(A) and 315(c)(1)(B) by striking in each of those sections “104%” and inserting in lieu thereof “100%”; by striking in each of those sections “1995” and inserting in lieu thereof “1994”; and by striking in each of those sections “and thereafter annually adjusted upward by 4%.”

16 USC 460l-6a
note.

SEC. 5002. Section 101(d) of Public Law 104-208 is amended as follows: Under the heading “Administrative Provisions, Indian Health Service” strike the seventh proviso and insert the following in lieu thereof: “: *Provided further*, That with respect to functions transferred by the Indian Health Service to tribes or tribal organizations, the Indian Health Service is authorized to provide goods and services to those entities, on a reimbursable basis, including payment in advance with subsequent adjustment, and the reimbursements received therefrom, along with the funds received from those entities pursuant to the Indian Self Determination Act, may be credited to the same or subsequent appropriation account which provided the funding, said amounts to remain available until expended”.

110 Stat.
3009-213.

SEC. 5003. (a) EXTENSION AND EFFECTIVE DATE.—Section 3711(b)(1) of the San Carlos Apache Tribe Water Rights Settlement Act of 1992 (106 Stat. 4752) is amended by striking “June 30, 1997” and inserting “March 31, 1999”.

Arizona.
25 USC 390 note.

(b) EXTENSION FOR RIVER SYSTEM GENERAL ADJUDICATION.—Section 3711 of such Act is amended by adding at the end the following new subsection:

25 USC 390 note.

“(c) EXTENSION FOR RIVER SYSTEM GENERAL ADJUDICATION.—If, at any time prior to March 31, 1999, the Secretary notifies the Committee on Indian Affairs of the United States Senate or the Committee on Resources in the United States House of Representatives that the Settlement Agreement, as executed by the Secretary, has been submitted to the Superior Court of the State of Arizona in and for Maricopa County for consideration and approval as part of the General Adjudication of the Gila River System and Source, the March 31, 1999, referred to in subsection (b)(1) shall be deemed to be changed to December 31, 1999.”

(c) COUNTIES.—Section 3706(b)(3) of such Act is amended by inserting “Gila, Graham, Greenlee,” after “Maricopa,”.

106 Stat. 4745.

(d) PARTIES TO AGREEMENT.—Section 3703(2) of such Act is amended by adding at the end the following new sentence: “The Gila Valley Irrigation District and the Franklin Irrigation District shall be added as parties to the Agreement, but only so long as none of the aforementioned parties objects to adding the Gila Valley Irrigation and/or the Franklin Irrigation District as parties to the Agreement.”.

106 Stat. 4741.

(e) DEFINITIONS.—Section 3703 of such Act is amended by adding the following new paragraphs:

“(12) ‘Morenci mine complex’ means the lands owned or leased by Phelps Dodge Corporation, now or in the future, delineated in a map as ‘Phelps Dodge Mining, Mineral Processing, and Auxiliary Facilities Water Use Area’, which map is dated March 19, 1996, and is on file with the Secretary of the Interior.

“(13) ‘Upper Eagle Creek Wellfield’ means that area in Greenlee County which is bounded by the eastern boundary of Graham County on the west, the southern boundary of the Black River watershed on the north, a line running north and south 5 miles east of the eastern boundary of Graham County on the east, and the southern boundary of the natural drainage of Cottonwood Canyon on the south.”

(f) BLACK RIVER FACILITIES.—Section 3711 of such Act, as amended by subsection (b) of this Act, is further amended by adding at the end the following:

“(d) BLACK RIVER FACILITIES.—

“(1) IN GENERAL.—The provisions and agreements set forth or referred to in paragraphs (2), (3), and (4) below shall be enforceable against the United States in United States district court, and the immunity of the United States for such purposes and for no other purpose is hereby waived. The provisions and agreements set forth or referred to in paragraphs (2)(A), (3), and (4) below shall be enforceable against the Tribe in United States district court, and the immunity of the Tribe for such purposes and for no other purpose, is hereby waived. The specific agreements made by the Tribe and set forth in paragraph (5) shall be enforceable against the Tribe in United States district court, and the immunity of the Tribe is hereby waived as to such specific agreements and for no other purpose.

“(2) INTERIM PERIOD.—

“(A) As of July 23, 1997, Phelps Dodge shall vacate the reservation and no longer rely upon permit #2000089, dated July 25, 1944. On such date the United States, through the Bureau of Reclamation, shall enter, operate, and maintain the Black River pump station, outbuildings, the pipeline, related facilities, and certain caretaker quarters (hereinafter referred to collectively as the ‘Black River facilities’).

“(B) The United States and Phelps Dodge shall enter into a contract for delivery of water pursuant to subparagraph (C), below. Water for delivery to Phelps Dodge from the Black River shall not exceed an annual average of 40 acre feet per day, or 14,000 acre feet per year. All diversions from Black River to Phelps Dodge shall be junior to the diversion and use of up to 7,300 acre feet per year by the San Carlos Apache Tribe, and no such diversion for Phelps Dodge shall cause the flow of Black River to fall below 20 cubic feet per second. The United States shall account for the costs for operating and maintaining the Black River facilities, and Phelps Dodge shall reimburse the United States for such costs. Phelps Dodge shall pay to the United States, for delivery to the Tribe, the sum of \$20,000 per month, with an annual CPI adjustment from July 23, 1997, for purposes of compensating the Tribe for United States use and occupancy of the Black

River facilities. Phelps Dodge and the Tribe shall cooperate with the United States in effectuating an orderly transfer of the operations of the Black River facilities from Phelps Dodge to the United States.

“(C) Notwithstanding any other provision of law, the contract referred to in subparagraph (B) between the United States and Phelps Dodge which provides for the diversion of water from the Black River into the Black River facilities, and the delivery of such water to Phelps Dodge at that location where the channel of Eagle Creek last exits the reservation for use in the Morenci mine complex and the towns of Clifton and Morenci and at no other location, is ratified and confirmed.

“(D) The power line right-of-way over the Tribe’s Reservation which currently is held by Phelps Dodge shall remain in place. During the interim period, Phelps Dodge shall provide power to the United States for operation of the pump station and related facilities without charge, and Phelps Dodge shall pay a monthly right-of-way fee to the Tribe of \$5,000 per month, with an annual CPI adjustment from July 23, 1997.

“(E) Any questions regarding the water claims associated with Phelps Dodge’s use of the Upper Eagle Creek Wellfield, its diversions of surface water from Eagle Creek, the San Francisco River, Chase Creek, and/or its use of other water supplies are not addressed in this title. No provision in this subsection shall affect or be construed to affect any claims by the Tribe, the United States, or Phelps Dodge to groundwater or surface water.

“(3) FINAL ARRANGEMENTS AND TERMS.—The interim period described in paragraph (2) shall extend until all conditions set forth in paragraph (3)(B) have been satisfied. At such time, the following final arrangements shall apply, based on the terms set forth below. Such terms shall bind the Tribe, the United States, and Phelps Dodge, and shall be enforceable pursuant to subsection (d)(1) of this Act.

“(A) The United States shall hold the Black River facilities in trust for the Tribe, without cost to the Tribe or the United States.

“(B) Responsibility for operation of the Black River facilities shall be transferred from the United States to the Tribe. The United States shall train Tribal members during the interim period, and the responsibility to operate the Black River facilities shall be transferred upon satisfaction of 2 conditions—

“(i) a finding by the United States that the Tribe has completed necessary training and is qualified to operate the Black River facilities; and

“(ii) execution of the contract described in paragraph (3)(E), which contract shall be executed on or before December 31, 1998. In the event that the contract is not executed by December 31, 1998, the transfer described in this subsection shall occur on December 31, 1998 (so long as condition (i) of this subparagraph has been satisfied), based on application of the contract terms described in paragraph (3)(E), which terms shall be enforceable under this Act. Upon the

approval of the Secretary, the Tribe may contract with third parties to operate the Black River facilities.

“(C) Power lines currently operated by Phelps Dodge on the Tribe’s Reservation, and the right-of-way associated with such power lines, shall be surrendered by Phelps Dodge to the Tribe, without cost to the Tribe. Prior to the surrender of the power lines, the Bureau of Reclamation shall arrange for an inspection of the power lines and associated facilities by a qualified third party and shall obtain a certification that such power lines and facilities are of sound design and are in good working order. Phelps Dodge shall pay for the cost of such inspection and certification. Concurrently with the surrender of the power lines and the right-of-way, Phelps Dodge shall construct a switch station at the boundary of the Reservation at which the Tribe may switch power on or off and shall deliver ownership and control of such switch station to the Tribe. Subsequent to the transfer of the power lines and the right-of-way and the delivery of ownership and control of the switch station to the Tribe, Phelps Dodge shall have no further obligation or liability of any nature with respect to the ownership, operation, or maintenance of the power lines, the right-of-way, or the switch station.

“(D) The Tribe and the United States will enter into an exchange agreement with the Salt River Project which will deliver CAP water controlled by the Tribe to the Salt River Project in return for the diversion of water from the Black River into the Black River facilities. The exchange agreement shall be subject to review and approval by Phelps Dodge, which approval shall not be unreasonably withheld. Notwithstanding any other provision of law, the contract referred to in this subparagraph is ratified and confirmed.

“(E) The Tribe, the United States, and Phelps Dodge will execute a contract covering the lease and delivery of CAP water from the Tribe to Phelps Dodge on the following terms:

“(i) The Tribe will lease to Phelps Dodge 14,000 acre feet of CAP water per year as of the date on which the interim period referred to in paragraph (2) expires. The lease shall be subject to the terms and conditions identified in the Tribal CAP Delivery Contract referenced in section 3706(b). The leased CAP water shall be delivered to Phelps Dodge from the Black River pursuant to the exchange referred to in subparagraph (D) above, based on diversions from the Black River that shall not exceed an annual average of 40 acre feet per day and shall not cause the flow of Black River to fall below 20 cubic feet per second. Such CAP water shall be delivered to Phelps Dodge at that location where the channel of Eagle Creek last exits the Reservation, to be utilized in the Morenci mine complex and the towns of Clifton and Morenci, and at no other location.

“(ii) The leased CAP water shall be junior to the diversion and use of up to 7,300 acre feet per year

from the Black and Salt Rivers by the San Carlos Apache Tribe.

“(iii) The lease will be for a term of 50 years or, if earlier, the date upon which mining activities at the Morenci mine complex cease, with a right to renew for an additional 50 years upon a finding by the Secretary that the water is needed for continued mining activities at the Morenci mine complex. The lease shall have the following financial terms:

“(I) The Tribe will lease CAP water at a cost of \$1,200 per acre foot. Phelps Dodge shall pay to the United States, on behalf of the Tribe, the sum of \$5,000,000 upon the earlier of the execution of the agreement, or upon the expiration of the interim period referred to in paragraph (2) hereof, which amount shall be a prepayment for and applicable to the first 4,166 acre feet of CAP water to be delivered in each year during the term of the lease.

“(II) Phelps Dodge shall pay the United States, on behalf of the Tribe, the sum of \$65 per acre foot per year, with an annual CPI adjustment for the remaining 9,834 acre feet of water to be delivered pursuant to the lease each year. Such payments shall be made in advance on January 1 of each year, with a reconciliation made at year-end, if necessary, in the event that less than 14,000 acre feet of CAP water is diverted from the Black River due to shortages in the CAP system or on the Black River.

“(III) Phelps Dodge shall pay in advance each month the Tribe’s reasonable costs associated with the Tribe’s operation, maintenance, and replacement of the Black River facilities for purposes of delivering water to Phelps Dodge pursuant to the lease, which costs shall be based upon the experience of the Bureau of Reclamation in operating the Black River facilities during the interim period referred to in paragraph (2), subject to an annual CPI adjustment, and providing for a credit for power provided by Phelps Dodge to the Tribe. In addition, Phelps Dodge shall pay a monthly fee of \$30,000 to the United States, on behalf of the Tribe, to account for the use of the Tribe’s distribution system.

“(IV) Phelps Dodge shall pay the United States operation, maintenance, and replacement charges associated with the leased CAP water and such reasonable interconnection charges as may be imposed by Salt River Project in connection with the exchange referred to in subparagraph (D) above.

“(iv) Notwithstanding the provisions of section 3707(b), any moneys, except Black River facilities OM&R, CAP OM&R and any charges associated with an exchange agreement with Salt River Project, paid to the United States on behalf of the Tribe from the

lease referred to under paragraph (3)(D)(iii) shall be held in trust by the United States for the benefit of the Tribe. There is hereby established in the Treasury of the United States a fund to be known as the 'San Carlos Apache Tribe Lease Fund' for such purpose. Interest accruing to the Fund may be used by the Tribe for economic and community development purposes upon presentation to the Secretary of a certified copy of a duly enacted resolution of the Tribal Council requesting distribution and a written budget approved by the Tribal Council. Such income may thereafter be expended only in accordance with such budget. Income not distributed shall be added to principal. The United States shall not be liable for any claim or causes of action arising from the Tribe's use or expenditure of moneys distributed from the Fund.

"(v) The lease is not assignable to any third party, except with the consent of the Tribe and Phelps Dodge, and with the approval of the Secretary.

"(vi) Notwithstanding subsection (b) hereof, section 3706 shall be fully effective immediately with respect to the CAP water lease provided for in this subparagraph and the Secretary shall take all actions authorized by section 3706 necessary for purposes of implementing this subparagraph. Notwithstanding any other provision of law, the contract referred to in this subparagraph is ratified and confirmed and shall be enforceable in United States district court. In the event that no lease authorized by this subparagraph is executed, this subparagraph, notwithstanding any other provision of law, shall be enforceable as a lease among the Tribe, the United States, and Phelps Dodge in the United States district court, and the Secretary shall take all action authorized by section 3706 for purposes of implementing this subparagraph in such an event.

"(F) Any questions regarding the water claims associated with Phelps Dodge's use of the Eagle Creek Wellfield, its diversions of surface water from lower Eagle Creek, the San Francisco River, Chase Creek, and/or its use of other water supplies are not addressed by this title. No provision in this subsection shall affect or be construed to affect any claims by the Tribe, the United States, or Phelps Dodge to groundwater or surface water.

"(4) EAGLE CREEK.—From the effective date of this subsection, and during the Interim Period, the Tribe shall not, in any way, impede, restrict, or sue the United States regarding the passage of water from the Black River facilities into those portions of the channels of Willow Creek and Eagle Creek which flow through the Reservation. Phelps Dodge agrees to limit pumping from the Upper Eagle Creek Wellfield so that the combination of water from the Black River facilities and water pumped from the Upper Eagle Creek Wellfield does not exceed 22,000 acre feet per year of delivered water at the Phelps Dodge Lower Eagle Creek Pump Station below the Reservation. In calculating the pumping rates allowed under this subparagraph, transmission losses from Black River

and the Upper Eagle Creek Wellfield shall be estimated, but in no event shall such transmission losses be more than 10 percent of the Black River or Upper Eagle Creek Wellfield water. Based on this agreement, the Tribe shall not, in any way, impede, restrict, or sue Phelps Dodge regarding the passage of water from the Phelps Dodge Upper Eagle Creek Wellfield, except that—

“(A) Phelps Dodge shall pay to the United States, on behalf of the Tribe, \$5,000 per month, with an annual CPI adjustment from July 23, 1997, to account for the passage of such flows; and

“(B) the Tribe and the United States reserve the right to challenge Phelps Dodge’s claims regarding the pumping of groundwater from the Upper Eagle Creek Wellfield, in accordance with paragraphs (2)(E) and (3)(F) above. In the event that a court determines that Phelps Dodge does not have the right to pump the Upper Eagle Creek Wellfield, the Tribe will no longer be subject to the restriction set forth in this subparagraph regarding the passage of water from the Wellfield through the Reservation. Nothing in this subsection shall affect the rights, if any, that Phelps Dodge might claim regarding the flow of water in the channel of Eagle Creek in the absence of this subsection.

“(5) PAST CLAIMS.—The Act does not address claims relating to Phelps Dodge’s prior occupancy and operation of the Black River facilities. The Tribe agrees not to bring any such claims against the United States. The Tribe also agrees that within 30 days after Phelps Dodge has vacated the Reservation, it shall dismiss with prejudice the suit that it has filed in Tribal Court against Phelps Dodge (*The San Carlos Apache Tribe v. Phelps Dodge, et al.*, Case No. C-97-118), which such dismissal shall not be considered a decision on the merits, and any claims that it might assert against Phelps Dodge in connection with Phelps Dodge’s prior occupancy and operation of the Black River facilities shall be brought exclusively in the United States district court.

“(6) RELATIONSHIP TO SETTLEMENT.—

“(A) The term ‘Agreement’, as defined by section 3703(2), shall not include Phelps Dodge.

“(B) Section 3706(j) and section 3705(f) shall be repealed and shall have no effect.

106 Stat. 4745,
4744.

“(7) RATIFICATION OF SETTLEMENT.—The agreement between the San Carlos Apache Tribe, the Phelps Dodge Corporation, and the Secretary of the Interior, as set forth in this subsection, is hereby ratified and approved.”.

(g) TECHNICAL AMENDMENT.—Section 3702(a)(3) is amended by striking “qualification” and inserting “quantification”.

106 Stat. 4740.

SEC. 5004. Paragraph (5) of section 104(c) of the Marine Mammal Protection Act of 1972 (16 U.S.C. 1374(c)(5)) is amended as follows:

(1) In subparagraph (A), by striking “, including polar bears taken but not imported prior to the date of enactment of the Marine Mammal Protection Act Amendments of 1994,”.

(2) By adding the following new subparagraph at the end thereof:

Permits.
Polar bears.
Canada.

“(D) The Secretary of the Interior shall, expeditiously after the expiration of the applicable 30 day period under subsection (d)(2), issue a permit for the importation of polar bear parts (other than internal organs) from polar bears taken in sport hunts in Canada before the date of enactment of the Marine Mammal Protection Act Amendments of 1994, to each applicant who submits, with the permit application, proof that the polar bear was legally harvested in Canada by the applicant. The Secretary shall issue such permits without regard to the provisions of subparagraphs (A) and (C)(ii) of this paragraph, subsection (d)(3) of this section, and sections 101 and 102. This subparagraph shall not apply to polar bear parts that were imported before the effective date of this subparagraph.”.

CHAPTER 6

DEPARTMENT OF HEALTH AND HUMAN SERVICES

HEALTH RESOURCES AND SERVICES ADMINISTRATION

HEALTH EDUCATION ASSISTANCE LOANS PROGRAM

110 Stat.
3009-243.

Public Law 104-208, under the heading “Health Education Assistance Loans Program” is amended by inserting after “\$140,000,000” the following: “: *Provided further*, That the Secretary may use up to \$499,000 derived by transfer from insurance premiums collected from guaranteed loans made under title VII of the Public Health Service Act for the purpose of carrying out section 709 of that Act”.

ADMINISTRATION FOR CHILDREN AND FAMILIES

CHILDREN AND FAMILIES SERVICES PROGRAMS

110 Stat.
3009-251.

Public Law 104-208, under the heading titled “Children and Families Services Programs” is amended by inserting after the reference to “part B(1) of title IV” the following: “and section 1110”.

OFFICE OF THE SECRETARY

PUBLIC HEALTH AND SOCIAL SERVICES EMERGENCY FUND

For expenses necessary to support high priority health research, \$15,000,000, to remain available until expended: *Provided*, That the Secretary shall award such funds on a competitive basis.

DEPARTMENT OF EDUCATION

EDUCATION FOR THE DISADVANTAGED

For additional amounts to carry out subpart 2 of part A of title I of the Elementary and Secondary Education Act of 1965, \$101,133,000, of which \$78,362,000 shall be for Basic Grants and \$22,771,000 shall be for Concentration Grants, which shall be allocated, notwithstanding any other provision of law, only to those States, and counties within those States, that will receive, from funds available under the Department of Education Appropriations Act, 1997, smaller allocations for Grants to Local Educational Agencies than they would have received had those allocations been

calculated entirely on the basis of child poverty counts from the 1990 census: *Provided*, That the Secretary of Education shall use these additional funds to provide those States with 50 percent of the difference between the allocations they would have received had the allocations under that Appropriations Act been calculated entirely on the basis of the 1990 census data and the allocations under the 1997 Appropriations Act: *Provided further*, That if any State's total allocation under that Appropriations Act and this paragraph is less than its 1996 allocation for that subpart, that State shall receive, under this paragraph, the amount the State would have received had that allocation been calculated entirely on the basis of child poverty counts from the 1990 census: *Provided further*, That the Secretary shall ratably reduce the allocations to States under the preceding proviso for either Basic Grants or Concentration Grants, or both, as the case may be, if the funds available are insufficient to make those allocations in full: *Provided further*, That the Secretary shall allocate, to such counties in each such State, additional amounts for Basic Grants and Concentration Grants that are in the same proportion, respectively, to the total amounts allocated to the State, as the differences between such counties' initial allocations for Basic Grants and Concentration Grants, respectively (compared to what they would have received had the initial allocations been calculated entirely on the basis of 1990 census data), are to the differences between the State's initial allocations for Basic Grants and Concentration Grants, respectively (compared to the amounts the State would have received had the initial allocations been calculated entirely on the basis of 1990 census data): *Provided further*, That the funds appropriated under this paragraph shall become available on July 1, 1997 and shall remain available through September 30, 1998: *Provided further*, That the additional amounts appropriated under this paragraph shall not be taken into account in determining State allocations under any other program administered by the Secretary.

RELATED AGENCY

NATIONAL COMMISSION ON THE COST OF HIGHER EDUCATION

SALARIES AND EXPENSES

For necessary expenses for the National Commission on the Cost of Higher Education, \$650,000, to remain available until expended.

GENERAL PROVISIONS, CHAPTER 6

SEC. 6001. Notwithstanding any other provision of law, fiscal year 1995 funds awarded under State-administered programs of the Department of Education and funds awarded for fiscal year 1996 for State-administered programs under the Rehabilitation Act of the Department of Education to recipients in Presidentially declared disaster areas, which were declared as such during fiscal year 1997, are available to those recipients for obligation until September 30, 1998: *Provided*, That for the purposes of assisting those recipients, the Secretary's waiver authority under section 14401 of the Elementary and Secondary Education Act of 1965

shall be extended to all State-administered programs of the Department of Education. This special waiver authority applies only to funds awarded for fiscal years 1995, 1996, and 1997.

SEC. 6002. Notwithstanding any other provision of law, the Secretary of Education may waive or modify any statutory or regulatory provision applicable to the student financial aid programs under title IV of the Higher Education Act that the Secretary deems necessary to assist individuals and other program participants who suffered financial harm from natural disasters and who, at the time the disaster struck were operating, residing at, or attending an institution of higher education, or employed within these areas on the date which the President declared the existence of a major disaster (or, in the case of an individual who is a dependent student, whose parent or stepparent suffered financial harm from such disaster, and who resided, or was employed in such an area at that time): *Provided further*, That such authority shall be in effect only for awards for award years 1996-1997 and 1997-1998.

SEC. 6003. None of the funds provided in this Act or in any other Act making appropriations for fiscal year 1997 may be used to administer or implement in Denver, Colorado, the Medicare Competitive Pricing/Open Enrollment Demonstration, as titled in the April 1, 1997, Final Request for Proposals (RFP).

SEC. 6004. EMERGENCY USE OF CHILD CARE FUNDS.

(a) IN GENERAL.—Notwithstanding any other provision of law, during the period beginning on April 30, 1997, and ending on July 30, 1997, the Governors of the States described in paragraph (1) of subsection (b) may, subject to subsection (c), use amounts received for the provision of child care assistance or services under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9801 et seq.) to provide emergency child care services to individuals described in paragraph (2) of subsection (b).

(b) ELIGIBILITY.—

(1) OF STATES.—A State described in this paragraph is a State in which the President, pursuant to section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121), has determined that a major disaster exists, or that an area within the State is determined to be eligible for disaster relief under other Federal law by reason of damage related to flooding in 1997.

(2) OF INDIVIDUALS.—An individual described in this subsection is an individual who—

(A) resides within any area in which the President, pursuant to section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121), has determined that a major disaster exists, or within an area determined to be eligible for disaster relief under other Federal law by reason of damage related to flooding in 1997; and

(B) is involved in unpaid work activities (including the cleaning, repair, restoration, and rebuilding of homes, businesses, and schools) resulting from the flood emergency described in subparagraph (A).

(c) LIMITATIONS.—

(1) REQUIREMENTS.—With respect to assistance provided to individuals under this section, the quality, certification and

licensure, health and safety, nondiscrimination, and other requirements applicable under the Federal programs referred to in subsection (a) shall apply to child care provided or obtained under this section.

(2) AMOUNT OF FUNDS.—The total amount utilized by each of the States under subsection (a) during the period referred to in such subsection shall not exceed the total amount of such assistance that, notwithstanding the enactment of this section, would otherwise have been expended by each such State in the affected region during such period.

(d) PRIORITY.—In making assistance available under this section, the Governors described in subsection (a) shall give priority to eligible individuals who do not have access to income, assets, or resources as a direct result of the flooding referred to in subsection (b)(2)(A).

EXTENSION OF SSI REDETERMINATION PROVISIONS

SEC. 6005. (a) Section 402(a)(2)(D)(i) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(D)(i)) is amended—

(1) in subclause (I), by striking “the date which is 1 year after such date of enactment,” and inserting “September 30, 1997,”; and

(2) in subclause (III), by striking “the date of the redetermination with respect to such individual” and inserting “September 30, 1997,”.

(b) The amendment made by subsection (a) shall be effective as if included in the enactment of section 402 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Effective date.
8 USC 1612 note.

CHAPTER 7

CONGRESSIONAL OPERATIONS

SENATE

CONTINGENT EXPENSES OF THE SENATE

SECRETARY OF THE SENATE

(TRANSFER OF FUNDS)

For an additional amount for expenses of the “Office of the Secretary of the Senate”, to carry out the provisions of section 8 of the Legislative Branch Appropriations Act, 1997, \$5,000,000, to remain available until September 30, 2000, to be derived by transfer from funds previously appropriated from fiscal year 1997 funds under the heading “SENATE”, subject to the approval of the Committee on Appropriations.

HOUSE OF REPRESENTATIVES

PAYMENTS TO WIDOWS AND HEIRS OF DECEASED MEMBERS OF CONGRESS

For payment to Marissa, Sonya, and Frank (III) Tejada, children of Frank Tejada, late a Representative from the State of Texas, \$133,600.

Marissa Tejada.
Sonya Tejada.
Frank Tejada,
III.

OTHER AGENCY

BOTANIC GARDEN

SALARIES AND EXPENSES

For an additional amount for “Salaries and Expenses, Botanic Garden”, \$33,500,000, to remain available until expended, for emergency repair and renovation of the Conservatory.

GENERAL PROVISIONS, CHAPTER 7

SEC. 7001. Section 105(f) of the Legislative Branch Appropriation Act, 1968 (2 U.S.C. 61-1(f)) is amended by adding at the end the following: “The limitation on the minimum rate of gross compensation under this subsection shall not apply to any member or civilian employee of the Capitol Police whose compensation is disbursed by the Secretary of the Senate.”.

2 USC 59-1.

SEC. 7002. (a) Notwithstanding any other provision of law or regulation, with the approval of the Committee on Rules and Administration of the Senate, the Sergeant at Arms and Doorkeeper of the Senate is authorized to provide additional facilities, services, equipment, and office space for use by a Senator in that Senator’s State in connection with a disaster or emergency declared by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. Expenses incurred by the Sergeant at Arms and Doorkeeper of the Senate under this section shall be paid from the appropriation account, within the contingent fund of the Senate, for expenses of the Office of the Sergeant at Arms and Doorkeeper of the Senate, upon vouchers signed by the Sergeant at Arms and Doorkeeper of the Senate with the approval of the Committee on Rules and Administration of the Senate.

Effective date.

(b) This section is effective on and after the date of enactment of this Act.

SEC. 7003. (a) Section 2 of Public Law 100-71 (2 U.S.C. 65f) is amended by adding at the end the following:

“(c) Upon the written request of the Secretary of the Senate, with the approval of the Committee on Appropriations of the Senate, there shall be transferred any amount of funds available under subsection (a) specified in the request, but not to exceed \$10,000 in any fiscal year, from the appropriation account (within the contingent fund of the Senate) for expenses of the Office of the Secretary of the Senate to the appropriation account for the expense allowance of the Secretary of the Senate. Any funds so transferred shall be available in like manner and for the same purposes as are other funds in the account to which the funds are transferred.”.

Effective date.
2 USC 65f note.

(b) The amendment made by subsection (a) shall be effective with respect to appropriations for fiscal years beginning on or after October 1, 1996.

41 USC 253/-1.

SEC. 7004. The Comptroller General may use available funds, now and hereafter, to enter into contracts for the acquisition of severable services for a period that begins in one fiscal year and ends in the next fiscal year and to enter in multiyear contracts for the acquisition of property and nonaudit-related services, to the same extent as executive agencies under the authority of sections 303L and 304B, respectively, of the Federal Property and Administrative Services Act (41 U.S.C. 253l and 254c).

CHAPTER 8

DEPARTMENT OF TRANSPORTATION

COAST GUARD

OPERATING EXPENSES

For an additional amount for “Operating Expenses”, \$1,600,000, for necessary expenses directly related to support activities in the TWA Flight 800 crash investigation, to remain available until expended.

RETIRED PAY

For an additional amount for “Retired Pay”, \$9,200,000.

FEDERAL HIGHWAY ADMINISTRATION

FEDERAL-AID HIGHWAYS

EMERGENCY RELIEF PROGRAM

(HIGHWAY TRUST FUND)

For an additional amount for the Emergency Relief Program for emergency expenses resulting from flooding and other natural disasters, as authorized by 23 U.S.C. 125, \$650,000,000, to be derived from the Highway Trust Fund and to remain available until expended: *Provided*, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: *Provided further*, That 23 U.S.C. 125(b)(1) shall not apply to projects resulting from the December 1996 and January 1997 flooding in the western States.

FEDERAL-AID HIGHWAYS

(LIMITATION ON OBLIGATIONS)

(HIGHWAY TRUST FUND)

The limitation under this heading in Public Law 104-205 is increased by \$694,810,534: *Provided*, That such additional authority shall remain available during fiscal year 1997: *Provided further*, That notwithstanding any other provision of law, the authority provided herein above shall be distributed to ensure that States receive an amount they would have received had the Highway Trust Fund fiscal year 1994 income statement not been understated prior to the revision on December 24, 1996: *Provided further*, That notwithstanding any other provision of law, \$318,077,043 of the amount provided herein above shall be distributed to assure that States receive obligation authority that they would have received had the Highway Trust Fund fiscal year 1995 income statement not been revised on December 24, 1996: *Provided further*, That the remaining authority provided herein above shall be distributed to those States whose share of Federal-aid obligation limitation under section 310 of Public Law 104-205 is less than the amount such States received under section 310(a) of Public Law 104-50 in fiscal year 1996 in a ratio equal to the amounts necessary

to bring each such State to the Federal-aid obligation limitation distributed under section 310(a) of Public Law 104-50.

FEDERAL RAILROAD ADMINISTRATION

EMERGENCY RAILROAD REHABILITATION AND REPAIR

For necessary expenses to repair and rebuild freight rail lines of regional and short line railroads or a State entity damaged by floods, \$18,900,000, to be awarded subject to the discretion of the Secretary on a case-by-case basis: *Provided*, That up to \$900,000 shall be solely for damage incurred in West Virginia in September 1996 and \$18,000,000 shall be solely for damage incurred in the Northern Plains States in March and April 1997: *Provided further*, That funds provided under this head shall be available for rehabilitation of railroad rights-of-way, bridges, and other facilities which are part of the general railroad system of transportation, and primarily used by railroads to move freight traffic: *Provided further*, That railroad rights-of-way, bridges, and other facilities owned by class I railroads are not eligible for funding under this head unless the rights-of-way, bridges or other facilities are under contract lease to a class II or class III railroad under which the lessee is responsible for all maintenance costs of the line: *Provided further*, That railroad rights-of-way, bridges and other facilities owned by passenger railroads, or by tourist, scenic, or historic railroads are not eligible for funding under this head: *Provided further*, That these funds shall be available only to the extent an official budget request, for a specific dollar amount, that includes designation of the entire amount as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: *Provided further*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: *Provided further*, That all funds made available under this head are to remain available until September 30, 1997.

RELATED AGENCY

NATIONAL TRANSPORTATION SAFETY BOARD

SALARIES AND EXPENSES

For an additional amount for “Salaries and Expenses”, for emergency expenses resulting from the crashes of TWA Flight 800, ValuJet Flight 592, and Comair Flight 3272, and for assistance to families of victims of aviation accidents as authorized by Public Law 104-264, \$29,859,000, of which \$4,877,000 shall remain available until expended: *Provided*, That these funds shall be available only to the extent an official budget request, for a specific dollar amount, that includes designation of the entire amount as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: *Provided further*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and

Emergency Deficit Control Act of 1985, as amended: *Provided further*, That notwithstanding any other provision of law, not more than \$10,330,000 shall be provided by the National Transportation Safety Board to the Department of the Navy as reimbursement for costs incurred in connection with recovery of wreckage from TWA Flight 800 and shall be credited to the appropriation contained in the Omnibus Consolidated Appropriations Act, 1997, which is available for the same purpose as the appropriation originally charged for the expense for which the reimbursements are received, to be merged with, and to be available for the same purpose as the appropriation to which such reimbursements are credited: *Provided further*, That notwithstanding any other provision of law, of the amount provided to the National Transportation Safety Board, not more than \$6,059,000 shall be made available to the State of New York and local counties in New York, as reimbursement for costs incurred in connection with the crash of TWA Flight 800: *Provided further*, That notwithstanding any other provision of law, of the amount provided, not more than \$3,100,000 shall be made available to Metropolitan Dade County, Florida as reimbursement for costs incurred in connection with the crash of ValuJet Flight 592: *Provided further*, That notwithstanding any other provision of law, of the amount provided, not more than \$300,000 shall be made available to Monroe County, Michigan as reimbursement for costs incurred in connection with the crash of Comair Flight 3272.

GENERAL PROVISIONS, CHAPTER 8

SEC. 8001. Title I of the Department of Transportation and Related Agencies Appropriations Act, 1997 (Public Law 104-205) is amended under the heading “Federal Transit Administration—Discretionary Grants” by striking “\$661,000,000” and inserting “\$661,000”. 110 Stat. 2964.

SEC. 8002. Section 325 of title III of the Department of Transportation and Related Agencies Appropriations Act, 1997 (Public Law 104-205) is amended by deleting all text following: “*Provided*, That such funds shall not be subject to the obligation limitation for Federal-aid highways and highway safety construction.”. 110 Stat. 2973.

SEC. 8003. Section 410(j) of title 23, United States Code, is amended by striking the period after “1997” and inserting “, and an additional \$500,000 for fiscal year 1997.”.

SEC. 8004. Section 30308(a) of title 49, United States Code, is amended by striking “and 1996” and inserting “, 1996, and 1997”.

CHAPTER 9

DEPARTMENT OF THE TREASURY

DEPARTMENTAL OFFICES

SALARIES AND EXPENSES

For an additional amount under the heading “Departmental Offices, Salaries and Expenses”, \$1,950,000: *Provided*, That the Secretary of the Treasury may utilize the law enforcement services, personnel, equipment, and facilities of the State of Colorado, the

County of Denver, and the City of Denver, with their consent, and shall reimburse the State of Colorado, the County of Denver, and the City of Denver for the utilization of such law enforcement services, personnel (for salaries, overtime, and benefits), equipment, and facilities for security arrangements for the Denver Summit of Eight being held June 20 through June 22, 1997, in Denver, Colorado subject to verification of appropriate costs.

COUNTER-TERRORISM AND DRUG LAW ENFORCEMENT

DEPARTMENT OF THE TREASURY

UNITED STATES CUSTOMS SERVICE

SALARIES AND EXPENSES

Of the funds made available under this heading in Public Law 104-208, \$16,000,000 shall be available until September 30, 1998 to develop further the Automated Targeting System.

U.S. POSTAL SERVICE

PAYMENT TO THE POSTAL SERVICE FUND

For an additional amount for the Postal Service Fund for revenue forgone on free and reduced rate mail, pursuant to subsection (d) of section 2401 of title 39, United States Code, \$5,383,000.

GENERAL PROVISIONS, CHAPTER 9

SEC. 9001. The Administrator of General Services is authorized to obligate the funds appropriated in Public Law 104-208 for construction of the Montgomery, Alabama courthouse.

SEC. 9002. None of the funds appropriated or made available in this Act or any other Act may be used by the General Services Administration to implement section 1555 of the Federal Acquisition Streamlining Act of 1994 (Public Law 103-355) prior to the date of adjournment of the first session of the 105th Congress.

SEC. 9003. (a) The Bureau of Engraving and Printing and the Department of the Treasury shall not award a contract for Solicitation No. BEP-97-13(TN) or Solicitation No. BEP-96-13(TN) until the General Accounting Office (GAO) has completed a comprehensive analysis of the optimum circumstances for government procurement of distinctive currency paper. The GAO shall report its findings to the House and Senate Committees on Appropriations no later than August 1, 1998.

(b) The contractual term of the distinctive currency paper “bridge” contract shall not exceed 24 months, and the contract shall not be effective until the Secretary of the Department of the Treasury certifies that the price under the terms of any “bridge” contract is fair and reasonable and that the terms of any “bridge” contract are customary and appropriate according to Federal procurement regulations. In addition, the Secretary of the Treasury shall report to the Committees on Appropriations on the price and profit levels of any “bridge” contract at the time of certification.

SEC. 9004. (a) Chapter 63 of title 5, United States Code, is amended by adding after subchapter V the following:

“SUBCHAPTER VI—LEAVE TRANSFER IN DISASTERS AND
EMERGENCIES

**“§ 6391. Authority for leave transfer program in disasters
and emergencies**

“(a) For the purpose of this section—

“(1) ‘employee’ means an employee as defined in section 6331(1); and

“(2) ‘agency’ means an Executive agency.

“(b) In the event of a major disaster or emergency, as declared by the President, that results in severe adverse effects for a substantial number of employees, the President may direct the Office of Personnel Management to establish an emergency leave transfer program under which any employee in any agency may donate unused annual leave for transfer to employees of the same or other agencies who are adversely affected by such disaster or emergency.

“(c) The Office shall establish appropriate requirements for the operation of the emergency leave transfer program under subsection (b), including appropriate limitations on the donation and use of annual leave under the program. An employee may receive and use leave under the program without regard to any requirement that any annual leave and sick leave to a leave recipient’s credit must be exhausted before any transferred annual leave may be used.

“(d) A leave bank established under subchapter IV may, to the extent provided in regulations prescribed by the Office, donate annual leave to the emergency leave transfer program established under subsection (b).

“(e) Except to the extent that the Office may prescribe by regulation, nothing in section 7351 shall apply to any solicitation, donation, or acceptance of leave under this section.

“(f) The Office shall prescribe regulations necessary for the administration of this section.” Regulations.

(b) The analysis for chapter 63 of title 5, United States Code, is amended by adding at the end the following:

“SUBCHAPTER VI—LEAVE TRANSFER IN DISASTERS AND EMERGENCIES
“6391. Authority for leave transfer program in disasters and emergencies.”.

CHAPTER 10

DEPARTMENT OF VETERANS AFFAIRS

VETERANS BENEFITS ADMINISTRATION

COMPENSATION AND PENSIONS

For an additional amount for “Compensation and pensions”, \$928,000,000, to remain available until expended.

ADMINISTRATIVE PROVISION

The Secretary of Veterans Affairs may carry out the construction of a multi-story parking garage at the Department of Veterans Affairs medical center in Cleveland, Ohio, in the amount of \$12,300,000, and there is authorized to be appropriated for fiscal

year 1997 for the Parking Revolving Fund account, a total of \$12,300,000 for this project.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING PROGRAMS

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

Notwithstanding any other provision of law, of the \$1,000,000 appropriated for special purpose grants in Public Law 102-139, for a parking garage in Ashland, Kentucky, \$500,000 shall be made available instead for use in acquiring parking in Ashland, Kentucky and \$500,000 shall be made available instead for the restoration of the Paramount Theater in Ashland, Kentucky.

PRESERVING EXISTING HOUSING INVESTMENT

For an additional amount for “Preserving existing housing investment”, to be made available for use in conjunction with properties that are eligible for assistance under the Low-Income Housing Preservation and Resident Homeownership Act of 1990 or the Emergency Low Income Housing Preservation Act of 1987, \$3,500,000, to remain available until expended: *Provided*, That up to such amount shall be for a project in Syracuse, New York, the processing for which was suspended, deferred or interrupted for a period of nine months or more because of differing interpretations, by the Secretary of Housing and Urban Development and an owner, concerning the timing of the ability of an uninsured section 236 property to prepay, or by the Secretary and a State rent regulatory agency concerning the effect of a presumptively applicable State rent control law or regulation on the determination of preservation value under section 213 of such Act, if the owner of such project filed a notice of intent to extend the low-income affordability restrictions of the housing on or before August 23, 1993, and the Secretary approved the plan of action on or before July 25, 1996.

CAPACITY BUILDING FOR COMMUNITY DEVELOPMENT AND AFFORDABLE HOUSING

(TRANSFER OF FUNDS)

For “Capacity building for community development and affordable housing”, as authorized by section 4 of the HUD Demonstration Act of 1993 (Public Law 103-120), \$30,200,000, to remain available until expended, and to be derived by transfer from the Homeownership and Opportunity for People Everywhere Grants account: *Provided*, That at least \$10,000,000 of the funding under this head be used in rural areas, including tribal areas.

COMMUNITY PLANNING AND DEVELOPMENT

COMMUNITY DEVELOPMENT BLOCK GRANTS FUND

For an additional amount for “Community development block grants fund”, as authorized under title I of the Housing and Community Development Act of 1974, \$500,000,000, of which \$250,000,000 shall become available for obligation on October 1, 1997, all of which shall remain available until September 30, 2000, for use

only for buyouts, relocation, long-term recovery, and mitigation in communities affected by the flooding in the upper Midwest and other disasters in fiscal year 1997 and such natural disasters designated 30 days prior to the start of fiscal year 1997, except those activities reimbursable or for which funds are made available by the Federal Emergency Management Agency, the Small Business Administration, or the Army Corps of Engineers: *Provided*, That in administering these amounts, the Secretary may waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary or the use by the recipient of these funds, except for statutory requirements related to civil rights, fair housing and nondiscrimination, the environment, and labor standards, upon a finding that such waiver is required to facilitate the use of such funds, and would not be inconsistent with the overall purpose of the statute: *Provided further*, That the Secretary of Housing and Urban Development shall publish a notice in the Federal Register governing the use of community development block grants funds in conjunction with any program administered by the Director of the Federal Emergency Management Agency for buyouts for structures in disaster areas: *Provided further*, That for any funds under this head used for buyouts in conjunction with any program administered by the Director of the Federal Emergency Management Agency, each State or unit of general local government requesting funds from the Secretary of Housing and Urban Development for buyouts shall submit a plan to the Secretary which must be approved by the Secretary as consistent with the requirements of this program: *Provided further*, That the Secretary of Housing and Urban Development and the Director of the Federal Emergency Management Agency shall submit quarterly reports to the House and Senate Committees on Appropriations on all disbursements and uses of funds for or associated with buyouts: *Provided further*, That for purposes of disasters eligible under this head the Secretary of Housing and Urban Development may waive, on a case-by-case basis and upon such other terms as the Secretary may specify, in whole or in part, the requirements that activities benefit persons of low- and moderate-income pursuant to section 122 of the Housing and Community Development Act of 1974, and may waive, in whole or in part, the requirements that housing qualify as affordable housing pursuant to section 290 of the HOME Investment Partnerships Act: *Provided further*, That the entire amount shall be available only to the extent an official budget request, that includes designation of the entire amount of the request as an emergency requirement as defined by the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: *Provided further*, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

Federal Register,
publication.

Reports.

MANAGEMENT AND ADMINISTRATION

SALARIES AND EXPENSES

Of the funds appropriated under this head in Public Law 104-204, the Secretary of Housing and Urban Development shall enter into a contract with the National Academy of Public Administration not to exceed \$1,000,000 no later than one month after enactment

Contracts.

of this Act for an evaluation of the Department of Housing and Urban Development's management systems.

INDEPENDENT AGENCIES

ENVIRONMENTAL PROTECTION AGENCY

BUILDINGS AND FACILITIES

From the amounts appropriated under this heading in prior appropriation Acts for the Center for Ecology Research and Training (CERT), the Environmental Protection Agency (EPA) shall, after the closing of the period for filing CERT-related claims pursuant to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601 et seq.), obligate the maximum amount of funds necessary to settle all outstanding CERT-related claims against the EPA pursuant to such Act. To the extent that unobligated balances then remain from such amounts previously appropriated, the EPA is authorized beginning in fiscal year 1997 to make grants to the City of Bay City, Michigan, for the purpose of EPA-approved environmental remediation and rehabilitation of publicly owned real property included in the boundaries of the CERT project.

STATE AND TRIBAL ASSISTANCE GRANTS

The funds appropriated in Public Law 104-204 to the Environmental Protection Agency under this heading for grants to States and federally recognized tribes for multi-media or single media pollution prevention, control, and abatement and related activities, \$674,207,000, may also be used for the direct implementation by the Federal Government of a program required by law in the absence of an acceptable State or tribal program.

FEDERAL EMERGENCY MANAGEMENT AGENCY

DISASTER RELIEF

For an additional amount for "Disaster relief", \$3,300,000,000, to remain available until expended: *Provided*, That \$2,300,000,000 shall become available for obligation on September 30, 1997, but shall not become available until the Director of the Federal Emergency Management Agency submits to the Congress a legislative proposal to control disaster relief expenditures including the elimination of funding for certain revenue producing facilities: *Provided further*, That of the funds made available under this heading, up to \$20,000,000 may be transferred to the Disaster Assistance Direct Loan Program for the cost of direct loans as authorized under section 417 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.): *Provided further*, That such transfer may be made to subsidize gross obligations for the principal amount of direct loans not to exceed \$21,000,000 under section 417 of the Stafford Act: *Provided further*, That any such transfer of funds shall be made only upon certification by the Director of the Federal Emergency Management Agency that all requirements of section 417 of the Stafford Act will be complied with: *Provided further*, That the entire amount appropriated herein shall be available only to the extent that an official budget request

for a specific dollar amount, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to Congress: *Provided further*, That the entire amount appropriated herein is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

GENERAL PROVISIONS, CHAPTER 10

SEC. 10001. The Secretary shall submit semi-annually to the Committees on Appropriations a list of all contracts and task orders issued under such contracts in excess of \$250,000 which were entered into during the prior 6-month period by the Secretary, the Government National Mortgage Association, and the Office of Federal Housing Enterprise Oversight (or by any officer of the Department of Housing and Urban Development, the Government National Mortgage Association, or the Office of Federal Housing Enterprise Oversight acting in his or her capacity to represent the Secretary or these entities). Each listing shall identify the parties to the contract, the term and amount of the contract, and the subject matter and responsibilities of the parties to the contract.

Records.
Contracts.
42 USC 3548.

SEC. 10002. Section 8(c)(9) of the United States Housing Act of 1937 is amended by striking out “Not less than one year prior to terminating any contract” and inserting in lieu thereof: “Not less than 180 days prior to terminating any contract”.

42 USC 1437f.

SEC. 10003. The first sentence of section 542(c)(4) of the Housing and Community Development Act of 1992 is amended by striking out “on not more than 12,000 units during fiscal year 1996” and inserting in lieu thereof: “on not more than 12,000 units during fiscal year 1996 and not more than an additional 7,500 units during fiscal year 1997”.

12 USC 1707
note.

SEC. 10004. Section 4(a) and (b)(3) of the HUD Demonstration Act of 1993 is amended by inserting after “National Community Development Initiative”: “, Local Initiatives Support Corporation, The Enterprise Foundation, Habitat for Humanity, and Youthbuild USA”.

42 USC 9816
note.

SEC. 10005. Section 234(c) of the National Housing Act is amended by inserting after “203(b)(2)” the following: “or pursuant to section 203(h) under the conditions described in section 203(h)”.

12 USC 1715y.

SEC. 10006. Section 211(b)(4)(B) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (Public Law 104-204) is amended by inserting the following at the end: “The term ‘owner’, as used in this subparagraph, in addition to it having the same meaning as in section 8(f) of the United States Housing Act of 1937, also means an affiliate of the owner. The term ‘affiliate of the owner’ means any person or entity (including, but not limited to, a general partner or managing member, or an officer of either) that controls an owner, is controlled by an owner, or is under common control with the owner. The term ‘control’ means the direct or indirect power (under contract, equity ownership, the right to vote or determine a vote, or otherwise) to direct the financial, legal, beneficial, or other interests of the owner.”.

42 USC 1437f
note.

CHAPTER 11

OFFSETS AND RESCISSIONS

DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

FUND FOR RURAL AMERICA

Of the funds provided on January 1, 1997 for section 793 of Public Law 104-127, Fund for Rural America, not more than \$80,000,000 shall be available.

FOOD AND CONSUMER SERVICE

THE EMERGENCY FOOD ASSISTANCE PROGRAM

Notwithstanding section 27(a) of the Food Stamp Act, the amount specified for allocation under such section for fiscal year 1997 shall be \$80,000,000.

FOREIGN AGRICULTURAL SERVICE AND GENERAL SALES MANAGER

EXPORT CREDIT

None of the funds made available in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1997, Public Law 104-180, may be used to pay the salaries and expenses of personnel to carry out a combined program for export credit guarantees, supplier credit guarantees, and emerging democracies facilities guarantees at a level which exceeds \$3,500,000,000.

EXPORT ENHANCEMENT PROGRAM

None of the funds appropriated or otherwise made available in Public Law 104-180 shall be used to pay the salaries and expenses of personnel to carry out an export enhancement program if the aggregate amount of funds and/or commodities under such program exceeds \$10,000,000.

DEPARTMENT OF JUSTICE

GENERAL ADMINISTRATION

WORKING CAPITAL FUND

(RESCISSION)

Of the unobligated balances available under this heading, \$6,400,000 are rescinded.

LEGAL ACTIVITIES

ASSETS FORFEITURE FUND

(RESCISSION)

Of the amounts made available to the Attorney General on October 1, 1996, from surplus balances declared in prior years

pursuant to 28 U.S.C. 524(c), authority to obligate \$3,000,000 of such funds in fiscal year 1997 is rescinded.

IMMIGRATION AND NATURALIZATION SERVICE

CONSTRUCTION

(RESCISSION)

Of the unobligated balances under this heading from amounts made available in Public Law 103-317, \$1,000,000 are rescinded.

DEPARTMENT OF COMMERCE

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

INDUSTRIAL TECHNOLOGY SERVICES

(RESCISSION)

Of the unobligated balances available under this heading for the Advanced Technology Program, \$7,000,000 are rescinded.

RELATED AGENCIES

FEDERAL COMMUNICATIONS COMMISSION

SALARIES AND EXPENSES

(RESCISSION)

Of the unobligated balances available under this heading, \$1,000,000 are rescinded.

OUNCE OF PREVENTION COUNCIL

(RESCISSION)

Of the amounts made available under this heading in Public Law 104-208, \$1,000,000 are rescinded.

DEPARTMENT OF ENERGY

ENERGY PROGRAMS

ENERGY SUPPLY, RESEARCH AND DEVELOPMENT ACTIVITIES

(RESCISSION)

Of the funds made available under this heading in Public Law 104-206 and prior years' Energy and Water Development Appropriations Acts, \$11,180,000 are rescinded.

CLEAN COAL TECHNOLOGY

(RESCISSION)

Of the funds made available under this heading for obligation in fiscal year 1997 or prior years, \$17,000,000 are rescinded: *Provided*, That funds made available in previous appropriations Acts

shall be available for any ongoing project regardless of the separate request for proposal under which the project was selected.

STRATEGIC PETROLEUM RESERVE

(RESCISSION)

Of the funds made available under this heading in previous appropriations Acts, \$11,000,000 are rescinded.

POWER MARKETING ADMINISTRATIONS

CONSTRUCTION, REHABILITATION, OPERATION AND MAINTENANCE,
WESTERN AREA POWER ADMINISTRATION

(RESCISSION)

Of the funds made available under this heading in Public Law 104-206 and prior years' Energy and Water Development Appropriations Acts, \$11,352,000 are rescinded.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES

JOB OPPORTUNITIES AND BASIC SKILLS

(RESCISSION)

Of the funds made available under this heading in Public Law 104-208, there is rescinded an amount equal to the total of the funds within each State's limitation for fiscal year 1997 that are not necessary to pay such State's allowable claims for such fiscal year.

42 USC 603.

Section 403(k)(3)(F) of the Social Security Act (as in effect on October 1, 1996) is amended by adding after the “,” the following: “reduced by an amount equal to the total of those funds that are within each State's limitation for fiscal year 1997 that are not necessary to pay such State's allowable claims for such fiscal year (except that such amount for such year shall be deemed to be \$1,000,000,000 for the purpose of determining the amount of the payment under subsection (1) to which each State is entitled),”.

DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

GRANTS-IN-AID FOR AIRPORTS

(AIRPORT AND AIRWAY TRUST FUND)

(RESCISSION OF CONTRACT AUTHORIZATION)

Of the unobligated balances authorized under 49 U.S.C. 48103 as amended, \$750,000,000 are rescinded.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

HIGHWAY TRAFFIC SAFETY GRANTS

(HIGHWAY TRUST FUND)

(RESCISSION OF CONTRACT AUTHORIZATION)

Of the available balances of contract authority under this heading, \$13,000,000 are rescinded.

FEDERAL TRANSIT ADMINISTRATION

TRUST FUND SHARE OF EXPENSES

(HIGHWAY TRUST FUND)

(RESCISSION OF CONTRACT AUTHORIZATION)

Of the available balances of contract authority under this heading, \$271,000,000 are rescinded.

DISCRETIONARY GRANTS

(HIGHWAY TRUST FUND)

(RESCISSION OF CONTRACT AUTHORIZATION)

Of the available balances of contract authority under this heading, for fixed guideway modernization and bus activities under 49 U.S.C. 5309(m)(A) and (C), \$588,000,000 are rescinded.

INDEPENDENT AGENCY

GENERAL SERVICES ADMINISTRATION

EXPENSES, PRESIDENTIAL TRANSITION

(RESCISSION)

Of the amounts made available under this heading in Public Law 104–208, \$5,600,000 are rescinded.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING PROGRAMS

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

(INCLUDING RESCISSION)

Of the amounts recaptured under this heading during fiscal year 1997 and prior years, \$3,650,000,000 are rescinded: *Provided*, That the Secretary of Housing and Urban Development shall recapture at least \$5,800,000,000 in amounts heretofore maintained as section 8 reserves made available to housing agencies for tenant-based assistance under the section 8 existing housing certificate and housing voucher programs: *Provided further*, That all additional section 8 reserve funds of an amount not less than \$2,150,000,000 and any recaptures (other than funds already designated for other uses) specified in section 214 of Public Law 104–204 shall be preserved under the head “Section 8 Reserve Preservation Account”

for use in extending section 8 contracts expiring in fiscal year 1998 and thereafter: *Provided further*, That the Secretary may recapture less than \$5,800,000,000 and reserve less than \$2,150,000,000 where the Secretary determines that insufficient section 8 funds are available for current fiscal year contract obligations: *Provided further*, That the Comptroller General of the United States shall conduct an audit of all accounts of the Department of Housing and Urban Development to determine whether the Department's systems for budgeting and accounting for section 8 rental assistance ensure that unexpended funds do not reach unreasonable levels and that obligations are spent in a timely manner.

INDEPENDENT AGENCY

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

NATIONAL AERONAUTICS FACILITIES

(RESCISSION)

Of the funds made available under this heading in Public Law 103-327, \$365,000,000 are rescinded.

FUNDS APPROPRIATED TO THE PRESIDENT

UNANTICIPATED NEEDS

(RESCISSION)

Of the funds made available under this heading in Public Law 103-211 to NASA for "Space flight, control, and data communications", \$4,200,000 are rescinded.

TITLE III

GENERAL PROVISIONS—THIS ACT

SEC. 30001. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

BUY-AMERICAN REQUIREMENTS

SEC. 30002. (a) COMPLIANCE WITH BUY AMERICAN ACT.—None of the funds made available in this Act may be expended by an entity unless the entity agrees that in expending the funds the entity will comply with the Buy American Act (41 U.S.C. 10a-10c).

(b) SENSE OF CONGRESS; REQUIREMENT REGARDING NOTICE.—

(1) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—In the case of any equipment or product that may be authorized to be purchased with financial assistance provided using funds made available in this Act, it is the sense of the Congress that entities receiving the assistance should, in expending the assistance, purchase only American-made equipment and products.

(2) NOTICE TO RECIPIENTS OF ASSISTANCE.—In providing financial assistance using funds made available in this Act,

the head of each Federal agency shall provide to each recipient of the assistance a notice describing the statement made in paragraph (1) by the Congress.

(c) PROHIBITION OF CONTRACTS WITH PERSONS FALSELY LABELING PRODUCTS AS MADE IN AMERICA.—If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a “Made in America” inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, the person shall be ineligible to receive any contract or subcontract made with funds made available in this Act, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

SEC. 30003. The Office of Management and Budget is directed to work with Federal agencies, as appropriate, to support the extension and revision of Federal grants, contracts, and cooperative agreements at universities affected by flooding in designated Federal disaster areas where work on such grants, contracts, and cooperative agreements was suspended as a result of the flood disaster.

TITLE IV—COST OF HIGHER EDUCATION REVIEW

SEC. 40001. SHORT TITLE; FINDINGS.

(a) SHORT TITLE.—This title may be cited as the “Cost of Higher Education Review Act of 1997”.

(b) FINDINGS.—The Congress finds the following:

(1) According to a report issued by the General Accounting Office, tuition at 4-year public colleges and universities increased 234 percent from school year 1980–1981 through school year 1994–1995, while median household income rose 82 percent and the cost of consumer goods as measured by the Consumer Price Index rose 74 percent over the same time period.

(2) A 1995 survey of college freshmen found that concern about college affordability was the highest it has been in the last 30 years.

(3) Paying for a college education now ranks as one of the most costly investments for American families.

SEC. 40002. ESTABLISHMENT OF NATIONAL COMMISSION ON THE COST OF HIGHER EDUCATION.

There is established a Commission to be known as the “National Commission on the Cost of Higher Education” (hereafter in this title referred to as the “Commission”).

SEC. 40003. MEMBERSHIP OF COMMISSION.

(a) APPOINTMENT.—The Commission shall be composed of 11 members as follows:

(1) Three individuals shall be appointed by the Speaker of the House.

(2) Two individuals shall be appointed by the Minority Leader of the House.

(3) Three individuals shall be appointed by the Majority Leader of the Senate.

(4) Two individuals shall be appointed by the Minority Leader of the Senate.

Cost of Higher
Education
Review Act of
1997.

(5) One individual shall be appointed by the Secretary of Education.

(b) **ADDITIONAL QUALIFICATIONS.**—Each of the individuals appointed under subsection (a) shall be an individual with expertise and experience in higher education finance (including the financing of State institutions of higher education), Federal financial aid programs, education economics research, public or private higher education administration, or business executives who have managed successful cost reduction programs.

(c) **CHAIRPERSON AND VICE CHAIRPERSON.**—The members of the Commission shall elect a Chairperson and a Vice Chairperson. In the absence of the Chairperson, the Vice Chairperson will assume the duties of the Chairperson.

(d) **QUORUM.**—A majority of the members of the Commission shall constitute a quorum for the transaction of business.

(e) **APPOINTMENTS.**—All appointments under subsection (a) shall be made within 30 days after the date of enactment of this Act. In the event that an officer authorized to make an appointment under subsection (a) has not made such appointment within such 30 days, the appointment may be made for such officer as follows:

(1) the Chairman of the Committee on Education and the Workforce may act under such subsection for the Speaker of the House of Representatives;

(2) the Ranking Minority Member of the Committee on Education and the Workforce may act under such subsection for the Minority Leader of the House of Representatives;

(3) the Chairman of the Committee on Labor and Human Resources may act under such subsection for the Majority Leader of the Senate; and

(4) the Ranking Minority Member of the Committee on Labor and Human Resources may act under such subsection for the Minority Leader of the Senate.

(f) **VOTING.**—Each member of the Commission shall be entitled to one vote, which shall be equal to the vote of every other member of the Commission.

(g) **VACANCIES.**—Any vacancy on the Commission shall not affect its powers, but shall be filled in the manner in which the original appointment was made.

(h) **PROHIBITION OF ADDITIONAL PAY.**—Members of the Commission shall receive no additional pay, allowances, or benefits by reason of their service on the Commission. Members appointed from among private citizens of the United States may be allowed travel expenses, including per diem, in lieu of subsistence, as authorized by law for persons serving intermittently in the government service to the extent funds are available for such expenses.

(i) **INITIAL MEETING.**—The initial meeting of the Commission shall occur within 40 days after the date of enactment of this Act.

SEC. 40004. FUNCTIONS OF COMMISSION.

(a) **SPECIFIC FINDINGS AND RECOMMENDATIONS.**—The Commission shall study and make findings and specific recommendations regarding the following:

(1) The increase in tuition compared with other commodities and services.

(2) Innovative methods of reducing or stabilizing tuition.

(3) Trends in college and university administrative costs, including administrative staffing, ratio of administrative staff to instructors, ratio of administrative staff to students, remuneration of administrative staff, and remuneration of college and university presidents or chancellors.

(4) Trends in (A) faculty workload and remuneration (including the use of adjunct faculty), (B) faculty-to-student ratios, (C) number of hours spent in the classroom by faculty, and (D) tenure practices, and the impact of such trends on tuition.

(5) Trends in (A) the construction and renovation of academic and other collegiate facilities, and (B) the modernization of facilities to access and utilize new technologies, and the impact of such trends on tuition.

(6) The extent to which increases in institutional financial aid and tuition discounting have affected tuition increases, including the demographics of students receiving such aid, the extent to which such aid is provided to students with limited need in order to attract such students to particular institutions or major fields of study, and the extent to which Federal financial aid, including loan aid, has been used to offset such increases.

(7) The extent to which Federal, State, and local laws, regulations, or other mandates contribute to increasing tuition, and recommendations on reducing those mandates.

(8) The establishment of a mechanism for a more timely and widespread distribution of data on tuition trends and other costs of operating colleges and universities.

(9) The extent to which student financial aid programs have contributed to changes in tuition.

(10) Trends in State fiscal policies that have affected college costs.

(11) The adequacy of existing Federal and State financial aid programs in meeting the costs of attending colleges and universities.

(12) Other related topics determined to be appropriate by the Commission.

(b) FINAL REPORT.—

(1) IN GENERAL.—Subject to paragraph (2), the Commission shall submit to the President and to the Congress, not later than 120 days after the date of the first meeting of the Commission, a report which shall contain a detailed statement of the findings and conclusions of the Commission, including the Commission's recommendations for administrative and legislative action that the Commission considers advisable.

(2) MAJORITY VOTE REQUIRED FOR RECOMMENDATIONS.—Any recommendation described in paragraph (1) shall be made by the Commission to the President and to the Congress only if such recommendation is adopted by a majority vote of the members of the Commission who are present and voting.

(3) EVALUATION OF DIFFERENT CIRCUMSTANCES.—In making any findings under subsection (a) of this section, the Commission shall take into account differences between public and private colleges and universities, the length of the academic program, the size of the institution's student population, and the availability of the institution's resources, including the size of the institution's endowment.

SEC. 40005. POWERS OF COMMISSION.

(a) **HEARINGS.**—The Commission may, for the purpose of carrying out this title, hold such hearings and sit and act at such times and places, as the Commission may find advisable.

(b) **RULES AND REGULATIONS.**—The Commission may adopt such rules and regulations as may be necessary to establish the Commission's procedures and to govern the manner of the Commission's operations, organization, and personnel.

(c) **ASSISTANCE FROM FEDERAL AGENCIES.**—

(1) **INFORMATION.**—The Commission may request from the head of any Federal agency or instrumentality such information as the Commission may require for the purpose of this title. Each such agency or instrumentality shall, to the extent permitted by law and subject to the exceptions set forth in section 552 of title 5, United States Code (commonly referred to as the Freedom of Information Act), furnish such information to the Commission, upon request made by the Chairperson of the Commission.

(2) **FACILITIES AND SERVICES, PERSONNEL DETAIL AUTHORIZED.**—Upon request of the Chairperson of the Commission, the head of any Federal agency or instrumentality shall, to the extent possible and subject to the discretion of such head—

(A) make any of the facilities and services of such agency or instrumentality available to the Commission; and

(B) detail any of the personnel of such agency or instrumentality to the Commission, on a nonreimbursable basis, to assist the Commission in carrying out the Commission's duties under this title.

(d) **MAILS.**—The Commission may use the United States mails in the same manner and under the same conditions as other Federal agencies.

(e) **CONTRACTING.**—The Commission, to such extent and in such amounts as are provided in appropriation Acts, may enter into contracts with State agencies, private firms, institutions, and individuals for the purpose of conducting research or surveys necessary to enable the Commission to discharge the Commission's duties under this title.

(f) **STAFF.**—Subject to such rules and regulations as may be adopted by the Commission, and to such extent and in such amounts as are provided in appropriation Acts, the Chairperson of the Commission shall have the power to appoint, terminate, and fix the compensation (without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title, or of any other provision, or of any other provision of law, relating to the number, classification, and General Schedule rates) of an Executive Director, and of such additional staff as the Chairperson deems advisable to assist the Commission, at rates not to exceed a rate equal to the maximum rate for level IV of the Executive Schedule under section 5332 of such title.

SEC. 40006. FUNDING OF COMMISSION.

There is authorized to be appropriated for fiscal year 1997 for carrying out this title, \$650,000, to remain available until

expended, or until one year after the termination of the Commission pursuant to section 40007, whichever occurs first.

SEC. 40007. TERMINATION OF COMMISSION.

The Commission shall cease to exist on the date that is 60 days after the date on which the Commission is required to submit its final report in accordance with section 40004(b).

TITLE V—DEPOSITORY INSTITUTION DISASTER RELIEF

SEC. 50001. SHORT TITLE.

This title may be cited as the “Depository Institutions Disaster Relief Act of 1997”.

Depository
Institutions
Disaster Relief
Act of 1997.
12 USC 1811
note.

SEC. 50002. TRUTH IN LENDING ACT; EXPEDITED FUNDS AVAILABILITY ACT.

12 USC 4008
note.

(a) **TRUTH IN LENDING ACT.**—During the 240-day period beginning on the date of enactment of this Act, the Board of Governors of the Federal Reserve System may make exceptions to the Truth in Lending Act for transactions within an area in which the President, pursuant to section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, has determined, on or after February 28, 1997, that a major disaster exists, or within an area determined to be eligible for disaster relief under other Federal law by reason of damage related to the 1997 flooding of the Red River of the North, the Minnesota River, and the tributaries of such rivers, if the Board determines that the exception can reasonably be expected to alleviate hardships to the public resulting from such disaster that outweigh possible adverse effects.

(b) **EXPEDITED FUNDS AVAILABILITY ACT.**—During the 240-day period beginning on the date of enactment of this Act, the Board of Governors of the Federal Reserve System may make exceptions to the Expedited Funds Availability Act for depository institution offices located within any area referred to in subsection (a) of this section if the Board determines that the exception can reasonably be expected to alleviate hardships to the public resulting from such disaster that outweigh possible adverse effects.

(c) **TIME LIMIT ON EXCEPTIONS.**—Any exception made under this section shall expire not later than September 1, 1998.

(d) **PUBLICATION REQUIRED.**—The Board of Governors of the Federal Reserve System shall publish in the Federal Register a statement that—

Federal Register,
publication.

- (1) describes any exception made under this section; and
- (2) explains how the exception can reasonably be expected to produce benefits to the public that outweigh possible adverse effects.

SEC. 50003. DEPOSIT OF INSURANCE PROCEEDS.

12 USC 1831o
note.

(a) **IN GENERAL.**—The appropriate Federal banking agency may, by order, permit an insured depository institution to subtract from the institution’s total assets, in calculating compliance with the leverage limit prescribed under section 38 of the Federal Deposit Insurance Act, an amount not exceeding the qualifying amount attributable to insurance proceeds, if the agency determines that—

- (1) the institution—
 - (A) had its principal place of business within an area in which the President, pursuant to section 401 of the

Robert T. Stafford Disaster Relief and Emergency Assistance Act, has determined, on or after February 28, 1997, that a major disaster exists, or within an area determined to be eligible for disaster relief under other Federal law by reason of damage related to the 1997 flooding of the Red River of the North, the Minnesota River, and the tributaries of such rivers, on the day before the date of any such determination;

(B) derives more than 60 percent of its total deposits from persons who normally reside within, or whose principal place of business is normally within, areas of intense devastation caused by the major disaster;

(C) was adequately capitalized (as defined in section 38 of the Federal Deposit Insurance Act) before the major disaster; and

(D) has an acceptable plan for managing the increase in its total assets and total deposits; and

(2) the subtraction is consistent with the purpose of section 38 of the Federal Deposit Insurance Act.

(b) TIME LIMIT ON EXCEPTIONS.—Any exception made under this section shall expire not later than February 28, 1999.

(c) DEFINITIONS.—For purposes of this section:

(1) APPROPRIATE FEDERAL BANKING AGENCY.—The term “appropriate Federal banking agency” has the same meaning as in section 3 of the Federal Deposit Insurance Act.

(2) INSURED DEPOSITORY INSTITUTION.—The term “insured depository institution” has the same meaning as in section 3 of the Federal Deposit Insurance Act.

(3) LEVERAGE LIMIT.—The term “leverage limit” has the same meaning as in section 38 of the Federal Deposit Insurance Act.

(4) QUALIFYING AMOUNT ATTRIBUTABLE TO INSURANCE PROCEEDS.—The term “qualifying amount attributable to insurance proceeds” means the amount (if any) by which the institution’s total assets exceed the institution’s average total assets during the calendar quarter ending before the date of any determination referred to in subsection (a)(1)(A), because of the deposit of insurance payments or governmental assistance made with respect to damage caused by, or other costs resulting from, the major disaster.

12 USC 1828
note.

SEC. 50004. BANKING AGENCY PUBLICATION REQUIREMENTS.

(a) IN GENERAL.—A qualifying regulatory agency may take any of the following actions with respect to depository institutions or other regulated entities whose principal place of business is within, or with respect to transactions or activities within, an area in which the President, pursuant to section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, has determined, on or after February 28, 1997, that a major disaster exists, or within an area determined to be eligible for disaster relief under other Federal law by reason of damage related to the 1997 flooding of the Red River of the North, the Minnesota River, and the tributaries of such rivers, if the agency determines that the action would facilitate recovery from the major disaster:

(1) PROCEDURE.—Exercising the agency’s authority under provisions of law other than this section without complying with—

(A) any requirement of section 553 of title 5, United States Code; or

(B) any provision of law that requires notice or opportunity for hearing or sets maximum or minimum time limits with respect to agency action.

(2) PUBLICATION REQUIREMENTS.—Making exceptions, with respect to institutions or other entities for which the agency is the primary Federal regulator, to—

(A) any publication requirement with respect to establishing branches or other deposit-taking facilities; or

(B) any similar publication requirement.

(b) PUBLICATION REQUIRED.—A qualifying regulatory agency shall publish in the Federal Register a statement that—

(1) describes any action taken under this section; and

(2) explains the need for the action.

(c) QUALIFYING REGULATORY AGENCY DEFINED.—For purposes of this section, the term “qualifying regulatory agency” means—

(1) the Board of Governors of the Federal Reserve System;

(2) the Comptroller of the Currency;

(3) the Director of the Office of Thrift Supervision;

(4) the Federal Deposit Insurance Corporation;

(5) the Financial Institutions Examination Council;

(6) the National Credit Union Administration; and

(7) with respect to chapter 53 of title 31, United States Code, the Secretary of the Treasury.

(d) EXPIRATION.—Any exception made under this section shall expire not later than February 28, 1998.

Federal Register,
publication.

SEC. 50005. SENSE OF THE CONGRESS.

(a) FINANCIAL SERVICES.—It is the sense of the Congress that the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Director of the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, and the National Credit Union Administration should encourage depository institutions to meet the financial services needs of their communities and customers located in areas affected by the 1997 flooding of the Red River of the North, the Minnesota River, and the tributaries of such rivers.

(b) APPRAISAL STANDARDS.—It is the sense of the Congress that each Federal financial institutions regulatory agency should, by regulation or order, make exceptions to the appraisal standards prescribed by title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3331 et seq.) for transactions involving institutions for which the agency is the primary Federal regulator with respect to real property located within a disaster area pursuant to section 1123 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3352), if the agency determines that the exceptions can reasonably be expected to alleviate hardships to the public resulting from such disaster that outweigh possible adverse effects.

SEC. 50006. OTHER AUTHORITY NOT AFFECTED.

No provision of this title shall be construed as limiting the authority of any department or agency under any other provision of law.

12 USC 1811
note.

TITLE VI—TECHNICAL AMENDMENTS WITH RESPECT TO
EDUCATION

**SEC. 60001. TECHNICAL AMENDMENTS RELATING TO DISCLOSURES
REQUIRED WITH RESPECT TO GRADUATION RATES.**

(a) AMENDMENTS.—Section 485 of the Higher Education Act of 1965 (20 U.S.C. 1092) is amended—

(1) in subsection (a)(3)(B), by striking “June 30” and inserting “August 31”; and

(2) in subsection (e)(9), by striking “August 30” and inserting “August 31”.

20 USC 1092
note.

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by subsection (a) are effective upon enactment.

(2) INFORMATION DISSEMINATION.—No institution shall be required to comply with the amendment made by subsection (a)(1) before July 1, 1998.

SEC. 60002. DATE EXTENSION.

Section 1501(a)(4) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6491(a)(4)) is amended by striking “January 1, 1998” and inserting “January 1, 1999”.

Kansas.
New Mexico.

SEC. 60003. TIMELY FILING OF NOTICE.

Notwithstanding any other provision of law, the Secretary of Education shall deem Kansas and New Mexico to have timely submitted under section 8009(c)(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7709(c)(1)) the States’ written notices of intent to consider payments described in section 8009(b)(1) of the Act (20 U.S.C. 7709(b)(1)) in providing State aid to local educational agencies for school year 1997–1998, except that the Secretary may require the States to submit such additional information as the Secretary may require, which information shall be considered part of the notices.

SEC. 60004. HOLD HARMLESS PAYMENTS.

Section 8002(h)(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7702(h)(1)) is amended—

(1) in subparagraph (A), by striking “or” after the semicolon;

(2) in subparagraph (B), by striking the period and inserting “; and”; and

(3) by adding at the end the following:

“(C) for fiscal year 1997 and each succeeding fiscal year through fiscal year 2000 shall not be less than 85 percent of the amount such agency received for fiscal year 1996 under subsection (b).”.

SEC. 60005. DATA.

(a) IN GENERAL.—Section 8003(f)(4) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703(f)(4)) is amended—

(1) in subparagraph (A)—

(A) by inserting “expenditure,” after “revenue,”; and

(B) by striking the semicolon and inserting a period;

(2) by striking “the Secretary” and all that follows through “shall use” and inserting “the Secretary shall use”; and

(3) by striking subparagraph (B).

- (b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall apply with respect to fiscal years after fiscal year 1997.

20 USC 7703
note.

SEC. 60006. PAYMENTS RELATING TO FEDERAL PROPERTY.

Section 8002(i) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7702(i)) is amended to read as follows:

“(i) **PRIORITY PAYMENTS.**—

“(1) **IN GENERAL.**—Notwithstanding subsection (b)(1)(B), and for any fiscal year beginning with fiscal year 1997 for which the amount appropriated to carry out this section exceeds the amount so appropriated for fiscal year 1996—

“(A) the Secretary shall first use the excess amount (not to exceed the amount equal to the difference of (i) the amount appropriated to carry out this section for fiscal year 1997, and (ii) the amount appropriated to carry out this section for fiscal year 1996) to increase the payment that would otherwise be made under this section to not more than 50 percent of the maximum amount determined under subsection (b) for any local educational agency described in paragraph (2); and

“(B) the Secretary shall use the remainder of the excess amount to increase the payments to each eligible local educational agency under this section.

“(2) **LOCAL EDUCATIONAL AGENCY DESCRIBED.**—A local educational agency described in this paragraph is a local educational agency that—

“(A) received a payment under this section for fiscal year 1996;

“(B) serves a school district that contains all or a portion of a United States military academy;

“(C) serves a school district in which the local tax assessor has certified that at least 60 percent of the real property is federally owned; and

“(D) demonstrates to the satisfaction of the Secretary that such agency’s per-pupil revenue derived from local sources for current expenditures is not less than that revenue for the preceding fiscal year.”.

SEC. 60007. TIMELY FILING UNDER SECTION 8003.

The Secretary of Education shall treat as timely filed, and shall process for payment, an amendment to an application for a fiscal year 1997 payment from a local educational agency under section 8003 of the Elementary and Secondary Education Act of 1965 if—

(1) that agency is described in subsection (a)(3) of that section, as amended by section 376 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201);

(2) that agency was not described in that subsection prior to that amendment; and

(3) the Secretary received the amendment to the agency’s application prior to the enactment of this Act.

TITLE VII—FOOD STAMP PROGRAM

STATE OPTION TO ISSUE FOOD STAMP BENEFITS TO CERTAIN
INDIVIDUALS MADE INELIGIBLE BY WELFARE REFORM

(a) IN GENERAL.—Section 7 of the Food Stamp Act of 1977 (7 U.S.C. 2016) is amended—

(1) in subsection (a), by inserting after “necessary, and” the following: “(except as provided in subsection (j))”; and

(2) by adding at the end the following:

“(j) STATE OPTION TO ISSUE BENEFITS TO CERTAIN INDIVIDUALS MADE INELIGIBLE BY WELFARE REFORM.—

“(1) IN GENERAL.—Notwithstanding any other provision of law, a State agency may, with the approval of the Secretary, issue benefits under this Act to an individual who is ineligible to participate in the food stamp program solely as a result of section 6(o)(2) of this Act or section 402 or 403 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612 or 1613).

“(2) STATE PAYMENTS TO SECRETARY.—

“(A) IN GENERAL.—Not later than the date the State agency issues benefits to individuals under this subsection, the State agency shall pay the Secretary, in accordance with procedures established by the Secretary, an amount that is equal to—

“(i) the value of the benefits; and

“(ii) the costs of printing, shipping, and redeeming coupons, and other Federal costs, incurred in providing the benefits, as determined by the Secretary.

“(B) CREDITING.—Notwithstanding section 3302(b) of title 31, United States Code, payments received under subparagraph (A) shall be credited to the food stamp program appropriation account or the account from which the costs were drawn, as appropriate, for the fiscal year in which the payment is received.

“(3) REPORTING.—To be eligible to issue benefits under this subsection, a State agency shall comply with reporting requirements established by the Secretary to carry out this subsection.

“(4) PLAN.—To be eligible to issue benefits under this subsection, a State agency shall—

“(A) submit a plan to the Secretary that describes the conditions and procedures under which the benefits will be issued, including eligibility standards, benefit levels, and the methodology the State agency will use to determine amounts due the Secretary under paragraph (2); and

“(B) obtain the approval of the Secretary for the plan.

“(5) VIOLATIONS.—A sanction, disqualification, fine, or other penalty prescribed under Federal law (including sections 12 and 15) shall apply to a violation committed in connection with a coupon issued under this subsection.

“(6) INELIGIBILITY FOR ADMINISTRATIVE REIMBURSEMENT.—Administrative and other costs incurred in issuing a benefit under this subsection shall not be eligible for Federal funding under this Act.

“(7) EXCLUSION FROM ENHANCED PAYMENT ACCURACY SYSTEMS.—Section 16(c) shall not apply to benefits issued under this subsection.”

(b) CONFORMING AMENDMENTS.—Section 17(b)(1)(B)(iv) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(iv)) is amended—

- (1) in subclause (V), by striking “or” at the end;
- (2) in subclause (VI), by striking the period at the end and inserting “; or”; and
- (3) by adding at the end the following:

“(VII) waives a provision of section 7(j).”.

TITLE VIII—2000 DECENNIAL CENSUS

The Department of Commerce is directed within thirty days of enactment of this Act to provide to the Congress a comprehensive and detailed plan outlining its proposed methodologies for conducting the 2000 decennial Census and available methods to conduct an actual enumeration of the population. This plan description shall specifically include:

- (1) a list of all statistical methodologies that may be used in conducting the Census;
- (2) an explanation of these statistical methodologies;
- (3) a list of statistical errors which may occur as a result of the use of each statistical methodology;
- (4) the estimated error rate down to the census tract level;
- (5) a cost estimation showing cost allocations for each census activity plan; and
- (6) an analysis of all available options for counting hard-to-enumerate individuals, without utilizing sampling or any other statistical methodology, including efforts like the Milwaukee Complete Count project. The Department of Commerce is also directed within thirty days of enactment of this Act to provide to the Congress an estimate and explanation of the error rate at the census block level based upon the 1995 test data.

This Act may be cited as the “1997 Emergency Supplemental Appropriations Act for Recovery from Natural Disasters, and for Overseas Peacekeeping Efforts, Including Those in Bosnia”.

Approved June 12, 1997.

LEGISLATIVE HISTORY—H.R. 1871:

CONGRESSIONAL RECORD, Vol. 143 (1997):

June 12, considered and passed House and Senate.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

June 12, Presidential statement.



Public Law 105–19
105th Congress

An Act

June 18, 1997
[S. 543]

To provide certain protections to volunteers, nonprofit organizations, and governmental entities in lawsuits based on the activities of volunteers.

Volunteer
Protection Act of
1997.
42 USC 14501
note.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Volunteer Protection Act of 1997”.

42 USC 14501.

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds and declares that—

(1) the willingness of volunteers to offer their services is deterred by the potential for liability actions against them;

(2) as a result, many nonprofit public and private organizations and governmental entities, including voluntary associations, social service agencies, educational institutions, and other civic programs, have been adversely affected by the withdrawal of volunteers from boards of directors and service in other capacities;

(3) the contribution of these programs to their communities is thereby diminished, resulting in fewer and higher cost programs than would be obtainable if volunteers were participating;

(4) because Federal funds are expended on useful and cost-effective social service programs, many of which are national in scope, depend heavily on volunteer participation, and represent some of the most successful public-private partnerships, protection of volunteerism through clarification and limitation of the personal liability risks assumed by the volunteer in connection with such participation is an appropriate subject for Federal legislation;

(5) services and goods provided by volunteers and nonprofit organizations would often otherwise be provided by private entities that operate in interstate commerce;

(6) due to high liability costs and unwarranted litigation costs, volunteers and nonprofit organizations face higher costs in purchasing insurance, through interstate insurance markets, to cover their activities; and

(7) clarifying and limiting the liability risk assumed by volunteers is an appropriate subject for Federal legislation because—

(A) of the national scope of the problems created by the legitimate fears of volunteers about frivolous, arbitrary, or capricious lawsuits;

(B) the citizens of the United States depend on, and the Federal Government expends funds on, and provides tax exemptions and other consideration to, numerous social programs that depend on the services of volunteers;

(C) it is in the interest of the Federal Government to encourage the continued operation of volunteer service organizations and contributions of volunteers because the Federal Government lacks the capacity to carry out all of the services provided by such organizations and volunteers; and

(D)(i) liability reform for volunteers, will promote the free flow of goods and services, lessen burdens on interstate commerce and uphold constitutionally protected due process rights; and

(ii) therefore, liability reform is an appropriate use of the powers contained in article 1, section 8, clause 3 of the United States Constitution, and the fourteenth amendment to the United States Constitution.

(b) **PURPOSE.**—The purpose of this Act is to promote the interests of social service program beneficiaries and taxpayers and to sustain the availability of programs, nonprofit organizations, and governmental entities that depend on volunteer contributions by reforming the laws to provide certain protections from liability abuses related to volunteers serving nonprofit organizations and governmental entities.

SEC. 3. PREEMPTION AND ELECTION OF STATE NONAPPLICABILITY. 42 USC 14502.

(a) **PREEMPTION.**—This Act preempts the laws of any State to the extent that such laws are inconsistent with this Act, except that this Act shall not preempt any State law that provides additional protection from liability relating to volunteers or to any category of volunteers in the performance of services for a nonprofit organization or governmental entity.

(b) **ELECTION OF STATE REGARDING NONAPPLICABILITY.**—This Act shall not apply to any civil action in a State court against a volunteer in which all parties are citizens of the State if such State enacts a statute in accordance with State requirements for enacting legislation—

(1) citing the authority of this subsection;

(2) declaring the election of such State that this Act shall not apply, as of a date certain, to such civil action in the State; and

(3) containing no other provisions.

SEC. 4. LIMITATION ON LIABILITY FOR VOLUNTEERS. 42 USC 14503.

(a) **LIABILITY PROTECTION FOR VOLUNTEERS.**—Except as provided in subsections (b) and (d), no volunteer of a nonprofit organization or governmental entity shall be liable for harm caused by an act or omission of the volunteer on behalf of the organization or entity if—

(1) the volunteer was acting within the scope of the volunteer's responsibilities in the nonprofit organization or governmental entity at the time of the act or omission;

(2) if appropriate or required, the volunteer was properly licensed, certified, or authorized by the appropriate authorities for the activities or practice in the State in which the harm occurred, where the activities were or practice was undertaken

within the scope of the volunteer's responsibilities in the nonprofit organization or governmental entity;

(3) the harm was not caused by willful or criminal misconduct, gross negligence, reckless misconduct, or a conscious, flagrant indifference to the rights or safety of the individual harmed by the volunteer; and

(4) the harm was not caused by the volunteer operating a motor vehicle, vessel, aircraft, or other vehicle for which the State requires the operator or the owner of the vehicle, craft, or vessel to—

(A) possess an operator's license; or

(B) maintain insurance.

(b) CONCERNING RESPONSIBILITY OF VOLUNTEERS TO ORGANIZATIONS AND ENTITIES.—Nothing in this section shall be construed to affect any civil action brought by any nonprofit organization or any governmental entity against any volunteer of such organization or entity.

(c) NO EFFECT ON LIABILITY OF ORGANIZATION OR ENTITY.—Nothing in this section shall be construed to affect the liability of any nonprofit organization or governmental entity with respect to harm caused to any person.

(d) EXCEPTIONS TO VOLUNTEER LIABILITY PROTECTION.—If the laws of a State limit volunteer liability subject to one or more of the following conditions, such conditions shall not be construed as inconsistent with this section:

(1) A State law that requires a nonprofit organization or governmental entity to adhere to risk management procedures, including mandatory training of volunteers.

(2) A State law that makes the organization or entity liable for the acts or omissions of its volunteers to the same extent as an employer is liable for the acts or omissions of its employees.

(3) A State law that makes a limitation of liability inapplicable if the civil action was brought by an officer of a State or local government pursuant to State or local law.

(4) A State law that makes a limitation of liability applicable only if the nonprofit organization or governmental entity provides a financially secure source of recovery for individuals who suffer harm as a result of actions taken by a volunteer on behalf of the organization or entity. A financially secure source of recovery may be an insurance policy within specified limits, comparable coverage from a risk pooling mechanism, equivalent assets, or alternative arrangements that satisfy the State that the organization or entity will be able to pay for losses up to a specified amount. Separate standards for different types of liability exposure may be specified.

(e) LIMITATION ON PUNITIVE DAMAGES BASED ON THE ACTIONS OF VOLUNTEERS.—

(1) GENERAL RULE.—Punitive damages may not be awarded against a volunteer in an action brought for harm based on the action of a volunteer acting within the scope of the volunteer's responsibilities to a nonprofit organization or governmental entity unless the claimant establishes by clear and convincing evidence that the harm was proximately caused by an action of such volunteer which constitutes willful or criminal misconduct, or a conscious, flagrant indifference to the rights or safety of the individual harmed.

(2) CONSTRUCTION.—Paragraph (1) does not create a cause of action for punitive damages and does not preempt or supersede any Federal or State law to the extent that such law would further limit the award of punitive damages.

(f) EXCEPTIONS TO LIMITATIONS ON LIABILITY.—

(1) IN GENERAL.—The limitations on the liability of a volunteer under this Act shall not apply to any misconduct that—

(A) constitutes a crime of violence (as that term is defined in section 16 of title 18, United States Code) or act of international terrorism (as that term is defined in section 2331 of title 18) for which the defendant has been convicted in any court;

(B) constitutes a hate crime (as that term is used in the Hate Crime Statistics Act (28 U.S.C. 534 note));

(C) involves a sexual offense, as defined by applicable State law, for which the defendant has been convicted in any court;

(D) involves misconduct for which the defendant has been found to have violated a Federal or State civil rights law; or

(E) where the defendant was under the influence (as determined pursuant to applicable State law) of intoxicating alcohol or any drug at the time of the misconduct.

(2) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to effect subsection (a)(3) or (e).

SEC. 5. LIABILITY FOR NONECONOMIC LOSS.

42 USC 14504.

(a) GENERAL RULE.—In any civil action against a volunteer, based on an action of a volunteer acting within the scope of the volunteer's responsibilities to a nonprofit organization or governmental entity, the liability of the volunteer for noneconomic loss shall be determined in accordance with subsection (b).

(b) AMOUNT OF LIABILITY.—

(1) IN GENERAL.—Each defendant who is a volunteer, shall be liable only for the amount of noneconomic loss allocated to that defendant in direct proportion to the percentage of responsibility of that defendant (determined in accordance with paragraph (2)) for the harm to the claimant with respect to which that defendant is liable. The court shall render a separate judgment against each defendant in an amount determined pursuant to the preceding sentence.

(2) PERCENTAGE OF RESPONSIBILITY.—For purposes of determining the amount of noneconomic loss allocated to a defendant who is a volunteer under this section, the trier of fact shall determine the percentage of responsibility of that defendant for the claimant's harm.

SEC. 6. DEFINITIONS.

42 USC 14505.

For purposes of this Act:

(1) ECONOMIC LOSS.—The term “economic loss” means any pecuniary loss resulting from harm (including the loss of earnings or other benefits related to employment, medical expense loss, replacement services loss, loss due to death, burial costs, and loss of business or employment opportunities) to the extent recovery for such loss is allowed under applicable State law.

(2) HARM.—The term “harm” includes physical, nonphysical, economic, and noneconomic losses.

(3) **NONECONOMIC LOSSES.**—The term “noneconomic losses” means losses for physical and emotional pain, suffering, inconvenience, physical impairment, mental anguish, disfigurement, loss of enjoyment of life, loss of society and companionship, loss of consortium (other than loss of domestic service), hedonic damages, injury to reputation and all other nonpecuniary losses of any kind or nature.

(4) **NONPROFIT ORGANIZATION.**—The term “nonprofit organization” means—

(A) any organization which is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code and which does not practice any action which constitutes a hate crime referred to in subsection (b)(1) of the first section of the Hate Crime Statistics Act (28 U.S.C. 534 note); or

(B) any not-for-profit organization which is organized and conducted for public benefit and operated primarily for charitable, civic, educational, religious, welfare, or health purposes and which does not practice any action which constitutes a hate crime referred to in subsection (b)(1) of the first section of the Hate Crime Statistics Act (28 U.S.C. 534 note).

(5) **STATE.**—The term “State” means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, any other territory or possession of the United States, or any political subdivision of any such State, territory, or possession.

(6) **VOLUNTEER.**—The term “volunteer” means an individual performing services for a nonprofit organization or a governmental entity who does not receive—

(A) compensation (other than reasonable reimbursement or allowance for expenses actually incurred); or

(B) any other thing of value in lieu of compensation, in excess of \$500 per year, and such term includes a volunteer serving as a director, officer, trustee, or direct service volunteer.

SEC. 7. EFFECTIVE DATE.

(a) **IN GENERAL.**—This Act shall take effect 90 days after the date of enactment of this Act.

(b) **APPLICATION.**—This Act applies to any claim for harm caused by an act or omission of a volunteer where that claim is filed on or after the effective date of this Act but only if the harm that is the subject of the claim or the conduct that caused such harm occurred after such effective date.

Approved June 18, 1997.

LEGISLATIVE HISTORY—S. 543 (H.R. 911):

HOUSE REPORTS: No. 105–101, Pt. 1 (Comm. on the Judiciary) accompanying H.R. 911.

CONGRESSIONAL RECORD, Vol. 143 (1997):

May 1, considered and passed Senate.

May 21, considered and passed House, amended, in lieu of H.R. 911. Senate concurred in House amendment.



Public Law 105–20
105th Congress

An Act

June 27, 1997
[H.R. 956]

Drug-Free
Communities Act
of 1997.
21 USC 1501
note.

To amend the National Narcotics Leadership Act of 1988 to establish a program to support and encourage local communities that first demonstrate a comprehensive, long-term commitment to reduce substance abuse among youth, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Drug-Free Communities Act of 1997”.

SEC. 2. NATIONAL DRUG CONTROL PROGRAM.

(a) IN GENERAL.—The National Narcotics Leadership Act of 1988 (21 U.S.C. 1501 et seq.) is amended—

(1) by inserting between sections 1001 and 1002 the following:

“CHAPTER 1—OFFICE OF NATIONAL DRUG CONTROL POLICY”;

and

(2) by adding at the end the following:

“CHAPTER 2—DRUG-FREE COMMUNITIES

21 USC 1521.

“SEC. 1021. FINDINGS.

“Congress finds the following:

“(1) Substance abuse among youth has more than doubled in the 5-year period preceding 1996, with substantial increases in the use of marijuana, inhalants, cocaine, methamphetamine, LSD, and heroin.

“(2) The most dramatic increases in substance abuse has occurred among 13- and 14-year-olds.

“(3) Casual or periodic substance abuse by youth today will contribute to hard core or chronic substance abuse by the next generation of adults.

“(4) Substance abuse is at the core of other problems, such as rising violent teenage and violent gang crime, increasing health care costs, HIV infections, teenage pregnancy, high school dropouts, and lower economic productivity.

“(5) Increases in substance abuse among youth are due in large part to an erosion of understanding by youth of the high risks associated with substance abuse, and to the softening of peer norms against use.

“(6)(A) Substance abuse is a preventable behavior and a treatable disease; and

“(B)(i) during the 13-year period beginning with 1979, monthly use of illegal drugs among youth 12 to 17 years of age declined by over 70 percent; and

“(ii) data suggests that if parents would simply talk to their children regularly about the dangers of substance abuse, use among youth could be expected to decline by as much as 30 percent.

“(7) Community anti-drug coalitions throughout the United States are successfully developing and implementing comprehensive, long-term strategies to reduce substance abuse among youth on a sustained basis.

“(8) Intergovernmental cooperation and coordination through national, State, and local or tribal leadership and partnerships are critical to facilitate the reduction of substance abuse among youth in communities throughout the United States.

“SEC. 1022. PURPOSES.

21 USC 1522.

“The purposes of this chapter are—

“(1) to reduce substance abuse among youth in communities throughout the United States, and over time, to reduce substance abuse among adults;

“(2) to strengthen collaboration among communities, the Federal Government, and State, local, and tribal governments;

“(3) to enhance intergovernmental cooperation and coordination on the issue of substance abuse among youth;

“(4) to serve as a catalyst for increased citizen participation and greater collaboration among all sectors and organizations of a community that first demonstrates a long-term commitment to reducing substance abuse among youth;

“(5) to rechannel resources from the fiscal year 1998 Federal drug control budget to provide technical assistance, guidance, and financial support to communities that demonstrate a long-term commitment in reducing substance abuse among youth;

“(6) to disseminate to communities timely information regarding the state-of-the-art practices and initiatives that have proven to be effective in reducing substance abuse among youth;

“(7) to enhance, not supplant, local community initiatives for reducing substance abuse among youth; and

“(8) to encourage the creation of and support for community anti-drug coalitions throughout the United States.

“SEC. 1023. DEFINITIONS.

21 USC 1523.

“In this chapter:

“(1) ADMINISTRATOR.—The term ‘Administrator’ means the Administrator appointed by the Director under section 1031(c).

“(2) ADVISORY COMMISSION.—The term ‘Advisory Commission’ means the Advisory Commission established under section 1041.

“(3) COMMUNITY.—The term ‘community’ shall have the meaning provided that term by the Administrator, in consultation with the Advisory Commission.

“(4) DIRECTOR.—The term ‘Director’ means the Director of the Office of National Drug Control Policy.

“(5) ELIGIBLE COALITION.—The term ‘eligible coalition’ means a coalition that meets the applicable criteria under section 1032(a).

“(6) GRANT RECIPIENT.—The term ‘grant recipient’ means the recipient of a grant award under section 1032.

“(7) NONPROFIT ORGANIZATION.—The term ‘nonprofit organization’ means an organization described under section 501(c)(3) of the Internal Revenue Code of 1986 that is exempt from taxation under section 501(a) of the Internal Revenue Code of 1986.

“(8) PROGRAM.—The term ‘Program’ means the program established under section 1031(a).

“(9) SUBSTANCE ABUSE.—The term ‘substance abuse’ means—

“(A) the illegal use or abuse of drugs, including substances listed in schedules I through V of section 112 of the Controlled Substances Act (21 U.S.C. 812);

“(B) the abuse of inhalants; or

“(C) the use of alcohol, tobacco, or other related product as such use is prohibited by State or local law.

“(10) YOUTH.—The term ‘youth’ shall have the meaning provided that term by the Administrator, in consultation with the Advisory Commission.

21 USC 1524.

“SEC. 1024. AUTHORIZATION OF APPROPRIATIONS.

“(a) IN GENERAL.—There are authorized to be appropriated to the Office of National Drug Control Policy to carry out this chapter—

“(1) \$10,000,000 for fiscal year 1998;

“(2) \$20,000,000 for fiscal year 1999;

“(3) \$30,000,000 for fiscal year 2000;

“(4) \$40,000,000 for fiscal year 2001; and

“(5) \$43,500,000 for fiscal year 2002.

“(b) ADMINISTRATIVE COSTS.—Not more than the following percentages of the amounts authorized under subsection (a) may be used to pay administrative costs:

“(1) 10 percent for fiscal year 1998.

“(2) 6 percent for fiscal year 1999.

“(3) 4 percent for fiscal year 2000.

“(4) 3 percent for fiscal year 2001.

“(5) 3 percent for fiscal year 2002.

“Subchapter I—Drug-Free Communities Support Program

21 USC 1531.

“SEC. 1031. ESTABLISHMENT OF DRUG-FREE COMMUNITIES SUPPORT PROGRAM.

“(a) ESTABLISHMENT.—The Director shall establish a program to support communities in the development and implementation of comprehensive, long-term plans and programs to prevent and treat substance abuse among youth.

“(b) PROGRAM.—In carrying out the Program, the Director shall—

Grants.

“(1) make and track grants to grant recipients;

“(2) provide for technical assistance and training, data collection, and dissemination of information on state-of-the-art practices that the Director determines to be effective in reducing substance abuse; and

“(3) provide for the general administration of the Program.

“(c) ADMINISTRATION.—Not later than 30 days after receiving recommendations from the Advisory Commission under section 1042(a)(1), the Director shall appoint an Administrator to carry out the Program.

“(d) CONTRACTING.—The Director may employ any necessary staff and may enter into contracts or agreements with national drug control agencies, including interagency agreements to delegate authority for the execution of grants and for such other activities necessary to carry out this chapter.

“SEC. 1032. PROGRAM AUTHORIZATION.

21 USC 1532.

“(a) GRANT ELIGIBILITY.—To be eligible to receive an initial grant or a renewal grant under this subchapter, a coalition shall meet each of the following criteria:

“(1) APPLICATION.—The coalition shall submit an application to the Administrator in accordance with section 1033(a)(2).

“(2) MAJOR SECTOR INVOLVEMENT.—

“(A) IN GENERAL.—The coalition shall consist of 1 or more representatives of each of the following categories:

“(i) Youth.

“(ii) Parents.

“(iii) Businesses.

“(iv) The media.

“(v) Schools.

“(vi) Organizations serving youth.

“(vii) Law enforcement.

“(viii) Religious or fraternal organizations.

“(ix) Civic and volunteer groups.

“(x) Health care professionals.

“(xi) State, local, or tribal governmental agencies with expertise in the field of substance abuse (including, if applicable, the State authority with primary authority for substance abuse).

“(xii) Other organizations involved in reducing substance abuse.

“(B) ELECTED OFFICIALS.—If feasible, in addition to representatives from the categories listed in subparagraph (A), the coalition shall have an elected official (or a representative of an elected official) from—

“(i) the Federal Government; and

“(ii) the government of the appropriate State and political subdivision thereof or the governing body or an Indian tribe (as that term is defined in section 4(e) of the Indian Self-Determination Act (25 U.S.C. 450b(e))).

“(C) REPRESENTATION.—An individual who is a member of the coalition may serve on the coalition as a representative of not more than 1 category listed under subparagraph (A).

“(3) COMMITMENT.—The coalition shall demonstrate, to the satisfaction of the Administrator—

“(A) that the representatives of the coalition have worked together on substance abuse reduction initiatives, which, at a minimum, includes initiatives that target drugs referenced in section 1023(9)(A), for a period of not less

than 6 months, acting through entities such as task forces, subcommittees, or community boards; and

“(B) substantial participation from volunteer leaders in the community involved (especially in cooperation with individuals involved with youth such as parents, teachers, coaches, youth workers, and members of the clergy).

“(4) MISSION AND STRATEGIES.—The coalition shall, with respect to the community involved—

“(A) have as its principal mission the reduction of substance abuse, which, at a minimum, includes the use and abuse of drugs referenced in section 1023(9)(A), in a comprehensive and long-term manner, with a primary focus on youth in the community;

“(B) describe and document the nature and extent of the substance abuse problem, which, at a minimum, includes the use and abuse of drugs referenced in section 1023(9)(A), in the community;

“(C)(i) provide a description of substance abuse prevention and treatment programs and activities, which, at a minimum, includes programs and activities relating to the use and abuse of drugs referenced in section 1023(9)(A), in existence at the time of the grant application; and

“(ii) identify substance abuse programs and service gaps, which, at a minimum, includes programs and gaps relating to the use and abuse of drugs referenced in section 1023(9)(A), in the community;

“(D) develop a strategic plan to reduce substance abuse among youth, which, at a minimum, includes the use and abuse of drugs referenced in section 1023(9)(A), in a comprehensive and long-term fashion; and

“(E) work to develop a consensus regarding the priorities of the community to combat substance abuse among youth, which, at a minimum, includes the use and abuse of drugs referenced in section 1023(9)(A).

“(5) SUSTAINABILITY.—The coalition shall demonstrate that the coalition is an ongoing concern by demonstrating that the coalition—

“(A) is—

“(i)(I) a nonprofit organization; or

“(II) an entity that the Administrator determines to be appropriate; or

“(ii) part of, or is associated with, an established legal entity;

“(B) receives financial support (including, in the discretion of the Administrator, in-kind contributions) from non-Federal sources; and

“(C) has a strategy to solicit substantial financial support from non-Federal sources to ensure that the coalition and the programs operated by the coalition are self-sustaining.

“(6) ACCOUNTABILITY.—The coalition shall—

“(A) establish a system to measure and report outcomes—

“(i) consistent with common indicators and evaluation protocols established by the Administrator; and

“(ii) approved by the Administrator;

“(B) conduct—

“(i) for an initial grant under this subchapter, an initial benchmark survey of drug use among youth (or use local surveys or performance measures available or accessible in the community at the time of the grant application); and

“(ii) biennial surveys (or incorporate local surveys in existence at the time of the evaluation) to measure the progress and effectiveness of the coalition; and

“(C) provide assurances that the entity conducting an evaluation under this paragraph, or from which the coalition receives information, has experience—

“(i) in gathering data related to substance abuse among youth; or

“(ii) in evaluating the effectiveness of community anti-drug coalitions.

“(b) GRANT AMOUNTS.—

“(1) IN GENERAL.—

“(A) GRANTS.—

“(i) IN GENERAL.—Subject to clause (iv), for a fiscal year, the Administrator may grant to an eligible coalition under this paragraph, an amount not to exceed the amount of non-Federal funds raised by the coalition, including in-kind contributions, for that fiscal year.

“(ii) SUSPENSION OF GRANTS.—If such grant recipient fails to continue to meet the criteria specified in subsection (a), the Administrator may suspend the grant, after providing written notice to the grant recipient and an opportunity to appeal.

“(iii) RENEWAL GRANTS.—Subject to clause (iv), the Administrator may award a renewal grant to a grant recipient under this subparagraph for each fiscal year following the fiscal year for which an initial grant is awarded, in an amount not to exceed the amount of non-Federal funds raised by the coalition, including in-kind contributions, for that fiscal year, during the 4-year period following the period of the initial grant.

“(iv) LIMITATION.—The amount of a grant award under this subparagraph may not exceed \$100,000 for a fiscal year.

“(B) COALITION AWARDS.—

“(i) IN GENERAL.—Except as provided in clause (ii), the Administrator may, with respect to a community, make a grant to 1 eligible coalition that represents that community.

“(ii) EXCEPTION.—The Administrator may make a grant to more than 1 eligible coalition that represents a community if—

“(I) the eligible coalitions demonstrate that the coalitions are collaborating with one another; and

“(II) each of the coalitions has independently met the requirements set forth in subsection (a).

“(2) RURAL COALITION GRANTS.—

“(A) IN GENERAL.—

“(i) IN GENERAL.—In addition to awarding grants under paragraph (1), to stimulate the development of coalitions in sparsely populated and rural areas, the

Administrator, in consultation with the Advisory Commission, may award a grant in accordance with this section to a coalition that represents a county with a population that does not exceed 30,000 individuals. In awarding a grant under this paragraph, the Administrator may waive any requirement under subsection (a) if the Administrator considers that waiver to be appropriate.

“(ii) MATCHING REQUIREMENT.—Subject to subparagraph (C), for a fiscal year, the Administrator may grant to an eligible coalition under this paragraph, an amount not to exceed the amount of non-Federal funds raised by the coalition, including in-kind contributions, for that fiscal year.

“(iii) SUSPENSION OF GRANTS.—If such grant recipient fails to continue to meet any criteria specified in subsection (a) that has not been waived by the Administrator pursuant to clause (i), the Administrator may suspend the grant, after providing written notice to the grant recipient and an opportunity to appeal.

“(B) RENEWAL GRANTS.—The Administrator may award a renewal grant to an eligible coalition that is a grant recipient under this paragraph for each fiscal year following the fiscal year for which an initial grant is awarded, in an amount not to exceed the amount of non-Federal funds raised by the coalition, including in-kind contributions, during the 4-year period following the period of the initial grant.

“(C) LIMITATIONS.—

“(i) AMOUNT.—The amount of a grant award under this paragraph shall not exceed \$100,000 for a fiscal year.

“(ii) AWARDS.—With respect to a county referred to in subparagraph (A), the Administrator may award a grant under this section to not more than 1 eligible coalition that represents the county.

21 USC 1533.

“SEC. 1033. INFORMATION COLLECTION AND DISSEMINATION WITH RESPECT TO GRANT RECIPIENTS.

“(a) COALITION INFORMATION.—

“(1) GENERAL AUDITING AUTHORITY.—For the purpose of audit and examination, the Administrator—

“(A) shall have access to any books, documents, papers, and records that are pertinent to any grant or grant renewal request under this chapter; and

“(B) may periodically request information from a grant recipient to ensure that the grant recipient meets the applicable criteria under section 1032(a).

“(2) APPLICATION PROCESS.—The Administrator shall issue a request for proposal regarding, with respect to the grants awarded under section 1032, the application process, grant renewal, and suspension or withholding of renewal grants. Each application under this paragraph shall be in writing and shall be subject to review by the Administrator.

“(3) REPORTING.—The Administrator shall, to the maximum extent practicable and in a manner consistent with applicable law, minimize reporting requirements by a grant recipient and

expedite any application for a renewal grant made under this subchapter.

“(b) DATA COLLECTION AND DISSEMINATION.—

“(1) IN GENERAL.—The Administrator may collect data from—

“(A) national substance abuse organizations that work with eligible coalitions, community anti-drug coalitions, departments or agencies of the Federal Government, or State or local governments and the governing bodies of Indian tribes; and

“(B) any other entity or organization that carries out activities that relate to the purposes of the Program.

“(2) ACTIVITIES OF ADMINISTRATOR.—The Administrator may—

“(A) evaluate the utility of specific initiatives relating to the purposes of the Program;

“(B) conduct an evaluation of the Program; and

“(C) disseminate information described in this subsection to—

“(i) eligible coalitions and other substance abuse organizations; and

“(ii) the general public.

“SEC. 1034. TECHNICAL ASSISTANCE AND TRAINING.

21 USC 1534.

“(a) IN GENERAL.—

“(1) TECHNICAL ASSISTANCE AND AGREEMENTS.—With respect to any grant recipient or other organization, the Administrator may—

“(A) offer technical assistance and training; and

“(B) enter into contracts and cooperative agreements.

“(2) COORDINATION OF PROGRAMS.—The Administrator may facilitate the coordination of programs between a grant recipient and other organizations and entities.

“(b) TRAINING.—The Administrator may provide training to any representative designated by a grant recipient in—

“(1) coalition building;

“(2) task force development;

“(3) mediation and facilitation, direct service, assessment and evaluation; or

“(4) any other activity related to the purposes of the Program.

“Subchapter II—Advisory Commission

“SEC. 1041. ESTABLISHMENT OF ADVISORY COMMISSION.

21 USC 1541.

“(a) ESTABLISHMENT.—There is established a commission to be known as the ‘Advisory Commission on Drug-Free Communities’.

“(b) PURPOSE.—The Advisory Commission shall advise, consult with, and make recommendations to the Director concerning matters related to the activities carried out under the Program.

“SEC. 1042. DUTIES.

21 USC 1542.

“(a) IN GENERAL.—The Advisory Commission—

“(1) shall, not later than 30 days after its first meeting, make recommendations to the Director regarding the selection of an Administrator;

“(2) may make recommendations to the Director regarding any grant, contract, or cooperative agreement made by the Program;

“(3) may make recommendations to the Director regarding the activities of the Program;

“(4) may make recommendations to the Director regarding any policy or criteria established by the Director to carry out the Program;

“(5) may—

“(A) collect, by correspondence or by personal investigation, information concerning initiatives, studies, services, programs, or other activities of coalitions or organizations working in the field of substance abuse in the United States or any other country; and

“(B) with the approval of the Director, make the information referred to in subparagraph (A) available through appropriate publications or other methods for the benefit of eligible coalitions and the general public; and

“(6) may appoint subcommittees and convene workshops and conferences.

Notification.

“(b) RECOMMENDATIONS.—If the Director rejects any recommendation of the Advisory Commission under subsection (a)(1), the Director shall notify the Advisory Commission in writing of the reasons for the rejection not later than 15 days after receiving the recommendation.

“(c) CONFLICT OF INTEREST.—A member of the Advisory Commission shall recuse himself or herself from any decision that would constitute a conflict of interest.

21 USC 1543.

“SEC. 1043. MEMBERSHIP.

President.

“(a) IN GENERAL.—The President shall appoint 11 members to the Advisory Commission as follows:

“(1) four members shall be appointed from the general public and shall include leaders—

“(A) in fields of youth development, public policy, law, or business; or

“(B) of nonprofit organizations or private foundations that fund substance abuse programs.

“(2) four members shall be appointed from the leading representatives of national substance abuse reduction organizations, of which no fewer than three members shall have extensive training or experience in drug prevention.

“(3) three members shall be appointed from the leading representatives of State substance abuse reduction organizations.

“(b) CHAIRPERSON.—The Advisory Commission shall elect a chairperson or co-chairpersons from among its members.

“(c) EX OFFICIO MEMBERS.—The ex officio membership of the Advisory Commission shall consist of any two officers or employees of the United States that the Director determines to be necessary for the Advisory Commission to effectively carry out its functions.

21 USC 1544.

“SEC. 1044. COMPENSATION.

“(a) IN GENERAL.—Members of the Advisory Commission who are officers or employees of the United States shall not receive any additional compensation for service on the Advisory Commission. The remaining members of the Advisory Commission shall receive, for each day (including travel time) that they are engaged

in the performance of the functions of the Advisory Commission, compensation at rates not to exceed the daily equivalent to the annual rate of basic pay payable for grade GS–10 of the General Schedule.

“(b) TRAVEL EXPENSES.—Each member of the Advisory Commission shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

“SEC. 1045. TERMS OF OFFICE.

21 USC 1545.

“(a) IN GENERAL.—Subject to subsection (b), the term of office of a member of the Advisory Commission shall be 3 years, except that, as designated at the time of appointment—

“(1) of the initial members appointed under section 1043(a)(1), two shall be appointed for a term of 2 years;

“(2) of the initial members appointed under section 1043(a)(2), two shall be appointed for a term of 2 years; and

“(3) of the initial members appointed under section 1043(a)(3), one shall be appointed for a term of 1 year.

“(b) VACANCIES.—Any member appointed to fill a vacancy for an unexpired term of a member shall serve for the remainder of the unexpired term. A member of the Advisory Commission may serve after the expiration of such member’s term until a successor has been appointed and taken office.

“SEC. 1046. MEETINGS.

21 USC 1546.

“(a) IN GENERAL.—After its initial meeting, the Advisory Commission shall meet, with the advanced approval of the Administrator, at the call of the Chairperson (or Co-chairpersons) of the Advisory Commission or a majority of its members or upon the request of the Director or Administrator of the Program.

“(b) QUORUM.—Six members of the Advisory Commission shall constitute a quorum.

“SEC. 1047. STAFF.

21 USC 1547.

“The Administrator shall make available to the Advisory Commission adequate staff, information, and other assistance.

21 USC 1548.

“SEC. 1048. TERMINATION.

“The Advisory Commission shall terminate at the end of fiscal year 2002.”.

21 USC 1501
note.

(b) REFERENCES.—Each reference in Federal law to subtitle A of the Anti-Drug Abuse Act of 1988, with the exception of section 1001 of such subtitle, in any provision of law that is in effect on the day before the date of enactment of this Act shall be deemed to be a reference to chapter 1 of the National Narcotics Leadership Act of 1988 (as so designated by this section).

Approved June 27, 1997.

LEGISLATIVE HISTORY—H.R. 956 (S. 536):

HOUSE REPORTS: No. 105–105, Pt. 1 (Comm. on Government Reform and Oversight).

CONGRESSIONAL RECORD, Vol. 143 (1997):

May 22, considered and passed House.

June 18, considered and passed Senate.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

June 27, Presidential remarks.



Public Law 105–21
105th Congress

Joint Resolution

To consent to certain amendments enacted by the Legislature of the State of
Hawaii to the Hawaiian Homes Commission Act, 1920.

June 27, 1997
[H.J. Res. 32]

*Resolved by the Senate and House of Representatives of the
United States of America in Congress assembled,* That, as required
by section 4 of the Act entitled “An Act to provide for the admission
of the State of Hawaii into the Union”, approved March 18, 1959
(73 Stat. 4), the United States consents to the following amendments
to the Hawaiian Homes Commission Act, 1920, adopted by the
State of Hawaii in the manner required for State legislation:

48 USC prec. 491
note.

- (1) Act 339 of the Session Laws of Hawaii, 1993.
- (2) Act 37 of the Session Laws of Hawaii, 1994.

Approved June 27, 1997.

LEGISLATIVE HISTORY—H.J. Res. 32:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Mar. 11 considered and passed House.

June 12, considered and passed Senate.



Public Law 105–22
105th Congress

An Act

June 27, 1997
[S. 342]

To extend certain privileges, exemptions, and immunities to Hong Kong Economic and Trade Offices.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

22 USC 288k.

SECTION 1. EXTENSION OF CERTAIN PRIVILEGES, EXEMPTIONS, AND IMMUNITIES TO HONG KONG ECONOMIC AND TRADE OFFICES.

(a) APPLICATION OF INTERNATIONAL ORGANIZATIONS IMMUNITIES ACT.—The provisions of the International Organizations Immunities Act (22 U.S.C. 288 et seq.) may be extended to the Hong Kong Economic and Trade Offices in the same manner, to the same extent, and subject to the same conditions as such provisions may be extended to a public international organization in which the United States participates pursuant to any treaty or under the authority of any Act of Congress authorizing such participation or making an appropriation for such participation.

(b) APPLICATION OF INTERNATIONAL AGREEMENT ON CERTAIN STATE AND LOCAL TAXATION.—The President is authorized to apply the provisions of Article I of the Agreement on State and Local Taxation of Foreign Employees of Public International Organizations, done at Washington on April 21, 1994, to the Hong Kong Economic and Trade Offices.

(c) DEFINITION.—The term “Hong Kong Economic and Trade Offices” refers to Hong Kong’s official economic and trade missions in the United States.

Approved June 27, 1997.

LEGISLATIVE HISTORY—S. 342:

CONGRESSIONAL RECORD, Vol. 143 (1997):
May 20, considered and passed Senate.
June 17, considered and passed House.



Public Law 105–23
105th Congress

An Act

To amend section 2118 of the Energy Policy Act of 1992 to extend the Electric and Magnetic Fields Research and Public Information Dissemination program.

July 3, 1997
[H.R. 363]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AMENDMENTS.

Section 2118 of the Energy Policy Act of 1992 (42 U.S.C. 13478) is amended—

(1) in subsections (c)(5), (e)(5), (g)(3)(B), (j)(1), and (l) by striking “1997” each place it appears and inserting in lieu thereof “1998”; and

(2) in subsection (j)(1), by striking “\$65,000,000” and inserting in lieu thereof “\$46,000,000”.

Approved July 3, 1997.

LEGISLATIVE HISTORY—H.R. 363:

HOUSE REPORTS: No. 105–60, Pt. 1 (Comm. on Commerce) and Pt. 2 (Comm. on Science).

SENATE REPORTS: No. 105–27 (Comm. on Energy and Natural Resources).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Apr. 29, considered and passed House.

June 20, considered and passed Senate.



Public Law 105–24
105th Congress

An Act

July 3, 1997
[H.R. 1306]

Riegle-Neal
Amendments Act
of 1997.
12 USC 1811
note.

To amend Federal law to clarify the applicability of host State laws to any branch in such State of an out-of-State bank, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Riegle-Neal Amendments Act of 1997”.

SEC. 2. INTERSTATE BRANCHING.

(a) ACTIVITIES OF BRANCHES OF OUT-OF-STATE BANKS.—Subsection 24(j) of the Federal Deposit Insurance Act (12 U.S.C. 1831a(j)) is amended to read as follows:

“(j) ACTIVITIES OF BRANCHES OF OUT-OF-STATE BANKS.—

“(1) APPLICATION OF HOST STATE LAW.—The laws of a host State, including laws regarding community reinvestment, consumer protection, fair lending, and establishment of intrastate branches, shall apply to any branch in the host State of an out-of-State State bank to the same extent as such State laws apply to a branch in the host State of an out-of-State national bank. To the extent host State law is inapplicable to a branch of an out-of-State State bank in such host State pursuant to the preceding sentence, home State law shall apply to such branch.

“(2) ACTIVITIES OF BRANCHES.—An insured State bank that establishes a branch in a host State may conduct any activity at such branch that is permissible under the laws of the home State of such bank, to the extent such activity is permissible either for a bank chartered by the host State (subject to the restrictions in this section) or for a branch in the host State of an out-of-State national bank.

“(3) SAVINGS PROVISION.—No provision of this subsection shall be construed as affecting the applicability of—

“(A) any State law of any home State under subsection (b), (c), or (d) of section 44; or

“(B) Federal law to State banks and State bank branches in the home State or the host State.

“(4) DEFINITIONS.—The terms ‘host State’, ‘home State’, and ‘out-of-State bank’ have the same meanings as in section 44(f).”.

(b) LAW APPLICABLE TO INTERSTATE BRANCHING OPERATIONS.—Section 5155(f)(1) of the Revised Statutes (12 U.S.C. 36(f)(1)) is amended by adding at the end the following:

“(C) REVIEW AND REPORT ON ACTIONS BY COMPTROLLER.—The Comptroller of the Currency shall conduct an annual review of the actions it has taken with regard to the applicability of State law to national banks (or their branches) during the preceding year, and shall include in its annual report required under section 333 of the Revised Statutes (12 U.S.C. 14) the results of the review and the reasons for each such action. The first such review and report after the date of enactment of this subparagraph shall encompass all such actions taken on or after January 1, 1992.”.

SEC. 3. RIGHT OF STATE TO OPT OUT

Nothing in this Act alters the right of States under section 525 of Public Law 96-221.

12 USC 1831a
note.

Approved July 3, 1997.

LEGISLATIVE HISTORY—H.R. 1306:

CONGRESSIONAL RECORD, Vol. 143 (1997):

May 21, considered and passed House.

June 12, considered and passed Senate, amended.

June 24, House concurred in Senate amendment.



Public Law 105–25
105th Congress

An Act

July 3, 1997
[H.R. 1553]

To amend the President John F. Kennedy Assassination Records Collection Act of 1992 to extend the authorization of the Assassination Records Review Board until September 30, 1998.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXTENSION OF AUTHORIZATION OF ASSASSINATION RECORDS REVIEW BOARD.

The President John F. Kennedy Assassination Records Collection Act of 1992 (44 U.S.C. 2107 note) is amended—

(1) in section 7(o)(1), by striking “September 30, 1996” and all that follows through the end of the paragraph and inserting “September 30, 1998.”; and

(2) in section 13(a), by striking “such sums” and all that follows through “expended” and inserting “to carry out the provisions of this Act \$1,600,000 for fiscal year 1998”.

Approved July 3, 1997.

LEGISLATIVE HISTORY—H.R. 1553:

HOUSE REPORTS: No. 105–138, Pt. 1 (Comm. on Government Reform and Oversight).

CONGRESSIONAL RECORD, Vol. 143 (1997):

June 23, considered and passed House.

June 25, considered and passed Senate.



Public Law 105–26
105th Congress

An Act

To immunize donations made in the form of charitable gift annuities and charitable remainder trusts from the antitrust laws and State laws similar to the antitrust laws.

July 3, 1997
[H.R. 1902]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Charitable Donation Antitrust Immunity Act of 1997”.

Charitable
Donation
Antitrust
Immunity Act of
1997.
15 USC 1 note.

SEC. 2. IMMUNITY FROM ANTITRUST LAWS.

The Charitable Gift Annuity Antitrust Relief Act of 1995 (15 U.S.C. 37 et seq.) is amended—

(1) by amending section 2 to read as follows:

15 USC 37.

“SEC. 2. IMMUNITY FROM ANTITRUST LAWS.

“(a) **INAPPLICABILITY OF ANTITRUST LAWS.**—Except as provided in subsection (d), the antitrust laws, and any State law similar to any of the antitrust laws, shall not apply to charitable gift annuities or charitable remainder trusts.

“(b) **IMMUNITY.**—Except as provided in subsection (d), any person subjected to any legal proceeding for damages, injunction, penalties, or other relief of any kind under the antitrust laws, or any State law similar to any of the antitrust laws, on account of setting or agreeing to rates of return or other terms for, negotiating, issuing, participating in, implementing, or otherwise being involved in the planning, issuance, or payment of charitable gift annuities or charitable remainder trusts shall have immunity from suit under the antitrust laws, including the right not to bear the cost, burden, and risk of discovery and trial, for the conduct set forth in this subsection.

“(c) **TREATMENT OF CERTAIN ANNUITIES AND TRUSTS.**—Any annuity treated as a charitable gift annuity, or any trust treated as a charitable remainder trust, either—

“(1) in any filing by the donor with the Internal Revenue Service; or

“(2) in any schedule, form, or written document provided by or on behalf of the donee to the donor;

shall be conclusively presumed for the purposes of this Act to be respectively a charitable gift annuity or a charitable remainder trust, unless there has been a final determination by the Internal Revenue Service that, for fraud or otherwise, the donor’s annuity or trust did not qualify respectively as a charitable gift annuity or charitable remainder trust when created.

“(d) LIMITATION.—Subsections (a) and (b) shall not apply with respect to the enforcement of a State law similar to any of the antitrust laws, with respect to charitable gift annuities, or charitable remainder trusts, created after the State enacts a statute, not later than December 8, 1998, that expressly provides that subsections (a) and (b) shall not apply with respect to such charitable gift annuities and such charitable remainder trusts.”; and

15 USC 37a.

(2) in section 3—

(A) by striking paragraph (1);

(B) by redesignating paragraph (2) as paragraph (1);

(C) by inserting after paragraph (1), as so redesignated, the following:

“(2) CHARITABLE REMAINDER TRUST.—The term ‘charitable remainder trust’ has the meaning given it in section 664(d) of the Internal Revenue Code of 1986 (26 U.S.C. 664(d)).”;

(D) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

(E) by inserting after paragraph (3) the following:

“(4) FINAL DETERMINATION.—The term ‘final determination’ includes an Internal Revenue Service determination, after exhaustion of donor’s and donee’s administrative remedies, disallowing the donor’s charitable deduction for the year in which the initial contribution was made because of the donee’s failure to comply at such time with the requirements of section 501(m)(5) or 664(d), respectively, of the Internal Revenue Code of 1986 (26 U.S.C. 501(m)(5), 664(d)).”.

15 USC 37 note.

SEC. 3. APPLICATION OF ACT.

This Act, and the amendments made by this Act, shall apply with respect to all conduct occurring before, on, or after the date of the enactment of this Act and shall apply in all administrative and judicial actions pending on or commenced after the date of the enactment of this Act.

15 USC 37 note.

SEC. 4. STUDY AND REPORT.

(a) STUDY AND REPORT.—The Attorney General shall carry out a study to determine the effect of this Act on markets for noncharitable annuities, charitable gift annuities, and charitable remainder trusts. The Attorney General shall prepare a report summarizing the results of the study.

(b) DETAILS OF STUDY AND REPORT.—The report referred to in subsection (a) shall include any information on possible inappropriate activity resulting from this Act and any recommendations for legislative changes, including recommendations for additional enforcement resources.

(c) SUBMISSION OF REPORT.—The Attorney General shall submit the report referred to in subsection (a) to the Chairman and the ranking member of the Committee on the Judiciary of the House of Representatives, and to the Chairman and the ranking member of the Committee on the Judiciary of the Senate, not later than 27 months after the date of the enactment of this Act.

Approved July 3, 1997.

LEGISLATIVE HISTORY—H.R. 1902:

HOUSE REPORTS: No. 105-146 (Comm. on the Judiciary).

CONGRESSIONAL RECORD, Vol. 143 (1997):

June 23, considered and passed House.

June 24, considered and passed Senate.



Public Law 105–27
105th Congress

An Act

July 18, 1997
[H.R. 173]

To amend the Federal Property and Administrative Services Act of 1949 to authorize donation of Federal law enforcement canines that are no longer needed for official purposes to individuals with experience handling canines in the performance of law enforcement duties.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AUTHORIZATION TO DONATE SURPLUS LAW ENFORCEMENT CANINES TO THEIR HANDLERS.

Section 203 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484) is amended by adding at the end the following:

“(r) The head of a Federal agency having control of a canine that has been used by a Federal agency in the performance of law enforcement duties and that has been determined by the agency to be no longer needed for official purposes may donate the canine to an individual who has experience handling canines in the performance of those duties.”.

Approved July 18, 1997.

LEGISLATIVE HISTORY—H.R. 173:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Apr. 16, considered and passed House.

June 27, considered and passed Senate.



Public Law 105–28
105th Congress

An Act

To amend sections of the Department of Energy Organization Act that are obsolete or inconsistent with other statutes and to repeal a related section of the Federal Energy Administration Act of 1974.

July 18, 1997

[H.R. 649]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Department of Energy Standardization Act of 1997”.

Department of
Energy
Standardization
Act of 1997.
42 USC 7101
note.

SEC. 2. STANDARDIZATION OF DEPARTMENT OF ENERGY REQUIREMENTS WITH GOVERNMENT-WIDE REQUIREMENTS.

(a) DEPARTMENT OF ENERGY REGULATIONS.—Section 501 of the Department of Energy Organization Act (42 U.S.C. 7191) is amended—

(1) by striking subsections (b) and (d),

(2) by redesignating subsection (c) as subsection (b) and by redesignating subsections (e), (f), and (g) as subsections (c), (d), and (e), respectively, and

(3) in subsection (c) (as so redesignated), by striking “subsections (b), (c), and (d)” and inserting “subsection (b)”.

(b) SPECIAL REQUIREMENTS AFFECTING ADVISORY COMMITTEES.—

(1) SECTION 624.—Section 624 of the Department of Energy Organization Act (42 U.S.C. 7234) is amended by—

(A) striking “(a)”; and

(B) striking subsection (b).

(2) TECHNICAL AND CONFORMING AMENDMENT.—Section 17 of the Federal Energy Administration Act of 1974 (15 U.S.C. 776) is repealed.

Approved July 18, 1997.

LEGISLATIVE HISTORY—H.R. 649:

HOUSE REPORTS: No. 105–11 (Comm. on Commerce).

SENATE REPORTS: No. 105–26 (Comm. on Energy and Natural Resources).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Mar. 11, considered and passed House.

June 27, considered and passed Senate.



Public Law 105–29
105th Congress

Joint Resolution

July 24, 1997

[S.J. Res. 29]

To direct the Secretary of the Interior to design and construct a permanent addition to the Franklin Delano Roosevelt Memorial in Washington, D.C., and for other purposes.

Whereas President Franklin Delano Roosevelt, after contracting poliomyelitis, required the use of a wheelchair for mobility and lived with this condition while leading the United States through some of its most difficult times; and

Whereas President Roosevelt’s courage, leadership, and success should serve as an example and inspiration for all Americans: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

16 USC 431 note.

SECTION 1. ADDITION TO FRANKLIN DELANO ROOSEVELT MEMORIAL.

(a) **PLAN.**—The Secretary of the Interior (referred to in this Act as the “Secretary”) shall plan for the design and construction of an addition of a permanent statue, bas-relief, or other similar structure to the Franklin Delano Roosevelt Memorial in Washington, D.C. (referred to in this Act as the “Memorial”), to provide recognition of the fact that President Roosevelt’s leadership in the struggle by the United States for peace, well-being, and human dignity was provided while the President used a wheelchair.

(b) **COMMISSION OF FINE ARTS.**—The Secretary shall obtain the approval of the Commission of Fine Arts for the design plan created under subsection (a).

(c) **REPORT.**—As soon as practicable, the Secretary shall report to Congress and the President on findings and recommendations for the addition to the Memorial.

(d) **CONSTRUCTION.**—Beginning on the date that is 120 days after submission of the report to Congress under subsection (c), using only private contributions, the Secretary shall construct the addition according to the plan created under subsection (a).

16 USC 431 note.

SEC. 2. POWERS OF THE SECRETARY.

To carry out this Act, the Secretary may—

(1) hold hearings and organize contests; and

(2) request the assistance and advice of members of the disability community, the Commission of Fine Arts, and the National Capital Planning Commission, and the Commissions shall render the assistance and advice requested.

SEC. 3. COMMEMORATIVE WORKS ACT.

16 USC 431 note.

Compliance by the Secretary with this joint resolution shall satisfy all requirements for establishing a commemorative work under the Commemorative Works Act (40 U.S.C. 1001 et seq.).

SEC. 4. AUTHORIZATION OF APPROPRIATIONS.

16 USC 431 note.

There are authorized to be appropriated to carry out this joint resolution such sums as may be necessary.

Approved July 24, 1997.

LEGISLATIVE HISTORY—S.J. Res. 29:

CONGRESSIONAL RECORD, Vol. 143 (1997):

HOUSE REPORTS: No. 105–167 (Comm. on Resources).

May 1, considered and passed Senate.

July 8, considered and passed House.



Public Law 105–30
105th Congress

An Act

July 25, 1997
[H.R. 1901]

To clarify that the protections of the Federal Tort Claims Act apply to the members and personnel of the National Gambling Impact Study Commission.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. APPLICABILITY OF FEDERAL TORT CLAIMS PROVISIONS.

Section 6 of the National Gambling Impact Study Commission Act (18 U.S.C. 1955 note) is amended by adding at the end the following:

“(e) APPLICABILITY OF FEDERAL TORT CLAIMS PROVISIONS.—For purposes of sections 1346(b) and 2401(b) and chapter 171 of title 28, United States Code, the Commission is a ‘Federal agency’ and each of the members and personnel of the Commission is an ‘employee of the Government’.”.

18 USC 1955
note.

SEC. 2. CONSTRUCTION.

The amendment made by section 1 shall not be construed to imply that any commission is not a “Federal agency” or that any of the members or personnel of a commission is not an “employee of the Government” for purposes of sections 1346(b) and 2401(b) and chapter 171 of title 28, United States Code.

18 USC 1955
note.

SEC. 3. EFFECTIVE DATE.

The amendment made by section 1 shall be effective as of August 3, 1996.

Approved July 25, 1997.

LEGISLATIVE HISTORY—H.R. 1901:

HOUSE REPORTS: No. 105–145 (Comm. on the Judiciary).

CONGRESSIONAL RECORD, Vol. 143 (1997):

June 23, considered and passed House.

July 9, considered and passed Senate.



Public Law 105–31
105th Congress

An Act

To waive temporarily the Medicaid enrollment composition rule for the Better Health Plan of Amherst, New York.

July 25, 1997
[H.R. 2018]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. WAIVER OF 75/25 MEDICAID ENROLLMENT RULE FOR BETTER HEALTH PLAN, INC. Effective date.

Effective July 1, 1997, the requirement of section 1903(m)(2)(A)(ii) of the Social Security Act (42 U.S.C. 1396b(m)(2)(A)(ii)) is waived, for contract periods through December 31, 1998, with respect to the Better Health Plan, Inc. operating in New York.

Approved July 25, 1997.

LEGISLATIVE HISTORY—H.R. 2018:

HOUSE REPORTS: No. 105–165 (Comm. on Commerce).

CONGRESSIONAL RECORD, Vol. 143 (1997):

July 8, considered and passed House.

July 11, considered and passed Senate.



Public Law 105–32
105th Congress

Joint Resolution

Aug. 1, 1997
[H.J. Res. 90]

Waiving certain enrollment requirements with respect to two specified bills of
the One Hundred Fifth Congress.

1 USC 106 note.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the provisions of sections 106 and 107 of title 1, United States Code, are waived with respect to the printing (on parchment or otherwise) of the enrollment of H.R. 2014 and of H.R. 2015 of the One Hundred Fifth Congress. The enrollment of each of those bills shall be in such form as the Committee on House Oversight of the House of Representatives certifies to be a true enrollment.

Approved August 1, 1997.

LEGISLATIVE HISTORY—H.J. Res. 90:

CONGRESSIONAL RECORD, Vol. 143 (1997):

July 31, considered and passed House and Senate.



***Public Law 105–33**
105th Congress

An Act

To provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998.

Aug. 5, 1997

[H.R. 2015]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Balanced Budget
Act of 1997.

SECTION 1. SHORT TITLE.

This Act may be cited as the “Balanced Budget Act of 1997”.

SEC. 2. TABLE OF TITLES.

This Act is organized into titles as follows:

Title I—Food Stamp Provisions
Title II—Housing and Related Provisions
Title III—Communications and Spectrum Allocation Provisions
Title IV—Medicare, Medicaid, and Children’s Health Provisions
Title V—Welfare and Related Provisions
Title VI—Education and Related Provisions
Title VII—Civil Service Retirement and Related Provisions
Title VIII—Veterans and Related Provisions
Title IX—Asset Sales, User Fees, and Miscellaneous Provisions
Title X—Budget Enforcement and Process Provisions
Title XI—District of Columbia Revitalization

TITLE I—FOOD STAMP PROVISIONS

SEC. 1001. EXEMPTION.

Section 6(o) of the Food Stamp Act of 1977 (7 U.S.C. 2015(o)) is amended—

(1) in paragraph (2)(D), by striking “or (5)” and inserting “(5), or (6)”;

(2) by redesignating paragraph (6) as paragraph (7); and
(3) by inserting after paragraph (5) the following:

“(6) 15-PERCENT EXEMPTION.—

“(A) DEFINITIONS.—In this paragraph:

“(i) CASELOAD.—The term ‘caseload’ means the average monthly number of individuals receiving food stamps during the 12-month period ending the preceding June 30.

“(ii) COVERED INDIVIDUAL.—The term ‘covered individual’ means a food stamp recipient, or an individual denied eligibility for food stamp benefits solely due to paragraph (2), who—

“(I) is not eligible for an exception under paragraph (3);

“(II) does not reside in an area covered by a waiver granted under paragraph (4);

*Note: This is a hand enrollment pursuant to Public Law 105–32.

“(III) is not complying with subparagraph (A), (B), or (C) of paragraph (2);

“(IV) is not receiving food stamp benefits during the 3 months of eligibility provided under paragraph (2); and

“(V) is not receiving food stamp benefits under paragraph (5).

“(B) GENERAL RULE.—Subject to subparagraphs (C) through (G), a State agency may provide an exemption from the requirements of paragraph (2) for covered individuals.

“(C) FISCAL YEAR 1998.—Subject to subparagraphs (E) and (G), for fiscal year 1998, a State agency may provide a number of exemptions such that the average monthly number of the exemptions in effect during the fiscal year does not exceed 15 percent of the number of covered individuals in the State in fiscal year 1998, as estimated by the Secretary, based on the survey conducted to carry out section 16(c) for fiscal year 1996 and such other factors as the Secretary considers appropriate due to the timing and limitations of the survey.

“(D) SUBSEQUENT FISCAL YEARS.—Subject to subparagraphs (E) through (G), for fiscal year 1999 and each subsequent fiscal year, a State agency may provide a number of exemptions such that the average monthly number of the exemptions in effect during the fiscal year does not exceed 15 percent of the number of covered individuals in the State, as estimated by the Secretary under subparagraph (C), adjusted by the Secretary to reflect changes in the State’s caseload and the Secretary’s estimate of changes in the proportion of food stamp recipients covered by waivers granted under paragraph (4).

“(E) CASELOAD ADJUSTMENTS.—The Secretary shall adjust the number of individuals estimated for a State under subparagraph (C) or (D) during a fiscal year if the number of food stamp recipients in the State varies from the State’s caseload by more than 10 percent, as determined by the Secretary.

“(F) EXEMPTION ADJUSTMENTS.—During fiscal year 1999 and each subsequent fiscal year, the Secretary shall increase or decrease the number of individuals who may be granted an exemption by a State agency under this paragraph to the extent that the average monthly number of exemptions in effect in the State for the preceding fiscal year under this paragraph is lesser or greater than the average monthly number of exemptions estimated for the State agency for such preceding fiscal year under this paragraph.

“(G) REPORTING REQUIREMENT.—A State agency shall submit such reports to the Secretary as the Secretary determines are necessary to ensure compliance with this paragraph.”.

SEC. 1002. ADDITIONAL FUNDING FOR EMPLOYMENT AND TRAINING.

(a) IN GENERAL.—Section 16(h) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)) is amended by striking paragraph (1) and inserting the following:

“(1) IN GENERAL.—

“(A) AMOUNTS.—To carry out employment and training programs, the Secretary shall reserve for allocation to State agencies, to remain available until expended, from funds made available for each fiscal year under section 18(a)(1) the amount of—

“(i) for fiscal year 1996, \$75,000,000;

“(ii) for fiscal year 1997, \$79,000,000;

“(iii) for fiscal year 1998—

“(I) \$81,000,000; and

“(II) an additional amount of \$131,000,000;

“(iv) for fiscal year 1999—

“(I) \$84,000,000; and

“(II) an additional amount of \$131,000,000;

“(v) for fiscal year 2000—

“(I) \$86,000,000; and

“(II) an additional amount of \$131,000,000;

“(vi) for fiscal year 2001—

“(I) \$88,000,000; and

“(II) an additional amount of \$131,000,000;

and

“(vii) for fiscal year 2002—

“(I) \$90,000,000; and

“(II) an additional amount of \$75,000,000.

“(B) ALLOCATION.—

“(i) ALLOCATION FORMULA.—The Secretary shall allocate the amounts reserved under subparagraph (A) among the State agencies using a reasonable formula, as determined and adjusted by the Secretary each fiscal year, to reflect—

“(I) changes in each State’s caseload (as defined in section 6(o)(6)(A));

“(II) for fiscal year 1998, the portion of food stamp recipients who reside in each State who are not eligible for an exception under section 6(o)(3); and

“(III) for each of fiscal years 1999 through 2002, the portion of food stamp recipients who reside in each State who are not eligible for an exception under section 6(o)(3) and who—

“(aa) do not reside in an area subject to a waiver granted by the Secretary under section 6(o)(4); or

“(bb) do reside in an area subject to a waiver granted by the Secretary under section 6(o)(4), if the State agency provides employment and training services in the area to food stamp recipients who are not eligible for an exception under section 6(o)(3).

“(ii) ESTIMATED FACTORS.—The Secretary shall estimate the portion of food stamp recipients who reside in each State who are not eligible for an exception under section 6(o)(3) based on the survey conducted to carry out subsection (c) for fiscal year 1996 and such other factors as the Secretary considers appropriate due to the timing and limitations of the survey.

“(iii) REPORTING REQUIREMENT.—A State agency shall submit such reports to the Secretary as the Secretary determines are necessary to ensure compliance with this paragraph.

“(C) REALLOCATION.—If a State agency will not expend all of the funds allocated to the State agency for a fiscal year under subparagraph (B), the Secretary shall reallocate the unexpended funds to other States (during the fiscal year or the subsequent fiscal year) as the Secretary considers appropriate and equitable.

“(D) MINIMUM ALLOCATION.—Notwithstanding subparagraph (B), the Secretary shall ensure that each State agency operating an employment and training program shall receive not less than \$50,000 for each fiscal year.

“(E) USE OF FUNDS.—Of the amount of funds a State agency receives under subparagraphs (A) through (D) for a fiscal year, not less than 80 percent of the funds shall be used by the State agency during the fiscal year to serve food stamp recipients who—

“(i) are not eligible for an exception under section 6(o)(3); and

“(ii) are placed in and comply with a program described in subparagraph (B) or (C) of section 6(o)(2).

“(F) MAINTENANCE OF EFFORT.—To receive an allocation of an additional amount made available under subclause (II) of each of clauses (iii) through (vii) of subparagraph (A), a State agency shall maintain the expenditures of the State agency for employment and training programs and workfare programs for any fiscal year under paragraph (2), and administrative expenses described in section 20(g)(1), at a level that is not less than the level of the expenditures by the State agency to carry out the programs and such expenses for fiscal year 1996.

“(G) COMPONENT COSTS.—The Secretary shall monitor State agencies’ expenditure of funds for employment and training programs provided under this paragraph, including the costs of individual components of State agencies’ programs. The Secretary may determine the reimbursable costs of employment and training components, and, if the Secretary makes such a determination, the Secretary shall determine that the amounts spent or planned to be spent on the components reflect the reasonable cost of efficiently and economically providing components appropriate to recipient employment and training needs, taking into account, as the Secretary deems appropriate, prior expenditures on the components, the variability of costs among State agencies’ components, the characteristics of the recipients to be served, and such other factors as the Secretary considers necessary.”

7 USC 2025 note.

(b) REPORT TO CONGRESS.—Not later than 30 months after the date of enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report regarding whether the amounts made available under section 16(h)(1)(A) of the Food Stamp Act of 1977 (as a result of the amendment made by subsection (a))

have been used by State agencies to increase the number of work slots for recipients subject to section 6(o) of the Food Stamp Act of 1977 (7 U.S.C. 2015(o)) in employment and training programs and workfare in the most efficient and effective manner practicable.

SEC. 1003. DENIAL OF FOOD STAMPS FOR PRISONERS.

(a) STATE PLANS.—

(1) IN GENERAL.—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended by striking paragraph (20) and inserting the following:

“(20) that the State agency shall establish a system and take action on a periodic basis—

“(A) to verify and otherwise ensure that an individual does not receive coupons in more than 1 jurisdiction within the State; and

“(B) to verify and otherwise ensure that an individual who is placed under detention in a Federal, State, or local penal, correctional, or other detention facility for more than 30 days shall not be eligible to participate in the food stamp program as a member of any household, except that—

“(i) the Secretary may determine that extraordinary circumstances make it impracticable for the State agency to obtain information necessary to discontinue inclusion of the individual; and

“(ii) a State agency that obtains information collected under section 1611(e)(1)(I)(i)(I) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)(i)(I)) pursuant to section 1611(e)(1)(I)(ii)(II) of that Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)), or under another program determined by the Secretary to be comparable to the program carried out under that section, shall be considered in compliance with this subparagraph.”

(2) LIMITS ON DISCLOSURE AND USE OF INFORMATION.—Section 11(e)(8)(E) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)(E)) is amended by striking “paragraph (16)” and inserting “paragraph (16) or (20)(B)”.

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by this subsection shall take effect on the date that is 1 year after the date of enactment of this Act.

(B) EXTENSION.—The Secretary of Agriculture may grant a State an extension of time to comply with the amendments made by this subsection, not to exceed beyond the date that is 2 years after the date of enactment of this Act, if the chief executive officer of the State submits a request for the extension to the Secretary—

(i) stating the reasons why the State is not able to comply with the amendments made by this subsection by the date that is 1 year after the date of enactment of this Act;

(ii) providing evidence that the State is making a good faith effort to comply with the amendments made by this subsection as soon as practicable; and

(iii) detailing a plan to bring the State into compliance with the amendments made by this subsection

7 USC 2020 note.

as soon as practicable but not later than the date of the requested extension.

(b) INFORMATION SHARING.—Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end the following:

“(q) DENIAL OF FOOD STAMPS FOR PRISONERS.—The Secretary shall assist States, to the maximum extent practicable, in implementing a system to conduct computer matches or other systems to prevent prisoners described in section 11(e)(20)(B) from participating in the food stamp program as a member of any household.”.

SEC. 1004. NUTRITION EDUCATION.

Section 11(f) of the Food Stamp Act of 1977 (7 U.S.C. 2020(f)) is amended—

(1) by striking “(f) To encourage” and inserting the following:

“(f) NUTRITION EDUCATION.—

“(1) IN GENERAL.—To encourage”; and

(2) by adding at the end the following:

“(2) GRANTS.—

“(A) IN GENERAL.—The Secretary shall make available not more than \$600,000 for each of fiscal years 1998 through 2001 to pay the Federal share of grants made to eligible private nonprofit organizations and State agencies to carry out subparagraph (B).

“(B) ELIGIBILITY.—A private nonprofit organization or State agency shall be eligible to receive a grant under subparagraph (A) if the organization or agency agrees—

“(i) to use the funds to direct a collaborative effort to coordinate and integrate nutrition education into health, nutrition, social service, and food distribution programs for food stamp participants and other low-income households; and

“(ii) to design the collaborative effort to reach large numbers of food stamp participants and other low-income households through a network of organizations, including schools, child care centers, farmers’ markets, health clinics, and outpatient education services.

“(C) PREFERENCE.—In deciding between 2 or more private nonprofit organizations or State agencies that are eligible to receive a grant under subparagraph (B), the Secretary shall give a preference to an organization or agency that conducted a collaborative effort described in subparagraph (B) and received funding for the collaborative effort from the Secretary before the date of enactment of this paragraph.

“(D) FEDERAL SHARE.—

“(i) IN GENERAL.—Subject to subparagraph (E), the Federal share of a grant under this paragraph shall be 50 percent.

“(ii) NO IN-KIND CONTRIBUTIONS.—The non-Federal share of a grant under this paragraph shall be in cash.

“(iii) PRIVATE FUNDS.—The non-Federal share of a grant under this paragraph may include amounts from private nongovernmental sources.

“(E) LIMIT ON INDIVIDUAL GRANT.—The Federal share of a grant under subparagraph (A) may not exceed \$200,000 for a fiscal year.”.

SEC. 1005. REGULATIONS; EFFECTIVE DATE.

7 USC 2015 note.

(a) REGULATIONS.—Not later than 1 year after the date of enactment of this Act, the Secretary of Agriculture shall promulgate such regulations as are necessary to implement the amendments made by this title.

(b) EFFECTIVE DATE.—The amendments made by sections 1001 and 1002 take effect on October 1, 1997, without regard to whether regulations have been promulgated to implement the amendments made by such sections.

TITLE II—HOUSING AND RELATED PROVISIONS

SEC. 2001. TABLE OF CONTENTS.

The table of contents for this title is as follows:

TITLE II—HOUSING AND RELATED PROVISIONS

Sec. 2001. Table of contents.

Sec. 2002. Extension of foreclosure avoidance and borrower assistance provisions for FHA single family housing mortgage insurance program.

Sec. 2003. Adjustment of maximum monthly rents for certain dwelling units in new construction and substantial or moderate rehabilitation projects assisted under section 8 rental assistance program.

Sec. 2004. Adjustment of maximum monthly rents for non-turnover dwelling units assisted under section 8 rental assistance program.

SEC. 2002. EXTENSION OF FORECLOSURE AVOIDANCE AND BORROWER ASSISTANCE PROVISIONS FOR FHA SINGLE FAMILY HOUSING MORTGAGE INSURANCE PROGRAM.

Section 407 of The Balanced Budget Downpayment Act, I (12 U.S.C. 1710 note) is amended—

(1) in subsection (c)—

(A) by striking “only”; and

(B) by inserting “, on, or after” after “before”; and

(2) by striking subsection (e).

SEC. 2003. ADJUSTMENT OF MAXIMUM MONTHLY RENTS FOR CERTAIN DWELLING UNITS IN NEW CONSTRUCTION AND SUBSTANTIAL OR MODERATE REHABILITATION PROJECTS ASSISTED UNDER SECTION 8 RENTAL ASSISTANCE PROGRAM.

The third sentence of section 8(c)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)(2)(A)) is amended by inserting before the period at the end the following: “, and during fiscal year 1999 and thereafter”.

SEC. 2004. ADJUSTMENT OF MAXIMUM MONTHLY RENTS FOR NON-TURNOVER DWELLING UNITS ASSISTED UNDER SECTION 8 RENTAL ASSISTANCE PROGRAM.

The last sentence of section 8(c)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)(2)(A)) is amended by inserting before the period at the end the following: “, and during fiscal year 1999 and thereafter”.

TITLE III—COMMUNICATIONS AND SPECTRUM ALLOCATION PROVISIONS

SEC. 3001. DEFINITIONS.

47 USC 153 note.

(a) COMMON TERMINOLOGY.—Except as otherwise provided in this title, the terms used in this title have the meanings provided in section 3 of the Communications Act of 1934 (47 U.S.C. 153), as amended by this section.

(b) ADDITIONAL DEFINITIONS.—Section 3 of the Communications Act of 1934 (47 U.S.C. 153) is amended—

(1) by redesignating paragraphs (49) through (51) as paragraphs (50) through (52), respectively; and

(2) by inserting after paragraph (48) the following new paragraph:

“(49) TELEVISION SERVICE.—

“(A) ANALOG TELEVISION SERVICE.—The term ‘analog television service’ means television service provided pursuant to the transmission standards prescribed by the Commission in section 73.682(a) of its regulations (47 C.F.R. 73.682(a)).

“(B) DIGITAL TELEVISION SERVICE.—The term ‘digital television service’ means television service provided pursuant to the transmission standards prescribed by the Commission in section 73.682(d) of its regulations (47 C.F.R. 73.682(d)).”.

SEC. 3002. SPECTRUM AUCTIONS.

(a) EXTENSION AND EXPANSION OF AUCTION AUTHORITY.—

(1) IN GENERAL.—Section 309(j) of the Communications Act of 1934 (47 U.S.C. 309(j)) is amended—

(A) by striking paragraphs (1) and (2) and inserting in lieu thereof the following:

“(1) GENERAL AUTHORITY.—If, consistent with the obligations described in paragraph (6)(E), mutually exclusive applications are accepted for any initial license or construction permit, then, except as provided in paragraph (2), the Commission shall grant the license or permit to a qualified applicant through a system of competitive bidding that meets the requirements of this subsection.

“(2) EXEMPTIONS.—The competitive bidding authority granted by this subsection shall not apply to licenses or construction permits issued by the Commission—

“(A) for public safety radio services, including private internal radio services used by State and local governments and non-government entities and including emergency road services provided by not-for-profit organizations, that—

“(i) are used to protect the safety of life, health, or property; and

“(ii) are not made commercially available to the public;

“(B) for initial licenses or construction permits for digital television service given to existing terrestrial broadcast licensees to replace their analog television service licenses; or

“(C) for stations described in section 397(6) of this Act.”;

(B) in paragraph (3)—

(i) by inserting after the second sentence the following new sentence: “The Commission shall, directly or by contract, provide for the design and conduct (for purposes of testing) of competitive bidding using a contingent combinatorial bidding system that permits prospective bidders to bid on combinations or groups of licenses in a single bid and to enter multiple alternative bids within a single bidding round.”;

(ii) by striking “and” at the end of subparagraph (C);

(iii) by striking the period at the end of subparagraph (D) and inserting “; and”; and

(iv) by adding at the end the following new subparagraph:

“(E) ensure that, in the scheduling of any competitive bidding under this subsection, an adequate period is allowed—

“(i) before issuance of bidding rules, to permit notice and comment on proposed auction procedures; and

“(ii) after issuance of bidding rules, to ensure that interested parties have a sufficient time to develop business plans, assess market conditions, and evaluate the availability of equipment for the relevant services.”;

(C) in paragraph (4)—

(i) by striking “and” at the end of subparagraph (D);

(ii) by striking the period at the end of subparagraph (E) and inserting “; and”; and

(iii) by adding at the end the following new subparagraph:

“(F) prescribe methods by which a reasonable reserve price will be required, or a minimum bid will be established, to obtain any license or permit being assigned pursuant to the competitive bidding, unless the Commission determines that such a reserve price or minimum bid is not in the public interest.”;

(D) in paragraph (8)(B)—

(i) by striking the third sentence; and

(ii) by adding at the end the following new sentence: “No sums may be retained under this subparagraph during any fiscal year beginning after September 30, 1998, if the annual report of the Commission under section 4(k) for the second preceding fiscal year fails to include in the itemized statement required by paragraph (3) of such section a statement of each expenditure made for purposes of conducting competitive bidding under this subsection during such second preceding fiscal year.”;

(E) in paragraph (11), by striking “1998” and inserting “2007”; and

(F) in paragraph (13)(F), by striking “September 30, 1998” and inserting “the date of enactment of the Balanced Budget Act of 1997”.

(2) **TERMINATION OF LOTTERY AUTHORITY.**—Section 309(i) of the Communications Act of 1934 (47 U.S.C. 309(i)) is amended—

(A) by striking paragraph (1) and inserting the following:

“(1) **GENERAL AUTHORITY.**—Except as provided in paragraph (5), if there is more than one application for any initial license or construction permit, then the Commission shall have the authority to grant such license or permit to a qualified applicant through the use of a system of random selection.”; and

(B) by adding at the end the following new paragraph:

“(5) **TERMINATION OF AUTHORITY.**—(A) Except as provided in subparagraph (B), the Commission shall not issue any license or permit using a system of random selection under this subsection after July 1, 1997.

“(B) Subparagraph (A) of this paragraph shall not apply with respect to licenses or permits for stations described in section 397(6) of this Act.”.

(3) **RESOLUTION OF PENDING COMPARATIVE LICENSING CASES.**—Section 309 of the Communications Act of 1934 (47 U.S.C. 309) is further amended by adding at the end the following new subsection:

“(1) **APPLICABILITY OF COMPETITIVE BIDDING TO PENDING COMPARATIVE LICENSING CASES.**—With respect to competing applications for initial licenses or construction permits for commercial radio or television stations that were filed with the Commission before July 1, 1997, the Commission shall—

“(1) have the authority to conduct a competitive bidding proceeding pursuant to subsection (j) to assign such license or permit;

“(2) treat the persons filing such applications as the only persons eligible to be qualified bidders for purposes of such proceeding; and

“(3) waive any provisions of its regulations necessary to permit such persons to enter an agreement to procure the removal of a conflict between their applications during the 180-day period beginning on the date of enactment of the Balanced Budget Act of 1997.”.

(4) **CONFORMING AMENDMENT.**—Section 6002 of the Omnibus Budget Reconciliation Act of 1993 is amended by striking subsection (e).

(5) **EFFECTIVE DATE.**—Except as otherwise provided therein, the amendments made by this subsection are effective on July 1, 1997.

(b) **ACCELERATED AVAILABILITY FOR AUCTION OF 1,710-1,755 MEGAHERTZ FROM INITIAL REALLOCATION REPORT.**—The band of frequencies located at 1,710-1,755 megahertz identified in the initial reallocation report under section 113(a) of the National Telecommunications and Information Administration Act (47 U.S.C. 923(a)) shall, notwithstanding the timetable recommended under section 113(e) of such Act and section 115(b)(1) of such Act, be available in accordance with this subsection for assignment for commercial use. The Commission shall assign licenses for such use by competitive bidding commenced after January 1, 2001, pursuant to section 309(j) of the Communications Act of 1934 (47 U.S.C. 309(j)).

47 USC 309 note.

47 USC 309 note.

47 USC 925 note.

(c) COMMISSION OBLIGATION TO MAKE ADDITIONAL SPECTRUM AVAILABLE BY AUCTION.— 47 USC 925 note.

(1) IN GENERAL.—The Commission shall complete all actions necessary to permit the assignment by September 30, 2002, by competitive bidding pursuant to section 309(j) of the Communications Act of 1934 (47 U.S.C. 309(j)), of licenses for the use of bands of frequencies that—

(A) in the aggregate span not less than 55 megahertz;

(B) are located below 3 gigahertz;

(C) have not, as of the date of enactment of this Act—

(i) been designated by Commission regulation for assignment pursuant to such section;

(ii) been identified by the Secretary of Commerce pursuant to section 113 of the National Telecommunications and Information Administration Organization Act (47 U.S.C. 923);

(iii) been allocated for Federal Government use pursuant to section 305 of the Communications Act of 1934 (47 U.S.C. 305);

(iv) been designated for reallocation under section 337 of the Communications Act of 1934 (as added by this Act); or

(v) been allocated or authorized for unlicensed use pursuant to part 15 of the Commission's regulations (47 C.F.R. Part 15), if the operation of services licensed pursuant to competitive bidding would interfere with operation of end-user products permitted under such regulations;

(D) include frequencies at 2,110–2,150 megahertz; and

(E) include 15 megahertz from within the bands of frequencies at 1,990–2,110 megahertz.

(2) CRITERIA FOR REASSIGNMENT.—In making available bands of frequencies for competitive bidding pursuant to paragraph (1), the Commission shall—

(A) seek to promote the most efficient use of the electromagnetic spectrum;

(B) consider the cost of relocating existing uses to other bands of frequencies or other means of communication;

(C) consider the needs of existing public safety radio services (as such services are described in section 309(j)(2)(A) of the Communications Act of 1934, as amended by this Act);

(D) comply with the requirements of international agreements concerning spectrum allocations; and

(E) coordinate with the Secretary of Commerce when there is any impact on Federal Government spectrum use.

(3) USE OF BANDS AT 2,110-2,150 MEGAHERTZ.—The Commission shall reallocate spectrum located at 2,110-2,150 megahertz for assignment by competitive bidding unless the Commission determines that auction of other spectrum (A) better serves the public interest, convenience, and necessity, and (B) can reasonably be expected to produce greater receipts. If the Commission makes such a determination, then the Commission shall, within 2 years after the date of enactment of this Act,

identify an alternative 40 megahertz, and report to the Congress an identification of such alternative 40 megahertz for assignment by competitive bidding.

(4) USE OF 15 MEGAHERTZ FROM BANDS AT 1,990-2,110 MEGAHERTZ.—The Commission shall reallocate 15 megahertz from spectrum located at 1,990-2,110 megahertz for assignment by competitive bidding unless the President determines such spectrum cannot be reallocated due to the need to protect incumbent Federal systems from interference, and that allocation of other spectrum (A) better serves the public interest, convenience, and necessity, and (B) can reasonably be expected to produce comparable receipts. If the President makes such a determination, then the President shall, within 2 years after the date of enactment of this Act, identify alternative bands of frequencies totalling 15 megahertz, and report to the Congress an identification of such alternative bands for assignment by competitive bidding.

(5) NOTIFICATION TO THE SECRETARY OF COMMERCE.—The Commission shall attempt to accommodate incumbent licensees displaced under this section by relocating them to other frequencies available for allocation by the Commission. The Commission shall notify the Secretary of Commerce whenever the Commission is not able to provide for the effective relocation of an incumbent licensee to a band of frequencies available to the Commission for assignment. The notification shall include—

- (A) specific information on the incumbent licensee;
- (B) the bands the Commission considered for relocation of the licensee;
- (C) the reasons the licensee cannot be accommodated in such bands; and
- (D) the bands of frequencies identified by the Commission that are—
 - (i) suitable for the relocation of such licensee; and
 - (ii) allocated for Federal Government use, but that could be reallocated pursuant to part B of the National Telecommunications and Information Administration Organization Act (as amended by this Act).

(d) IDENTIFICATION AND REALLOCATION OF FREQUENCIES.—

(1) IN GENERAL.—Section 113 of the National Telecommunications and Information Administration Organization Act (47 U.S.C. 923) is amended by adding at the end thereof the following:

“(f) ADDITIONAL REALLOCATION REPORT.—If the Secretary receives a notice from the Commission pursuant to section 3002(c)(5) of the Balanced Budget Act of 1997, the Secretary shall prepare and submit to the President, the Commission, and the Congress a report recommending for reallocation for use other than by Federal Government stations under section 305 of the 1934 Act (47 U.S.C. 305), bands of frequencies that are suitable for the licensees identified in the Commission’s notice. The Commission shall, not later than one year after receipt of such report, prepare, submit to the President and the Congress, and implement, a plan for the immediate allocation and assignment of such frequencies under the 1934 Act to incumbent licensees described in the Commission’s notice.

“(g) RELOCATION OF FEDERAL GOVERNMENT STATIONS.—

“(1) IN GENERAL.—In order to expedite the commercial use of the electromagnetic spectrum and notwithstanding section 3302(b) of title 31, United States Code, any Federal entity which operates a Federal Government station may accept from any person payment of the expenses of relocating the Federal entity’s operations from one or more frequencies to another frequency or frequencies, including the costs of any modification, replacement, or reissuance of equipment, facilities, operating manuals, or regulations incurred by that entity. Such payments may be in advance of relocation and may be in cash or in kind. Any such payment in cash shall be deposited in the account of such Federal entity in the Treasury of the United States or in a separate account authorized by law. Funds deposited according to this paragraph shall be available, without appropriation or fiscal year limitation, only for such expenses of the Federal entity for which such funds were deposited under this paragraph.

“(2) PROCESS FOR RELOCATION.—Any person seeking to relocate a Federal Government station that has been assigned a frequency within a band that has been allocated for mixed Federal and non-Federal use, or that has been scheduled for reallocation to non-Federal use, may submit a petition for such relocation to NTIA. The NTIA shall limit or terminate the Federal Government station’s operating license within 6 months after receiving the petition if the following requirements are met:

“(A) the person seeking relocation of the Federal Government station has guaranteed to pay all relocation costs incurred by the Federal entity, including all engineering, equipment, site acquisition and construction, and regulatory fee costs;

“(B) all activities necessary for implementing the relocation have been completed, including construction of replacement facilities (if necessary and appropriate) and identifying and obtaining new frequencies for use by the relocated Federal Government station (where such station is not relocating to spectrum reserved exclusively for Federal use);

“(C) any necessary replacement facilities, equipment modifications, or other changes have been implemented and tested to ensure that the Federal Government station is able to successfully accomplish its purposes; and

“(D) NTIA has determined that the proposed use of the spectrum frequency band to which the Federal entity will relocate its operations is—

“(i) consistent with obligations undertaken by the United States in international agreements and with United States national security and public safety interests; and

“(ii) suitable for the technical characteristics of the band and consistent with other uses of the band. In exercising its authority under clause (i) of this subparagraph, NTIA shall consult with the Secretary of Defense, the Secretary of State, or other appropriate officers of the Federal Government.

“(3) RIGHT TO RECLAIM.—If within one year after the relocation the Federal entity demonstrates to the Commission that

the new facilities or spectrum are not comparable to the facilities or spectrum from which the Federal Government station was relocated, the person who filed the petition under paragraph (2) for such relocation shall take reasonable steps to remedy any defects or pay the Federal entity for the expenses incurred in returning the Federal Government station to the spectrum from which such station was relocated.

“(h) FEDERAL ACTION TO EXPEDITE SPECTRUM TRANSFER.—Any Federal Government station which operates on electromagnetic spectrum that has been identified in any reallocation report under this section shall, to the maximum extent practicable through the use of the authority granted under subsection (g) and any other applicable provision of law, take action to relocate its spectrum use to other frequencies that are reserved for Federal use or to consolidate its spectrum use with other Federal Government stations in a manner that maximizes the spectrum available for non-Federal use.

“(i) DEFINITION.—For purposes of this section, the term ‘Federal entity’ means any department, agency, or other instrumentality of the Federal Government that utilizes a Government station license obtained under section 305 of the 1934 Act (47 U.S.C. 305).”.

(2) Section 114(a) of such Act (47 U.S.C. 924(a)) is amended—

(A) in paragraph (1), by striking “(a) or (d)(1)” and inserting “(a), (d)(1), or (f)”; and

(B) in paragraph (2), by striking “either” and inserting “any”.

(e) IDENTIFICATION AND REALLOCATION OF AUCTIONABLE FREQUENCIES.—

(1) SECOND REPORT REQUIRED.—Section 113(a) of the National Telecommunications and Information Administration Organization Act (47 U.S.C. 923(a)) is amended by inserting “and within 6 months after the date of enactment of the Balanced Budget Act of 1997” after “Act of 1993”.

(2) IN GENERAL.—Section 113(b) of such Act (47 U.S.C. 923(b)) is amended—

(A) by striking the caption of paragraph (1) and inserting “INITIAL REALLOCATION REPORT.—”;

(B) by inserting “in the initial report required by subsection (a)” after “recommend for reallocation” in paragraph (1);

(C) by inserting “or (3)” after “paragraph (1)” each place it appears in paragraph (2); and

(D) by adding at the end thereof the following:

“(3) SECOND REALLOCATION REPORT.—In accordance with the provisions of this section, the Secretary shall recommend for reallocation in the second report required by subsection (a), for use other than by Federal Government stations under section 305 of the 1934 Act (47 U.S.C. 305), a band or bands of frequencies that—

“(A) in the aggregate span not less than 20 megahertz;

“(B) are located below 3 gigahertz; and

“(C) meet the criteria specified in paragraphs (1) through (5) of subsection (a).”.

(3) CONFORMING AMENDMENT.—Section 113(d) of such Act (47 U.S.C. 923(d)) is amended by striking “final report” and inserting “initial report”.

(4) ALLOCATION AND ASSIGNMENT.—Section 115 of such Act (47 U.S.C. 925) is amended—

(A) by striking “the report required by section 113(a)” in subsection (b) and inserting “the initial reallocation report required by section 113(a)”; and

(B) by adding at the end thereof the following:

“(c) ALLOCATION AND ASSIGNMENT OF FREQUENCIES IDENTIFIED IN THE SECOND REALLOCATION REPORT.—

“(1) PLAN AND IMPLEMENTATION.—With respect to the frequencies made available for reallocation pursuant to section 113(b)(3), the Commission shall, not later than one year after receipt of the second reallocation report required by section 113(a), prepare, submit to the President and the Congress, and implement, a plan for the immediate allocation and assignment under the 1934 Act of all such frequencies in accordance with section 309(j) of such Act.

“(2) CONTENTS.—The plan prepared by the Commission under paragraph (1) shall consist of a schedule of allocation and assignment of those frequencies in accordance with section 309(j) of the 1934 Act in time for the assignment of those licenses or permits by September 30, 2002.”.

SEC. 3003. AUCTION OF RECAPTURED BROADCAST TELEVISION SPECTRUM.

Section 309(j) of the Communications Act of 1934 (47 U.S.C. 309(j)) is amended by adding at the end the following new paragraph:

“(14) AUCTION OF RECAPTURED BROADCAST TELEVISION SPECTRUM.—

“(A) LIMITATIONS ON TERMS OF TERRESTRIAL TELEVISION BROADCAST LICENSES.—A television broadcast license that authorizes analog television service may not be renewed to authorize such service for a period that extends beyond December 31, 2006.

“(B) EXTENSION.—The Commission shall extend the date described in subparagraph (A) for any station that requests such extension in any television market if the Commission finds that—

“(i) one or more of the stations in such market that are licensed to or affiliated with one of the four largest national television networks are not broadcasting a digital television service signal, and the Commission finds that each such station has exercised due diligence and satisfies the conditions for an extension of the Commission’s applicable construction deadlines for digital television service in that market;

“(ii) digital-to-analog converter technology is not generally available in such market; or

“(iii) in any market in which an extension is not available under clause (i) or (ii), 15 percent or more of the television households in such market—

“(I) do not subscribe to a multichannel video programming distributor (as defined in section

602) that carries one of the digital television service programming channels of each of the television stations broadcasting such a channel in such market; and

“(II) do not have either—

“(a) at least one television receiver capable of receiving the digital television service signals of the television stations licensed in such market; or

“(b) at least one television receiver of analog television service signals equipped with digital-to-analog converter technology capable of receiving the digital television service signals of the television stations licensed in such market.

“(C) SPECTRUM REVERSION AND RESALE.—

“(i) The Commission shall—

“(I) ensure that, as licenses for analog television service expire pursuant to subparagraph (A) or (B), each licensee shall cease using electromagnetic spectrum assigned to such service according to the Commission’s direction; and

“(II) reclaim and organize the electromagnetic spectrum in a manner consistent with the objectives described in paragraph (3) of this subsection.

“(ii) Licensees for new services occupying spectrum reclaimed pursuant to clause (i) shall be assigned in accordance with this subsection. The Commission shall complete the assignment of such licenses, and report to the Congress the total revenues from such competitive bidding, by September 30, 2002.

“(D) CERTAIN LIMITATIONS ON QUALIFIED BIDDERS PROHIBITED.—In prescribing any regulations relating to the qualification of bidders for spectrum reclaimed pursuant to subparagraph (C)(i), the Commission, for any license that may be used for any digital television service where the grade A contour of the station is projected to encompass the entirety of a city with a population in excess of 400,000 (as determined using the 1990 decennial census), shall not—

“(i) preclude any party from being a qualified bidder for such spectrum on the basis of—

“(I) the Commission’s duopoly rule (47 C.F.R. 73.3555(b)); or

“(II) the Commission’s newspaper cross-ownership rule (47 C.F.R. 73.3555(d)); or

“(ii) apply either such rule to preclude such a party that is a winning bidder in a competitive bidding for such spectrum from using such spectrum for digital television service.”.

Reports.

SEC. 3004. ALLOCATION AND ASSIGNMENT OF NEW PUBLIC SAFETY SERVICES LICENSES AND COMMERCIAL LICENSES.

Title III of the Communications Act of 1934 is amended by inserting after section 336 (47 U.S.C. 336) the following new section:

“SEC. 337. ALLOCATION AND ASSIGNMENT OF NEW PUBLIC SAFETY SERVICES LICENSES AND COMMERCIAL LICENSES. 47 USC 337.

“(a) IN GENERAL.—Not later than January 1, 1998, the Commission shall allocate the electromagnetic spectrum between 746 megahertz and 806 megahertz, inclusive, as follows:

“(1) 24 megahertz of that spectrum for public safety services according to the terms and conditions established by the Commission, in consultation with the Secretary of Commerce and the Attorney General; and

“(2) 36 megahertz of that spectrum for commercial use to be assigned by competitive bidding pursuant to section 309(j).

“(b) ASSIGNMENT.—The Commission shall—

“(1) commence assignment of the licenses for public safety services created pursuant to subsection (a) no later than September 30, 1998; and

“(2) commence competitive bidding for the commercial licenses created pursuant to subsection (a) after January 1, 2001.

“(c) LICENSING OF UNUSED FREQUENCIES FOR PUBLIC SAFETY SERVICES.—

“(1) USE OF UNUSED CHANNELS FOR PUBLIC SAFETY SERVICES.—Upon application by an entity seeking to provide public safety services, the Commission shall waive any requirement of this Act or its regulations implementing this Act (other than its regulations regarding harmful interference) to the extent necessary to permit the use of unassigned frequencies for the provision of public safety services by such entity. An application shall be granted under this subsection if the Commission finds that—

“(A) no other spectrum allocated to public safety services is immediately available to satisfy the requested public safety service use;

“(B) the requested use is technically feasible without causing harmful interference to other spectrum users entitled to protection from such interference under the Commission’s regulations;

“(C) the use of the unassigned frequency for the provision of public safety services is consistent with other allocations for the provision of such services in the geographic area for which the application is made;

“(D) the unassigned frequency was allocated for its present use not less than 2 years prior to the date on which the application is granted; and

“(E) granting such application is consistent with the public interest.

“(2) APPLICABILITY.—Paragraph (1) shall apply to any application to provide public safety services that is pending or filed on or after the date of enactment of the Balanced Budget Act of 1997.

“(d) CONDITIONS ON LICENSES.—In establishing service rules with respect to licenses granted pursuant to this section, the Commission—

“(1) shall establish interference limits at the boundaries of the spectrum block and service area;

“(2) shall establish any additional technical restrictions necessary to protect full-service analog television service and

digital television service during a transition to digital television service;

“(3) may permit public safety services licensees and commercial licensees—

“(A) to aggregate multiple licenses to create larger spectrum blocks and service areas; and

“(B) to disaggregate or partition licenses to create smaller spectrum blocks or service areas; and

“(4) shall establish rules insuring that public safety services licensees using spectrum reallocated pursuant to subsection (a)(1) shall not be subject to harmful interference from television broadcast licensees.

“(e) REMOVAL AND RELOCATION OF INCUMBENT BROADCAST LICENSEES.—

“(1) CHANNELS 60 TO 69.—Any person who holds a television broadcast license to operate between 746 and 806 megahertz may not operate at that frequency after the date on which the digital television service transition period terminates, as determined by the Commission.

“(2) INCUMBENT QUALIFYING LOW-POWER STATIONS.—After making any allocation or assignment under this section, the Commission shall seek to assure, consistent with the Commission’s plan for allotments for digital television service, that each qualifying low-power television station is assigned a frequency below 746 megahertz to permit the continued operation of such station.

“(f) DEFINITIONS.—For purposes of this section:

“(1) PUBLIC SAFETY SERVICES.—The term ‘public safety services’ means services—

“(A) the sole or principal purpose of which is to protect the safety of life, health, or property;

“(B) that are provided—

“(i) by State or local government entities; or

“(ii) by nongovernmental organizations that are authorized by a governmental entity whose primary mission is the provision of such services; and

“(C) that are not made commercially available to the public by the provider.

“(2) QUALIFYING LOW-POWER TELEVISION STATIONS.—A station is a qualifying low-power television station if, during the 90 days preceding the date of enactment of the Balanced Budget Act of 1997—

“(A) such station broadcast a minimum of 18 hours per day;

“(B) such station broadcast an average of at least 3 hours per week of programming that was produced within the market area served by such station; and

“(C) such station was in compliance with the requirements applicable to low-power television stations.”.

SEC. 3005. FLEXIBLE USE OF ELECTROMAGNETIC SPECTRUM.

Section 303 of the Communications Act of 1934 (47 U.S.C. 303) is amended by adding at the end thereof the following:

“(y) Have authority to allocate electromagnetic spectrum so as to provide flexibility of use, if—

“(1) such use is consistent with international agreements to which the United States is a party; and

“(2) the Commission finds, after notice and an opportunity for public comment, that—

“(A) such an allocation would be in the public interest;

“(B) such use would not deter investment in communications services and systems, or technology development; and

“(C) such use would not result in harmful interference among users.”.

SEC. 3006. UNIVERSAL SERVICE FUND PAYMENT SCHEDULE.

47 USC 254 note.

(a) APPROPRIATIONS TO THE UNIVERSAL SERVICE FUND.—

(1) APPROPRIATION.—There is hereby appropriated to the Commission \$3,000,000,000 in fiscal year 2001, which shall be disbursed on October 1, 2000, to the Administrator of the Federal universal service support programs established pursuant to section 254 of the Communications Act of 1934 (47 U.S.C. 254), and which may be expended by the Administrator in support of such programs as provided pursuant to the rules implementing that section.

(2) RETURN TO TREASURY.—The Administrator shall transfer \$3,000,000,000 from the funds collected for such support programs to the General Fund of the Treasury on October 1, 2001.

(b) FEE ADJUSTMENTS.—The Commission shall direct the Administrator to adjust payments by telecommunications carriers and other providers of interstate telecommunications so that the \$3,000,000,000 of the total payments by such carriers or providers to the Administrator for fiscal year 2001 shall be deferred until October 1, 2001.

(c) PRESERVATION OF AUTHORITY.—Nothing in this section shall affect the Administrator’s authority to determine the amounts that should be expended for universal service support programs pursuant to section 254 of the Communications Act of 1934 and the rules implementing that section.

(d) DEFINITION.—For purposes of this section, the term “Administrator” means the Administrator designated by the Federal Communications Commission to administer Federal universal service support programs pursuant to section 254 of the Communications Act of 1934.

SEC. 3007. DEADLINE FOR COLLECTION

47 USC 309 note.

The Commission shall conduct the competitive bidding required under this title or the amendments made by this title in a manner that ensures that all proceeds of such bidding are deposited in accordance with section 309(j)(8) of the Communications Act of 1934 not later than September 30, 2002.

SEC. 3008. ADMINISTRATIVE PROCEDURES FOR SPECTRUM AUCTIONS.

47 USC 309 note.

Notwithstanding section 309(b) of the Communications Act of 1934 (47 U.S.C. 309(b)), no application for an instrument of authorization for frequencies assigned under this title (or amendments made by this title) shall be granted by the Commission earlier than 7 days following issuance of public notice by the Commission of the acceptance for filing of such application or of any substantial amendment thereto. Notwithstanding section 309(d)(1) of such Act (47 U.S.C. 309(d)(1)), the Commission may specify a period (no less than 5 days following issuance of such

public notice) for the filing of petitions to deny any application for an instrument of authorization for such frequencies.

TITLE IV—MEDICARE, MEDICAID, AND CHILDREN’S HEALTH PROVISIONS

SEC. 4000. AMENDMENTS TO SOCIAL SECURITY ACT AND REFERENCES TO OBRA; TABLE OF CONTENTS OF TITLE.

(a) AMENDMENTS TO SOCIAL SECURITY ACT.—Except as otherwise specifically provided, whenever in this title an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

(b) REFERENCES TO OBRA.—In this title, the terms “OBRA–1986”, “OBRA–1987”, “OBRA–1989”, “OBRA–1990”, and “OBRA–1993” refer to the Omnibus Budget Reconciliation Act of 1986 (Public Law 99–509), the Omnibus Budget Reconciliation Act of 1987 (Public Law 100–203), the Omnibus Budget Reconciliation Act of 1989 (Public Law 101–239), the Omnibus Budget Reconciliation Act of 1990 (Public Law 101–508), and the Omnibus Budget Reconciliation Act of 1993 (Public Law 103–66), respectively.

(c) TABLE OF CONTENTS OF TITLE.—The table of contents of this title is as follows:

Sec. 4000. Amendments to Social Security Act and references to OBRA; table of contents of title.

Subtitle A—Medicare+Choice Program

CHAPTER 1—MEDICARE+CHOICE PROGRAM

SUBCHAPTER A—MEDICARE+CHOICE PROGRAM

Sec. 4001. Establishment of Medicare+Choice program.

“PART C—MEDICARE+CHOICE PROGRAM

“Sec. 1851. Eligibility, election, and enrollment.

“Sec. 1852. Benefits and beneficiary protections.

“Sec. 1853. Payments to Medicare+Choice organizations.

“Sec. 1854. Premiums.

“Sec. 1855. Organizational and financial requirements for Medicare+Choice organizations; provider-sponsored organizations.

“Sec. 1856. Establishment of standards.

“Sec. 1857. Contracts with Medicare+Choice organizations.

“Sec. 1859. Definitions; miscellaneous provisions.

Sec. 4002. Transitional rules for current medicare HMO program.

Sec. 4003. Conforming changes in medigap program.

SUBCHAPTER B—SPECIAL RULES FOR MEDICARE+CHOICE MEDICAL SAVINGS ACCOUNTS

Sec. 4006. Medicare+Choice MSA.

CHAPTER 2—DEMONSTRATIONS

SUBCHAPTER A—MEDICARE+CHOICE COMPETITIVE PRICING DEMONSTRATION PROJECT

Sec. 4011. Medicare prepaid competitive pricing demonstration project.

Sec. 4012. Administration through the Office of Competition; advisory committee.

Sec. 4013. Project design based on FEHBP competitive bidding model.

SUBCHAPTER B—SOCIAL HEALTH MAINTENANCE ORGANIZATIONS

Sec. 4014. Social health maintenance organizations (SHMOs).

SUBCHAPTER C—MEDICARE SUBVENTION DEMONSTRATION PROJECT FOR MILITARY RETIREES

Sec. 4015. Medicare subvention demonstration project for military retirees.

SUBCHAPTER D—OTHER PROJECTS

Sec. 4016. Medicare coordinated care demonstration project.

- Sec. 4017. Orderly transition of municipal health service demonstration projects.
- Sec. 4018. Medicare enrollment demonstration project.
- Sec. 4019. Extension of certain medicare community nursing organization demonstration projects.

CHAPTER 3—COMMISSIONS

- Sec. 4021. National Bipartisan Commission on the Future of Medicare.
- Sec. 4022. Medicare Payment Advisory Commission.

CHAPTER 4—MEDIGAP PROTECTIONS

- Sec. 4031. Medigap protections.
- Sec. 4032. Addition of high deductible medigap policies.

CHAPTER 5—TAX TREATMENT OF HOSPITALS PARTICIPATING IN PROVIDER-SPONSORED ORGANIZATIONS

- Sec. 4041. Tax treatment of hospitals which participate in provider-sponsored organizations.

Subtitle B—Prevention Initiatives

- Sec. 4101. Screening mammography.
- Sec. 4102. Screening pap smear and pelvic exams.
- Sec. 4103. Prostate cancer screening tests.
- Sec. 4104. Coverage of colorectal screening.
- Sec. 4105. Diabetes self-management benefits.
- Sec. 4106. Standardization of medicare coverage of bone mass measurements.
- Sec. 4107. Vaccines outreach expansion.
- Sec. 4108. Study on preventive and enhanced benefits.

Subtitle C—Rural Initiatives

- Sec. 4201. Medicare rural hospital flexibility program.
- Sec. 4202. Prohibiting denial of request by rural referral centers for reclassification on basis of comparability of wages.
- Sec. 4203. Hospital geographic reclassification permitted for purposes of disproportionate share payment adjustments.
- Sec. 4204. Medicare-dependent, small rural hospital payment extension.
- Sec. 4205. Rural health clinic services.
- Sec. 4206. Medicare reimbursement for telehealth services.
- Sec. 4207. Informatics, telemedicine, and education demonstration project.

Subtitle D—Anti-Fraud and Abuse Provisions and Improvements in Protecting Program Integrity

CHAPTER 1—REVISIONS TO SANCTIONS FOR FRAUD AND ABUSE

- Sec. 4301. Permanent exclusion for those convicted of 3 health care related crimes.
- Sec. 4302. Authority to refuse to enter into medicare agreements with individuals or entities convicted of felonies.
- Sec. 4303. Exclusion of entity controlled by family member of a sanctioned individual.
- Sec. 4304. Imposition of civil money penalties.

CHAPTER 2—IMPROVEMENTS IN PROTECTING PROGRAM INTEGRITY

- Sec. 4311. Improving information to medicare beneficiaries.
- Sec. 4312. Disclosure of information and surety bonds.
- Sec. 4313. Provision of certain identification numbers.
- Sec. 4314. Advisory opinions regarding certain physician self-referral provisions.
- Sec. 4315. Replacement of reasonable charge methodology by fee schedules.
- Sec. 4316. Application of inherent reasonableness to all part B services other than physicians' services.
- Sec. 4317. Requirement to furnish diagnostic information.
- Sec. 4318. Report by GAO on operation of fraud and abuse control program.
- Sec. 4319. Competitive bidding demonstration projects.
- Sec. 4320. Prohibiting unnecessary and wasteful medicare payments for certain items.
- Sec. 4321. Nondiscrimination in post-hospital referral to home health agencies and other entities.

CHAPTER 3—CLARIFICATIONS AND TECHNICAL CHANGES

- Sec. 4331. Other fraud and abuse related provisions.

Subtitle E—Provisions Relating to Part A Only

CHAPTER 1—PAYMENT OF PPS HOSPITALS

- Sec. 4401. PPS hospital payment update.

- Sec. 4402. Maintaining savings from temporary reduction in capital payments for PPS hospitals.
- Sec. 4403. Disproportionate share.
- Sec. 4404. Medicare capital asset sales price equal to book value.
- Sec. 4405. Elimination of IME and DSH payments attributable to outlier payments.
- Sec. 4406. Increase base payment rate to Puerto Rico hospitals.
- Sec. 4407. Certain hospital discharges to post acute care.
- Sec. 4408. Reclassification of certain counties as large urban areas under medicare program.
- Sec. 4409. Geographic reclassification for certain disproportionately large hospitals.
- Sec. 4410. Floor on area wage index.

CHAPTER 2—PAYMENT OF PPS-EXEMPT HOSPITALS

SUBCHAPTER A—GENERAL PAYMENT PROVISIONS

- Sec. 4411. Payment update.
- Sec. 4412. Reductions to capital payments for certain PPS-exempt hospitals and units.
- Sec. 4413. Rebasing.
- Sec. 4414. Cap on TEFRA limits.
- Sec. 4415. Bonus and relief payments.
- Sec. 4416. Change in payment and target amount for new providers.
- Sec. 4417. Treatment of certain long-term care hospitals.
- Sec. 4418. Treatment of certain cancer hospitals.
- Sec. 4419. Elimination of exemptions for certain hospitals.

SUBCHAPTER B—PROSPECTIVE PAYMENT SYSTEM FOR PPS-EXEMPT HOSPITALS

- Sec. 4421. Prospective payment for inpatient rehabilitation hospital services.
- Sec. 4422. Development of proposal on payments for long-term care hospitals.

CHAPTER 3—PAYMENT FOR SKILLED NURSING FACILITIES

- Sec. 4431. Extension of cost limits.
- Sec. 4432. Prospective payment for skilled nursing facility services.

CHAPTER 4—PROVISIONS RELATED TO HOSPICE SERVICES

- Sec. 4441. Payments for hospice services.
- Sec. 4442. Payment for home hospice care based on location where care is furnished.
- Sec. 4443. Hospice care benefits periods.
- Sec. 4444. Other items and services included in hospice care.
- Sec. 4445. Contracting with independent physicians or physician groups for hospice care services permitted.
- Sec. 4446. Waiver of certain staffing requirements for hospice care programs in nonurbanized areas.
- Sec. 4447. Limitation on liability of beneficiaries for certain hospice coverage denials.
- Sec. 4448. Extending the period for physician certification of an individual's terminal illness.
- Sec. 4449. Effective date.

CHAPTER 5—OTHER PAYMENT PROVISIONS

- Sec. 4451. Reductions in payments for enrollee bad debt.
- Sec. 4452. Permanent extension of hemophilia pass-through payment.
- Sec. 4453. Reduction in part A medicare premium for certain public retirees.
- Sec. 4454. Coverage of services in religious nonmedical health care institutions under the medicare and medicaid programs.

Subtitle F—Provisions Relating to Part B Only

CHAPTER 1—SERVICES OF HEALTH PROFESSIONALS

SUBCHAPTER A—PHYSICIANS' SERVICES

- Sec. 4501. Establishment of single conversion factor for 1998.
- Sec. 4502. Establishing update to conversion factor to match spending under sustainable growth rate.
- Sec. 4503. Replacement of volume performance standard with sustainable growth rate.
- Sec. 4504. Payment rules for anesthesia services.
- Sec. 4505. Implementation of resource-based methodologies.
- Sec. 4506. Dissemination of information on high per discharge relative values for in-hospital physicians' services.
- Sec. 4507. Use of private contracts by medicare beneficiaries.

SUBCHAPTER B—OTHER HEALTH CARE PROFESSIONALS

- Sec. 4511. Increased medicare reimbursement for nurse practitioners and clinical nurse specialists.
- Sec. 4512. Increased medicare reimbursement for physician assistants.
- Sec. 4513. No x-ray required for chiropractic services.

CHAPTER 2—PAYMENT FOR HOSPITAL OUTPATIENT DEPARTMENT SERVICES

- Sec. 4521. Elimination of formula-driven overpayments (FDO) for certain outpatient hospital services.
- Sec. 4522. Extension of reductions in payments for costs of hospital outpatient services.
- Sec. 4523. Prospective payment system for hospital outpatient department services.

CHAPTER 3—AMBULANCE SERVICES

- Sec. 4531. Payments for ambulance services.
- Sec. 4532. Demonstration of coverage of ambulance services under medicare through contracts with units of local government.

CHAPTER 4—PROSPECTIVE PAYMENT FOR OUTPATIENT REHABILITATION SERVICES

- Sec. 4541. Prospective payment for outpatient rehabilitation services.

CHAPTER 5—OTHER PAYMENT PROVISIONS

- Sec. 4551. Payments for durable medical equipment.
- Sec. 4552. Oxygen and oxygen equipment.
- Sec. 4553. Reduction in updates to payment amounts for clinical diagnostic laboratory tests; study on laboratory tests.
- Sec. 4554. Improvements in administration of laboratory tests benefit.
- Sec. 4555. Updates for ambulatory surgical services.
- Sec. 4556. Reimbursement for drugs and biologicals.
- Sec. 4557. Coverage of oral anti-nausea drugs under chemotherapeutic regimen.
- Sec. 4558. Renal dialysis-related services.
- Sec. 4559. Temporary coverage restoration for portable electrocardiogram transportation.

CHAPTER 6—PART B PREMIUM AND RELATED PROVISIONS

SUBCHAPTER A—DETERMINATION OF PART B PREMIUM AMOUNT

- Sec. 4571. Part B premium.

SUBCHAPTER B—OTHER PROVISIONS RELATED TO PART B PREMIUM

- Sec. 4581. Protections under the medicare program for disabled workers who lose benefits under a group health plan.
- Sec. 4582. Governmental entities eligible to elect to pay part B premiums for eligible individuals.

Subtitle G—Provisions Relating to Parts A and B

CHAPTER 1—HOME HEALTH SERVICES AND BENEFITS

SUBCHAPTER A—PAYMENTS FOR HOME HEALTH SERVICES

- Sec. 4601. Recapturing savings resulting from temporary freeze on payment increases for home health services.
- Sec. 4602. Interim payments for home health services.
- Sec. 4603. Prospective payment for home health services.
- Sec. 4604. Payment based on location where home health service is furnished.

SUBCHAPTER B—HOME HEALTH BENEFITS

- Sec. 4611. Modification of part A home health benefit for individuals enrolled under part B.
- Sec. 4612. Clarification of part-time or intermittent nursing care.
- Sec. 4613. Study on definition of homebound.
- Sec. 4614. Normative standards for home health claims denials.
- Sec. 4615. No home health benefits based solely on drawing blood.
- Sec. 4616. Reports to Congress regarding home health cost containment.

CHAPTER 2—GRADUATE MEDICAL EDUCATION

SUBCHAPTER A—INDIRECT MEDICAL EDUCATION

- Sec. 4621. Indirect graduate medical education payments.
- Sec. 4622. Payment to hospitals of indirect medical education costs for Medicare+Choice enrollees.

SUBCHAPTER B—DIRECT GRADUATE MEDICAL EDUCATION

- Sec. 4623. Limitation on number of residents and rolling average FTE count.
- Sec. 4624. Payments to hospitals for direct costs of graduate medical education of Medicare+Choice enrollees.
- Sec. 4625. Permitting payment to nonhospital providers.
- Sec. 4626. Incentive payments under plans for voluntary reduction in number of residents.
- Sec. 4627. Medicare special reimbursement rule for primary care combined residency programs.
- Sec. 4628. Demonstration project on use of consortia.
- Sec. 4629. Recommendations on long-term policies regarding teaching hospitals and graduate medical education.
- Sec. 4630. Study of hospital overhead and supervisory physician components of direct medical education costs.

CHAPTER 3—PROVISIONS RELATING TO MEDICARE SECONDARY PAYER

- Sec. 4631. Permanent extension and revision of certain secondary payer provisions.
- Sec. 4632. Clarification of time and filing limitations.
- Sec. 4633. Permitting recovery against third party administrators.

CHAPTER 4—OTHER PROVISIONS

- Sec. 4641. Placement of advance directive in medical record.
- Sec. 4642. Increased certification period for certain organ procurement organizations.
- Sec. 4643. Office of the Chief Actuary in the Health Care Financing Administration.
- Sec. 4644. Conforming amendments to comply with congressional review of agency rulemaking.

Subtitle H—Medicaid

CHAPTER 1—MANAGED CARE

- Sec. 4701. State option of using managed care; change in terminology.
- Sec. 4702. Primary care case management services as State option without need for waiver.
- Sec. 4703. Elimination of 75:25 restriction on risk contracts.
- Sec. 4704. Increased beneficiary protections.
- Sec. 4705. Quality assurance standards.
- Sec. 4706. Solvency standards.
- Sec. 4707. Protections against fraud and abuse.
- Sec. 4708. Improved administration.
- Sec. 4709. 6-month guaranteed eligibility for all individuals enrolled in managed care.
- Sec. 4710. Effective dates.

CHAPTER 2—FLEXIBILITY IN PAYMENT OF PROVIDERS

- Sec. 4711. Flexibility in payment methods for hospital, nursing facility, ICF/MR, and home health services.
- Sec. 4712. Payment for center and clinic services.
- Sec. 4713. Elimination of obstetrical and pediatric payment rate requirements.
- Sec. 4714. Medicaid payment rates for certain medicare cost-sharing.
- Sec. 4715. Treatment of veterans' pensions under medicaid.

CHAPTER 3—FEDERAL PAYMENTS TO STATES

- Sec. 4721. Reforming disproportionate share payments under State medicaid programs.
- Sec. 4722. Treatment of State taxes imposed on certain hospitals.
- Sec. 4723. Additional funding for State emergency health services furnished to undocumented aliens.
- Sec. 4724. Elimination of waste, fraud, and abuse.
- Sec. 4725. Increased FMAPs.
- Sec. 4726. Increase in payment limitation for territories.

CHAPTER 4—ELIGIBILITY

- Sec. 4731. State option of continuous eligibility for 12 months; clarification of State option to cover children.
- Sec. 4732. Payment of part B premiums.
- Sec. 4733. State option to permit workers with disabilities to buy into medicaid.
- Sec. 4734. Penalty for fraudulent eligibility.
- Sec. 4735. Treatment of certain settlement payments.

CHAPTER 5—BENEFITS

- Sec. 4741. Elimination of requirement to pay for private insurance.
- Sec. 4742. Physician qualification requirements.
- Sec. 4743. Elimination of requirement of prior institutionalization with respect to habilitation services furnished under a waiver for home or community-based services.
- Sec. 4744. Study and report on EPSDT benefit.

CHAPTER 6—ADMINISTRATION AND MISCELLANEOUS

- Sec. 4751. Elimination of duplicative inspection of care requirements for ICFS/MR and mental hospitals.
- Sec. 4752. Alternative sanctions for noncompliant ICFS/MR.
- Sec. 4753. Modification of MMIS requirements.
- Sec. 4754. Facilitating imposition of State alternative remedies on noncompliant nursing facilities.
- Sec. 4755. Removal of name from nurse aide registry.
- Sec. 4756. Medically accepted indication.
- Sec. 4757. Continuation of State-wide section 1115 medicaid waivers.
- Sec. 4758. Extension of moratorium.
- Sec. 4759. Extension of effective date for State law amendment.

Subtitle I—Programs of All-Inclusive Care for the Elderly (PACE)

- Sec. 4801. Coverage of PACE under the medicare program.
- Sec. 4802. Establishment of PACE program as medicaid State option.
- Sec. 4803. Effective date; transition.
- Sec. 4804. Study and reports.

Subtitle J—State Children's Health Insurance Program

CHAPTER 1—STATE CHILDREN'S HEALTH INSURANCE PROGRAM

- Sec. 4901. Establishment of program.

“TITLE XXI—STATE CHILDREN'S HEALTH INSURANCE PROGRAM

- “Sec. 2101. Purpose; State child health plans.
- “Sec. 2102. General contents of State child health plan; eligibility; outreach.
- “Sec. 2103. Coverage requirements for children's health insurance.
- “Sec. 2104. Allotments.
- “Sec. 2105. Payments to States.
- “Sec. 2106. Process for submission, approval, and amendment of State child health plans.
- “Sec. 2107. Strategic objectives and performance goals; plan administration.
- “Sec. 2108. Annual reports; evaluations.
- “Sec. 2109. Miscellaneous provisions.
- “Sec. 2110. Definitions.

CHAPTER 2—EXPANDED COVERAGE OF CHILDREN UNDER MEDICAID

- Sec. 4911. Optional use of State child health assistance funds for enhanced medicaid match for expanded medicaid eligibility.
- Sec. 4912. Medicaid presumptive eligibility for low-income children.
- Sec. 4913. Continuation of medicaid eligibility for disabled children who lose SSI benefits.

CHAPTER 3—DIABETES GRANT PROGRAMS

- Sec. 4921. Special diabetes programs for children with Type I diabetes.
- Sec. 4922. Special diabetes programs for Indians.
- Sec. 4923. Report on diabetes grant programs.

Subtitle A—Medicare+Choice Program**CHAPTER 1—MEDICARE+CHOICE PROGRAM****Subchapter A—Medicare+Choice Program****SEC. 4001. ESTABLISHMENT OF MEDICARE+CHOICE PROGRAM.**

Title XVIII is amended by redesignating part C as part D and by inserting after part B the following new part:

“PART C—MEDICARE+CHOICE PROGRAM

“ELIGIBILITY, ELECTION, AND ENROLLMENT

42 USC
1395w-21.“SEC. 1851. (a) CHOICE OF MEDICARE BENEFITS THROUGH
MEDICARE+CHOICE PLANS.—

“(1) IN GENERAL.—Subject to the provisions of this section, each Medicare+Choice eligible individual (as defined in paragraph (3)) is entitled to elect to receive benefits under this title—

“(A) through the original medicare fee-for-service program under parts A and B, or

“(B) through enrollment in a Medicare+Choice plan under this part.

“(2) TYPES OF MEDICARE+CHOICE PLANS THAT MAY BE AVAILABLE.—A Medicare+Choice plan may be any of the following types of plans of health insurance:

“(A) COORDINATED CARE PLANS.—Coordinated care plans which provide health care services, including but not limited to health maintenance organization plans (with or without point of service options), plans offered by provider-sponsored organizations (as defined in section 1855(d)), and preferred provider organization plans.

“(B) COMBINATION OF MSA PLAN AND CONTRIBUTIONS TO MEDICARE+CHOICE MSA.—An MSA plan, as defined in section 1859(b)(3), and a contribution into a Medicare+Choice medical savings account (MSA).

“(C) PRIVATE FEE-FOR-SERVICE PLANS.—A Medicare+Choice private fee-for-service plan, as defined in section 1859(b)(2).

“(3) MEDICARE+CHOICE ELIGIBLE INDIVIDUAL.—

“(A) IN GENERAL.—In this title, subject to subparagraph (B), the term ‘Medicare+Choice eligible individual’ means an individual who is entitled to benefits under part A and enrolled under part B.

“(B) SPECIAL RULE FOR END-STAGE RENAL DISEASE.—Such term shall not include an individual medically determined to have end-stage renal disease, except that an individual who develops end-stage renal disease while enrolled in a Medicare+Choice plan may continue to be enrolled in that plan.

“(b) SPECIAL RULES.—

“(1) RESIDENCE REQUIREMENT.—

“(A) IN GENERAL.—Except as the Secretary may otherwise provide, an individual is eligible to elect a Medicare+Choice plan offered by a Medicare+Choice organization only if the plan serves the geographic area in which the individual resides.

“(B) CONTINUATION OF ENROLLMENT PERMITTED.—Pursuant to rules specified by the Secretary, the Secretary shall provide that a plan may offer to all individuals residing in a geographic area the option to continue enrollment in the plan, notwithstanding that the individual no longer resides in the service area of the plan, so long as the plan provides that individuals exercising this option have, as part of the basic benefits described in section 1852(a)(1)(A), reasonable access within that geographic

area to the full range of basic benefits, subject to reasonable cost sharing liability in obtaining such benefits.

“(2) SPECIAL RULE FOR CERTAIN INDIVIDUALS COVERED UNDER FEHBP OR ELIGIBLE FOR VETERANS OR MILITARY HEALTH BENEFITS, VETERANS.—

“(A) FEHBP.—An individual who is enrolled in a health benefit plan under chapter 89 of title 5, United States Code, is not eligible to enroll in an MSA plan until such time as the Director of the Office of Management and Budget certifies to the Secretary that the Office of Personnel Management has adopted policies which will ensure that the enrollment of such individuals in such plans will not result in increased expenditures for the Federal Government for health benefit plans under such chapter.

“(B) VA AND DOD.—The Secretary may apply rules similar to the rules described in subparagraph (A) in the case of individuals who are eligible for health care benefits under chapter 55 of title 10, United States Code, or under chapter 17 of title 38 of such Code.

“(3) LIMITATION ON ELIGIBILITY OF QUALIFIED MEDICARE BENEFICIARIES AND OTHER MEDICAID BENEFICIARIES TO ENROLL IN AN MSA PLAN.—An individual who is a qualified medicare beneficiary (as defined in section 1905(p)(1)), a qualified disabled and working individual (described in section 1905(s)), an individual described in section 1902(a)(10)(E)(iii), or otherwise entitled to medicare cost-sharing under a State plan under title XIX is not eligible to enroll in an MSA plan.

“(4) COVERAGE UNDER MSA PLANS ON A DEMONSTRATION BASIS.—

“(A) IN GENERAL.—An individual is not eligible to enroll in an MSA plan under this part—

“(i) on or after January 1, 2003, unless the enrollment is the continuation of such an enrollment in effect as of such date; or

“(ii) as of any date if the number of such individuals so enrolled as of such date has reached 390,000.

Under rules established by the Secretary, an individual is not eligible to enroll (or continue enrollment) in an MSA plan for a year unless the individual provides assurances satisfactory to the Secretary that the individual will reside in the United States for at least 183 days during the year.

“(B) EVALUATION.—The Secretary shall regularly evaluate the impact of permitting enrollment in MSA plans under this part on selection (including adverse selection), use of preventive care, access to care, and the financial status of the Trust Funds under this title.

“(C) REPORTS.—The Secretary shall submit to Congress periodic reports on the numbers of individuals enrolled in such plans and on the evaluation being conducted under subparagraph (B). The Secretary shall submit such a report, by not later than March 1, 2002, on whether the time limitation under subparagraph (A)(i) should be extended or removed and whether to change the numerical limitation under subparagraph (A)(ii).

“(c) PROCESS FOR EXERCISING CHOICE.—

“(1) IN GENERAL.—The Secretary shall establish a process through which elections described in subsection (a) are made and changed, including the form and manner in which such elections are made and changed. Such elections shall be made or changed only during coverage election periods specified under subsection (e) and shall become effective as provided in subsection (f).

“(2) COORDINATION THROUGH MEDICARE+CHOICE ORGANIZATIONS.—

“(A) ENROLLMENT.—Such process shall permit an individual who wishes to elect a Medicare+Choice plan offered by a Medicare+Choice organization to make such election through the filing of an appropriate election form with the organization.

“(B) DISENROLLMENT.—Such process shall permit an individual, who has elected a Medicare+Choice plan offered by a Medicare+Choice organization and who wishes to terminate such election, to terminate such election through the filing of an appropriate election form with the organization.

“(3) DEFAULT.—

“(A) INITIAL ELECTION.—

“(i) IN GENERAL.—Subject to clause (ii), an individual who fails to make an election during an initial election period under subsection (e)(1) is deemed to have chosen the original medicare fee-for-service program option.

“(ii) SEAMLESS CONTINUATION OF COVERAGE.—The Secretary may establish procedures under which an individual who is enrolled in a health plan (other than Medicare+Choice plan) offered by a Medicare+Choice organization at the time of the initial election period and who fails to elect to receive coverage other than through the organization is deemed to have elected the Medicare+Choice plan offered by the organization (or, if the organization offers more than one such plan, such plan or plans as the Secretary identifies under such procedures).

“(B) CONTINUING PERIODS.—An individual who has made (or is deemed to have made) an election under this section is considered to have continued to make such election until such time as—

“(i) the individual changes the election under this section, or

“(ii) the Medicare+Choice plan with respect to which such election is in effect is discontinued or, subject to subsection (b)(1)(B), no longer serves the area in which the individual resides.

“(d) PROVIDING INFORMATION TO PROMOTE INFORMED CHOICE.—

“(1) IN GENERAL.—The Secretary shall provide for activities under this subsection to broadly disseminate information to medicare beneficiaries (and prospective medicare beneficiaries) on the coverage options provided under this section in order to promote an active, informed selection among such options.

“(2) PROVISION OF NOTICE.—

“(A) OPEN SEASON NOTIFICATION.—At least 15 days before the beginning of each annual, coordinated election

period (as defined in subsection (e)(3)(B)), the Secretary shall mail to each Medicare+Choice eligible individual residing in an area the following:

“(i) GENERAL INFORMATION.—The general information described in paragraph (3).

“(ii) LIST OF PLANS AND COMPARISON OF PLAN OPTIONS.—A list identifying the Medicare+Choice plans that are (or will be) available to residents of the area and information described in paragraph (4) concerning such plans. Such information shall be presented in a comparative form.

“(iii) ADDITIONAL INFORMATION.—Any other information that the Secretary determines will assist the individual in making the election under this section.

The mailing of such information shall be coordinated, to the extent practicable, with the mailing of any annual notice under section 1804.

“(B) NOTIFICATION TO NEWLY ELIGIBLE MEDICARE+CHOICE ELIGIBLE INDIVIDUALS.—To the extent practicable, the Secretary shall, not later than 30 days before the beginning of the initial Medicare+Choice enrollment period for an individual described in subsection (e)(1), mail to the individual the information described in subparagraph (A).

“(C) FORM.—The information disseminated under this paragraph shall be written and formatted using language that is easily understandable by medicare beneficiaries.

“(D) PERIODIC UPDATING.—The information described in subparagraph (A) shall be updated on at least an annual basis to reflect changes in the availability of Medicare+Choice plans and the benefits and Medicare+Choice monthly basic and supplemental beneficiary premiums for such plans.

“(3) GENERAL INFORMATION.—General information under this paragraph, with respect to coverage under this part during a year, shall include the following:

“(A) BENEFITS UNDER ORIGINAL MEDICARE FEE-FOR-SERVICE PROGRAM OPTION.—A general description of the benefits covered under the original medicare fee-for-service program under parts A and B, including—

“(i) covered items and services,

“(ii) beneficiary cost sharing, such as deductibles, coinsurance, and copayment amounts, and

“(iii) any beneficiary liability for balance billing.

“(B) ELECTION PROCEDURES.—Information and instructions on how to exercise election options under this section.

“(C) RIGHTS.—A general description of procedural rights (including grievance and appeals procedures) of beneficiaries under the original medicare fee-for-service program and the Medicare+Choice program and the right to be protected against discrimination based on health status-related factors under section 1852(b).

“(D) INFORMATION ON MEDIGAP AND MEDICARE SELECT.—A general description of the benefits, enrollment rights, and other requirements applicable to medicare supplemental policies under section 1882 and provisions

relating to medicare select policies described in section 1882(t).

“(E) POTENTIAL FOR CONTRACT TERMINATION.—The fact that a Medicare+Choice organization may terminate its contract, refuse to renew its contract, or reduce the service area included in its contract, under this part, and the effect of such a termination, nonrenewal, or service area reduction may have on individuals enrolled with the Medicare+Choice plan under this part.

“(4) INFORMATION COMPARING PLAN OPTIONS.—Information under this paragraph, with respect to a Medicare+Choice plan for a year, shall include the following:

“(A) BENEFITS.—The benefits covered under the plan, including the following:

“(i) Covered items and services beyond those provided under the original medicare fee-for-service program.

“(ii) Any beneficiary cost sharing.

“(iii) Any maximum limitations on out-of-pocket expenses.

“(iv) In the case of an MSA plan, differences in cost sharing, premiums, and balance billing under such a plan compared to under other Medicare+Choice plans.

“(v) In the case of a Medicare+Choice private fee-for-service plan, differences in cost sharing, premiums, and balance billing under such a plan compared to under other Medicare+Choice plans.

“(vi) The extent to which an enrollee may obtain benefits through out-of-network health care providers.

“(vii) The extent to which an enrollee may select among in-network providers and the types of providers participating in the plan’s network.

“(viii) The organization’s coverage of emergency and urgently needed care.

“(B) PREMIUMS.—The Medicare+Choice monthly basic beneficiary premium and Medicare+Choice monthly supplemental beneficiary premium, if any, for the plan or, in the case of an MSA plan, the Medicare+Choice monthly MSA premium.

“(C) SERVICE AREA.—The service area of the plan.

“(D) QUALITY AND PERFORMANCE.—To the extent available, plan quality and performance indicators for the benefits under the plan (and how they compare to such indicators under the original medicare fee-for-service program under parts A and B in the area involved), including—

“(i) disenrollment rates for medicare enrollees electing to receive benefits through the plan for the previous 2 years (excluding disenrollment due to death or moving outside the plan’s service area),

“(ii) information on medicare enrollee satisfaction,

“(iii) information on health outcomes, and

“(iv) the recent record regarding compliance of the plan with requirements of this part (as determined by the Secretary).

“(E) SUPPLEMENTAL BENEFITS.—Whether the organization offering the plan includes mandatory supplemental

benefits in its base benefit package or offers optional supplemental benefits and the terms and conditions (including premiums) for such coverage.

“(5) MAINTAINING A TOLL-FREE NUMBER AND INTERNET SITE.—The Secretary shall maintain a toll-free number for inquiries regarding Medicare+Choice options and the operation of this part in all areas in which Medicare+Choice plans are offered and an Internet site through which individuals may electronically obtain information on such options and Medicare+Choice plans.

“(6) USE OF NON-FEDERAL ENTITIES.—The Secretary may enter into contracts with non-Federal entities to carry out activities under this subsection.

“(7) PROVISION OF INFORMATION.—A Medicare+Choice organization shall provide the Secretary with such information on the organization and each Medicare+Choice plan it offers as may be required for the preparation of the information referred to in paragraph (2)(A).

“(e) COVERAGE ELECTION PERIODS.—

“(1) INITIAL CHOICE UPON ELIGIBILITY TO MAKE ELECTION IF MEDICARE+CHOICE PLANS AVAILABLE TO INDIVIDUAL.—If, at the time an individual first becomes entitled to benefits under part A and enrolled under part B, there is one or more Medicare+Choice plans offered in the area in which the individual resides, the individual shall make the election under this section during a period specified by the Secretary such that if the individual elects a Medicare+Choice plan during the period, coverage under the plan becomes effective as of the first date on which the individual may receive such coverage.

“(2) OPEN ENROLLMENT AND DISENROLLMENT OPPORTUNITIES.—Subject to paragraph (5)—

“(A) CONTINUOUS OPEN ENROLLMENT AND DISENROLLMENT THROUGH 2001.—At any time during 1998, 1999, 2000, and 2001, a Medicare+Choice eligible individual may change the election under subsection (a)(1).

“(B) CONTINUOUS OPEN ENROLLMENT AND DISENROLLMENT FOR FIRST 6 MONTHS DURING 2002.—

“(i) IN GENERAL.—Subject to clause (ii), at any time during the first 6 months of 2002, or, if the individual first becomes a Medicare+Choice eligible individual during 2002, during the first 6 months during 2002 in which the individual is a Medicare+Choice eligible individual, a Medicare+Choice eligible individual may change the election under subsection (a)(1).

“(ii) LIMITATION OF ONE CHANGE.—An individual may exercise the right under clause (i) only once. The limitation under this clause shall not apply to changes in elections effected during an annual, coordinated election period under paragraph (3) or during a special enrollment period under the first sentence of paragraph (4).

“(C) CONTINUOUS OPEN ENROLLMENT AND DISENROLLMENT FOR FIRST 3 MONTHS IN SUBSEQUENT YEARS.—

“(i) IN GENERAL.—Subject to clause (ii), at any time during the first 3 months of a year after 2002, or, if the individual first becomes a Medicare+Choice

eligible individual during a year after 2002, during the first 3 months of such year in which the individual is a Medicare+Choice eligible individual, a Medicare+Choice eligible individual may change the election under subsection (a)(1).

“(ii) LIMITATION OF ONE CHANGE DURING OPEN ENROLLMENT PERIOD EACH YEAR.—An individual may exercise the right under clause (i) only once during the applicable 3-month period described in such clause in each year. The limitation under this clause shall not apply to changes in elections effected during an annual, coordinated election period under paragraph (3) or during a special enrollment period under paragraph (4).

“(3) ANNUAL, COORDINATED ELECTION PERIOD.—

“(A) IN GENERAL.—Subject to paragraph (5), each individual who is eligible to make an election under this section may change such election during an annual, coordinated election period.

“(B) ANNUAL, COORDINATED ELECTION PERIOD.—For purposes of this section, the term ‘annual, coordinated election period’ means, with respect to a calendar year (beginning with 2000), the month of November before such year.

“(C) MEDICARE+CHOICE HEALTH INFORMATION FAIRS.—In the month of November of each year (beginning with 1999), in conjunction with the annual coordinated election period defined in subparagraph (B), the Secretary shall provide for a nationally coordinated educational and publicity campaign to inform Medicare+Choice eligible individuals about Medicare+Choice plans and the election process provided under this section.

“(D) SPECIAL INFORMATION CAMPAIGN IN 1998.—During November 1998 the Secretary shall provide for an educational and publicity campaign to inform Medicare+Choice eligible individuals about the availability of Medicare+Choice plans, and eligible organizations with risk-sharing contracts under section 1876, offered in different areas and the election process provided under this section.

“(4) SPECIAL ELECTION PERIODS.—Effective as of January 1, 2002, an individual may discontinue an election of a Medicare+Choice plan offered by a Medicare+Choice organization other than during an annual, coordinated election period and make a new election under this section if—

“(A) the organization’s or plan’s certification under this part has been terminated or the organization has terminated or otherwise discontinued providing the plan in the area in which the individual resides;

“(B) the individual is no longer eligible to elect the plan because of a change in the individual’s place of residence or other change in circumstances (specified by the Secretary, but not including termination of the individual’s enrollment on the basis described in clause (i) or (ii) of subsection (g)(3)(B));

“(C) the individual demonstrates (in accordance with guidelines established by the Secretary) that—

“(i) the organization offering the plan substantially violated a material provision of the organization’s contract under this part in relation to the individual (including the failure to provide an enrollee on a timely basis medically necessary care for which benefits are available under the plan or the failure to provide such covered care in accordance with applicable quality standards); or

“(ii) the organization (or an agent or other entity acting on the organization’s behalf) materially misrepresented the plan’s provisions in marketing the plan to the individual; or

“(D) the individual meets such other exceptional conditions as the Secretary may provide.

Effective as of January 1, 2002, an individual who, upon first becoming eligible for benefits under part A at age 65, enrolls in a Medicare+Choice plan under this part, the individual may discontinue the election of such plan, and elect coverage under the original fee-for-service plan, at any time during the 12-month period beginning on the effective date of such enrollment.

“(5) SPECIAL RULES FOR MSA PLANS.—Notwithstanding the preceding provisions of this subsection, an individual—

“(A) may elect an MSA plan only during—

“(i) an initial open enrollment period described in paragraph (1),

“(ii) an annual, coordinated election period described in paragraph (3)(B), or

“(iii) the month of November 1998;

“(B) subject to subparagraph (C), may not discontinue an election of an MSA plan except during the periods described in clause (ii) or (iii) of subparagraph (A) and under the first sentence of paragraph (4); and

“(C) who elects an MSA plan during an annual, coordinated election period, and who never previously had elected such a plan, may revoke such election, in a manner determined by the Secretary, by not later than December 15 following the date of the election.

“(6) OPEN ENROLLMENT PERIODS.—Subject to paragraph (5), a Medicare+Choice organization—

“(A) shall accept elections or changes to elections during the initial enrollment periods described in paragraph (1), during the month of November 1998 and each subsequent year (as provided in paragraph (3)), and during special election periods described in the first sentence of paragraph (4); and

“(B) may accept other changes to elections at such other times as the organization provides.

“(f) EFFECTIVENESS OF ELECTIONS AND CHANGES OF ELECTIONS.—

“(1) DURING INITIAL COVERAGE ELECTION PERIOD.—An election of coverage made during the initial coverage election period under subsection (e)(1)(A) shall take effect upon the date the individual becomes entitled to benefits under part A and enrolled under part B, except as the Secretary may provide (consistent with section 1838) in order to prevent retroactive coverage.

“(2) DURING CONTINUOUS OPEN ENROLLMENT PERIODS.—An election or change of coverage made under subsection (e)(2) shall take effect with the first day of the first calendar month following the date on which the election is made.

“(3) ANNUAL, COORDINATED ELECTION PERIOD.—An election or change of coverage made during an annual, coordinated election period (as defined in subsection (e)(3)(B)) in a year shall take effect as of the first day of the following year.

“(4) OTHER PERIODS.—An election or change of coverage made during any other period under subsection (e)(4) shall take effect in such manner as the Secretary provides in a manner consistent (to the extent practicable) with protecting continuity of health benefit coverage.

“(g) GUARANTEED ISSUE AND RENEWAL.—

“(1) IN GENERAL.—Except as provided in this subsection, a Medicare+Choice organization shall provide that at any time during which elections are accepted under this section with respect to a Medicare+Choice plan offered by the organization, the organization will accept without restrictions individuals who are eligible to make such election.

“(2) PRIORITY.—If the Secretary determines that a Medicare+Choice organization, in relation to a Medicare+Choice plan it offers, has a capacity limit and the number of Medicare+Choice eligible individuals who elect the plan under this section exceeds the capacity limit, the organization may limit the election of individuals of the plan under this section but only if priority in election is provided—

“(A) first to such individuals as have elected the plan at the time of the determination, and

“(B) then to other such individuals in such a manner that does not discriminate, on a basis described in section 1852(b), among the individuals (who seek to elect the plan). The preceding sentence shall not apply if it would result in the enrollment of enrollees substantially nonrepresentative, as determined in accordance with regulations of the Secretary, of the medicare population in the service area of the plan.

“(3) LIMITATION ON TERMINATION OF ELECTION.—

“(A) IN GENERAL.—Subject to subparagraph (B), a Medicare+Choice organization may not for any reason terminate the election of any individual under this section for a Medicare+Choice plan it offers.

“(B) BASIS FOR TERMINATION OF ELECTION.—A Medicare+Choice organization may terminate an individual's election under this section with respect to a Medicare+Choice plan it offers if—

“(i) any Medicare+Choice monthly basic and supplemental beneficiary premiums required with respect to such plan are not paid on a timely basis (consistent with standards under section 1856 that provide for a grace period for late payment of such premiums),

“(ii) the individual has engaged in disruptive behavior (as specified in such standards), or

“(iii) the plan is terminated with respect to all individuals under this part in the area in which the individual resides.

“(C) CONSEQUENCE OF TERMINATION.—

“(i) TERMINATIONS FOR CAUSE.—Any individual whose election is terminated under clause (i) or (ii) of subparagraph (B) is deemed to have elected the original medicare fee-for-service program option described in subsection (a)(1)(A).

“(ii) TERMINATION BASED ON PLAN TERMINATION OR SERVICE AREA REDUCTION.—Any individual whose election is terminated under subparagraph (B)(iii) shall have a special election period under subsection (e)(4)(A) in which to change coverage to coverage under another Medicare+Choice plan. Such an individual who fails to make an election during such period is deemed to have chosen to change coverage to the original medicare fee-for-service program option described in subsection (a)(1)(A).

“(D) ORGANIZATION OBLIGATION WITH RESPECT TO ELECTION FORMS.—Pursuant to a contract under section 1857, each Medicare+Choice organization receiving an election form under subsection (c)(2) shall transmit to the Secretary (at such time and in such manner as the Secretary may specify) a copy of such form or such other information respecting the election as the Secretary may specify.

“(h) APPROVAL OF MARKETING MATERIAL AND APPLICATION FORMS.—

“(1) SUBMISSION.—No marketing material or application form may be distributed by a Medicare+Choice organization to (or for the use of) Medicare+Choice eligible individuals unless—

“(A) at least 45 days before the date of distribution the organization has submitted the material or form to the Secretary for review, and

“(B) the Secretary has not disapproved the distribution of such material or form.

“(2) REVIEW.—The standards established under section 1856 shall include guidelines for the review of any material or form submitted and under such guidelines the Secretary shall disapprove (or later require the correction of) such material or form if the material or form is materially inaccurate or misleading or otherwise makes a material misrepresentation.

“(3) DEEMED APPROVAL (1-STOP SHOPPING).—In the case of material or form that is submitted under paragraph (1)(A) to the Secretary or a regional office of the Department of Health and Human Services and the Secretary or the office has not disapproved the distribution of marketing material or form under paragraph (1)(B) with respect to a Medicare+Choice plan in an area, the Secretary is deemed not to have disapproved such distribution in all other areas covered by the plan and organization except with regard to that portion of such material or form that is specific only to an area involved.

“(4) PROHIBITION OF CERTAIN MARKETING PRACTICES.—Each Medicare+Choice organization shall conform to fair marketing standards, in relation to Medicare+Choice plans offered under this part, included in the standards established under section 1856. Such standards—

“(A) shall not permit a Medicare+Choice organization to provide for cash or other monetary rebates as an inducement for enrollment or otherwise, and

“(B) may include a prohibition against a Medicare+Choice organization (or agent of such an organization) completing any portion of any election form used to carry out elections under this section on behalf of any individual.

“(i) EFFECT OF ELECTION OF MEDICARE+CHOICE PLAN OPTION.—

“(1) PAYMENTS TO ORGANIZATIONS.—Subject to sections 1852(a)(5), 1853(g), 1853(h), 1886(d)(11), and 1886(h)(3)(D), payments under a contract with a Medicare+Choice organization under section 1853(a) with respect to an individual electing a Medicare+Choice plan offered by the organization shall be instead of the amounts which (in the absence of the contract) would otherwise be payable under parts A and B for items and services furnished to the individual.

“(2) ONLY ORGANIZATION ENTITLED TO PAYMENT.—Subject to sections 1853(e), 1853(g), 1853(h), 1857(f)(2), and 1886(d)(11), and 1886(h)(3)(D), only the Medicare+Choice organization shall be entitled to receive payments from the Secretary under this title for services furnished to the individual.

“BENEFITS AND BENEFICIARY PROTECTIONS

“SEC. 1852. (a) BASIC BENEFITS.—

“(1) IN GENERAL.—Except as provided in section 1859(b)(3) for MSA plans, each Medicare+Choice plan shall provide to members enrolled under this part, through providers and other persons that meet the applicable requirements of this title and part A of title XI—

“(A) those items and services (other than hospice care) for which benefits are available under parts A and B to individuals residing in the area served by the plan, and

“(B) additional benefits required under section 1854(f)(1)(A).

“(2) SATISFACTION OF REQUIREMENT.—

“(A) IN GENERAL.—A Medicare+Choice plan (other than an MSA plan) offered by a Medicare+Choice organization satisfies paragraph (1)(A), with respect to benefits for items and services furnished other than through a provider or other person that has a contract with the organization offering the plan, if the plan provides payment in an amount so that—

“(i) the sum of such payment amount and any cost sharing provided for under the plan, is equal to at least

“(ii) the total dollar amount of payment for such items and services as would otherwise be authorized under parts A and B (including any balance billing permitted under such parts).

“(B) REFERENCE TO RELATED PROVISIONS.—For provision relating to—

“(i) limitations on balance billing against Medicare+Choice organizations for non-contract providers, see sections 1852(k) and 1866(a)(1)(O), and

“(ii) limiting actuarial value of enrollee liability for covered benefits, see section 1854(e).

“(3) SUPPLEMENTAL BENEFITS.—

“(A) BENEFITS INCLUDED SUBJECT TO SECRETARY’S APPROVAL.—Each Medicare+Choice organization may provide to individuals enrolled under this part, other than under an MSA plan, (without affording those individuals an option to decline the coverage) supplemental health care benefits that the Secretary may approve. The Secretary shall approve any such supplemental benefits unless the Secretary determines that including such supplemental benefits would substantially discourage enrollment by Medicare+Choice eligible individuals with the organization.

“(B) AT ENROLLEES’ OPTION.—

“(i) IN GENERAL.—Subject to clause (ii), a Medicare+Choice organization may provide to individuals enrolled under this part supplemental health care benefits that the individuals may elect, at their option, to have covered.

“(ii) SPECIAL RULE FOR MSA PLANS.—A Medicare+Choice organization may not provide, under an MSA plan, supplemental health care benefits that cover the deductible described in section 1859(b)(2)(B). In applying the previous sentence, health benefits described in section 1882(u)(2)(B) shall not be treated as covering such deductible.

“(C) APPLICATION TO MEDICARE+CHOICE PRIVATE FEE-FOR-SERVICE PLANS.—Nothing in this paragraph shall be construed as preventing a Medicare+Choice private fee-for-service plan from offering supplemental benefits that include payment for some or all of the balance billing amounts permitted consistent with section 1852(k) and coverage of additional services that the plan finds to be medically necessary.

“(4) ORGANIZATION AS SECONDARY PAYER.—Notwithstanding any other provision of law, a Medicare+Choice organization may (in the case of the provision of items and services to an individual under a Medicare+Choice plan under circumstances in which payment under this title is made secondary pursuant to section 1862(b)(2)) charge or authorize the provider of such services to charge, in accordance with the charges allowed under a law, plan, or policy described in such section—

“(A) the insurance carrier, employer, or other entity which under such law, plan, or policy is to pay for the provision of such services, or

“(B) such individual to the extent that the individual has been paid under such law, plan, or policy for such services.

“(5) NATIONAL COVERAGE DETERMINATIONS.—If there is a national coverage determination made in the period beginning on the date of an announcement under section 1853(b) and ending on the date of the next announcement under such section and the Secretary projects that the determination will result in a significant change in the costs to a Medicare+Choice organization of providing the benefits that are the subject of such national coverage determination and that such change in costs was not incorporated in the determination of the annual Medicare+Choice capitation rate under section 1853 included

in the announcement made at the beginning of such period, then, unless otherwise required by law—

“(A) such determination shall not apply to contracts under this part until the first contract year that begins after the end of such period, and

“(B) if such coverage determination provides for coverage of additional benefits or coverage under additional circumstances, section 1851(i)(1) shall not apply to payment for such additional benefits or benefits provided under such additional circumstances until the first contract year that begins after the end of such period.

“(b) ANTIDISCRIMINATION.—

“(1) BENEFICIARIES.—

“(A) IN GENERAL.—A Medicare+Choice organization may not deny, limit, or condition the coverage or provision of benefits under this part, for individuals permitted to be enrolled with the organization under this part, based on any health status-related factor described in section 2702(a)(1) of the Public Health Service Act.

“(B) CONSTRUCTION.—Subparagraph (A) shall not be construed as requiring a Medicare+Choice organization to enroll individuals who are determined to have end-stage renal disease, except as provided under section 1851(a)(3)(B).

“(2) PROVIDERS.—A Medicare+Choice organization shall not discriminate with respect to participation, reimbursement, or indemnification as to any provider who is acting within the scope of the provider’s license or certification under applicable State law, solely on the basis of such license or certification. This paragraph shall not be construed to prohibit a plan from including providers only to the extent necessary to meet the needs of the plan’s enrollees or from establishing any measure designed to maintain quality and control costs consistent with the responsibilities of the plan.

“(c) DISCLOSURE REQUIREMENTS.—

“(1) DETAILED DESCRIPTION OF PLAN PROVISIONS.—A Medicare+Choice organization shall disclose, in clear, accurate, and standardized form to each enrollee with a Medicare+Choice plan offered by the organization under this part at the time of enrollment and at least annually thereafter, the following information regarding such plan:

“(A) SERVICE AREA.—The plan’s service area.

“(B) BENEFITS.—Benefits offered under the plan, including information described in section 1851(d)(3)(A) and exclusions from coverage and, if it is an MSA plan, a comparison of benefits under such a plan with benefits under other Medicare+Choice plans.

“(C) ACCESS.—The number, mix, and distribution of plan providers, out-of-network coverage (if any) provided by the plan, and any point-of-service option (including the supplemental premium for such option).

“(D) OUT-OF-AREA COVERAGE.—Out-of-area coverage provided by the plan.

“(E) EMERGENCY COVERAGE.—Coverage of emergency services, including—

“(i) the appropriate use of emergency services, including use of the 911 telephone system or its local

equivalent in emergency situations and an explanation of what constitutes an emergency situation;

“(ii) the process and procedures of the plan for obtaining emergency services; and

“(iii) the locations of (I) emergency departments, and (II) other settings, in which plan physicians and hospitals provide emergency services and post-stabilization care.

“(F) SUPPLEMENTAL BENEFITS.—Supplemental benefits available from the organization offering the plan, including—

“(i) whether the supplemental benefits are optional,

“(ii) the supplemental benefits covered, and

“(iii) the Medicare+Choice monthly supplemental beneficiary premium for the supplemental benefits.

“(G) PRIOR AUTHORIZATION RULES.—Rules regarding prior authorization or other review requirements that could result in nonpayment.

“(H) PLAN GRIEVANCE AND APPEALS PROCEDURES.—All plan appeal or grievance rights and procedures.

“(I) QUALITY ASSURANCE PROGRAM.—A description of the organization’s quality assurance program under subsection (e).

“(2) DISCLOSURE UPON REQUEST.—Upon request of a Medicare+Choice eligible individual, a Medicare+Choice organization must provide the following information to such individual:

“(A) The general coverage information and general comparative plan information made available under clauses (i) and (ii) of section 1851(d)(2)(A).

“(B) Information on procedures used by the organization to control utilization of services and expenditures.

“(C) Information on the number of grievances, redeterminations, and appeals and on the disposition in the aggregate of such matters.

“(D) An overall summary description as to the method of compensation of participating physicians.

“(d) ACCESS TO SERVICES.—

“(1) IN GENERAL.—A Medicare+Choice organization offering a Medicare+Choice plan may select the providers from whom the benefits under the plan are provided so long as—

“(A) the organization makes such benefits available and accessible to each individual electing the plan within the plan service area with reasonable promptness and in a manner which assures continuity in the provision of benefits;

“(B) when medically necessary the organization makes such benefits available and accessible 24 hours a day and 7 days a week;

“(C) the plan provides for reimbursement with respect to services which are covered under subparagraphs (A) and (B) and which are provided to such an individual other than through the organization, if—

“(i) the services were not emergency services (as defined in paragraph (3)), but (I) the services were medically necessary and immediately required because

of an unforeseen illness, injury, or condition, and (II) it was not reasonable given the circumstances to obtain the services through the organization,

“(ii) the services were renal dialysis services and were provided other than through the organization because the individual was temporarily out of the plan’s service area, or

“(iii) the services are maintenance care or post-stabilization care covered under the guidelines established under paragraph (2);

“(D) the organization provides access to appropriate providers, including credentialed specialists, for medically necessary treatment and services; and

“(E) coverage is provided for emergency services (as defined in paragraph (3)) without regard to prior authorization or the emergency care provider’s contractual relationship with the organization.

“(2) GUIDELINES RESPECTING COORDINATION OF POST-STABILIZATION CARE.—A Medicare+Choice plan shall comply with such guidelines as the Secretary may prescribe relating to promoting efficient and timely coordination of appropriate maintenance and post-stabilization care of an enrollee after the enrollee has been determined to be stable under section 1867.

“(3) DEFINITION OF EMERGENCY SERVICES.—In this subsection—

“(A) IN GENERAL.—The term ‘emergency services’ means, with respect to an individual enrolled with an organization, covered inpatient and outpatient services that—

“(i) are furnished by a provider that is qualified to furnish such services under this title, and

“(ii) are needed to evaluate or stabilize an emergency medical condition (as defined in subparagraph (B)).

“(B) EMERGENCY MEDICAL CONDITION BASED ON PRUDENT LAYPERSON.—The term ‘emergency medical condition’ means a medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that a prudent layperson, who possesses an average knowledge of health and medicine, could reasonably expect the absence of immediate medical attention to result in—

“(i) placing the health of the individual (or, with respect to a pregnant woman, the health of the woman or her unborn child) in serious jeopardy,

“(ii) serious impairment to bodily functions, or

“(iii) serious dysfunction of any bodily organ or part.

“(4) ASSURING ACCESS TO SERVICES IN MEDICARE+CHOICE PRIVATE FEE-FOR-SERVICE PLANS.—In addition to any other requirements under this part, in the case of a Medicare+Choice private fee-for-service plan, the organization offering the plan must demonstrate to the Secretary that the organization has sufficient number and range of health care professionals and providers willing

to provide services under the terms of the plan. The Secretary shall find that an organization has met such requirement with respect to any category of health care professional or provider if, with respect to that category of provider—

“(A) the plan has established payment rates for covered services furnished by that category of provider that are not less than the payment rates provided for under part A, part B, or both, for such services, or

“(B) the plan has contracts or agreements with a sufficient number and range of providers within such category to provide covered services under the terms of the plan,

or a combination of both. The previous sentence shall not be construed as restricting the persons from whom enrollees under such a plan may obtain covered benefits.

“(e) QUALITY ASSURANCE PROGRAM.—

“(1) IN GENERAL.—Each Medicare+Choice organization must have arrangements, consistent with any regulation, for an ongoing quality assurance program for health care services it provides to individuals enrolled with Medicare+Choice plans of the organization.

“(2) ELEMENTS OF PROGRAM.—

“(A) IN GENERAL.—The quality assurance program of an organization with respect to a Medicare+Choice plan (other than a Medicare+Choice private fee-for-service plan or a non-network MSA plan) it offers shall—

“(i) stress health outcomes and provide for the collection, analysis, and reporting of data (in accordance with a quality measurement system that the Secretary recognizes) that will permit measurement of outcomes and other indices of the quality of Medicare+Choice plans and organizations;

“(ii) monitor and evaluate high volume and high risk services and the care of acute and chronic conditions;

“(iii) evaluate the continuity and coordination of care that enrollees receive;

“(iv) be evaluated on an ongoing basis as to its effectiveness;

“(v) include measures of consumer satisfaction;

“(vi) provide the Secretary with such access to information collected as may be appropriate to monitor and ensure the quality of care provided under this part;

“(vii) provide review by physicians and other health care professionals of the process followed in the provision of such health care services;

“(viii) provide for the establishment of written protocols for utilization review, based on current standards of medical practice;

“(ix) have mechanisms to detect both underutilization and overutilization of services;

“(x) after identifying areas for improvement, establish or alter practice parameters;

“(xi) take action to improve quality and assesses the effectiveness of such action through systematic followup; and

“(xii) make available information on quality and outcomes measures to facilitate beneficiary comparison and choice of health coverage options (in such form and on such quality and outcomes measures as the Secretary determines to be appropriate).

“(B) ELEMENTS OF PROGRAM FOR ORGANIZATIONS OFFERING MEDICARE+CHOICE PRIVATE FEE-FOR-SERVICE PLANS AND NON-NETWORK MSA PLANS.—The quality assurance program of an organization with respect to a Medicare+Choice private fee-for-service plan or a non-network MSA plan it offers shall—

“(i) meet the requirements of clauses (i) through (vi) of subparagraph (A);

“(ii) insofar as it provides for the establishment of written protocols for utilization review, base such protocols on current standards of medical practice; and

“(iii) have mechanisms to evaluate utilization of services and inform providers and enrollees of the results of such evaluation.

“(C) DEFINITION OF NON-NETWORK MSA PLAN.—In this subsection, the term ‘non-network MSA plan’ means an MSA plan offered by a Medicare+Choice organization that does not provide benefits required to be provided by this part, in whole or in part, through a defined set of providers under contract, or under another arrangement, with the organization.

“(3) EXTERNAL REVIEW.—

“(A) IN GENERAL.—Each Medicare+Choice organization shall, for each Medicare+Choice plan it operates, have an agreement with an independent quality review and improvement organization approved by the Secretary to perform functions of the type described in sections 1154(a)(4)(B) and 1154(a)(14) with respect to services furnished by Medicare+Choice plans for which payment is made under this title. The previous sentence shall not apply to a Medicare+Choice private fee-for-service plan or a non-network MSA plan that does not employ utilization review.

“(B) NONDUPLICATION OF ACCREDITATION.—Except in the case of the review of quality complaints, and consistent with subparagraph (C), the Secretary shall ensure that the external review activities conducted under subparagraph (A) are not duplicative of review activities conducted as part of the accreditation process.

“(C) WAIVER AUTHORITY.—The Secretary may waive the requirement described in subparagraph (A) in the case of an organization if the Secretary determines that the organization has consistently maintained an excellent record of quality assurance and compliance with other requirements under this part.

“(4) TREATMENT OF ACCREDITATION.—The Secretary shall provide that a Medicare+Choice organization is deemed to meet requirements of paragraphs (1) and (2) of this subsection and subsection (h) (relating to confidentiality and accuracy of

enrollee records) if the organization is accredited (and periodically reaccredited) by a private organization under a process that the Secretary has determined assures that the organization, as a condition of accreditation, applies and enforces standards with respect to the requirements involved that are no less stringent than the standards established under section 1856 to carry out the respective requirements.

“(f) GRIEVANCE MECHANISM.—Each Medicare+Choice organization must provide meaningful procedures for hearing and resolving grievances between the organization (including any entity or individual through which the organization provides health care services) and enrollees with Medicare+Choice plans of the organization under this part.

“(g) COVERAGE DETERMINATIONS, RECONSIDERATIONS, AND APPEALS.—

“(1) DETERMINATIONS BY ORGANIZATION.—

“(A) IN GENERAL.—A Medicare+Choice organization shall have a procedure for making determinations regarding whether an individual enrolled with the plan of the organization under this part is entitled to receive a health service under this section and the amount (if any) that the individual is required to pay with respect to such service. Subject to paragraph (3), such procedures shall provide for such determination to be made on a timely basis.

“(B) EXPLANATION OF DETERMINATION.—Such a determination that denies coverage, in whole in part, shall be in writing and shall include a statement in understandable language of the reasons for the denial and a description of the reconsideration and appeals processes.

“(2) RECONSIDERATIONS.—

“(A) IN GENERAL.—The organization shall provide for reconsideration of a determination described in paragraph (1)(B) upon request by the enrollee involved. The reconsideration shall be within a time period specified by the Secretary, but shall be made, subject to paragraph (3), not later than 60 days after the date of the receipt of the request for reconsideration.

“(B) PHYSICIAN DECISION ON CERTAIN RECONSIDERATIONS.—A reconsideration relating to a determination to deny coverage based on a lack of medical necessity shall be made only by a physician with appropriate expertise in the field of medicine which necessitates treatment who is other than a physician involved in the initial determination.

“(3) EXPEDITED DETERMINATIONS AND RECONSIDERATIONS.—

“(A) RECEIPT OF REQUESTS.—

“(i) ENROLLEE REQUESTS.—An enrollee in a Medicare+Choice plan may request, either in writing or orally, an expedited determination under paragraph (1) or an expedited reconsideration under paragraph (2) by the Medicare+Choice organization.

“(ii) PHYSICIAN REQUESTS.—A physician, regardless whether the physician is affiliated with the organization or not, may request, either in writing or orally, such an expedited determination or reconsideration.

“(B) ORGANIZATION PROCEDURES.—

“(i) IN GENERAL.—The Medicare+Choice organization shall maintain procedures for expediting organization determinations and reconsiderations when, upon request of an enrollee, the organization determines that the application of the normal time frame for making a determination (or a reconsideration involving a determination) could seriously jeopardize the life or health of the enrollee or the enrollee’s ability to regain maximum function.

“(ii) EXPEDITION REQUIRED FOR PHYSICIAN REQUESTS.—In the case of a request for an expedited determination or reconsideration made under subparagraph (A)(ii), the organization shall expedite the determination or reconsideration if the request indicates that the application of the normal time frame for making a determination (or a reconsideration involving a determination) could seriously jeopardize the life or health of the enrollee or the enrollee’s ability to regain maximum function.

“(iii) TIMELY RESPONSE.—In cases described in clauses (i) and (ii), the organization shall notify the enrollee (and the physician involved, as appropriate) of the determination or reconsideration under time limitations established by the Secretary, but not later than 72 hours of the time of receipt of the request for the determination or reconsideration (or receipt of the information necessary to make the determination or reconsideration), or such longer period as the Secretary may permit in specified cases.

Contracts.

“(4) INDEPENDENT REVIEW OF CERTAIN COVERAGE DENIALS.—The Secretary shall contract with an independent, outside entity to review and resolve in a timely manner reconsiderations that affirm denial of coverage, in whole or in part.

“(5) APPEALS.—An enrollee with a Medicare+Choice plan of a Medicare+Choice organization under this part who is dissatisfied by reason of the enrollee’s failure to receive any health service to which the enrollee believes the enrollee is entitled and at no greater charge than the enrollee believes the enrollee is required to pay is entitled, if the amount in controversy is \$100 or more, to a hearing before the Secretary to the same extent as is provided in section 205(b), and in any such hearing the Secretary shall make the organization a party. If the amount in controversy is \$1,000 or more, the individual or organization shall, upon notifying the other party, be entitled to judicial review of the Secretary’s final decision as provided in section 205(g), and both the individual and the organization shall be entitled to be parties to that judicial review. In applying subsections (b) and (g) of section 205 as provided in this paragraph, and in applying section 205(l) thereto, any reference therein to the Commissioner of Social Security or the Social Security Administration shall be considered a reference to the Secretary or the Department of Health and Human Services, respectively.

“(h) CONFIDENTIALITY AND ACCURACY OF ENROLLEE RECORDS.—Insofar as a Medicare+Choice organization maintains medical

records or other health information regarding enrollees under this part, the Medicare+Choice organization shall establish procedures—

“(1) to safeguard the privacy of any individually identifiable enrollee information;

“(2) to maintain such records and information in a manner that is accurate and timely, and

“(3) to assure timely access of enrollees to such records and information.

“(i) INFORMATION ON ADVANCE DIRECTIVES.—Each Medicare+Choice organization shall meet the requirement of section 1866(f) (relating to maintaining written policies and procedures respecting advance directives).

“(j) RULES REGARDING PROVIDER PARTICIPATION.—

“(1) PROCEDURES.—Insofar as a Medicare+Choice organization offers benefits under a Medicare+Choice plan through agreements with physicians, the organization shall establish reasonable procedures relating to the participation (under an agreement between a physician and the organization) of physicians under such a plan. Such procedures shall include—

“(A) providing notice of the rules regarding participation,

“(B) providing written notice of participation decisions that are adverse to physicians, and

“(C) providing a process within the organization for appealing such adverse decisions, including the presentation of information and views of the physician regarding such decision.

“(2) CONSULTATION IN MEDICAL POLICIES.—A Medicare+Choice organization shall consult with physicians who have entered into participation agreements with the organization regarding the organization’s medical policy, quality, and medical management procedures.

“(3) PROHIBITING INTERFERENCE WITH PROVIDER ADVICE TO ENROLLEES.—

“(A) IN GENERAL.—Subject to subparagraphs (B) and (C), a Medicare+Choice organization (in relation to an individual enrolled under a Medicare+Choice plan offered by the organization under this part) shall not prohibit or otherwise restrict a covered health care professional (as defined in subparagraph (D)) from advising such an individual who is a patient of the professional about the health status of the individual or medical care or treatment for the individual’s condition or disease, regardless of whether benefits for such care or treatment are provided under the plan, if the professional is acting within the lawful scope of practice.

“(B) CONSCIENCE PROTECTION.—Subparagraph (A) shall not be construed as requiring a Medicare+Choice plan to provide, reimburse for, or provide coverage of a counseling or referral service if the Medicare+Choice organization offering the plan—

“(i) objects to the provision of such service on moral or religious grounds; and

“(ii) in the manner and through the written instrumentalities such Medicare+Choice organization deems appropriate, makes available information on its policies regarding such service to prospective enrollees

before or during enrollment and to enrollees within 90 days after the date that the organization or plan adopts a change in policy regarding such a counseling or referral service.

“(C) CONSTRUCTION.—Nothing in subparagraph (B) shall be construed to affect disclosure requirements under State law or under the Employee Retirement Income Security Act of 1974.

“(D) HEALTH CARE PROFESSIONAL DEFINED.—For purposes of this paragraph, the term ‘health care professional’ means a physician (as defined in section 1861(r)) or other health care professional if coverage for the professional’s services is provided under the Medicare+Choice plan for the services of the professional. Such term includes a podiatrist, optometrist, chiropractor, psychologist, dentist, physician assistant, physical or occupational therapist and therapy assistant, speech-language pathologist, audiologist, registered or licensed practical nurse (including nurse practitioner, clinical nurse specialist, certified registered nurse anesthetist, and certified nurse-midwife), licensed certified social worker, registered respiratory therapist, and certified respiratory therapy technician.

“(4) LIMITATIONS ON PHYSICIAN INCENTIVE PLANS.—

“(A) IN GENERAL.—No Medicare+Choice organization may operate any physician incentive plan (as defined in subparagraph (B)) unless the following requirements are met:

“(i) No specific payment is made directly or indirectly under the plan to a physician or physician group as an inducement to reduce or limit medically necessary services provided with respect to a specific individual enrolled with the organization.

“(ii) If the plan places a physician or physician group at substantial financial risk (as determined by the Secretary) for services not provided by the physician or physician group, the organization—

“(I) provides stop-loss protection for the physician or group that is adequate and appropriate, based on standards developed by the Secretary that take into account the number of physicians placed at such substantial financial risk in the group or under the plan and the number of individuals enrolled with the organization who receive services from the physician or group, and

“(II) conducts periodic surveys of both individuals enrolled and individuals previously enrolled with the organization to determine the degree of access of such individuals to services provided by the organization and satisfaction with the quality of such services.

“(iii) The organization provides the Secretary with descriptive information regarding the plan, sufficient to permit the Secretary to determine whether the plan is in compliance with the requirements of this subparagraph.

“(B) PHYSICIAN INCENTIVE PLAN DEFINED.—In this paragraph, the term ‘physician incentive plan’ means any

compensation arrangement between a Medicare+Choice organization and a physician or physician group that may directly or indirectly have the effect of reducing or limiting services provided with respect to individuals enrolled with the organization under this part.

“(5) LIMITATION ON PROVIDER INDEMNIFICATION.—A Medicare+Choice organization may not provide (directly or indirectly) for a health care professional, provider of services, or other entity providing health care services (or group of such professionals, providers, or entities) to indemnify the organization against any liability resulting from a civil action brought for any damage caused to an enrollee with a Medicare+Choice plan of the organization under this part by the organization’s denial of medically necessary care.

“(6) SPECIAL RULES FOR MEDICARE+CHOICE PRIVATE FEE-FOR-SERVICE PLANS.—For purposes of applying this part (including subsection (k)(1)) and section 1866(a)(1)(O), a hospital (or other provider of services), a physician or other health care professional, or other entity furnishing health care services is treated as having an agreement or contract in effect with a Medicare+Choice organization (with respect to an individual enrolled in a Medicare+Choice private fee-for-service plan it offers), if—

“(A) the provider, professional, or other entity furnishes services that are covered under the plan to such an enrollee; and

“(B) before providing such services, the provider, professional, or other entity —

“(i) has been informed of the individual’s enrollment under the plan, and

“(ii) either—

“(I) has been informed of the terms and conditions of payment for such services under the plan, or

“(II) is given a reasonable opportunity to obtain information concerning such terms and conditions,

in a manner reasonably designed to effect informed agreement by a provider.

The previous sentence shall only apply in the absence of an explicit agreement between such a provider, professional, or other entity and the Medicare+Choice organization.

“(k) TREATMENT OF SERVICES FURNISHED BY CERTAIN PROVIDERS.—

“(1) IN GENERAL.—Except as provided in paragraph (2), a physician or other entity (other than a provider of services) that does not have a contract establishing payment amounts for services furnished to an individual enrolled under this part with a Medicare+Choice organization described in section 1851(a)(2)(A) shall accept as payment in full for covered services under this title that are furnished to such an individual the amounts that the physician or other entity could collect if the individual were not so enrolled. Any penalty or other provision of law that applies to such a payment with respect to an individual entitled to benefits under this title (but not enrolled with a Medicare+Choice organization under this part) also applies with respect to an individual so enrolled.

“(2) APPLICATION TO MEDICARE+CHOICE PRIVATE FEE-FOR-SERVICE PLANS.—

“(A) BALANCE BILLING LIMITS UNDER MEDICARE+CHOICE PRIVATE FEE-FOR-SERVICE PLANS IN CASE OF CONTRACT PROVIDERS.—

“(i) IN GENERAL.—In the case of an individual enrolled in a Medicare+Choice private fee-for-service plan under this part, a physician, provider of services, or other entity that has a contract (including through the operation of subsection (j)(6)) establishing a payment rate for services furnished to the enrollee shall accept as payment in full for covered services under this title that are furnished to such an individual an amount not to exceed (including any deductibles, coinsurance, copayments, or balance billing otherwise permitted under the plan) an amount equal to 115 percent of such payment rate.

“(ii) PROCEDURES TO ENFORCE LIMITS.—The Medicare+Choice organization that offers such a plan shall establish procedures, similar to the procedures described in section 1848(g)(1)(A), in order to carry out the previous sentence.

“(iii) ASSURING ENFORCEMENT.—If the Medicare+Choice organization fails to establish and enforce procedures required under clause (ii), the organization is subject to intermediate sanctions under section 1857(g).

“(B) ENROLLEE LIABILITY FOR NONCONTRACT PROVIDERS.—For provision—

“(i) establishing minimum payment rate in the case of noncontract providers under a Medicare+Choice private fee-for-service plan, see section 1852(a)(2); or

“(ii) limiting enrollee liability in the case of covered services furnished by such providers, see paragraph (1) and section 1866(a)(1)(O).

“(C) INFORMATION ON BENEFICIARY LIABILITY.—

“(i) IN GENERAL.—Each Medicare+Choice organization that offers a Medicare+Choice private fee-for-service plan shall provide that enrollees under the plan who are furnished services for which payment is sought under the plan are provided an appropriate explanation of benefits (consistent with that provided under parts A and B and, if applicable, under medicare supplemental policies) that includes a clear statement of the amount of the enrollee’s liability (including any liability for balance billing consistent with this subsection) with respect to payments for such services.

“(ii) ADVANCE NOTICE BEFORE RECEIPT OF INPATIENT HOSPITAL SERVICES AND CERTAIN OTHER SERVICES.—In addition, such organization shall, in its terms and conditions of payments to hospitals for inpatient hospital services and for other services identified by the Secretary for which the amount of the balancing billing under subparagraph (A) could be substantial, require the hospital to provide to the enrollee, before furnishing such services and if the

hospital imposes balance billing under subparagraph (A)—

“(I) notice of the fact that balance billing is permitted under such subparagraph for such services, and

“(II) a good faith estimate of the likely amount of such balance billing (if any), with respect to such services, based upon the presenting condition of the enrollee.

“PAYMENTS TO MEDICARE+CHOICE ORGANIZATIONS

“SEC. 1853. (a) PAYMENTS TO ORGANIZATIONS.—

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“(1) MONTHLY PAYMENTS.—

“(A) IN GENERAL.—Under a contract under section 1857 and subject to subsections (e) and (f) and section 1859(e)(4), the Secretary shall make monthly payments under this section in advance to each Medicare+Choice organization, with respect to coverage of an individual under this part in a Medicare+Choice payment area for a month, in an amount equal to $\frac{1}{12}$ of the annual Medicare+Choice capitation rate (as calculated under subsection (c)) with respect to that individual for that area, adjusted for such risk factors as age, disability status, gender, institutional status, and such other factors as the Secretary determines to be appropriate, so as to ensure actuarial equivalence. The Secretary may add to, modify, or substitute for such factors, if such changes will improve the determination of actuarial equivalence.

“(B) SPECIAL RULE FOR END-STAGE RENAL DISEASE.—The Secretary shall establish separate rates of payment to a Medicare+Choice organization with respect to classes of individuals determined to have end-stage renal disease and enrolled in a Medicare+Choice plan of the organization. Such rates of payment shall be actuarially equivalent to rates paid to other enrollees in the Medicare+Choice payment area (or such other area as specified by the Secretary). In accordance with regulations, the Secretary shall provide for the application of the seventh sentence of section 1881(b)(7) to payments under this section covering the provision of renal dialysis treatment in the same manner as such sentence applies to composite rate payments described in such sentence.

“(2) ADJUSTMENT TO REFLECT NUMBER OF ENROLLEES.—

“(A) IN GENERAL.—The amount of payment under this subsection may be retroactively adjusted to take into account any difference between the actual number of individuals enrolled with an organization under this part and the number of such individuals estimated to be so enrolled in determining the amount of the advance payment.

“(B) SPECIAL RULE FOR CERTAIN ENROLLEES.—

“(i) IN GENERAL.—Subject to clause (ii), the Secretary may make retroactive adjustments under subparagraph (A) to take into account individuals enrolled during the period beginning on the date on which the individual enrolls with a Medicare+Choice organization under a plan operated, sponsored, or

contributed to by the individual's employer or former employer (or the employer or former employer of the individual's spouse) and ending on the date on which the individual is enrolled in the organization under this part, except that for purposes of making such retroactive adjustments under this subparagraph, such period may not exceed 90 days.

“(ii) EXCEPTION.—No adjustment may be made under clause (i) with respect to any individual who does not certify that the organization provided the individual with the disclosure statement described in section 1852(c) at the time the individual enrolled with the organization.

“(3) ESTABLISHMENT OF RISK ADJUSTMENT FACTORS.—

“(A) REPORT.—The Secretary shall develop, and submit to Congress by not later than March 1, 1999, a report on the method of risk adjustment of payment rates under this section, to be implemented under subparagraph (C), that accounts for variations in per capita costs based on health status. Such report shall include an evaluation of such method by an outside, independent actuary of the actuarial soundness of the proposal.

“(B) DATA COLLECTION.—In order to carry out this paragraph, the Secretary shall require Medicare+Choice organizations (and eligible organizations with risk-sharing contracts under section 1876) to submit data regarding inpatient hospital services for periods beginning on or after July 1, 1997, and data regarding other services and other information as the Secretary deems necessary for periods beginning on or after July 1, 1998. The Secretary may not require an organization to submit such data before January 1, 1998.

“(C) INITIAL IMPLEMENTATION.—The Secretary shall first provide for implementation of a risk adjustment methodology that accounts for variations in per capita costs based on health status and other demographic factors for payments by no later than January 1, 2000.

“(D) UNIFORM APPLICATION TO ALL TYPES OF PLANS.—Subject to section 1859(e)(4), the methodology shall be applied uniformly without regard to the type of plan.

“(b) ANNUAL ANNOUNCEMENT OF PAYMENT RATES.—

“(1) ANNUAL ANNOUNCEMENT.—The Secretary shall annually determine, and shall announce (in a manner intended to provide notice to interested parties) not later than March 1 before the calendar year concerned—

“(A) the annual Medicare+Choice capitation rate for each Medicare+Choice payment area for the year, and

“(B) the risk and other factors to be used in adjusting such rates under subsection (a)(1)(A) for payments for months in that year.

“(2) ADVANCE NOTICE OF METHODOLOGICAL CHANGES.—At least 45 days before making the announcement under paragraph (1) for a year, the Secretary shall provide for notice to Medicare+Choice organizations of proposed changes to be made in the methodology from the methodology and assumptions used in the previous announcement and shall provide

such organizations an opportunity to comment on such proposed changes.

“(3) EXPLANATION OF ASSUMPTIONS.—In each announcement made under paragraph (1), the Secretary shall include an explanation of the assumptions and changes in methodology used in the announcement in sufficient detail so that Medicare+Choice organizations can compute monthly adjusted Medicare+Choice capitation rates for individuals in each Medicare+Choice payment area which is in whole or in part within the service area of such an organization.

“(c) CALCULATION OF ANNUAL MEDICARE+CHOICE CAPITATION RATES.—

“(1) IN GENERAL.—For purposes of this part, subject to paragraphs (6)(C) and (7), each annual Medicare+Choice capitation rate, for a Medicare+Choice payment area for a contract year consisting of a calendar year, is equal to the largest of the amounts specified in the following subparagraph (A), (B), or (C):

“(A) BLENDED CAPITATION RATE.—The sum of—

“(i) the area-specific percentage (as specified under paragraph (2) for the year) of the annual area-specific Medicare+Choice capitation rate for the Medicare+Choice payment area, as determined under paragraph (3) for the year, and

“(ii) the national percentage (as specified under paragraph (2) for the year) of the input-price-adjusted annual national Medicare+Choice capitation rate, as determined under paragraph (4) for the year,

multiplied by the budget neutrality adjustment factor determined under paragraph (5).

“(B) MINIMUM AMOUNT.—12 multiplied by the following amount:

“(i) For 1998, \$367 (but not to exceed, in the case of an area outside the 50 States and the District of Columbia, 150 percent of the annual per capita rate of payment for 1997 determined under section 1876(a)(1)(C) for the area).

“(ii) For a succeeding year, the minimum amount specified in this clause (or clause (i)) for the preceding year increased by the national per capita Medicare+Choice growth percentage, described in paragraph (6)(A) for that succeeding year.

“(C) MINIMUM PERCENTAGE INCREASE.—

“(i) For 1998, 102 percent of the annual per capita rate of payment for 1997 determined under section 1876(a)(1)(C) for the Medicare+Choice payment area.

“(ii) For a subsequent year, 102 percent of the annual Medicare+Choice capitation rate under this paragraph for the area for the previous year.

“(2) AREA-SPECIFIC AND NATIONAL PERCENTAGES.—For purposes of paragraph (1)(A)—

“(A) for 1998, the ‘area-specific percentage’ is 90 percent and the ‘national percentage’ is 10 percent,

“(B) for 1999, the ‘area-specific percentage’ is 82 percent and the ‘national percentage’ is 18 percent,

“(C) for 2000, the ‘area-specific percentage’ is 74 percent and the ‘national percentage’ is 26 percent,

“(D) for 2001, the ‘area-specific percentage’ is 66 percent and the ‘national percentage’ is 34 percent,

“(E) for 2002, the ‘area-specific percentage’ is 58 percent and the ‘national percentage’ is 42 percent, and

“(F) for a year after 2002, the ‘area-specific percentage’ is 50 percent and the ‘national percentage’ is 50 percent.

“(3) ANNUAL AREA-SPECIFIC MEDICARE+CHOICE CAPITATION RATE.—

“(A) IN GENERAL.—For purposes of paragraph (1)(A), subject to subparagraph (B), the annual area-specific Medicare+Choice capitation rate for a Medicare+Choice payment area—

“(i) for 1998 is, subject to subparagraph (D), the annual per capita rate of payment for 1997 determined under section 1876(a)(1)(C) for the area, increased by the national per capita Medicare+Choice growth percentage for 1998 (described in paragraph (6)(A)); or

“(ii) for a subsequent year is the annual area-specific Medicare+Choice capitation rate for the previous year determined under this paragraph for the area, increased by the national per capita Medicare+Choice growth percentage for such subsequent year.

“(B) REMOVAL OF MEDICAL EDUCATION FROM CALCULATION OF ADJUSTED AVERAGE PER CAPITA COST.—

“(i) IN GENERAL.—In determining the area-specific Medicare+Choice capitation rate under subparagraph (A) for a year (beginning with 1998), the annual per capita rate of payment for 1997 determined under section 1876(a)(1)(C) shall be adjusted to exclude from the rate the applicable percent (specified in clause (ii)) of the payment adjustments described in subparagraph (C).

“(ii) APPLICABLE PERCENT.—For purposes of clause (i), the applicable percent for—

“(I) 1998 is 20 percent,

“(II) 1999 is 40 percent,

“(III) 2000 is 60 percent,

“(IV) 2001 is 80 percent, and

“(V) a succeeding year is 100 percent.

“(C) PAYMENT ADJUSTMENT.—

“(i) IN GENERAL.—Subject to clause (ii), the payment adjustments described in this subparagraph are payment adjustments which the Secretary estimates were payable during 1997—

“(I) for the indirect costs of medical education under section 1886(d)(5)(B), and

“(II) for direct graduate medical education costs under section 1886(h).

“(ii) TREATMENT OF PAYMENTS COVERED UNDER STATE HOSPITAL REIMBURSEMENT SYSTEM.—To the extent that the Secretary estimates that an annual per capita rate of payment for 1997 described in clause (i) reflects payments to hospitals reimbursed under section 1814(b)(3), the Secretary shall estimate a payment adjustment that is comparable to the payment

adjustment that would have been made under clause (i) if the hospitals had not been reimbursed under such section.

“(D) TREATMENT OF AREAS WITH HIGHLY VARIABLE PAYMENT RATES.—In the case of a Medicare+Choice payment area for which the annual per capita rate of payment determined under section 1876(a)(1)(C) for 1997 varies by more than 20 percent from such rate for 1996, for purposes of this subsection the Secretary may substitute for such rate for 1997 a rate that is more representative of the costs of the enrollees in the area.

“(4) INPUT-PRICE-ADJUSTED ANNUAL NATIONAL MEDICARE+CHOICE CAPITATION RATE.—

“(A) IN GENERAL.—For purposes of paragraph (1)(A), the input-price-adjusted annual national Medicare+Choice capitation rate for a Medicare+Choice payment area for a year is equal to the sum, for all the types of medicare services (as classified by the Secretary), of the product (for each such type of service) of—

“(i) the national standardized annual Medicare+Choice capitation rate (determined under subparagraph (B)) for the year,

“(ii) the proportion of such rate for the year which is attributable to such type of services, and

“(iii) an index that reflects (for that year and that type of services) the relative input price of such services in the area compared to the national average input price of such services.

In applying clause (iii), the Secretary may, subject to subparagraph (C), apply those indices under this title that are used in applying (or updating) national payment rates for specific areas and localities.

“(B) NATIONAL STANDARDIZED ANNUAL MEDICARE+CHOICE CAPITATION RATE.—In subparagraph (A)(i), the ‘national standardized annual Medicare+Choice capitation rate’ for a year is equal to—

“(i) the sum (for all Medicare+Choice payment areas) of the product of—

“(I) the annual area-specific Medicare+Choice capitation rate for that year for the area under paragraph (3), and

“(II) the average number of medicare beneficiaries residing in that area in the year, multiplied by the average of the risk factor weights used to adjust payments under subsection (a)(1)(A) for such beneficiaries in such area; divided by

“(ii) the sum of the products described in clause (i)(II) for all areas for that year.

“(C) SPECIAL RULES FOR 1998.—In applying this paragraph for 1998—

“(i) medicare services shall be divided into 2 types of services: part A services and part B services;

“(ii) the proportions described in subparagraph (A)(ii)—

“(I) for part A services shall be the ratio (expressed as a percentage) of the national average annual per capita rate of payment for part A for

1997 to the total national average annual per capita rate of payment for parts A and B for 1997, and

“(II) for part B services shall be 100 percent minus the ratio described in subclause (I);

“(iii) for part A services, 70 percent of payments attributable to such services shall be adjusted by the index used under section 1886(d)(3)(E) to adjust payment rates for relative hospital wage levels for hospitals located in the payment area involved;

“(iv) for part B services—

“(I) 66 percent of payments attributable to such services shall be adjusted by the index of the geographic area factors under section 1848(e) used to adjust payment rates for physicians’ services furnished in the payment area, and

“(II) of the remaining 34 percent of the amount of such payments, 40 percent shall be adjusted by the index described in clause (iii); and

“(v) the index values shall be computed based only on the beneficiary population who are 65 years of age or older and who are not determined to have end stage renal disease.

The Secretary may continue to apply the rules described in this subparagraph (or similar rules) for 1999.

“(5) PAYMENT ADJUSTMENT BUDGET NEUTRALITY FACTOR.—

For purposes of paragraph (1)(A), for each year, the Secretary shall determine a budget neutrality adjustment factor so that the aggregate of the payments under this part shall equal the aggregate payments that would have been made under this part if payment were based entirely on area-specific capitation rates.

“(6) NATIONAL PER CAPITA MEDICARE+CHOICE GROWTH PERCENTAGE DEFINED.—

“(A) IN GENERAL.—In this part, the ‘national per capita Medicare+Choice growth percentage’ for a year is the percentage determined by the Secretary, by March 1st before the beginning of the year involved, to reflect the Secretary’s estimate of the projected per capita rate of growth in expenditures under this title for an individual entitled to benefits under part A and enrolled under part B, reduced by the number of percentage points specified in subparagraph (B) for the year. Separate determinations may be made for aged enrollees, disabled enrollees, and enrollees with end-stage renal disease.

“(B) ADJUSTMENT.—The number of percentage points specified in this subparagraph is—

“(i) for 1998, 0.8 percentage points,

“(ii) for 1999, 0.5 percentage points,

“(iii) for 2000, 0.5 percentage points,

“(iv) for 2001, 0.5 percentage points,

“(v) for 2002, 0.5 percentage points, and

“(vi) for a year after 2002, 0 percentage points.

“(C) ADJUSTMENT FOR OVER OR UNDER PROJECTION OF NATIONAL PER CAPITA MEDICARE+CHOICE GROWTH PERCENTAGE.—Beginning with rates calculated for 1999, before computing rates for a year as described in paragraph (1),

the Secretary shall adjust all area-specific and national Medicare+Choice capitation rates (and beginning in 2000, the minimum amount) for the previous year for the differences between the projections of the national per capita Medicare+Choice growth percentage for that year and previous years and the current estimate of such percentage for such years.

“(7) ADJUSTMENT FOR NATIONAL COVERAGE DETERMINATIONS.—If the Secretary makes a determination with respect to coverage under this title that the Secretary projects will result in a significant increase in the costs to Medicare+Choice of providing benefits under contracts under this part (for periods after any period described in section 1852(a)(5)), the Secretary shall adjust appropriately the payments to such organizations under this part.

“(d) MEDICARE+CHOICE PAYMENT AREA DEFINED.—

“(1) IN GENERAL.—In this part, except as provided in paragraph (3), the term ‘Medicare+Choice payment area’ means a county, or equivalent area specified by the Secretary.

“(2) RULE FOR ESRD BENEFICIARIES.—In the case of individuals who are determined to have end stage renal disease, the Medicare+Choice payment area shall be a State or such other payment area as the Secretary specifies.

“(3) GEOGRAPHIC ADJUSTMENT.—

“(A) IN GENERAL.—Upon written request of the chief executive officer of a State for a contract year (beginning after 1998) made by not later than February 1 of the previous year, the Secretary shall make a geographic adjustment to a Medicare+Choice payment area in the State otherwise determined under paragraph (1)—

“(i) to a single statewide Medicare+Choice payment area,

“(ii) to the metropolitan based system described in subparagraph (C), or

“(iii) to consolidating into a single Medicare+Choice payment area noncontiguous counties (or equivalent areas described in paragraph (1)) within a State.

Such adjustment shall be effective for payments for months beginning with January of the year following the year in which the request is received.

“(B) BUDGET NEUTRALITY ADJUSTMENT.—In the case of a State requesting an adjustment under this paragraph, the Secretary shall initially (and annually thereafter) adjust the payment rates otherwise established under this section for Medicare+Choice payment areas in the State in a manner so that the aggregate of the payments under this section in the State shall not exceed the aggregate payments that would have been made under this section for Medicare+Choice payment areas in the State in the absence of the adjustment under this paragraph.

“(C) METROPOLITAN BASED SYSTEM.—The metropolitan based system described in this subparagraph is one in which—

“(i) all the portions of each metropolitan statistical area in the State or in the case of a consolidated metropolitan statistical area, all of the portions of each primary metropolitan statistical area within the

consolidated area within the State, are treated as a single Medicare+Choice payment area, and

“(ii) all areas in the State that do not fall within a metropolitan statistical area are treated as a single Medicare+Choice payment area.

“(D) AREAS.—In subparagraph (C), the terms ‘metropolitan statistical area’, ‘consolidated metropolitan statistical area’, and ‘primary metropolitan statistical area’ mean any area designated as such by the Secretary of Commerce.

“(e) SPECIAL RULES FOR INDIVIDUALS ELECTING MSA PLANS.—

“(1) IN GENERAL.—If the amount of the Medicare+Choice monthly MSA premium (as defined in section 1854(b)(2)(C)) for an MSA plan for a year is less than $\frac{1}{12}$ of the annual Medicare+Choice capitation rate applied under this section for the area and year involved, the Secretary shall deposit an amount equal to 100 percent of such difference in a Medicare+Choice MSA established (and, if applicable, designated) by the individual under paragraph (2).

“(2) ESTABLISHMENT AND DESIGNATION OF MEDICARE+CHOICE MEDICAL SAVINGS ACCOUNT AS REQUIREMENT FOR PAYMENT OF CONTRIBUTION.—In the case of an individual who has elected coverage under an MSA plan, no payment shall be made under paragraph (1) on behalf of an individual for a month unless the individual—

“(A) has established before the beginning of the month (or by such other deadline as the Secretary may specify) a Medicare+Choice MSA (as defined in section 138(b)(2) of the Internal Revenue Code of 1986), and

“(B) if the individual has established more than one such Medicare+Choice MSA, has designated one of such accounts as the individual’s Medicare+Choice MSA for purposes of this part.

Under rules under this section, such an individual may change the designation of such account under subparagraph (B) for purposes of this part.

“(3) LUMP-SUM DEPOSIT OF MEDICAL SAVINGS ACCOUNT CONTRIBUTION.—In the case of an individual electing an MSA plan effective beginning with a month in a year, the amount of the contribution to the Medicare+Choice MSA on behalf of the individual for that month and all successive months in the year shall be deposited during that first month. In the case of a termination of such an election as of a month before the end of a year, the Secretary shall provide for a procedure for the recovery of deposits attributable to the remaining months in the year.

“(f) PAYMENTS FROM TRUST FUND.—The payment to a Medicare+Choice organization under this section for individuals enrolled under this part with the organization and payments to a Medicare+Choice MSA under subsection (e)(1) shall be made from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund in such proportion as the Secretary determines reflects the relative weight that benefits under part A and under part B represents of the actuarial value of the total benefits under this title. Monthly payments otherwise payable under this section for October 2000 shall be paid on the first business day of such month. Monthly payments otherwise payable under this section for October 2001 shall be paid on the

last business day of September 2001. Monthly payments otherwise payable under this section for October 2006 shall be paid on the first business day of October 2006.

“(g) SPECIAL RULE FOR CERTAIN INPATIENT HOSPITAL STAYS.—

In the case of an individual who is receiving inpatient hospital services from a subsection (d) hospital (as defined in section 1886(d)(1)(B)) as of the effective date of the individual’s—

“(1) election under this part of a Medicare+Choice plan offered by a Medicare+Choice organization—

“(A) payment for such services until the date of the individual’s discharge shall be made under this title through the Medicare+Choice plan or the original medicare fee-for-service program option described in section 1851(a)(1)(A) (as the case may be) elected before the election with such organization,

“(B) the elected organization shall not be financially responsible for payment for such services until the date after the date of the individual’s discharge, and

“(C) the organization shall nonetheless be paid the full amount otherwise payable to the organization under this part; or

“(2) termination of election with respect to a Medicare+Choice organization under this part—

“(A) the organization shall be financially responsible for payment for such services after such date and until the date of the individual’s discharge,

“(B) payment for such services during the stay shall not be made under section 1886(d) or by any succeeding Medicare+Choice organization, and

“(C) the terminated organization shall not receive any payment with respect to the individual under this part during the period the individual is not enrolled.

“(h) SPECIAL RULE FOR HOSPICE CARE.—

“(1) INFORMATION.—A contract under this part shall require the Medicare+Choice organization to inform each individual enrolled under this part with a Medicare+Choice plan offered by the organization about the availability of hospice care if—

“(A) a hospice program participating under this title is located within the organization’s service area; or

“(B) it is common practice to refer patients to hospice programs outside such service area.

“(2) PAYMENT.—If an individual who is enrolled with a Medicare+Choice organization under this part makes an election under section 1812(d)(1) to receive hospice care from a particular hospice program—

“(A) payment for the hospice care furnished to the individual shall be made to the hospice program elected by the individual by the Secretary;

“(B) payment for other services for which the individual is eligible notwithstanding the individual’s election of hospice care under section 1812(d)(1), including services not related to the individual’s terminal illness, shall be made by the Secretary to the Medicare+Choice organization or the provider or supplier of the service instead of payments calculated under subsection (a); and

“(C) the Secretary shall continue to make monthly payments to the Medicare+Choice organization in an

amount equal to the value of the additional benefits required under section 1854(f)(1)(A).

“PREMIUMS

42 USC 1395w-
24.

“SEC. 1854. (a) SUBMISSION OF PROPOSED PREMIUMS AND RELATED INFORMATION.—

(1) IN GENERAL.—Not later than May 1 of each year, each Medicare+Choice organization shall submit to the Secretary, in a form and manner specified by the Secretary and for each Medicare+Choice plan for the service area in which it intends to be offered in the following year—

“(A) the information described in paragraph (2), (3), or (4) for the type of plan involved; and

“(B) the enrollment capacity (if any) in relation to the plan and area.

“(2) INFORMATION REQUIRED FOR COORDINATED CARE PLANS.—For a Medicare+Choice plan described in section 1851(a)(2)(A), the information described in this paragraph is as follows:

“(A) BASIC (AND ADDITIONAL) BENEFITS.—For benefits described in 1852(a)(1)(A)—

“(i) the adjusted community rate (as defined in subsection (f)(3));

“(ii) the Medicare+Choice monthly basic beneficiary premium (as defined in subsection (b)(2)(A));

“(iii) a description of deductibles, coinsurance, and copayments applicable under the plan and the actuarial value of such deductibles, coinsurance, and copayments, described in subsection (e)(1)(A); and

“(iv) if required under subsection (f)(1), a description of the additional benefits to be provided pursuant to such subsection and the value determined for such proposed benefits under such subsection.

“(B) SUPPLEMENTAL BENEFITS.—For benefits described in 1852(a)(3)—

“(i) the adjusted community rate (as defined in subsection (f)(3));

“(ii) the Medicare+Choice monthly supplemental beneficiary premium (as defined in subsection (b)(2)(B)); and

“(iii) a description of deductibles, coinsurance, and copayments applicable under the plan and the actuarial value of such deductibles, coinsurance, and copayments, described in subsection (e)(2).

“(3) REQUIREMENTS FOR MSA PLANS.—For an MSA plan described, the information described in this paragraph is as follows:

“(A) BASIC (AND ADDITIONAL) BENEFITS.—For benefits described in 1852(a)(1)(A), the amount of the Medicare+Choice monthly MSA premium.

“(B) SUPPLEMENTAL BENEFITS.—For benefits described in 1852(a)(3), the amount of the Medicare+Choice monthly supplementary beneficiary premium.

“(4) REQUIREMENTS FOR PRIVATE FEE-FOR-SERVICE PLANS.—For a Medicare+Choice plan described in section 1851(a)(2)(C) for benefits described in 1852(a)(1)(A), the information described in this paragraph is as follows:

“(A) BASIC (AND ADDITIONAL) BENEFITS.—For benefits described in 1852(a)(1)(A)—

“(i) the adjusted community rate (as defined in subsection (f)(3));

“(ii) the amount of the Medicare+Choice monthly basic beneficiary premium;

“(iii) a description of the deductibles, coinsurance, and copayments applicable under the plan, and the actuarial value of such deductibles, coinsurance, and copayments, as described in subsection (e)(4)(A); and

“(iv) if required under subsection (f)(1), a description of the additional benefits to be provided pursuant to such subsection and the value determined for such proposed benefits under such subsection.

“(B) SUPPLEMENTAL BENEFITS.—For benefits described in 1852(a)(3), the amount of the Medicare+Choice monthly supplemental beneficiary premium (as defined in subsection (b)(2)(B)).

“(5) REVIEW.—

“(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall review the adjusted community rates, the amounts of the basic and supplemental premiums, and values filed under this subsection and shall approve or disapprove such rates, amounts, and value so submitted.

“(B) EXCEPTION.—The Secretary shall not review, approve, or disapprove the amounts submitted under paragraph (3) or subparagraphs (A)(ii) and (B) of paragraph (4).

“(b) MONTHLY PREMIUM CHARGED.—

“(1) IN GENERAL.—

“(A) RULE FOR OTHER THAN MSA PLANS.—The monthly amount of the premium charged to an individual enrolled in a Medicare+Choice plan (other than an MSA plan) offered by a Medicare+Choice organization shall be equal to the sum of the Medicare+Choice monthly basic beneficiary premium and the Medicare+Choice monthly supplementary beneficiary premium (if any).

“(B) MSA PLANS.—The monthly amount of the premium charged to an individual enrolled in an MSA plan offered by a Medicare+Choice organization shall be equal to the Medicare+Choice monthly supplemental beneficiary premium (if any).

“(2) PREMIUM TERMINOLOGY DEFINED.—For purposes of this part:

“(A) THE MEDICARE+CHOICE MONTHLY BASIC BENEFICIARY PREMIUM.—The term ‘Medicare+Choice monthly basic beneficiary premium’ means, with respect to a Medicare+Choice plan, the amount authorized to be charged under subsection (e)(1) for the plan, or, in the case of a Medicare+Choice private fee-for-service plan, the amount filed under subsection (a)(4)(A)(ii).

“(B) MEDICARE+CHOICE MONTHLY SUPPLEMENTAL BENEFICIARY PREMIUM.—The term ‘Medicare+Choice monthly supplemental beneficiary premium’ means, with respect to a Medicare+Choice plan, the amount authorized to be charged under subsection (e)(2) for the plan or, in the case of a MSA plan or Medicare+Choice private fee-for-

service plan, the amount filed under paragraph (3)(B) or (4)(B) of subsection (a).

“(C) MEDICARE+CHOICE MONTHLY MSA PREMIUM.—The term ‘Medicare+Choice monthly MSA premium’ means, with respect to a Medicare+Choice plan, the amount of such premium filed under subsection (a)(3)(A) for the plan.

“(c) UNIFORM PREMIUM.—The Medicare+Choice monthly basic and supplemental beneficiary premium, the Medicare+Choice monthly MSA premium charged under subsection (b) of a Medicare+Choice organization under this part may not vary among individuals enrolled in the plan.

“(d) TERMS AND CONDITIONS OF IMPOSING PREMIUMS.—Each Medicare+Choice organization shall permit the payment of Medicare+Choice monthly basic and supplemental beneficiary premiums on a monthly basis, may terminate election of individuals for a Medicare+Choice plan for failure to make premium payments only in accordance with section 1851(g)(3)(B)(i), and may not provide for cash or other monetary rebates as an inducement for enrollment or otherwise.

“(e) LIMITATION ON ENROLLEE LIABILITY.—

“(1) FOR BASIC AND ADDITIONAL BENEFITS.—In no event may—

“(A) the Medicare+Choice monthly basic beneficiary premium (multiplied by 12) and the actuarial value of the deductibles, coinsurance, and copayments applicable on average to individuals enrolled under this part with a Medicare+Choice plan described in section 1851(a)(2)(A) of an organization with respect to required benefits described in section 1852(a)(1)(A) and additional benefits (if any) required under subsection (f)(1)(A) for a year, exceed

“(B) the actuarial value of the deductibles, coinsurance, and copayments that would be applicable on average to individuals entitled to benefits under part A and enrolled under part B if they were not members of a Medicare+Choice organization for the year.

“(2) FOR SUPPLEMENTAL BENEFITS.—If the Medicare+Choice organization provides to its members enrolled under this part in a Medicare+Choice plan described in section 1851(a)(2)(A) with respect to supplemental benefits described in section 1852(a)(3), the sum of the Medicare+Choice monthly supplemental beneficiary premium (multiplied by 12) charged and the actuarial value of its deductibles, coinsurance, and copayments charged with respect to such benefits may not exceed the adjusted community rate for such benefits (as defined in subsection (f)(3)).

“(3) DETERMINATION ON OTHER BASIS.—If the Secretary determines that adequate data are not available to determine the actuarial value under paragraph (1)(A) or (2), the Secretary may determine such amount with respect to all individuals in same geographic area, the State, or in the United States, eligible to enroll in the Medicare+Choice plan involved under this part or on the basis of other appropriate data.

“(4) SPECIAL RULE FOR PRIVATE FEE-FOR-SERVICE PLANS.—With respect to a Medicare+Choice private fee-for-service plan (other than a plan that is an MSA plan), in no event may—

“(A) the actuarial value of the deductibles, coinsurance, and copayments applicable on average to individuals enrolled under this part with such a plan of an organization with respect to required benefits described in section 1852(a)(1), exceed

“(B) the actuarial value of the deductibles, coinsurance, and copayments that would be applicable on average to individuals entitled to benefits under part A and enrolled under part B if they were not members of a Medicare+Choice organization for the year.

“(f) REQUIREMENT FOR ADDITIONAL BENEFITS.—

“(1) REQUIREMENT.—

“(A) IN GENERAL.—Each Medicare+Choice organization (in relation to a Medicare+Choice plan, other than an MSA plan, it offers) shall provide that if there is an excess amount (as defined in subparagraph (B)) for the plan for a contract year, subject to the succeeding provisions of this subsection, the organization shall provide to individuals such additional benefits (as the organization may specify) in a value which the Secretary determines is at least equal to the adjusted excess amount (as defined in subparagraph (C)).

“(B) EXCESS AMOUNT.—For purposes of this paragraph, the ‘excess amount’, for an organization for a plan, is the amount (if any) by which—

“(i) the average of the capitation payments made to the organization under section 1853 for the plan at the beginning of contract year, exceeds

“(ii) the actuarial value of the required benefits described in section 1852(a)(1)(A) under the plan for individuals under this part, as determined based upon an adjusted community rate described in paragraph (3) (as reduced for the actuarial value of the coinsurance, copayments, and deductibles under parts A and B).

“(C) ADJUSTED EXCESS AMOUNT.—For purposes of this paragraph, the ‘adjusted excess amount’, for an organization for a plan, is the excess amount reduced to reflect any amount withheld and reserved for the organization for the year under paragraph (2).

“(D) UNIFORM APPLICATION.—This paragraph shall be applied uniformly for all enrollees for a plan.

“(E) CONSTRUCTION.—Nothing in this subsection shall be construed as preventing a Medicare+Choice organization from providing supplemental benefits (described in section 1852(a)(3)) that are in addition to the health care benefits otherwise required to be provided under this paragraph and from imposing a premium for such supplemental benefits.

“(2) STABILIZATION FUND.—A Medicare+Choice organization may provide that a part of the value of an excess amount described in paragraph (1) be withheld and reserved in the Federal Hospital Insurance Trust Fund and in the Federal Supplementary Medical Insurance Trust Fund (in such proportions as the Secretary determines to be appropriate) by the Secretary for subsequent annual contract periods, to the extent required to stabilize and prevent undue fluctuations in the

additional benefits offered in those subsequent periods by the organization in accordance with such paragraph. Any of such value of the amount reserved which is not provided as additional benefits described in paragraph (1)(A) to individuals electing the Medicare+Choice plan of the organization in accordance with such paragraph prior to the end of such periods, shall revert for the use of such trust funds.

“(3) ADJUSTED COMMUNITY RATE.—For purposes of this subsection, subject to paragraph (4), the term ‘adjusted community rate’ for a service or services means, at the election of a Medicare+Choice organization, either—

“(A) the rate of payment for that service or services which the Secretary annually determines would apply to an individual electing a Medicare+Choice plan under this part if the rate of payment were determined under a ‘community rating system’ (as defined in section 1302(8) of the Public Health Service Act, other than subparagraph (C)), or

“(B) such portion of the weighted aggregate premium, which the Secretary annually estimates would apply to such an individual, as the Secretary annually estimates is attributable to that service or services,

but adjusted for differences between the utilization characteristics of the individuals electing coverage under this part and the utilization characteristics of the other enrollees with the plan (or, if the Secretary finds that adequate data are not available to adjust for those differences, the differences between the utilization characteristics of individuals selecting other Medicare+Choice coverage, or Medicare+Choice eligible individuals in the area, in the State, or in the United States, eligible to elect Medicare+Choice coverage under this part and the utilization characteristics of the rest of the population in the area, in the State, or in the United States, respectively).

“(4) DETERMINATION BASED ON INSUFFICIENT DATA.—For purposes of this subsection, if the Secretary finds that there is insufficient enrollment experience to determine an average of the capitation payments to be made under this part at the beginning of a contract period or to determine (in the case of a newly operated provider-sponsored organization or other new organization) the adjusted community rate for the organization, the Secretary may determine such an average based on the enrollment experience of other contracts entered into under this part and may determine such a rate using data in the general commercial marketplace.

“(g) PROHIBITION OF STATE IMPOSITION OF PREMIUM TAXES.—No State may impose a premium tax or similar tax with respect to payments to Medicare+Choice organizations under section 1853.

“ORGANIZATIONAL AND FINANCIAL REQUIREMENTS FOR MEDICARE+CHOICE ORGANIZATIONS; PROVIDER-SPONSORED ORGANIZATIONS

42 USC
1395w-25.

“SEC. 1855. (a) ORGANIZED AND LICENSED UNDER STATE LAW.—

“(1) IN GENERAL.—Subject to paragraphs (2) and (3), a Medicare+Choice organization shall be organized and licensed under State law as a risk-bearing entity eligible to offer health insurance or health benefits coverage in each State in which it offers a Medicare+Choice plan.

“(2) SPECIAL EXCEPTION FOR PROVIDER-SPONSORED ORGANIZATIONS.—

“(A) IN GENERAL.—In the case of a provider-sponsored organization that seeks to offer a Medicare+Choice plan in a State, the Secretary shall waive the requirement of paragraph (1) that the organization be licensed in that State if—

“(i) the organization files an application for such waiver with the Secretary by not later than November 1, 2002, and

“(ii) the Secretary determines, based on the application and other evidence presented to the Secretary, that any of the grounds for approval of the application described in subparagraph (B), (C), or (D) has been met.

“(B) FAILURE TO ACT ON LICENSURE APPLICATION ON A TIMELY BASIS.—The ground for approval of such a waiver application described in this subparagraph is that the State has failed to complete action on a licensing application of the organization within 90 days of the date of the State’s receipt of a substantially complete application. No period before the date of the enactment of this section shall be included in determining such 90-day period.

“(C) DENIAL OF APPLICATION BASED ON DISCRIMINATORY TREATMENT.—The ground for approval of such a waiver application described in this subparagraph is that the State has denied such a licensing application and—

“(i) the standards or review process imposed by the State as a condition of approval of the license imposes any material requirements, procedures, or standards (other than solvency requirements) to such organizations that are not generally applicable to other entities engaged in a substantially similar business, or

“(ii) the State requires the organization, as a condition of licensure, to offer any product or plan other than a Medicare+Choice plan.

“(D) DENIAL OF APPLICATION BASED ON APPLICATION OF SOLVENCY REQUIREMENTS.—With respect to waiver applications filed on or after the date of publication of solvency standards under section 1856(a), the ground for approval of such a waiver application described in this subparagraph is that the State has denied such a licensing application based (in whole or in part) on the organization’s failure to meet applicable solvency requirements and—

“(i) such requirements are not the same as the solvency standards established under section 1856(a); or

“(ii) the State has imposed as a condition of approval of the license documentation or information requirements relating to solvency or other material requirements, procedures, or standards relating to solvency that are different from the requirements, procedures, and standards applied by the Secretary under subsection (d)(2).

For purposes of this paragraph, the term ‘solvency requirements’ means requirements relating to solvency and other

matters covered under the standards established under section 1856(a).

“(E) TREATMENT OF WAIVER.—In the case of a waiver granted under this paragraph for a provider-sponsored organization with respect to a State—

“(i) LIMITATION TO STATE.—The waiver shall be effective only with respect to that State and does not apply to any other State.

“(ii) LIMITATION TO 36-MONTH PERIOD.—The waiver shall be effective only for a 36-month period and may not be renewed.

“(iii) CONDITIONED ON COMPLIANCE WITH CONSUMER PROTECTION AND QUALITY STANDARDS.—The continuation of the waiver is conditioned upon the organization’s compliance with the requirements described in subparagraph (G).

“(iv) PREEMPTION OF STATE LAW.—Any provisions of law of that State which relate to the licensing of the organization and which prohibit the organization from providing coverage pursuant to a contract under this part shall be superseded.

“(F) PROMPT ACTION ON APPLICATION.—The Secretary shall grant or deny such a waiver application within 60 days after the date the Secretary determines that a substantially complete waiver application has been filed. Nothing in this section shall be construed as preventing an organization which has had such a waiver application denied from submitting a subsequent waiver application.

“(G) APPLICATION AND ENFORCEMENT OF STATE CONSUMER PROTECTION AND QUALITY STANDARDS.—

“(i) IN GENERAL.—A waiver granted under this paragraph to an organization with respect to licensing under State law is conditioned upon the organization’s compliance with all consumer protection and quality standards insofar as such standards—

“(I) would apply in the State to the organization if it were licensed under State law;

“(II) are generally applicable to other Medicare+Choice organizations and plans in the State; and

“(III) are consistent with the standards established under this part.

Such standards shall not include any standard preempted under section 1856(b)(3)(B).

“(ii) INCORPORATION INTO CONTRACT.—In the case of such a waiver granted to an organization with respect to a State, the Secretary shall incorporate the requirement that the organization (and Medicare+Choice plans it offers) comply with standards under clause (i) as part of the contract between the Secretary and the organization under section 1857.

“(iii) ENFORCEMENT.—In the case of such a waiver granted to an organization with respect to a State, the Secretary may enter into an agreement with the State under which the State agrees to provide for monitoring and enforcement activities with respect to compliance of such an organization and its

Medicare+Choice plans with such standards. Such monitoring and enforcement shall be conducted by the State in the same manner as the State enforces such standards with respect to other Medicare+Choice organizations and plans, without discrimination based on the type of organization to which the standards apply. Such an agreement shall specify or establish mechanisms by which compliance activities are undertaken, while not lengthening the time required to review and process applications for waivers under this paragraph.

“(H) REPORT.—By not later than December 31, 2001, the Secretary shall submit to the Committee on Ways and Means and the Committee on Commerce of the House of Representatives and the Committee on Finance of the Senate a report regarding whether the waiver process under this paragraph should be continued after December 31, 2002. In making such recommendation, the Secretary shall consider, among other factors, the impact of such process on beneficiaries and on the long-term solvency of the program under this title.

“(3) LICENSURE DOES NOT SUBSTITUTE FOR OR CONSTITUTE CERTIFICATION.—The fact that an organization is licensed in accordance with paragraph (1) does not deem the organization to meet other requirements imposed under this part.

“(b) ASSUMPTION OF FULL FINANCIAL RISK.—The Medicare+Choice organization shall assume full financial risk on a prospective basis for the provision of the health care services for which benefits are required to be provided under section 1852(a)(1), except that the organization—

“(1) may obtain insurance or make other arrangements for the cost of providing to any enrolled member such services the aggregate value of which exceeds such aggregate level as the Secretary specifies from time to time,

“(2) may obtain insurance or make other arrangements for the cost of such services provided to its enrolled members other than through the organization because medical necessity required their provision before they could be secured through the organization,

“(3) may obtain insurance or make other arrangements for not more than 90 percent of the amount by which its costs for any of its fiscal years exceed 115 percent of its income for such fiscal year, and

“(4) may make arrangements with physicians or other health care professionals, health care institutions, or any combination of such individuals or institutions to assume all or part of the financial risk on a prospective basis for the provision of basic health services by the physicians or other health professionals or through the institutions.

“(c) CERTIFICATION OF PROVISION AGAINST RISK OF INSOLVENCY FOR UNLICENSED PSOs.—

“(1) IN GENERAL.—Each Medicare+Choice organization that is a provider-sponsored organization, that is not licensed by a State under subsection (a), and for which a waiver application has been approved under subsection (a)(2), shall meet standards established under section 1856(a) relating to the financial solvency and capital adequacy of the organization.

“(2) CERTIFICATION PROCESS FOR SOLVENCY STANDARDS FOR PSOS.—The Secretary shall establish a process for the receipt and approval of applications of a provider-sponsored organization described in paragraph (1) for certification (and periodic recertification) of the organization as meeting such solvency standards. Under such process, the Secretary shall act upon such a certification application not later than 60 days after the date the application has been received.

“(d) PROVIDER-SPONSORED ORGANIZATION DEFINED.—

“(1) IN GENERAL.—In this part, the term ‘provider-sponsored organization’ means a public or private entity—

“(A) that is established or organized, and operated, by a health care provider, or group of affiliated health care providers,

“(B) that provides a substantial proportion (as defined by the Secretary in accordance with paragraph (2)) of the health care items and services under the contract under this part directly through the provider or affiliated group of providers, and

“(C) with respect to which the affiliated providers share, directly or indirectly, substantial financial risk with respect to the provision of such items and services and have at least a majority financial interest in the entity.

“(2) SUBSTANTIAL PROPORTION.—In defining what is a ‘substantial proportion’ for purposes of paragraph (1)(B), the Secretary—

“(A) shall take into account the need for such an organization to assume responsibility for providing—

“(i) significantly more than the majority of the items and services under the contract under this section through its own affiliated providers; and

“(ii) most of the remainder of the items and services under the contract through providers with which the organization has an agreement to provide such items and services,

in order to assure financial stability and to address the practical considerations involved in integrating the delivery of a wide range of service providers;

“(B) shall take into account the need for such an organization to provide a limited proportion of the items and services under the contract through providers that are neither affiliated with nor have an agreement with the organization; and

“(C) may allow for variation in the definition of substantial proportion among such organizations based on relevant differences among the organizations, such as their location in an urban or rural area.

“(3) AFFILIATION.—For purposes of this subsection, a provider is ‘affiliated’ with another provider if, through contract, ownership, or otherwise—

“(A) one provider, directly or indirectly, controls, is controlled by, or is under common control with the other,

“(B) both providers are part of a controlled group of corporations under section 1563 of the Internal Revenue Code of 1986,

“(C) each provider is a participant in a lawful combination under which each provider shares substantial financial risk in connection with the organization’s operations, or

“(D) both providers are part of an affiliated service group under section 414 of such Code.

“(4) CONTROL.—For purposes of paragraph (3), control is presumed to exist if one party, directly or indirectly, owns, controls, or holds the power to vote, or proxies for, not less than 51 percent of the voting rights or governance rights of another.

“(5) HEALTH CARE PROVIDER DEFINED.—In this subsection, the term ‘health care provider’ means—

“(A) any individual who is engaged in the delivery of health care services in a State and who is required by State law or regulation to be licensed or certified by the State to engage in the delivery of such services in the State, and

“(B) any entity that is engaged in the delivery of health care services in a State and that, if it is required by State law or regulation to be licensed or certified by the State to engage in the delivery of such services in the State, is so licensed.

“(6) REGULATIONS.—The Secretary shall issue regulations to carry out this subsection.

“ESTABLISHMENT OF STANDARDS

“SEC. 1856. (a) ESTABLISHMENT OF SOLVENCY STANDARDS FOR PROVIDER-SPONSORED ORGANIZATIONS.—

42 USC
1395w-26.

“(1) ESTABLISHMENT.—

“(A) IN GENERAL.—The Secretary shall establish, on an expedited basis and using a negotiated rulemaking process under subchapter III of chapter 5 of title 5, United States Code, standards described in section 1855(c)(1) (relating to the financial solvency and capital adequacy of the organization) that entities must meet to qualify as provider-sponsored organizations under this part.

“(B) FACTORS TO CONSIDER FOR SOLVENCY STANDARDS.—In establishing solvency standards under subparagraph (A) for provider-sponsored organizations, the Secretary shall consult with interested parties and shall take into account—

“(i) the delivery system assets of such an organization and ability of such an organization to provide services directly to enrollees through affiliated providers,

“(ii) alternative means of protecting against insolvency, including reinsurance, unrestricted surplus, letters of credit, guarantees, organizational insurance coverage, partnerships with other licensed entities, and valuation attributable to the ability of such an organization to meet its service obligations through direct delivery of care, and

“(iii) any standards developed by the National Association of Insurance Commissioners specifically for risk-based health care delivery organizations.

“(C) ENROLLEE PROTECTION AGAINST INSOLVENCY.—Such standards shall include provisions to prevent enrollees

from being held liable to any person or entity for the Medicare+Choice organization's debts in the event of the organization's insolvency.

“(2) PUBLICATION OF NOTICE.—In carrying out the rule-making process under this subsection, the Secretary, after consultation with the National Association of Insurance Commissioners, the American Academy of Actuaries, organizations representative of medicare beneficiaries, and other interested parties, shall publish the notice provided for under section 564(a) of title 5, United States Code, by not later than 45 days after the date of the enactment of this section.

“(3) TARGET DATE FOR PUBLICATION OF RULE.—As part of the notice under paragraph (2), and for purposes of this subsection, the ‘target date for publication’ (referred to in section 564(a)(5) of such title) shall be April 1, 1998.

“(4) ABBREVIATED PERIOD FOR SUBMISSION OF COMMENTS.—In applying section 564(c) of such title under this subsection, ‘15 days’ shall be substituted for ‘30 days’.

“(5) APPOINTMENT OF NEGOTIATED RULEMAKING COMMITTEE AND FACILITATOR.—The Secretary shall provide for—

“(A) the appointment of a negotiated rulemaking committee under section 565(a) of such title by not later than 30 days after the end of the comment period provided for under section 564(c) of such title (as shortened under paragraph (4)), and

“(B) the nomination of a facilitator under section 566(c) of such title by not later than 10 days after the date of appointment of the committee.

“(6) PRELIMINARY COMMITTEE REPORT.—The negotiated rulemaking committee appointed under paragraph (5) shall report to the Secretary, by not later than January 1, 1998, regarding the committee's progress on achieving a consensus with regard to the rulemaking proceeding and whether such consensus is likely to occur before 1 month before the target date for publication of the rule. If the committee reports that the committee has failed to make significant progress towards such consensus or is unlikely to reach such consensus by the target date, the Secretary may terminate such process and provide for the publication of a rule under this subsection through such other methods as the Secretary may provide.

“(7) FINAL COMMITTEE REPORT.—If the committee is not terminated under paragraph (6), the rulemaking committee shall submit a report containing a proposed rule by not later than 1 month before the target date of publication.

“(8) INTERIM, FINAL EFFECT.—The Secretary shall publish a rule under this subsection in the Federal Register by not later than the target date of publication. Such rule shall be effective and final immediately on an interim basis, but is subject to change and revision after public notice and opportunity for a period (of not less than 60 days) for public comment. In connection with such rule, the Secretary shall specify the process for the timely review and approval of applications of entities to be certified as provider-sponsored organizations pursuant to such rules and consistent with this subsection.

“(9) PUBLICATION OF RULE AFTER PUBLIC COMMENT.—The Secretary shall provide for consideration of such comments

and republication of such rule by not later than 1 year after the target date of publication.

“(b) ESTABLISHMENT OF OTHER STANDARDS.—

“(1) IN GENERAL.—The Secretary shall establish by regulation other standards (not described in subsection (a)) for Medicare+Choice organizations and plans consistent with, and to carry out, this part. The Secretary shall publish such regulations by June 1, 1998. In order to carry out this requirement in a timely manner, the Secretary may promulgate regulations that take effect on an interim basis, after notice and pending opportunity for public comment.

Publication.

“(2) USE OF CURRENT STANDARDS.—Consistent with the requirements of this part, standards established under this subsection shall be based on standards established under section 1876 to carry out analogous provisions of such section.

“(3) RELATION TO STATE LAWS.—

“(A) IN GENERAL.—The standards established under this subsection shall supersede any State law or regulation (including standards described in subparagraph (B)) with respect to Medicare+Choice plans which are offered by Medicare+Choice organizations under this part to the extent such law or regulation is inconsistent with such standards.

“(B) STANDARDS SPECIFICALLY SUPERSEDED.—State standards relating to the following are superseded under this paragraph:

“(i) Benefit requirements.

“(ii) Requirements relating to inclusion or treatment of providers.

“(iii) Coverage determinations (including related appeals and grievance processes).

“CONTRACTS WITH MEDICARE+CHOICE ORGANIZATIONS

“SEC. 1857. (a) IN GENERAL.—The Secretary shall not permit the election under section 1851 of a Medicare+Choice plan offered by a Medicare+Choice organization under this part, and no payment shall be made under section 1853 to an organization, unless the Secretary has entered into a contract under this section with the organization with respect to the offering of such plan. Such a contract with an organization may cover more than 1 Medicare+Choice plan. Such contract shall provide that the organization agrees to comply with the applicable requirements and standards of this part and the terms and conditions of payment as provided for in this part.

42 USC
1395w-27.

“(b) MINIMUM ENROLLMENT REQUIREMENTS.—

“(1) IN GENERAL.—Subject to paragraph (2), the Secretary may not enter into a contract under this section with a Medicare+Choice organization unless the organization has—

“(A) at least 5,000 individuals (or 1,500 individuals in the case of an organization that is a provider-sponsored organization) who are receiving health benefits through the organization, or

“(B) at least 1,500 individuals (or 500 individuals in the case of an organization that is a provider-sponsored organization) who are receiving health benefits through the organization if the organization primarily serves individuals residing outside of urbanized areas.

“(2) APPLICATION TO MSA PLANS.—In applying paragraph (1) in the case of a Medicare+Choice organization that is offering an MSA plan, paragraph (1) shall be applied by substituting covered lives for individuals.

“(3) ALLOWING TRANSITION.—The Secretary may waive the requirement of paragraph (1) during the first 3 contract years with respect to an organization.

“(c) CONTRACT PERIOD AND EFFECTIVENESS.—

“(1) PERIOD.—Each contract under this section shall be for a term of at least 1 year, as determined by the Secretary, and may be made automatically renewable from term to term in the absence of notice by either party of intention to terminate at the end of the current term.

“(2) TERMINATION AUTHORITY.—In accordance with procedures established under subsection (h), the Secretary may at any time terminate any such contract if the Secretary determines that the organization—

“(A) has failed substantially to carry out the contract;

“(B) is carrying out the contract in a manner inconsistent with the efficient and effective administration of this part; or

“(C) no longer substantially meets the applicable conditions of this part.

“(3) EFFECTIVE DATE OF CONTRACTS.—The effective date of any contract executed pursuant to this section shall be specified in the contract, except that in no case shall a contract under this section which provides for coverage under an MSA plan be effective before January 1999 with respect to such coverage.

“(4) PREVIOUS TERMINATIONS.—The Secretary may not enter into a contract with a Medicare+Choice organization if a previous contract with that organization under this section was terminated at the request of the organization within the preceding 5-year period, except in circumstances which warrant special consideration, as determined by the Secretary.

“(5) CONTRACTING AUTHORITY.—The authority vested in the Secretary by this part may be performed without regard to such provisions of law or regulations relating to the making, performance, amendment, or modification of contracts of the United States as the Secretary may determine to be inconsistent with the furtherance of the purpose of this title.

“(d) PROTECTIONS AGAINST FRAUD AND BENEFICIARY PROTECTIONS.—

“(1) PERIODIC AUDITING.—The Secretary shall provide for the annual auditing of the financial records (including data relating to medicare utilization, costs, and computation of the adjusted community rate) of at least one-third of the Medicare+Choice organizations offering Medicare+Choice plans under this part. The Comptroller General shall monitor auditing activities conducted under this subsection.

“(2) INSPECTION AND AUDIT.—Each contract under this section shall provide that the Secretary, or any person or organization designated by the Secretary—

“(A) shall have the right to inspect or otherwise evaluate (i) the quality, appropriateness, and timeliness of services performed under the contract, and (ii) the facilities

of the organization when there is reasonable evidence of some need for such inspection, and

“(B) shall have the right to audit and inspect any books and records of the Medicare+Choice organization that pertain (i) to the ability of the organization to bear the risk of potential financial losses, or (ii) to services performed or determinations of amounts payable under the contract.

“(3) ENROLLEE NOTICE AT TIME OF TERMINATION.—Each contract under this section shall require the organization to provide (and pay for) written notice in advance of the contract’s termination, as well as a description of alternatives for obtaining benefits under this title, to each individual enrolled with the organization under this part.

“(4) DISCLOSURE.—

Reports.

“(A) IN GENERAL.—Each Medicare+Choice organization shall, in accordance with regulations of the Secretary, report to the Secretary financial information which shall include the following:

“(i) Such information as the Secretary may require demonstrating that the organization has a fiscally sound operation.

“(ii) A copy of the report, if any, filed with the Health Care Financing Administration containing the information required to be reported under section 1124 by disclosing entities.

“(iii) A description of transactions, as specified by the Secretary, between the organization and a party in interest. Such transactions shall include—

“(I) any sale or exchange, or leasing of any property between the organization and a party in interest;

“(II) any furnishing for consideration of goods, services (including management services), or facilities between the organization and a party in interest, but not including salaries paid to employees for services provided in the normal course of their employment and health services provided to members by hospitals and other providers and by staff, medical group (or groups), individual practice association (or associations), or any combination thereof; and

“(III) any lending of money or other extension of credit between an organization and a party in interest.

The Secretary may require that information reported respecting an organization which controls, is controlled by, or is under common control with, another entity be in the form of a consolidated financial statement for the organization and such entity.

“(B) PARTY IN INTEREST DEFINED.—For the purposes of this paragraph, the term ‘party in interest’ means—

“(i) any director, officer, partner, or employee responsible for management or administration of a Medicare+Choice organization, any person who is directly or indirectly the beneficial owner of more than 5 percent of the equity of the organization, any person

who is the beneficial owner of a mortgage, deed of trust, note, or other interest secured by, and valuing more than 5 percent of the organization, and, in the case of a Medicare+Choice organization organized as a nonprofit corporation, an incorporator or member of such corporation under applicable State corporation law;

“(ii) any entity in which a person described in clause (i)—

“(I) is an officer or director;

“(II) is a partner (if such entity is organized as a partnership);

“(III) has directly or indirectly a beneficial interest of more than 5 percent of the equity; or

“(IV) has a mortgage, deed of trust, note, or other interest valuing more than 5 percent of the assets of such entity;

“(iii) any person directly or indirectly controlling, controlled by, or under common control with an organization; and

“(iv) any spouse, child, or parent of an individual described in clause (i).

“(C) ACCESS TO INFORMATION.—Each Medicare+Choice organization shall make the information reported pursuant to subparagraph (A) available to its enrollees upon reasonable request.

“(5) LOAN INFORMATION.—The contract shall require the organization to notify the Secretary of loans and other special financial arrangements which are made between the organization and subcontractors, affiliates, and related parties.

“(e) ADDITIONAL CONTRACT TERMS.—

“(1) IN GENERAL.—The contract shall contain such other terms and conditions not inconsistent with this part (including requiring the organization to provide the Secretary with such information) as the Secretary may find necessary and appropriate.

“(2) COST-SHARING IN ENROLLMENT-RELATED COSTS.—

“(A) IN GENERAL.—A Medicare+Choice organization shall pay the fee established by the Secretary under subparagraph (B).

“(B) AUTHORIZATION.—The Secretary is authorized to charge a fee to each Medicare+Choice organization with a contract under this part that is equal to the organization’s pro rata share (as determined by the Secretary) of the aggregate amount of fees which the Secretary is directed to collect in a fiscal year. Any amounts collected are authorized to be appropriated only for the purpose of carrying out section 1851 (relating to enrollment and dissemination of information) and section 4360 of the Omnibus Budget Reconciliation Act of 1990 (relating to the health insurance counseling and assistance program).

“(C) CONTINGENCY.—For any fiscal year, the fees authorized under subparagraph (B) are contingent upon enactment in an appropriations act of a provision specifying the aggregate amount of fees the Secretary is directed to collect in a fiscal year. Fees collected during any fiscal

year under this paragraph shall be deposited and credited as offsetting collections.

“(D) LIMITATION.—In any fiscal year the fees collected by the Secretary under subparagraph (B) shall not exceed the lesser of—

“(i) the estimated costs to be incurred by the Secretary in the fiscal year in carrying out the activities described in section 1851 and section 4360 of the Omnibus Budget Reconciliation Act of 1990; or

“(ii)(I) \$200,000,000 in fiscal year 1998;

“(II) \$150,000,000 in fiscal year 1999; and

“(III) \$100,000,000 in fiscal year 2000 and each subsequent fiscal year.

“(f) PROMPT PAYMENT BY MEDICARE+CHOICE ORGANIZATION.—

“(1) REQUIREMENT.—A contract under this part shall require a Medicare+Choice organization to provide prompt payment (consistent with the provisions of sections 1816(c)(2) and 1842(c)(2)) of claims submitted for services and supplies furnished to enrollees pursuant to the contract, if the services or supplies are not furnished under a contract between the organization and the provider or supplier (or in the case of a Medicare+Choice private fee-for-service plan, if a claim is submitted to such organization by an enrollee).

“(2) SECRETARY’S OPTION TO BYPASS NONCOMPLYING ORGANIZATION.—In the case of a Medicare+Choice eligible organization which the Secretary determines, after notice and opportunity for a hearing, has failed to make payments of amounts in compliance with paragraph (1), the Secretary may provide for direct payment of the amounts owed to providers and suppliers (or, in the case of a Medicare+Choice private fee-for-service plan, amounts owed to the enrollees) for covered services and supplies furnished to individuals enrolled under this part under the contract. If the Secretary provides for the direct payments, the Secretary shall provide for an appropriate reduction in the amount of payments otherwise made to the organization under this part to reflect the amount of the Secretary’s payments (and the Secretary’s costs in making the payments).

“(g) INTERMEDIATE SANCTIONS.—

“(1) IN GENERAL.—If the Secretary determines that a Medicare+Choice organization with a contract under this section—

“(A) fails substantially to provide medically necessary items and services that are required (under law or under the contract) to be provided to an individual covered under the contract, if the failure has adversely affected (or has substantial likelihood of adversely affecting) the individual;

“(B) imposes premiums on individuals enrolled under this part in excess of the amount of the Medicare+Choice monthly basic and supplemental beneficiary premiums permitted under section 1854;

“(C) acts to expel or to refuse to re-enroll an individual in violation of the provisions of this part;

“(D) engages in any practice that would reasonably be expected to have the effect of denying or discouraging enrollment (except as permitted by this part) by eligible individuals with the organization whose medical condition

or history indicates a need for substantial future medical services;

“(E) misrepresents or falsifies information that is furnished—

“(i) to the Secretary under this part, or

“(ii) to an individual or to any other entity under this part;

“(F) fails to comply with the applicable requirements of section 1852(j)(3) or 1852(k)(2)(A)(ii); or

“(G) employs or contracts with any individual or entity that is excluded from participation under this title under section 1128 or 1128A for the provision of health care, utilization review, medical social work, or administrative services or employs or contracts with any entity for the provision (directly or indirectly) through such an excluded individual or entity of such services;

the Secretary may provide, in addition to any other remedies authorized by law, for any of the remedies described in paragraph (2).

“(2) REMEDIES.—The remedies described in this paragraph are—

“(A) civil money penalties of not more than \$25,000 for each determination under paragraph (1) or, with respect to a determination under subparagraph (D) or (E)(i) of such paragraph, of not more than \$100,000 for each such determination, plus, with respect to a determination under paragraph (1)(B), double the excess amount charged in violation of such paragraph (and the excess amount charged shall be deducted from the penalty and returned to the individual concerned), and plus, with respect to a determination under paragraph (1)(D), \$15,000 for each individual not enrolled as a result of the practice involved,

“(B) suspension of enrollment of individuals under this part after the date the Secretary notifies the organization of a determination under paragraph (1) and until the Secretary is satisfied that the basis for such determination has been corrected and is not likely to recur, or

“(C) suspension of payment to the organization under this part for individuals enrolled after the date the Secretary notifies the organization of a determination under paragraph (1) and until the Secretary is satisfied that the basis for such determination has been corrected and is not likely to recur.

“(3) OTHER INTERMEDIATE SANCTIONS.—In the case of a Medicare+Choice organization for which the Secretary makes a determination under subsection (c)(2) the basis of which is not described in paragraph (1), the Secretary may apply the following intermediate sanctions:

“(A) Civil money penalties of not more than \$25,000 for each determination under subsection (c)(2) if the deficiency that is the basis of the determination has directly adversely affected (or has the substantial likelihood of adversely affecting) an individual covered under the organization’s contract.

“(B) Civil money penalties of not more than \$10,000 for each week beginning after the initiation of civil money

penalty procedures by the Secretary during which the deficiency that is the basis of a determination under subsection (c)(2) exists.

“(C) Suspension of enrollment of individuals under this part after the date the Secretary notifies the organization of a determination under subsection (c)(2) and until the Secretary is satisfied that the deficiency that is the basis for the determination has been corrected and is not likely to recur.

“(4) CIVIL MONEY PENALTIES.—The provisions of section 1128A (other than subsections (a) and (b)) shall apply to a civil money penalty under paragraph (2) or (3) in the same manner as they apply to a civil money penalty or proceeding under section 1128A(a).

Applicability.

“(h) PROCEDURES FOR TERMINATION.—

“(1) IN GENERAL.—The Secretary may terminate a contract with a Medicare+Choice organization under this section in accordance with formal investigation and compliance procedures established by the Secretary under which—

“(A) the Secretary provides the organization with the reasonable opportunity to develop and implement a corrective action plan to correct the deficiencies that were the basis of the Secretary’s determination under subsection (c)(2); and

“(B) the Secretary provides the organization with reasonable notice and opportunity for hearing (including the right to appeal an initial decision) before terminating the contract.

“(2) EXCEPTION FOR IMMINENT AND SERIOUS RISK TO HEALTH.—Paragraph (1) shall not apply if the Secretary determines that a delay in termination, resulting from compliance with the procedures specified in such paragraph prior to termination, would pose an imminent and serious risk to the health of individuals enrolled under this part with the organization.

“DEFINITIONS; MISCELLANEOUS PROVISIONS

“SEC. 1859. (a) DEFINITIONS RELATING TO MEDICARE+CHOICE ORGANIZATIONS.—In this part—

42 USC 1395w-28.

“(1) MEDICARE+CHOICE ORGANIZATION.—The term ‘Medicare+Choice organization’ means a public or private entity that is certified under section 1856 as meeting the requirements and standards of this part for such an organization.

“(2) PROVIDER-SPONSORED ORGANIZATION.—The term ‘provider-sponsored organization’ is defined in section 1855(d)(1).

“(b) DEFINITIONS RELATING TO MEDICARE+CHOICE PLANS.—

“(1) MEDICARE+CHOICE PLAN.—The term ‘Medicare+Choice plan’ means health benefits coverage offered under a policy, contract, or plan by a Medicare+Choice organization pursuant to and in accordance with a contract under section 1857.

“(2) MEDICARE+CHOICE PRIVATE FEE-FOR-SERVICE PLAN.—The term ‘Medicare+Choice private fee-for-service plan’ means a Medicare+Choice plan that—

“(A) reimburses hospitals, physicians, and other providers at a rate determined by the plan on a fee-for-service basis without placing the provider at financial risk;

“(B) does not vary such rates for such a provider based on utilization relating to such provider; and

“(C) does not restrict the selection of providers among those who are lawfully authorized to provide the covered services and agree to accept the terms and conditions of payment established by the plan.

“(3) MSA PLAN.—

“(A) IN GENERAL.—The term ‘MSA plan’ means a Medicare+Choice plan that—

“(i) provides reimbursement for at least the items and services described in section 1852(a)(1) in a year but only after the enrollee incurs countable expenses (as specified under the plan) equal to the amount of an annual deductible (described in subparagraph (B));

“(ii) counts as such expenses (for purposes of such deductible) at least all amounts that would have been payable under parts A and B, and that would have been payable by the enrollee as deductibles, coinsurance, or copayments, if the enrollee had elected to receive benefits through the provisions of such parts; and

“(iii) provides, after such deductible is met for a year and for all subsequent expenses for items and services referred to in clause (i) in the year, for a level of reimbursement that is not less than—

“(I) 100 percent of such expenses, or

“(II) 100 percent of the amounts that would have been paid (without regard to any deductibles or coinsurance) under parts A and B with respect to such expenses,

whichever is less.

“(B) DEDUCTIBLE.—The amount of annual deductible under an MSA plan—

“(i) for contract year 1999 shall be not more than \$6,000; and

“(ii) for a subsequent contract year shall be not more than the maximum amount of such deductible for the previous contract year under this subparagraph increased by the national per capita Medicare+Choice growth percentage under section 1853(c)(6) for the year.

If the amount of the deductible under clause (ii) is not a multiple of \$50, the amount shall be rounded to the nearest multiple of \$50.

“(c) OTHER REFERENCES TO OTHER TERMS.—

“(1) MEDICARE+CHOICE ELIGIBLE INDIVIDUAL.—The term ‘Medicare+Choice eligible individual’ is defined in section 1851(a)(3).

“(2) MEDICARE+CHOICE PAYMENT AREA.—The term ‘Medicare+Choice payment area’ is defined in section 1853(d).

“(3) NATIONAL PER CAPITA MEDICARE+CHOICE GROWTH PERCENTAGE.—The ‘national per capita Medicare+Choice growth percentage’ is defined in section 1853(c)(6).

“(4) MEDICARE+CHOICE MONTHLY BASIC BENEFICIARY PREMIUM; MEDICARE+CHOICE MONTHLY SUPPLEMENTAL BENEFICIARY PREMIUM.—The terms ‘Medicare+Choice monthly basic beneficiary premium’ and ‘Medicare+Choice monthly supplemental beneficiary premium’ are defined in section 1854(a)(2).

“(d) COORDINATED ACUTE AND LONG-TERM CARE BENEFITS UNDER A MEDICARE+CHOICE PLAN.—Nothing in this part shall be construed as preventing a State from coordinating benefits under a medicaid plan under title XIX with those provided under a Medicare+Choice plan in a manner that assures continuity of a full-range of acute care and long-term care services to poor elderly or disabled individuals eligible for benefits under this title and under such plan.

“(e) RESTRICTION ON ENROLLMENT FOR CERTAIN MEDICARE+CHOICE PLANS.—

“(1) IN GENERAL.—In the case of a Medicare+Choice religious fraternal benefit society plan described in paragraph (2), notwithstanding any other provision of this part to the contrary and in accordance with regulations of the Secretary, the society offering the plan may restrict the enrollment of individuals under this part to individuals who are members of the church, convention, or group described in paragraph (3)(B) with which the society is affiliated.

“(2) MEDICARE+CHOICE RELIGIOUS FRATERNAL BENEFIT SOCIETY PLAN DESCRIBED.—For purposes of this subsection, a Medicare+Choice religious fraternal benefit society plan described in this paragraph is a Medicare+Choice plan described in section 1851(a)(2)(A) that—

“(A) is offered by a religious fraternal benefit society described in paragraph (3) only to members of the church, convention, or group described in paragraph (3)(B); and

“(B) permits all such members to enroll under the plan without regard to health status-related factors.

Nothing in this subsection shall be construed as waiving any plan requirements relating to financial solvency.

“(3) RELIGIOUS FRATERNAL BENEFIT SOCIETY DEFINED.—For purposes of paragraph (2)(A), a ‘religious fraternal benefit society’ described in this section is an organization that—

“(A) is described in section 501(c)(8) of the Internal Revenue Code of 1986 and is exempt from taxation under section 501(a) of such Act;

“(B) is affiliated with, carries out the tenets of, and shares a religious bond with, a church or convention or association of churches or an affiliated group of churches;

“(C) offers, in addition to a Medicare+Choice religious fraternal benefit society plan, health coverage to individuals not entitled to benefits under this title who are members of such church, convention, or group; and

“(D) does not impose any limitation on membership in the society based on any health status-related factor.

“(4) PAYMENT ADJUSTMENT.—Under regulations of the Secretary, in the case of individuals enrolled under this part under a Medicare+Choice religious fraternal benefit society plan described in paragraph (2), the Secretary shall provide for such adjustment to the payment amounts otherwise established under section 1854 as may be appropriate to assure an appropriate payment level, taking into account the actuarial characteristics and experience of such individuals.”.

SEC. 4002. TRANSITIONAL RULES FOR CURRENT MEDICARE HMO PROGRAM.

(a) **AUTHORIZING TRANSITIONAL WAIVER OF 50:50 RULE.**—Section 1876(f) (42 U.S.C. 1395mm(f)) is amended—

(1) in paragraph (1)—

(A) by striking “Each” and inserting “For contract periods beginning before January 1, 1999, each”; and

(B) by striking “or under a State plan approved under title XIX”;

(2) in paragraph (2), by striking “The Secretary” and inserting “Subject to paragraph (4), the Secretary”, and

(3) by adding at the end the following:

Effective date.

“(4) Effective for contract periods beginning after December 31, 1996, the Secretary may waive or modify the requirement imposed by paragraph (1) to the extent the Secretary finds that it is in the public interest.”.

(b) **TRANSITION.**—

(1) **RISK-SHARING CONTRACTS.**—Section 1876 (42 U.S.C. 1395mm) is amended by adding at the end the following new subsections:

“(k)(1) Except as provided in paragraph (2)—

“(A) on or after the date standards for Medicare+Choice organizations and plans are first established under section 1856(b)(1), the Secretary shall not enter into any risk-sharing contract under this section with an eligible organization; and

“(B) for any contract year beginning on or after January 1, 1999, the Secretary shall not renew any such contract.

“(2) An individual who is enrolled in part B only and is enrolled in an eligible organization with a risk-sharing contract under this section on December 31, 1998, may continue enrollment in such organization in accordance with regulations described in section 1856(b)(1).

“(3) Notwithstanding subsection (a), the Secretary shall provide that payment amounts under risk-sharing contracts under this section for months in a year (beginning with January 1998) shall be computed—

“(A) with respect to individuals entitled to benefits under both parts A and B, by substituting payment rates under section 1853(a) for the payment rates otherwise established under section 1876(a), and

“(B) with respect to individuals only entitled to benefits under part B, by substituting an appropriate proportion of such rates (reflecting the relative proportion of payments under this title attributable to such part) for the payment rates otherwise established under subsection (a).

Applicability.

“(4) The following requirements shall apply to eligible organizations with risk-sharing contracts under this section in the same manner as they apply to Medicare+Choice organizations under part C:

“(A) Data collection requirements under section 1853(a)(3)(B).

“(B) Restrictions on imposition of premium taxes under section 1854(g) in relating to payments to such organizations under this section.

“(C) The requirement to accept enrollment of new enrollees during November 1998 under section 1851(e)(6).

“(D) Payments under section 1857(e)(2).”.

(2) REASONABLE COST CONTRACTS.—

(A) PHASE OUT OF CONTRACTS.—Section 1876(h) (42 U.S.C. 1395mm(h)) is amended by adding at the end the following:

“(5)(A) After the date of the enactment of this paragraph, the Secretary may not enter into a reasonable cost reimbursement contract under this subsection (if the contract is not in effect as of such date), except for a contract with an eligible organization which, immediately previous to entering into such contract, had an agreement in effect under section 1833(a)(1)(A).

“(B) The Secretary may not extend or renew a reasonable cost reimbursement contract under this subsection for any period beyond December 31, 2002.”.

(B) REPORT ON IMPACT.—By not later than January 1, 2001, the Secretary of Health and Human Services shall submit to Congress a report that analyzes the potential impact of termination of reasonable cost reimbursement contracts, pursuant to the amendment made by subparagraph (A), on medicare beneficiaries enrolled under such contracts and on the medicare program. The report shall include such recommendations regarding any extension or transition with respect to such contracts as the Secretary deems appropriate.

42 USC 1395mm
note.

(c) ENROLLMENT TRANSITION RULE.—An individual who is enrolled on December 31, 1998, with an eligible organization under section 1876 of the Social Security Act (42 U.S.C. 1395mm) shall be considered to be enrolled with that organization on January 1, 1999, under part C of title XVIII of such Act if that organization has a contract under that part for providing services on January 1, 1999 (unless the individual has disenrolled effective on that date).

42 USC
1395w-21 note.

(d) ADVANCE DIRECTIVES.—Section 1866(f) (42 U.S.C. 1395cc(f)) is amended—

(1) in paragraph (1)—

(A) by inserting “1855(i),” after “1833(s),” and

(B) by inserting “, Medicare+Choice organization,” after “provider of services”; and

(2) in paragraph (2)(E), by inserting “or a Medicare+Choice organization” after “section 1833(a)(1)(A)”.

(e) EXTENSION OF PROVIDER REQUIREMENT.—Section 1866(a)(1)(O) (42 U.S.C. 1395cc(a)(1)(O)) is amended—

(1) by striking “in the case of hospitals and skilled nursing facilities,”;

(2) by striking “inpatient hospital and extended care”;

(3) by inserting “with a Medicare+Choice organization under part C or” after “any individual enrolled”;

(4) by striking “(in the case of hospitals) or limits (in the case of skilled nursing facilities)”;

(5) by inserting “(less any payments under sections 1886(d)(11) and 1886(h)(3)(D))” after “under this title”.

(f) ADDITIONAL CONFORMING CHANGES.—

(1) CONFORMING REFERENCES TO PREVIOUS PART C.—Any reference in law (in effect before the date of the enactment of this Act) to part C of title XVIII of the Social Security Act is deemed a reference to part D of such title (as in effect after such date).

42 USC note
prec. 1395x.

42 USC
1395w-21 note.

(2) SECRETARIAL SUBMISSION OF LEGISLATIVE PROPOSAL.—Not later than 6 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to the appropriate committees of Congress a legislative proposal providing for such technical and conforming amendments in the law as are required by the provisions of this chapter.

42 USC
1395w-27 note.

(g) IMMEDIATE EFFECTIVE DATE FOR CERTAIN REQUIREMENTS FOR DEMONSTRATIONS.—Section 1857(e)(2) of the Social Security Act (requiring contribution to certain costs related to the enrollment process comparative materials) applies to demonstrations with respect to which enrollment is effected or coordinated under section 1851 of such Act.

42 USC 1395mm
note.

(h) TRANSITION RULE FOR PSO ENROLLMENT.—In applying subsection (g)(1) of section 1876 of the Social Security Act (42 U.S.C. 1395mm) to a risk-sharing contract entered into with an eligible organization that is a provider-sponsored organization (as defined in section 1855(d)(1) of such Act, as inserted by section 5001) for a contract year beginning on or after January 1, 1998, there shall be substituted for the minimum number of enrollees provided under such section the minimum number of enrollees permitted under section 1857(b)(1) of such Act (as so inserted).

42 USC
1395w-23 note.

(i) PUBLICATION OF NEW CAPITATION RATES.—Not later than 4 weeks after the date of the enactment of this Act, the Secretary of Health and Human Services shall announce the annual Medicare+Choice capitation rates for 1998 under section 1853(b) of the Social Security Act.

(j) ELIMINATION OF HEALTH CARE PREPAYMENT PLAN OPTION FOR ENTITIES ELIGIBLE TO PARTICIPATE AS MANAGED CARE ORGANIZATION.—

(1) ELIMINATION OF OPTION.—

(A) IN GENERAL.—Section 1833(a)(1)(A) (42 U.S.C. 1395l(a)(1)(A)) is amended by inserting “(and either is sponsored by a union or employer, or does not provide, or arrange for the provision of, any inpatient hospital services)” after “prepayment basis”.

42 USC 1395l
note.

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) applies to new contracts entered into after the date of enactment of this Act and, with respect to contracts in effect as of such date, shall apply to payment for services furnished after December 31, 1998.

Effective date.

(2) MEDIGAP CONFORMING AMENDMENT.—Effective January 1, 1999, section 1882(g)(1) (42 U.S.C. 1395ss(g)(1)) is amended by striking “, during the period beginning on the date specified in subsection (p)(1)(C) and ending on December 31, 1995,”.

SEC. 4003. CONFORMING CHANGES IN MEDIGAP PROGRAM.

(a) CONFORMING AMENDMENTS TO MEDICARE+CHOICE CHANGES.—

(1) IN GENERAL.—Section 1882(d)(3)(A)(i) (42 U.S.C. 1395ss(d)(3)(A)(i)) is amended—

(A) in the matter before subclause (I), by inserting “(including an individual electing a Medicare+Choice plan under section 1851)” after “of this title”; and

(B) in subclause (II)—

(i) by inserting “in the case of an individual not electing a Medicare+Choice plan” after “(II)”, and

(ii) by inserting before the comma at the end the following: “or in the case of an individual electing a Medicare+Choice plan, a medicare supplemental policy with knowledge that the policy duplicates health benefits to which the individual is otherwise entitled under the Medicare+Choice plan or under another medicare supplemental policy”.

(2) CONFORMING AMENDMENTS.—Section 1882(d)(3)(B)(i)(I) (42 U.S.C. 1395ss(d)(3)(B)(i)(I)) is amended by inserting “(including any Medicare+Choice plan)” after “health insurance policies”.

(3) MEDICARE+CHOICE PLANS NOT TREATED AS MEDICARE SUPPLEMENTARY POLICIES.—Section 1882(g)(1) (42 U.S.C. 1395ss(g)(1)) is amended by inserting “or a Medicare+Choice plan or” after “does not include”.

(b) ADDITIONAL RULES RELATING TO INDIVIDUALS ENROLLED IN MSA PLANS AND PRIVATE FEE-FOR-SERVICE PLANS.—Section 1882 (42 U.S.C. 1395ss) is further amended by adding at the end the following new subsection:

“(u)(1) It is unlawful for a person to sell or issue a policy described in paragraph (2) to an individual with knowledge that the individual has in effect under section 1851 an election of an MSA plan or a Medicare+Choice private fee-for-service plan.

“(2)(A) A policy described in this subparagraph is a health insurance policy (other than a policy described in subparagraph (B)) that provides for coverage of expenses that are otherwise required to be counted toward meeting the annual deductible amount provided under the MSA plan.

“(B) A policy described in this subparagraph is any of the following:

“(i) A policy that provides coverage (whether through insurance or otherwise) for accidents, disability, dental care, vision care, or long-term care.

“(ii) A policy of insurance to which substantially all of the coverage relates to—

“(I) liabilities incurred under workers’ compensation laws,

“(II) tort liabilities,

“(III) liabilities relating to ownership or use of property,

or

“(IV) such other similar liabilities as the Secretary may specify by regulations.

“(iii) A policy of insurance that provides coverage for a specified disease or illness.

“(iv) A policy of insurance that pays a fixed amount per day (or other period) of hospitalization.”.

Subchapter B—Special Rules for Medicare+Choice Medical Savings Accounts

SEC. 4006. MEDICARE+CHOICE MSA.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to amounts specifically excluded from gross income) is amended by redesignating section 138 as section 139 and by inserting after section 137 the following new section:

26 USC 138, 139.

26 USC 138.

“SEC. 138. MEDICARE+CHOICE MSA.

“(a) **EXCLUSION.**—Gross income shall not include any payment to the Medicare+Choice MSA of an individual by the Secretary of Health and Human Services under part C of title XVIII of the Social Security Act.

“(b) **MEDICARE+CHOICE MSA.**—For purposes of this section, the term ‘Medicare+Choice MSA’ means a medical savings account (as defined in section 220(d))—

“(1) which is designated as a Medicare+Choice MSA,

“(2) with respect to which no contribution may be made other than—

“(A) a contribution made by the Secretary of Health and Human Services pursuant to part C of title XVIII of the Social Security Act, or

“(B) a trustee-to-trustee transfer described in subsection (c)(4),

“(3) the governing instrument of which provides that trustee-to-trustee transfers described in subsection (c)(4) may be made to and from such account, and

“(4) which is established in connection with an MSA plan described in section 1859(b)(3) of the Social Security Act.

“(c) **SPECIAL RULES FOR DISTRIBUTIONS.**—

“(1) **DISTRIBUTIONS FOR QUALIFIED MEDICAL EXPENSES.**—
In applying section 220 to a Medicare+Choice MSA—

“(A) qualified medical expenses shall not include amounts paid for medical care for any individual other than the account holder, and

“(B) section 220(d)(2)(C) shall not apply.

“(2) **PENALTY FOR DISTRIBUTIONS FROM MEDICARE+CHOICE MSA NOT USED FOR QUALIFIED MEDICAL EXPENSES IF MINIMUM BALANCE NOT MAINTAINED.**—

“(A) **IN GENERAL.**—The tax imposed by this chapter for any taxable year in which there is a payment or distribution from a Medicare+Choice MSA which is not used exclusively to pay the qualified medical expenses of the account holder shall be increased by 50 percent of the excess (if any) of—

“(i) the amount of such payment or distribution, over

“(ii) the excess (if any) of—

“(I) the fair market value of the assets in such MSA as of the close of the calendar year preceding the calendar year in which the taxable year begins, over

“(II) an amount equal to 60 percent of the deductible under the Medicare+Choice MSA plan covering the account holder as of January 1 of the calendar year in which the taxable year begins.

Section 220(f)(4) shall not apply to any payment or distribution from a Medicare+Choice MSA.

“(B) **EXCEPTIONS.**—Subparagraph (A) shall not apply if the payment or distribution is made on or after the date the account holder—

“(i) becomes disabled within the meaning of section

72(m)(7), or

“(ii) dies.

“(C) SPECIAL RULES.—For purposes of subparagraph (A)—

“(i) all Medicare+Choice MSAs of the account holder shall be treated as 1 account,

“(ii) all payments and distributions not used exclusively to pay the qualified medical expenses of the account holder during any taxable year shall be treated as 1 distribution, and

“(iii) any distribution of property shall be taken into account at its fair market value on the date of the distribution.

“(3) WITHDRAWAL OF ERRONEOUS CONTRIBUTIONS.—Section 220(f)(2) and paragraph (2) of this subsection shall not apply to any payment or distribution from a Medicare+Choice MSA to the Secretary of Health and Human Services of an erroneous contribution to such MSA and of the net income attributable to such contribution.

“(4) TRUSTEE-TO-TRUSTEE TRANSFERS.—Section 220(f)(2) and paragraph (2) of this subsection shall not apply to any trustee-to-trustee transfer from a Medicare+Choice MSA of an account holder to another Medicare+Choice MSA of such account holder.

“(d) SPECIAL RULES FOR TREATMENT OF ACCOUNT AFTER DEATH OF ACCOUNT HOLDER.—In applying section 220(f)(8)(A) to an account which was a Medicare+Choice MSA of a decedent, the rules of section 220(f) shall apply in lieu of the rules of subsection (c) of this section with respect to the spouse as the account holder of such Medicare+Choice MSA. Applicability.

“(e) REPORTS.—In the case of a Medicare+Choice MSA, the report under section 220(h)—

“(1) shall include the fair market value of the assets in such Medicare+Choice MSA as of the close of each calendar year, and

“(2) shall be furnished to the account holder—

“(A) not later than January 31 of the calendar year following the calendar year to which such reports relate, and

“(B) in such manner as the Secretary prescribes in such regulations.

“(f) COORDINATION WITH LIMITATION ON NUMBER OF TAXPAYERS HAVING MEDICAL SAVINGS ACCOUNTS.—Subsection (i) of section 220 shall not apply to an individual with respect to a Medicare+Choice MSA, and Medicare+Choice MSA's shall not be taken into account in determining whether the numerical limitations under section 220(j) are exceeded.”.

(b) TECHNICAL AMENDMENTS.—

(1) The last sentence of section 4973(d) of such Code is amended by inserting “or section 138(c)(3)” after “section 220(f)(3)”. 26 USC 4973.

(2) Subsection (b) of section 220 of such Code is amended by adding at the end the following new paragraph: 26 USC 220.

“(7) MEDICARE ELIGIBLE INDIVIDUALS.—The limitation under this subsection for any month with respect to an individual shall be zero for the first month such individual is entitled to benefits under title XVIII of the Social Security Act and for each month thereafter.”.

(3) The table of sections for part III of subchapter B of chapter 1 of such Code is amended by striking the last item and inserting the following:

“Sec. 138. Medicare+Choice MSA.

“Sec. 139. Cross references to other Acts.”.

26 USC 138 note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

CHAPTER 2—DEMONSTRATIONS

42 USC 1395w-23 note.

Subchapter A—Medicare+Choice Competitive Pricing Demonstration Project

SEC. 4011. MEDICARE PREPAID COMPETITIVE PRICING DEMONSTRATION PROJECT.

(a) ESTABLISHMENT OF PROJECT.—The Secretary of Health and Human Services (in this subchapter referred to as the “Secretary”) shall establish a demonstration project (in this subchapter referred to as the “project”) under which payments to Medicare+Choice organizations in medicare payment areas in which the project is being conducted are determined in accordance with a competitive pricing methodology established under this subchapter.

(b) DESIGNATION OF 7 MEDICARE PAYMENT AREAS COVERED BY PROJECT.—

(1) IN GENERAL.—The Secretary shall designate, in accordance with the recommendations of the Competitive Pricing Advisory Committee under paragraphs (2) and (3), medicare payment areas as areas in which the project under this subchapter will be conducted. In this section, the term “Competitive Pricing Advisory Committee” means the Competitive Pricing Advisory Committee established under section 4012(a).

(2) INITIAL DESIGNATION OF 4 AREAS.—

(A) IN GENERAL.—The Competitive Pricing Advisory Committee shall recommend to the Secretary, consistent with subparagraph (B), the designation of 4 specific areas as medicare payment areas to be included in the project. Such recommendations shall be made in a manner so as to ensure that payments under the project in 2 such areas will begin on January 1, 1999, and in 2 such areas will begin on January 1, 2000.

Urban and rural areas.

(B) LOCATION OF DESIGNATION.—Of the 4 areas recommended under subparagraph (A), 3 shall be in urban areas and 1 shall be in a rural area.

(3) DESIGNATION OF ADDITIONAL 3 AREAS.—Not later than December 31, 2001, the Competitive Pricing Advisory Committee may recommend to the Secretary the designation of up to 3 additional, specific medicare payment areas to be included in the project.

(c) PROJECT IMPLEMENTATION.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall for each medicare payment area designated under subsection (b)—

(A) in accordance with the recommendations of the Competitive Pricing Advisory Committee—

(i) establish the benefit design among plans offered in such area, and

(ii) structure the method for selecting plans offered in such area; and

(B) in consultation with such Committee—

(i) establish methods for setting the price to be paid to plans, including, if the Secretaries determines appropriate, the rewarding and penalizing of Medicare+Choice plans in the area on the basis of the attainment of, or failure to attain, applicable quality standards, and

(ii) provide for the collection of plan information (including information concerning quality and access to care), the dissemination of information, and the methods of evaluating the results of the project.

(2) CONSULTATION.—The Secretary shall take into account the recommendations of the area advisory committee established in section 4012(b), in implementing a project design for any area, except that no modifications may be made in the project design without consultation with the Competitive Pricing Advisory Committee. In no case may the Secretary change the designation of an area based on recommendations of any area advisory committee.

(d) MONITORING AND REPORT.—

(1) MONITORING IMPACT.—Taking into consideration the recommendations of the Competitive Pricing Advisory Committee and the area advisory committees, the Secretary shall closely monitor and measure the impact of the project in the different areas on the price and quality of, and access to, medicare covered services, choice of health plans, changes in enrollment, and other relevant factors.

(2) REPORT.—Not later than December 31, 2002, the Secretary shall submit to Congress a report on the progress under the project under this subchapter, including a comparison of the matters monitored under paragraph (1) among the different designated areas. The report may include any legislative recommendations for extending the project to the entire medicare population.

(e) WAIVER AUTHORITY.—The Secretary of Health and Human Services may waive such requirements of title XVIII of the Social Security Act (as amended by this Act) as may be necessary for the purposes of carrying out the project.

(f) RELATIONSHIP TO OTHER AUTHORITY.—Except pursuant to this subchapter, the Secretary of Health and Human Services may not conduct or continue any medicare demonstration project relating to payment of health maintenance organizations, Medicare+Choice organizations, or similar prepaid managed care entities on the basis of a competitive bidding process or pricing system described in subsection (a).

(g) NO ADDITIONAL COSTS TO MEDICARE PROGRAM.—The aggregate payments to Medicare+Choice organizations under the project for any designated area for a fiscal year may not exceed the aggregate payments to such organizations that would have been made under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.), as amended by section 4001, if the project had not been conducted.

(h) DEFINITIONS.—Any term used in this subchapter which is also used in part C of title XVIII of the Social Security Act,

as amended by section 4001, shall have the same meaning as when used in such part.

SEC. 4012. ADVISORY COMMITTEES.

(a) COMPETITIVE PRICING ADVISORY COMMITTEE.—

(1) **IN GENERAL.**—Before implementing the project under this subchapter, the Secretary shall appoint the Competitive Pricing Advisory Committee, including independent actuaries, individuals with expertise in competitive health plan pricing, and an employee of the Office of Personnel Management with expertise in the administration of the Federal Employees Health Benefit Program, to make recommendations to the Secretary concerning the designation of areas for inclusion in the project and appropriate research design for implementing the project.

(2) **INITIAL RECOMMENDATIONS.**—The Competitive Pricing Advisory Committee initially shall submit recommendations regarding the area selection, benefit design among plans offered, structuring choice among health plans offered, methods for setting the price to be paid to plans, collection of plan information (including information concerning quality and access to care), information dissemination, and methods of evaluating the results of the project.

(3) **QUALITY RECOMMENDATION.**—The Competitive Pricing Advisory Committee shall study and make recommendations regarding the feasibility of providing financial incentives and penalties to plans operating under the project that meet, or fail to meet, applicable quality standards.

(4) **ADVICE DURING IMPLEMENTATION.**—Upon implementation of the project, the Competitive Pricing Advisory Committee shall continue to advise the Secretary on the application of the design in different areas and changes in the project based on experience with its operations.

(5) **SUNSET.**—The Competitive Pricing Advisory Committee shall terminate on December 31, 2004.

(b) APPOINTMENT OF AREA ADVISORY COMMITTEE.—Upon the designation of an area for inclusion in the project, the Secretary shall appoint an area advisory committee, composed of representatives of health plans, providers, and medicare beneficiaries in the area, to advise the Secretary concerning how the project will be implemented in the area. Such advice may include advice concerning the marketing and pricing of plans in the area and other salient factors. The duration of such a committee for an area shall be for the duration of the operation of the project in the area.

(c) SPECIAL APPLICATION.—Notwithstanding section 9(c) of the Federal Advisory Committee Act (5 U.S.C. App.), the Competitive Pricing Advisory Commission and any area advisory committee (described in subsection (b)) may meet as soon as the members of the commission or committee, respectively, are appointed.

Subchapter B—Social Health Maintenance Organizations

SEC. 4014. SOCIAL HEALTH MAINTENANCE ORGANIZATIONS (SHMOS).

(a) EXTENSION OF DEMONSTRATION PROJECT AUTHORITIES.—Section 4018(b) of the Omnibus Budget Reconciliation Act of 1987 is amended—

(1) in paragraph (1), by striking “1997” and inserting “2000”, and

(2) in paragraph (4), by striking “1998” and inserting “2001”.

(b) EXPANSION OF CAP.—Section 13567(c) of the Omnibus Budget Reconciliation Act of 1993 is amended by striking “12,000” and inserting “36,000”. 107 Stat. 608.

(c) REPORT ON INTEGRATION AND TRANSITION.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall submit to Congress, by not later than January 1, 1999, a plan for the integration of health plans offered by social health maintenance organizations (including SHMO I and SHMO II sites developed under section 2355 of the Deficit Reduction Act of 1984 and under the amendment made by section 4207(b)(3)(B)(i) of OBRA-1990, respectively) and similar plans as an option under the Medicare+Choice program under part C of title XVIII of the Social Security Act.

42 USC
1395w-21 note.

(2) PROVISION FOR TRANSITION.—Such plan shall include a transition for social health maintenance organizations operating under demonstration project authority under such section.

(3) PAYMENT POLICY.—The report shall also include recommendations on appropriate payment levels for plans offered by such organizations, including an analysis of the application of risk adjustment factors appropriate to the population served by such organizations.

Subchapter C—Medicare Subvention Demonstration Project for Military Retirees

SEC. 4015. MEDICARE SUBVENTION DEMONSTRATION PROJECT FOR MILITARY RETIREES.

(a) IN GENERAL.—Title XVIII (42 U.S.C. 1395 et seq.) (as amended by sections 4603 and 4801) is amended by adding at the end the following:

“MEDICARE SUBVENTION DEMONSTRATION PROJECT FOR MILITARY RETIREES 42 USC 1395ggg.

“SEC. 1896. (a) DEFINITIONS.—In this section:

“(1) ADMINISTERING SECRETARIES.—The term ‘administering Secretaries’ means the Secretary and the Secretary of Defense acting jointly.

“(2) DEMONSTRATION PROJECT; PROJECT.—The terms ‘demonstration project’ and ‘project’ mean the demonstration project carried out under this section.

“(3) DESIGNATED PROVIDER.—The term ‘designated provider’ has the meaning given that term in section 721(5) of the National Defense Authorization Act For Fiscal Year 1997 (Public Law 104-201; 110 Stat. 2593; 10 U.S.C. 1073 note).

“(4) MEDICARE-ELIGIBLE MILITARY RETIREE OR DEPENDENT.—The term ‘medicare-eligible military retiree or dependent’ means an individual described in section 1074(b) or 1076(b) of title 10, United States Code, who—

“(A) would be eligible for health benefits under section 1086 of such title by reason of subsection (c)(1) of such section 1086 but for the operation of subsection (d) of such section 1086;

“(B)(i) is entitled to benefits under part A of this title; and

“(ii) if the individual was entitled to such benefits before July 1, 1997, received health care items or services from a health care facility of the uniformed services before that date, but after becoming entitled to benefits under part A of this title;

“(C) is enrolled for benefits under part B of this title; and

“(D) has attained age 65.

“(5) MEDICARE HEALTH CARE SERVICES.—The term ‘medicare health care services’ means items or services covered under part A or B of this title.

“(6) MILITARY TREATMENT FACILITY.—The term ‘military treatment facility’ means a facility referred to in section 1074(a) of title 10, United States Code.

“(7) TRICARE.—The term ‘TRICARE’ has the same meaning as the term ‘TRICARE program’ under section 711 of the National Defense Authorization Act for Fiscal Year 1996 (10 U.S.C. 1073 note).

“(8) TRUST FUNDS.—The term ‘trust funds’ means the Federal Hospital Insurance Trust Fund established in section 1817 and the Federal Supplementary Medical Insurance Trust Fund established in section 1841.

“(b) DEMONSTRATION PROJECT.—

“(1) IN GENERAL.—

“(A) ESTABLISHMENT.—The administering Secretaries are authorized to establish a demonstration project (under an agreement entered into by the administering Secretaries) under which the Secretary shall reimburse the Secretary of Defense, from the trust funds, for medicare health care services furnished to certain medicare-eligible military retirees or dependents in a military treatment facility or by a designated provider.

“(B) AGREEMENT.—The agreement entered into under subparagraph (A) shall include at a minimum—

“(i) a description of the benefits to be provided to the participants of the demonstration project established under this section;

“(ii) a description of the eligibility rules for participation in the demonstration project, including any cost sharing requirements;

“(iii) a description of how the demonstration project will satisfy the requirements under this title;

“(iv) a description of the sites selected under paragraph (2);

“(v) a description of how reimbursement requirements under subsection (i) and maintenance of effort requirements under subsection (j) will be implemented in the demonstration project;

“(vi) a statement that the Secretary shall have access to all data of the Department of Defense that the Secretary determines is necessary to conduct independent estimates and audits of the maintenance of effort requirement, the annual reconciliation, and related matters required under the demonstration project;

“(vii) a description of any requirement that the Secretary waives pursuant to subsection (d); and

“(viii) a certification, provided after review by the administering Secretaries, that any entity that is receiving payments by reason of the demonstration project has sufficient—

“(I) resources and expertise to provide, consistent with payments under subsection (i), the full range of benefits required to be provided to beneficiaries under the project; and

“(II) information and billing systems in place to ensure the accurate and timely submission of claims for benefits and to ensure that providers of services, physicians, and other health care professionals are reimbursed by the entity in a timely and accurate manner.

“(2) NUMBER OF SITES.—The project established under this section shall be conducted in no more than 6 sites, designated jointly by the administering Secretaries after review of all TRICARE regions.

“(3) RESTRICTION.—No new military treatment facilities will be built or expanded with funds from the demonstration project.

“(4) DURATION.—The administering Secretaries shall conduct the demonstration project during the 3-year period beginning on January 1, 1998.

“(5) REPORT.—At least 60 days prior to the commencement of the demonstration project, the administering Secretaries shall submit a copy of the agreement entered into under paragraph (1) to the committees of jurisdiction under this title.

“(c) CREDITING OF PAYMENTS.—A payment received by the Secretary of Defense under the demonstration project shall be credited to the applicable Department of Defense medical appropriation (and within that appropriation). Any such payment received during a fiscal year for services provided during a prior fiscal year may be obligated by the Secretary of Defense during the fiscal year during which the payment is received.

“(d) WAIVER OF CERTAIN MEDICARE REQUIREMENTS.—

“(1) AUTHORITY.—

“(A) IN GENERAL.—Except as provided under subparagraph (B), the demonstration project shall meet all requirements of Medicare+Choice plans under part C of this title and regulations pertaining thereto, and other requirements for receiving medicare payments, except that the prohibition of payments to Federal providers of services under sections 1814(c) and 1835(d), and paragraphs (2) and (3) of section 1862(a) shall not apply.

“(B) WAIVER.—Except as provided in paragraph (2), the Secretary is authorized to waive any requirement described under subparagraph (A), or approve equivalent or alternative ways of meeting such a requirement, but only if such waiver or approval—

“(i) reflects the unique status of the Department of Defense as an agency of the Federal Government; and

“(ii) is necessary to carry out the demonstration project.

“(2) BENEFICIARY PROTECTIONS AND OTHER MATTERS.—The demonstration project shall comply with the requirements of part C of this title that relate to beneficiary protections and other matters, including such requirements relating to the following areas:

“(A) Enrollment and disenrollment.

“(B) Nondiscrimination.

“(C) Information provided to beneficiaries.

“(D) Cost-sharing limitations.

“(E) Appeal and grievance procedures.

“(F) Provider participation.

“(G) Access to services.

“(H) Quality assurance and external review.

“(I) Advance directives.

“(J) Other areas of beneficiary protections that the Secretary determines are applicable to such project.

“(e) INSPECTOR GENERAL.—Nothing in the agreement entered into under subsection (b) shall limit the Inspector General of the Department of Health and Human Services from investigating any matters regarding the expenditure of funds under this title for the demonstration project, including compliance with the provisions of this title and all other relevant laws.

“(f) VOLUNTARY PARTICIPATION.—Participation of medicare-eligible military retirees or dependents in the demonstration project shall be voluntary.

“(g) TRICARE HEALTH CARE PLANS.—

“(1) MODIFICATION OF TRICARE CONTRACTS.—In carrying out the demonstration project, the Secretary of Defense is authorized to amend existing TRICARE contracts (including contracts with designated providers) in order to provide the medicare health care services to the medicare-eligible military retirees and dependents enrolled in the demonstration project consistent with part C of this title.

“(2) HEALTH CARE BENEFITS.—The administering Secretaries shall prescribe the minimum health care benefits to be provided under such a plan to medicare-eligible military retirees or dependents enrolled in the plan. Those benefits shall include at least all medicare health care services covered under this title.

“(h) ADDITIONAL PLANS.—Notwithstanding any provisions of title 10, United States Code, the administering Secretaries may agree to include in the demonstration project any of the Medicare+Choice plans described in section 1851(a)(2)(A), and such agreement may include an agreement between the Secretary of Defense and the Medicare+Choice organization offering such plan to provide medicare health care services to medicare-eligible military retirees or dependents and for such Secretary to receive payments from such organization for the provision of such services.

“(i) PAYMENTS BASED ON REGULAR MEDICARE PAYMENT RATES.—

“(1) IN GENERAL.—Subject to the succeeding provisions of this subsection, the Secretary shall reimburse the Secretary of Defense for services provided under the demonstration project at a rate equal to 95 percent of the amount paid to a Medicare+Choice organization under part C of this title with respect to such an enrollee. In cases in which a payment amount may not otherwise be readily computed, the Secretary shall

establish rules for computing equivalent or comparable payment amounts.

“(2) EXCLUSION OF CERTAIN AMOUNTS.—In computing the amount of payment under paragraph (1), the following shall be excluded:

“(A) SPECIAL PAYMENTS.—Any amount attributable to an adjustment under subparagraphs (B) and (F) of section 1886(d)(5) and subsection (h) of such section.

“(B) PERCENTAGE OF CAPITAL PAYMENTS.—An amount determined by the administering Secretaries for amounts attributable to payments for capital-related costs under subsection (g) of such section.

“(3) PERIODIC PAYMENTS FROM MEDICARE TRUST FUNDS.—Payments under this subsection shall be made—

“(A) on a periodic basis consistent with the periodicity of payments under this title; and

“(B) in appropriate part, as determined by the Secretary, from the trust funds.

“(4) CAP ON AMOUNT.—The aggregate amount to be reimbursed under this subsection pursuant to the agreement entered into between the administering Secretaries under subsection (b) shall not exceed a total of—

“(A) \$50,000,000 for calendar year 1998;

“(B) \$60,000,000 for calendar year 1999; and

“(C) \$65,000,000 for calendar year 2000.

“(j) MAINTENANCE OF EFFORT.—

“(1) MONITORING EFFECT OF DEMONSTRATION PROGRAM ON COSTS TO MEDICARE PROGRAM.—

“(A) IN GENERAL.—The administering Secretaries, in consultation with the Comptroller General, shall closely monitor the expenditures made under the medicare program for medicare-eligible military retirees or dependents during the period of the demonstration project compared to the expenditures that would have been made for such medicare-eligible military retirees or dependents during that period if the demonstration project had not been conducted. The agreement entered into by the administering Secretaries under subsection (b) shall require any participating military treatment facility to maintain the level of effort for space available care to medicare-eligible military retirees or dependents.

“(B) ANNUAL REPORT BY THE COMPTROLLER GENERAL.—Not later than December 31 of each year during which the demonstration project is conducted, the Comptroller General shall submit to the administering Secretaries and the appropriate committees of Congress a report on the extent, if any, to which the costs of the Secretary under the medicare program under this title increased during the preceding fiscal year as a result of the demonstration project.

“(2) REQUIRED RESPONSE IN CASE OF INCREASE IN COSTS.—

“(A) IN GENERAL.—If the administering Secretaries find, based on paragraph (1), that the expenditures under the medicare program under this title increased (or are expected to increase) during a fiscal year because of the demonstration project, the administering Secretaries shall take such steps as may be needed—

“(i) to recoup for the medicare program the amount of such increase in expenditures; and

“(ii) to prevent any such increase in the future.

“(B) STEPS.—Such steps—

“(i) under subparagraph (A)(i) shall include payment of the amount of such increased expenditures by the Secretary of Defense from the current medical care appropriation of the Department of Defense to the trust funds; and

“(ii) under subparagraph (A)(ii) shall include suspending or terminating the demonstration project (in whole or in part) or lowering the amount of payment under subsection (i)(1).

“(k) EVALUATION AND REPORTS.—

“(1) INDEPENDENT EVALUATION.—The Comptroller General of the United States shall conduct an evaluation of the demonstration project, and shall submit annual reports on the demonstration project to the administering Secretaries and to the committees of jurisdiction in the Congress. The first report shall be submitted not later than 12 months after the date on which the demonstration project begins operation, and the final report not later than 3½ years after that date. The evaluation and reports shall include an assessment, based on the agreement entered into under subsection (b), of the following:

“(A) Any savings or costs to the medicare program under this title resulting from the demonstration project.

“(B) The cost to the Department of Defense of providing care to medicare-eligible military retirees and dependents under the demonstration project.

“(C) A description of the effects of the demonstration project on military treatment facility readiness and training and the probable effects of the project on overall Department of Defense medical readiness and training.

“(D) Any impact of the demonstration project on access to care for active duty military personnel and their dependents.

“(E) An analysis of how the demonstration project affects the overall accessibility of the uniformed services treatment system and the amount of space available for point-of-service care, and a description of the unintended effects (if any) upon the normal treatment priority system.

“(F) Compliance by the Department of Defense with the requirements under this title.

“(G) The number of medicare-eligible military retirees and dependents opting to participate in the demonstration project instead of receiving health benefits through another health insurance plan (including benefits under this title).

“(H) A list of the health insurance plans and programs that were the primary payers for medicare-eligible military retirees and dependents during the year prior to their participation in the demonstration project and the distribution of their previous enrollment in such plans and programs.

“(I) Any impact of the demonstration project on private health care providers and beneficiaries under this title that are not enrolled in the demonstration project.

“(J) An assessment of the access to care and quality of care for medicare-eligible military retirees and dependents under the demonstration project.

“(K) An analysis of whether, and in what manner, easier access to the uniformed services treatment system affects the number of medicare-eligible military retirees and dependents receiving medicare health care services.

“(L) Any impact of the demonstration project on the access to care for medicare-eligible military retirees and dependents who did not enroll in the demonstration project and for other individuals entitled to benefits under this title.

“(M) A description of the difficulties (if any) experienced by the Department of Defense in managing the demonstration project and TRICARE contracts.

“(N) Any additional elements specified in the agreement entered into under subsection (b).

“(O) Any additional elements that the Comptroller General of the United States determines is appropriate to assess regarding the demonstration project.

“(2) REPORT ON EXTENSION AND EXPANSION OF DEMONSTRATION PROJECT.—Not later than 6 months after the date of the submission of the final report by the Comptroller General of the United States under paragraph (1), the administering Secretaries shall submit to Congress a report containing their recommendation as to—

“(A) whether there is a cost to the health care program under this title in conducting the demonstration project, and whether the demonstration project could be expanded without there being a cost to such health care program or to the Federal Government;

“(B) whether to extend the demonstration project or make the project permanent; and

“(C) whether the terms and conditions of the project should be continued (or modified) if the project is extended or expanded.”

(b) IMPLEMENTATION PLAN FOR VETERANS SUBVENTION.—Not later than 12 months after the start of the demonstration project, the Secretary of Health and Human Services and the Secretary of Veterans Affairs shall jointly submit to Congress a detailed implementation plan for a subvention demonstration project (that follows the model of the demonstration project conducted under section 1896 of the Social Security Act (as added by subsection (a)) to begin in 1999 for veterans (as defined in section 101 of title 38, United States Code) that are eligible for benefits under title XVIII of the Social Security Act.

42 USC 1395ggg
note.

Subchapter D—Other Projects

SEC. 4016. MEDICARE COORDINATED CARE DEMONSTRATION PROJECT.

42 USC 1395b-1
note.

(a) DEMONSTRATION PROJECTS.—

(1) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the “Secretary”) shall conduct demonstration projects for the purpose of evaluating methods, such as case management and other models of coordinated care, that—

(A) improve the quality of items and services provided to target individuals; and

(B) reduce expenditures under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) for items and services provided to target individuals.

(2) TARGET INDIVIDUAL DEFINED.—In this section, the term “target individual” means an individual that has a chronic illness, as defined and identified by the Secretary, and is enrolled under the fee-for-service program under parts A and B of title XVIII of the Social Security Act (42 U.S.C. 1395c et seq.; 1395j et seq.).

(b) PROGRAM DESIGN.—

(1) INITIAL DESIGN.—The Secretary shall evaluate best practices in the private sector of methods of coordinated care for a period of 1 year and design the demonstration project based on such evaluation.

(2) NUMBER AND PROJECT AREAS.—Not later than 2 years after the date of enactment of this Act, the Secretary shall implement at least 9 demonstration projects, including—

(A) 5 projects in urban areas;

(B) 3 projects in rural areas; and

(C) 1 project within the District of Columbia which is operated by a nonprofit academic medical center that maintains a National Cancer Institute certified comprehensive cancer center.

(3) EXPANSION OF PROJECTS; IMPLEMENTATION OF DEMONSTRATION PROJECT RESULTS.—

(A) EXPANSION OF PROJECTS.—If the initial report under subsection (c) contains an evaluation that demonstration projects—

(i) reduce expenditures under the medicare program; or

(ii) do not increase expenditures under the medicare program and increase the quality of health care services provided to target individuals and satisfaction of beneficiaries and health care providers; the Secretary shall continue the existing demonstration projects and may expand the number of demonstration projects.

(B) IMPLEMENTATION OF DEMONSTRATION PROJECT RESULTS.—If a report under subsection (c) contains an evaluation as described in subparagraph (A), the Secretary may issue regulations to implement, on a permanent basis, the components of the demonstration project that are beneficial to the medicare program.

(c) REPORT TO CONGRESS.—

(1) IN GENERAL.—Not later than 2 years after the Secretary implements the initial demonstration projects under this section, and biannually thereafter, the Secretary shall submit to Congress a report regarding the demonstration projects conducted under this section.

(2) CONTENTS OF REPORT.—The report in paragraph (1) shall include the following:

(A) A description of the demonstration projects conducted under this section.

(B) An evaluation of—

Urban and rural
areas.
District of
Columbia.

(i) the cost-effectiveness of the demonstration projects;

(ii) the quality of the health care services provided to target individuals under the demonstration projects; and

(iii) beneficiary and health care provider satisfaction under the demonstration project.

(C) Any other information regarding the demonstration projects conducted under this section that the Secretary determines to be appropriate.

(d) **WAIVER AUTHORITY.**—The Secretary shall waive compliance with the requirements of title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) to such extent and for such period as the Secretary determines is necessary to conduct demonstration projects.

(e) **FUNDING.**—

(1) **DEMONSTRATION PROJECTS.**—

(A) **IN GENERAL.**—

(i) **STATE PROJECTS.**—Except as provided in clause (ii), the Secretary shall provide for the transfer from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Insurance Trust Fund under title XVIII of the Social Security Act (42 U.S.C. 1395i, 1395t), in such proportions as the Secretary determines to be appropriate, of such funds as are necessary for the costs of carrying out the demonstration projects under this section.

(ii) **CANCER HOSPITAL.**—In the case of the project described in subsection (b)(2)(C), amounts shall be available only as provided in any Federal law making appropriations for the District of Columbia.

(B) **LIMITATION.**—In conducting the demonstration project under this section, the Secretary shall ensure that the aggregate payments made by the Secretary do not exceed the amount which the Secretary would have paid if the demonstration projects under this section were not implemented.

(2) **EVALUATION AND REPORT.**—There are authorized to be appropriated such sums as are necessary for the purpose of developing and submitting the report to Congress under subsection (c).

SEC. 4017. ORDERLY TRANSITION OF MUNICIPAL HEALTH SERVICE DEMONSTRATION PROJECTS.

Section 9215 of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended by section 6135 of OBRA-1989 and section 13557 of OBRA-1993, is further amended—

(1) by inserting “(a)” before “The Secretary”, and

(2) by adding at the end the following: “Subject to subsection (c), the Secretary may further extend such demonstration projects through December 31, 2000, but only with respect to individuals who received at least one service during the period beginning on January 1, 1996, and ending on the date of the enactment of the Balanced Budget Act of 1997.

“(b) The Secretary shall work with each such demonstration project to develop a plan, to be submitted to the Committee on Ways and Means and the Committee on Commerce of the House

42 USC 1395b-1
note.

of Representatives and the Committee on Finance of the Senate by March 31, 1998, for the orderly transition of demonstration projects and the project participants to a non-demonstration project health care delivery system, such as through integration with a private or public health plan, including a medicaid managed care or Medicare+Choice plan.

“(c) A demonstration project under subsection (a) which does not develop and submit a transition plan under subsection (b) by March 31, 1998, or, if later, 6 months after the date of the enactment of the Balanced Budget Act of 1997, shall be discontinued as of December 31, 1998. The Secretary shall provide appropriate technical assistance to assist in the transition so that disruption of medical services to project participants may be minimized.”.

42 USC 1395w-
21 note.

SEC. 4018. MEDICARE ENROLLMENT DEMONSTRATION PROJECT.

(a) **DEMONSTRATION PROJECT.**—

(1) **ESTABLISHMENT.**—The Secretary shall implement a demonstration project (in this section referred to as the “project”) for the purpose of evaluating the use of a third-party contractor to conduct the Medicare+Choice plan enrollment and disenrollment functions, as described in part C of title XVIII of the Social Security Act (as added by section 4001 of this Act), in an area.

(2) **CONSULTATION.**—Before implementing the project under this section, the Secretary shall consult with affected parties on—

(A) the design of the project;

(B) the selection criteria for the third-party contractor;

and

(C) the establishment of performance standards, as described in paragraph (3).

(3) **PERFORMANCE STANDARDS.**—

(A) **IN GENERAL.**—The Secretary shall establish performance standards for the accuracy and timeliness of the Medicare+Choice plan enrollment and disenrollment functions performed by the third-party contractor.

(B) **NONCOMPLIANCE.**—In the event that the third-party contractor is not in substantial compliance with the performance standards established under subparagraph (A), such enrollment and disenrollment functions shall be performed by the Medicare+Choice plan until the Secretary appoints a new third-party contractor.

(b) **REPORT TO CONGRESS.**—The Secretary shall periodically report to Congress on the progress of the project conducted pursuant to this section.

(c) **WAIVER AUTHORITY.**—The Secretary shall waive compliance with the requirements of part C of title XVIII of the Social Security Act (as amended by section 4001 of this Act) to such extent and for such period as the Secretary determines is necessary to conduct the project.

(d) **DURATION.**—A demonstration project under this section shall be conducted for a 3-year period.

(e) **SEPARATE FROM OTHER DEMONSTRATION PROJECTS.**—A project implemented by the Secretary under this section shall not be conducted in conjunction with any other demonstration project.

SEC. 4019. EXTENSION OF CERTAIN MEDICARE COMMUNITY NURSING ORGANIZATION DEMONSTRATION PROJECTS. 42 USC 1395mm note.

Notwithstanding any other provision of law, demonstration projects conducted under section 4079 of the Omnibus Budget Reconciliation Act of 1987 may be conducted for an additional period of 2 years, and the deadline for any report required relating to the results of such projects shall be not later than 6 months before the end of such additional period.

CHAPTER 3—COMMISSIONS

SEC. 4021. NATIONAL BIPARTISAN COMMISSION ON THE FUTURE OF MEDICARE. 42 USC 1395b note.

(a) **ESTABLISHMENT.**—There is established a commission to be known as the National Bipartisan Commission on the Future of Medicare (in this section referred to as the “Commission”).

(b) **DUTIES OF THE COMMISSION.**—The Commission shall—

(1) review and analyze the long-term financial condition of the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.);

(2) identify problems that threaten the financial integrity of the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund established under that title (42 U.S.C. 1395i, 1395t), including—

(A) the financial impact on the medicare program of the significant increase in the number of medicare eligible individuals which will occur beginning approximately during 2010 and lasting for approximately 25 years, and

(B) the extent to which current medicare update indexes do not accurately reflect inflation;

(3) analyze potential solutions to the problems identified under paragraph (2) that will ensure both the financial integrity of the medicare program and the provision of appropriate benefits under such program, including methods used by other nations to respond to comparable demographic patterns in eligibility for health care benefits for elderly and disabled individuals and trends in employment-related health care for retirees;

(4) make recommendations to restore the solvency of the Federal Hospital Insurance Trust Fund and the financial integrity of the Federal Supplementary Medical Insurance Trust Fund;

(5) make recommendations for establishing the appropriate financial structure of the medicare program as a whole;

(6) make recommendations for establishing the appropriate balance of benefits covered and beneficiary contributions to the medicare program;

(7) make recommendations for the time periods during which the recommendations described in paragraphs (4), (5), and (6) should be implemented;

(8) make recommendations regarding the financing of graduate medical education (GME), including consideration of alternative broad-based sources of funding for such education and funding for institutions not currently eligible for such GME support that conduct approved graduate medical residency programs, such as children’s hospitals;

(9) make recommendations on modifying age-based eligibility to correspond to changes in age-based eligibility under

the OASDI program and on the feasibility of allowing individuals between the age of 62 and the medicare eligibility age to buy into the medicare program;

(10) make recommendations on the impact of chronic disease and disability trends on future costs and quality of services under the current benefit, financing, and delivery system structure of the medicare program;

(11) make recommendations regarding a comprehensive approach to preserve the program; and

(12) review and analyze such other matters as the Commission deems appropriate.

(c) MEMBERSHIP.—

(1) NUMBER AND APPOINTMENT.—The Commission shall be composed of 17 members, of whom—

President.

(A) four shall be appointed by the President;

(B) six shall be appointed by the Majority Leader of the Senate, in consultation with the Minority Leader of the Senate, of whom not more than 4 shall be of the same political party;

(C) six shall be appointed by the Speaker of the House of Representatives, in consultation with the Minority Leader of the House of Representatives, of whom not more than 4 shall be of the same political party; and

(D) one, who shall serve as Chairman of the Commission, appointed jointly by the President, Majority Leader of the Senate, and the Speaker of the House of Representatives.

(2) DEADLINE FOR APPOINTMENT.—Members of the Commission shall be appointed by not later than December 1, 1997.

(3) TERMS OF APPOINTMENT.—The term of any appointment under paragraph (1) to the Commission shall be for the life of the Commission.

(4) MEETINGS.—The Commission shall meet at the call of its Chairman or a majority of its members.

(5) QUORUM.—A quorum shall consist of 8 members of the Commission, except that 4 members may conduct a hearing under subsection (e).

(6) VACANCIES.—A vacancy on the Commission shall be filled in the same manner in which the original appointment was made not later than 30 days after the Commission is given notice of the vacancy and shall not affect the power of the remaining members to execute the duties of the Commission.

(7) COMPENSATION.—Members of the Commission shall receive no additional pay, allowances, or benefits by reason of their service on the Commission.

(8) EXPENSES.—Each member of the Commission shall receive travel expenses and per diem in lieu of subsistence in accordance with sections 5702 and 5703 of title 5, United States Code.

(d) STAFF AND SUPPORT SERVICES.—

(1) EXECUTIVE DIRECTOR.—

(A) APPOINTMENT.—The Chairman shall appoint an executive director of the Commission.

(B) COMPENSATION.—The executive director shall be paid the rate of basic pay for level V of the Executive Schedule.

(2) STAFF.—With the approval of the Commission, the executive director may appoint such personnel as the executive director considers appropriate.

(3) APPLICABILITY OF CIVIL SERVICE LAWS.—The staff of the Commission shall be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title (relating to classification and General Schedule pay rates).

(4) EXPERTS AND CONSULTANTS.—With the approval of the Commission, the executive director may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(5) PHYSICAL FACILITIES.—The Administrator of the General Services Administration shall locate suitable office space for the operation of the Commission. The facilities shall serve as the headquarters of the Commission and shall include all necessary equipment and incidentals required for the proper functioning of the Commission.

(e) POWERS OF COMMISSION.—

(1) HEARINGS AND OTHER ACTIVITIES.—For the purpose of carrying out its duties, the Commission may hold such hearings and undertake such other activities as the Commission determines to be necessary to carry out its duties.

(2) STUDIES BY GAO.—Upon the request of the Commission, the Comptroller General shall conduct such studies or investigations as the Commission determines to be necessary to carry out its duties.

(3) COST ESTIMATES BY CONGRESSIONAL BUDGET OFFICE AND OFFICE OF THE CHIEF ACTUARY OF HCFA.—

(A) The Director of the Congressional Budget Office or the Chief Actuary of the Health Care Financing Administration, or both, shall provide to the Commission, upon the request of the Commission, such cost estimates as the Commission determines to be necessary to carry out its duties.

(B) The Commission shall reimburse the Director of the Congressional Budget Office for expenses relating to the employment in the office of the Director of such additional staff as may be necessary for the Director to comply with requests by the Commission under subparagraph (A).

(4) DETAIL OF FEDERAL EMPLOYEES.—Upon the request of the Commission, the head of any Federal agency is authorized to detail, without reimbursement, any of the personnel of such agency to the Commission to assist the Commission in carrying out its duties. Any such detail shall not interrupt or otherwise affect the civil service status or privileges of the Federal employee.

(5) TECHNICAL ASSISTANCE.—Upon the request of the Commission, the head of a Federal agency shall provide such technical assistance to the Commission as the Commission determines to be necessary to carry out its duties.

(6) USE OF MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as Federal agencies and shall, for purposes of the frank, be

considered a commission of Congress as described in section 3215 of title 39, United States Code.

(7) OBTAINING INFORMATION.—The Commission may secure directly from any Federal agency information necessary to enable it to carry out its duties, if the information may be disclosed under section 552 of title 5, United States Code. Upon request of the Chairman of the Commission, the head of such agency shall furnish such information to the Commission.

(8) ADMINISTRATIVE SUPPORT SERVICES.—Upon the request of the Commission, the Administrator of General Services shall provide to the Commission on a reimbursable basis such administrative support services as the Commission may request.

(9) PRINTING.—For purposes of costs relating to printing and binding, including the cost of personnel detailed from the Government Printing Office, the Commission shall be deemed to be a committee of the Congress.

(f) REPORT.—Not later than March 1, 1999, the Commission shall submit a report to the President and Congress which shall contain a detailed statement of only those recommendations, findings, and conclusions of the Commission that receive the approval of at least 11 members of the Commission.

(g) TERMINATION.—The Commission shall terminate 30 days after the date of submission of the report required in subsection (f).

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated \$1,500,000 to carry out this section. 60 percent of such appropriation shall be payable from the Federal Hospital Insurance Trust Fund, and 40 percent of such appropriation shall be payable from the Federal Supplementary Medical Insurance Trust Fund under title XVIII of the Social Security Act (42 U.S.C. 1395i, 1395t).

SEC. 4022. MEDICARE PAYMENT ADVISORY COMMISSION.

(a) IN GENERAL.—Title XVIII is amended by inserting after section 1804 the following new section:

42 USC 1395b-6.

“MEDICARE PAYMENT ADVISORY COMMISSION

“SEC. 1805. (a) ESTABLISHMENT.—There is hereby established the Medicare Payment Advisory Commission (in this section referred to as the ‘Commission’).

“(b) DUTIES.—

“(1) REVIEW OF PAYMENT POLICIES AND ANNUAL REPORTS.—The Commission shall—

“(A) review payment policies under this title, including the topics described in paragraph (2);

“(B) make recommendations to Congress concerning such payment policies;

“(C) by not later than March 1 of each year (beginning with 1998), submit a report to Congress containing the results of such reviews and its recommendations concerning such policies; and

“(D) by not later than June 1 of each year (beginning with 1998), submit a report to Congress containing an examination of issues affecting the medicare program,

including the implications of changes in health care delivery in the United States and in the market for health care services on the medicare program.

“(2) SPECIFIC TOPICS TO BE REVIEWED.—

“(A) MEDICARE+CHOICE PROGRAM.—Specifically, the Commission shall review, with respect to the Medicare+Choice program under part C, the following:

“(i) The methodology for making payment to plans under such program, including the making of differential payments and the distribution of differential updates among different payment areas.

“(ii) The mechanisms used to adjust payments for risk and the need to adjust such mechanisms to take into account health status of beneficiaries.

“(iii) The implications of risk selection both among Medicare+Choice organizations and between the Medicare+Choice option and the original medicare fee-for-service option.

“(iv) The development and implementation of mechanisms to assure the quality of care for those enrolled with Medicare+Choice organizations.

“(v) The impact of the Medicare+Choice program on access to care for medicare beneficiaries.

“(vi) Other major issues in implementation and further development of the Medicare+Choice program.

“(B) ORIGINAL MEDICARE FEE-FOR-SERVICE SYSTEM.—Specifically, the Commission shall review payment policies under parts A and B, including—

“(i) the factors affecting expenditures for services in different sectors, including the process for updating hospital, skilled nursing facility, physician, and other fees,

“(ii) payment methodologies, and

“(iii) their relationship to access and quality of care for medicare beneficiaries.

“(C) INTERACTION OF MEDICARE PAYMENT POLICIES WITH HEALTH CARE DELIVERY GENERALLY.—Specifically, the Commission shall review the effect of payment policies under this title on the delivery of health care services other than under this title and assess the implications of changes in health care delivery in the United States and in the general market for health care services on the medicare program.

“(3) COMMENTS ON CERTAIN SECRETARIAL REPORTS.—If the Secretary submits to Congress (or a committee of Congress) a report that is required by law and that relates to payment policies under this title, the Secretary shall transmit a copy of the report to the Commission. The Commission shall review the report and, not later than 6 months after the date of submittal of the Secretary’s report to Congress, shall submit to the appropriate committees of Congress written comments on such report. Such comments may include such recommendations as the Commission deems appropriate.

“(4) AGENDA AND ADDITIONAL REVIEWS.—The Commission shall consult periodically with the chairmen and ranking minority members of the appropriate committees of Congress regarding the Commission’s agenda and progress towards achieving

the agenda. The Commission may conduct additional reviews, and submit additional reports to the appropriate committees of Congress, from time to time on such topics relating to the program under this title as may be requested by such chairmen and members and as the Commission deems appropriate.

“(5) AVAILABILITY OF REPORTS.—The Commission shall transmit to the Secretary a copy of each report submitted under this subsection and shall make such reports available to the public.

“(6) APPROPRIATE COMMITTEES OF CONGRESS.—For purposes of this section, the term ‘appropriate committees of Congress’ means the Committees on Ways and Means and Commerce of the House of Representatives and the Committee on Finance of the Senate.

“(c) MEMBERSHIP.—

“(1) NUMBER AND APPOINTMENT.—The Commission shall be composed of 15 members appointed by the Comptroller General.

“(2) QUALIFICATIONS.—

“(A) IN GENERAL.—The membership of the Commission shall include individuals with national recognition for their expertise in health finance and economics, actuarial science, health facility management, health plans and integrated delivery systems, reimbursement of health facilities, allopathic and osteopathic physicians, and other providers of health services, and other related fields, who provide a mix of different professionals, broad geographic representation, and a balance between urban and rural representatives.

“(B) INCLUSION.—The membership of the Commission shall include (but not be limited to) physicians and other health professionals, employers, third-party payers, individuals skilled in the conduct and interpretation of biomedical, health services, and health economics research and expertise in outcomes and effectiveness research and technology assessment. Such membership shall also include representatives of consumers and the elderly.

“(C) MAJORITY NONPROVIDERS.—Individuals who are directly involved in the provision, or management of the delivery, of items and services covered under this title shall not constitute a majority of the membership of the Commission.

“(D) ETHICAL DISCLOSURE.—The Comptroller General shall establish a system for public disclosure by members of the Commission of financial and other potential conflicts of interest relating to such members.

“(3) TERMS.—

“(A) IN GENERAL.—The terms of members of the Commission shall be for 3 years except that the Comptroller General shall designate staggered terms for the members first appointed.

“(B) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member’s predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member’s term until a successor has taken office. A vacancy in the Commission

shall be filled in the manner in which the original appointment was made.

“(4) COMPENSATION.—While serving on the business of the Commission (including traveltime), a member of the Commission shall be entitled to compensation at the per diem equivalent of the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code; and while so serving away from home and the member’s regular place of business, a member may be allowed travel expenses, as authorized by the Chairman of the Commission. Physicians serving as personnel of the Commission may be provided a physician comparability allowance by the Commission in the same manner as Government physicians may be provided such an allowance by an agency under section 5948 of title 5, United States Code, and for such purpose subsection (i) of such section shall apply to the Commission in the same manner as it applies to the Tennessee Valley Authority. For purposes of pay (other than pay of members of the Commission) and employment benefits, rights, and privileges, all personnel of the Commission shall be treated as if they were employees of the United States Senate.

“(5) CHAIRMAN; VICE CHAIRMAN.—The Comptroller General shall designate a member of the Commission, at the time of appointment of the member as Chairman and a member as Vice Chairman for that term of appointment, except that in the case of vacancy of the Chairmanship or Vice Chairmanship, the Comptroller General may designate another member for the remainder of that member’s term.

“(6) MEETINGS.—The Commission shall meet at the call of the Chairman.

“(d) DIRECTOR AND STAFF; EXPERTS AND CONSULTANTS.—Subject to such review as the Comptroller General deems necessary to assure the efficient administration of the Commission, the Commission may—

“(1) employ and fix the compensation of an Executive Director (subject to the approval of the Comptroller General) and such other personnel as may be necessary to carry out its duties (without regard to the provisions of title 5, United States Code, governing appointments in the competitive service);

“(2) seek such assistance and support as may be required in the performance of its duties from appropriate Federal departments and agencies;

“(3) enter into contracts or make other arrangements, as may be necessary for the conduct of the work of the Commission (without regard to section 3709 of the Revised Statutes (41 U.S.C. 5));

“(4) make advance, progress, and other payments which relate to the work of the Commission;

“(5) provide transportation and subsistence for persons serving without compensation; and

“(6) prescribe such rules and regulations as it deems necessary with respect to the internal organization and operation of the Commission.

“(e) POWERS.—

“(1) OBTAINING OFFICIAL DATA.—The Commission may secure directly from any department or agency of the United States information necessary to enable it to carry out this

section. Upon request of the Chairman, the head of that department or agency shall furnish that information to the Commission on an agreed upon schedule.

“(2) DATA COLLECTION.—In order to carry out its functions, the Commission shall—

“(A) utilize existing information, both published and unpublished, where possible, collected and assessed either by its own staff or under other arrangements made in accordance with this section,

“(B) carry out, or award grants or contracts for, original research and experimentation, where existing information is inadequate, and

“(C) adopt procedures allowing any interested party to submit information for the Commission’s use in making reports and recommendations.

“(3) ACCESS OF GAO TO INFORMATION.—The Comptroller General shall have unrestricted access to all deliberations, records, and nonproprietary data of the Commission, immediately upon request.

“(4) PERIODIC AUDIT.—The Commission shall be subject to periodic audit by the Comptroller General.

“(f) AUTHORIZATION OF APPROPRIATIONS.—

“(1) REQUEST FOR APPROPRIATIONS.—The Commission shall submit requests for appropriations in the same manner as the Comptroller General submits requests for appropriations, but amounts appropriated for the Commission shall be separate from amounts appropriated for the Comptroller General.

“(2) AUTHORIZATION.—There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section. Sixty percent of such appropriation shall be payable from the Federal Hospital Insurance Trust Fund, and 40 percent of such appropriation shall be payable from the Federal Supplementary Medical Insurance Trust Fund.”.

(b) ABOLITION OF PROPAC AND PPRC.—

(1) PROPAC.—

(A) IN GENERAL.—Section 1886(e) (42 U.S.C. 1395ww(e)) is amended—

(i) by striking paragraphs (2) and (6); and

(ii) in paragraph (3), by striking “(A) The Commission” and all that follows through “(B)”.

(B) CONFORMING AMENDMENT.—Section 1862 (42 U.S.C. 1395y) is amended by striking “Prospective Payment Assessment Commission” each place it appears in subsection (a)(1)(D) and subsection (i) and inserting “Medicare Payment Advisory Commission”.

(2) PPRC.—

(A) IN GENERAL.—Title XVIII is amended by striking section 1845 (42 U.S.C. 1395w-1).

(B) ELIMINATION OF CERTAIN REPORTS.—Section 1848 (42 U.S.C. 1395w-4) is amended—

(i) by striking subparagraph (F) of subsection (d)(2),

(ii) by striking subparagraph (B) of subsection (f)(1), and

(iii) in subsection (f)(3), by striking “Physician Payment Review Commission,”.

(C) CONFORMING AMENDMENTS.—Section 1848 (42 U.S.C. 1395w-4) is amended by striking “Physician Payment Review Commission” and inserting “Medicare Payment Advisory Commission” each place it appears in subsections (c)(2)(B)(iii), (g)(6)(C), and (g)(7)(C).

(c) EFFECTIVE DATE; TRANSITION.—

42 USC 1395b-6
note.

(1) IN GENERAL.—The Comptroller General shall first provide for appointment of members to the Medicare Payment Advisory Commission (in this subsection referred to as “MedPAC”) by not later than September 30, 1997.

(2) TRANSITION.—As quickly as possible after the date a majority of members of MedPAC are first appointed, the Comptroller General, in consultation with the Prospective Payment Assessment Commission (in this subsection referred to as “ProPAC”) and the Physician Payment Review Commission (in this subsection referred to as “PPRC”), shall provide for the termination of the ProPAC and the PPRC. As of the date of termination of the respective Commissions, the amendments made by paragraphs (1) and (2), respectively, of subsection (b) become effective. The Comptroller General, to the extent feasible, shall provide for the transfer to the MedPAC of assets and staff of the ProPAC and the PPRC, without any loss of benefits or seniority by virtue of such transfers. Fund balances available to the ProPAC or the PPRC for any period shall be available to the MedPAC for such period for like purposes.

(3) CONTINUING RESPONSIBILITY FOR REPORTS.—The MedPAC shall be responsible for the preparation and submission of reports required by law to be submitted (and which have not been submitted by the date of establishment of the MedPAC) by the ProPAC and the PPRC, and, for this purpose, any reference in law to either such Commission is deemed, after the appointment of the MedPAC, to refer to the MedPAC.

CHAPTER 4—MEDIGAP PROTECTIONS

SEC. 4031. MEDIGAP PROTECTIONS.

(a) GUARANTEEING ISSUE WITHOUT PREEXISTING CONDITIONS FOR CONTINUOUSLY COVERED INDIVIDUALS.—Section 1882(s) (42 U.S.C. 1395ss(s)) is amended—

(1) in paragraph (3), by striking “paragraphs (1) and (2)” and inserting “this subsection”,

(2) by redesignating paragraph (3) as paragraph (4), and

(3) by inserting after paragraph (2) the following new paragraph:

“(3)(A) The issuer of a medicare supplemental policy—

“(i) may not deny or condition the issuance or effectiveness of a medicare supplemental policy described in subparagraph (C) that is offered and is available for issuance to new enrollees by such issuer;

“(ii) may not discriminate in the pricing of such policy, because of health status, claims experience, receipt of health care, or medical condition; and

“(iii) may not impose an exclusion of benefits based on a pre-existing condition under such policy,

in the case of an individual described in subparagraph (B) who seeks to enroll under the policy not later than 63 days after the

date of the termination of enrollment described in such subparagraph and who submits evidence of the date of termination or disenrollment along with the application for such medicare supplemental policy.

“(B) An individual described in this subparagraph is an individual described in any of the following clauses:

“(i) The individual is enrolled under an employee welfare benefit plan that provides health benefits that supplement the benefits under this title and the plan terminates or ceases to provide all such supplemental health benefits to the individual.

“(ii) The individual is enrolled with a Medicare+Choice organization under a Medicare+Choice plan under part C, and there are circumstances permitting discontinuance of the individual’s election of the plan under the first sentence of section 1851(e)(4).

“(iii) The individual is enrolled with an eligible organization under a contract under section 1876, a similar organization operating under demonstration project authority, effective for periods before April 1, 1999, with an organization under an agreement under section 1833(a)(1)(A), or with an organization under a policy described in subsection (t), and such enrollment ceases under the same circumstances that would permit discontinuance of an individual’s election of coverage under the first sentence of section 1851(e)(4) and, in the case of a policy described in subsection (t), there is no provision under applicable State law for the continuation or conversion of coverage under such policy.

“(iv) The individual is enrolled under a medicare supplemental policy under this section and such enrollment ceases because—

“(I) of the bankruptcy or insolvency of the issuer or because of other involuntary termination of coverage or enrollment under such policy and there is no provision under applicable State law for the continuation or conversion of such coverage;

“(II) the issuer of the policy substantially violated a material provision of the policy; or

“(III) the issuer (or an agent or other entity acting on the issuer’s behalf) materially misrepresented the policy’s provisions in marketing the policy to the individual.

“(v) The individual—

“(I) was enrolled under a medicare supplemental policy under this section,

“(II) subsequently terminates such enrollment and enrolls, for the first time, with any Medicare+Choice organization under a Medicare+Choice plan under part C, any eligible organization under a contract under section 1876, any similar organization operating under demonstration project authority, or any policy described in subsection (t), and

“(III) the subsequent enrollment under subclause (II) is terminated by the enrollee during any period within the first 12 months of such enrollment (during which the enrollee is permitted to terminate such subsequent enrollment under section 1851(e)).

“(vi) The individual, upon first becoming eligible for benefits under part A at age 65, enrolls in a Medicare+Choice plan under part C, and disenrolls from such plan by not later than 12 months after the effective date of such enrollment.

“(C)(i) Subject to clauses (ii) and (iii), a medicare supplemental policy described in this subparagraph is a medicare supplemental policy which has a benefit package classified as ‘A’, ‘B’, ‘C’, or ‘F’ under the standards established under subsection (p)(2).

“(ii) Only for purposes of an individual described in subparagraph (B)(v), a medicare supplemental policy described in this subparagraph is the same medicare supplemental policy referred to in such subparagraph in which the individual was most recently previously enrolled, if available from the same issuer, or, if not so available, a policy described in clause (i).

“(iii) Only for purposes of an individual described in subparagraph (B)(vi), a medicare supplemental policy described in this subparagraph shall include any medicare supplemental policy.

“(iv) For purposes of applying this paragraph in the case of a State that provides for offering of benefit packages other than under the classification referred to in clause (i), the references to benefit packages in such clause are deemed references to comparable benefit packages offered in such State.

“(D) At the time of an event described in subparagraph (B) because of which an individual ceases enrollment or loses coverage or benefits under a contract or agreement, policy, or plan, the organization that offers the contract or agreement, the insurer offering the policy, or the administrator of the plan, respectively, shall notify the individual of the rights of the individual under this paragraph, and obligations of issuers of medicare supplemental policies, under subparagraph (A).”.

(b) LIMITATION ON IMPOSITION OF PREEXISTING CONDITION EXCLUSION DURING INITIAL OPEN ENROLLMENT PERIOD.—Section 1882(s)(2) (42 U.S.C. 1395ss(s)(2)) is amended—

(1) in subparagraph (B), by striking “subparagraph (C)” and inserting “subparagraphs (C) and (D)”, and

(2) by adding at the end the following new subparagraph:

“(D) In the case of a policy issued during the 6-month period described in subparagraph (A) to an individual who is 65 years of age or older as of the date of issuance and who as of the date of the application for enrollment has a continuous period of creditable coverage (as defined in 2701(c) of the Public Health Service Act) of—

“(i) at least 6 months, the policy may not exclude benefits based on a pre-existing condition; or

“(ii) less than 6 months, if the policy excludes benefits based on a preexisting condition, the policy shall reduce the period of any preexisting condition exclusion by the aggregate of the periods of creditable coverage (if any, as so defined) applicable to the individual as of the enrollment date.

The Secretary shall specify the manner of the reduction under clause (ii), based upon the rules used by the Secretary in carrying out section 2701(a)(3) of such Act.”.

(c) CONFORMING AMENDMENT.—Section 1882(d)(3)(A)(vi)(III) (42 U.S.C. 1395ss(d)(2)(A)(vi)(III)) is amended by inserting “, a policy described in clause (v),” after “Medicare supplemental policy”.

(d) EFFECTIVE DATES.—

(1) **GUARANTEED ISSUE.**—The amendment made by subsection (a) shall take effect on July 1, 1998.

(2) **LIMIT ON PREEXISTING CONDITION EXCLUSIONS.**—The amendment made by subsection (b) shall apply to policies issued on or after July 1, 1998.

(3) **CONFORMING AMENDMENT.**—The amendment made by subsection (c) shall be effective as if included in the enactment of the Health Insurance Portability and Accountability Act of 1996.

(e) **TRANSITION PROVISIONS.**—

42 USC 1395ss
note.

(1) **IN GENERAL.**—If the Secretary of Health and Human Services identifies a State as requiring a change to its statutes or regulations to conform its regulatory program to the changes made by this section, the State regulatory program shall not be considered to be out of compliance with the requirements of section 1882 of the Social Security Act due solely to failure to make such change until the date specified in paragraph (4).

Regulations.

(2) **NAIC STANDARDS.**—If, within 9 months after the date of the enactment of this Act, the National Association of Insurance Commissioners (in this subsection referred to as the “NAIC”) modifies its NAIC Model Regulation relating to section 1882 of the Social Security Act (referred to in such section as the 1991 NAIC Model Regulation, as modified pursuant to section 171(m)(2) of the Social Security Act Amendments of 1994 (Public Law 103-432) and as modified pursuant to section 1882(d)(3)(A)(vi)(IV) of the Social Security Act, as added by section 271(a) of the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191) to conform to the amendments made by this section, such revised regulation incorporating the modifications shall be considered to be the applicable NAIC model regulation (including the revised NAIC model regulation and the 1991 NAIC Model Regulation) for the purposes of such section.

(3) **SECRETARY STANDARDS.**—If the NAIC does not make the modifications described in paragraph (2) within the period specified in such paragraph, the Secretary of Health and Human Services shall make the modifications described in such paragraph and such revised regulation incorporating the modifications shall be considered to be the appropriate Regulation for the purposes of such section.

(4) **DATE SPECIFIED.**—

(A) **IN GENERAL.**—Subject to subparagraph (B), the date specified in this paragraph for a State is the earlier of—

(i) the date the State changes its statutes or regulations to conform its regulatory program to the changes made by this section, or

(ii) 1 year after the date the NAIC or the Secretary first makes the modifications under paragraph (2) or (3), respectively.

(B) **ADDITIONAL LEGISLATIVE ACTION REQUIRED.**—In the case of a State which the Secretary identifies as—

(i) requiring State legislation (other than legislation appropriating funds) to conform its regulatory program to the changes made in this section, but

(ii) having a legislature which is not scheduled to meet in 1999 in a legislative session in which such legislation may be considered, the date specified in this paragraph is the first day of the first calendar quarter beginning after the close of the first legislative session of the State legislature that begins on or after July 1, 1999. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

(f) CONFORMING BENEFITS TO CHANGES IN TERMINOLOGY FOR HOSPITAL OUTPATIENT DEPARTMENT COST SHARING.—For purposes of apply section 1882 of the Social Security Act (42 U.S.C. 1395ss) and regulations referred to in subsection (e), copayment amounts provided under section 1833(t)(5) of such Act with respect to hospital outpatient department services shall be treated under medicare supplemental policies in the same manner as coinsurance with respect to such services.

42 USC 1395ss
note.

SEC. 4032. ADDITION OF HIGH DEDUCTIBLE MEDIGAP POLICIES.

(a) IN GENERAL.—Section 1882(p) (42 U.S.C. 1395ss(p)) is amended—

(1) in paragraph (2)(C), by inserting “plus the 2 plans described in paragraph (11)(A)” after “exceed 10”; and

(2) by adding at the end the following:

“(11)(A) For purposes of paragraph (2), the benefit packages described in this subparagraph are as follows:

“(i) The benefit package classified as ‘F’ under the standards established by such paragraph, except that it has a high deductible feature.

“(ii) The benefit package classified as ‘J’ under the standards established by such paragraph, except that it has a high deductible feature.

“(B) For purposes of subparagraph (A), a high deductible feature is one which—

“(i) requires the beneficiary of the policy to pay annual out-of-pocket expenses (other than premiums) in the amount specified in subparagraph (C) before the policy begins payment of benefits, and

“(ii) covers 100 percent of covered out-of-pocket expenses once such deductible has been satisfied in a year.

“(C) The amount specified in this subparagraph—

“(i) for 1998 and 1999 is \$1,500, and

“(ii) for a subsequent year, is the amount specified in this subparagraph for the previous year increased by the percentage increase in the Consumer Price Index for all urban consumers (all items; U.S. city average) for the 12-month period ending with August of the preceding year.

If any amount determined under clause (ii) is not a multiple of \$10, it shall be rounded to the nearest multiple of \$10.”.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by subsection (a) shall take effect the date of the enactment of this Act.

(2) TRANSITION.—The provisions of section 4031(e) shall apply with respect to this section in the same manner as they apply to section 4031.

42 USC 1395ss
note.

CHAPTER 5—TAX TREATMENT OF HOSPITALS PARTICIPATING IN PROVIDER-SPONSORED ORGANIZATIONS

SEC. 4041. TAX TREATMENT OF HOSPITALS WHICH PARTICIPATE IN PROVIDER-SPONSORED ORGANIZATIONS.

26 USC 501. (a) IN GENERAL.—Section 501 of the Internal Revenue Code of 1986 (relating to exemption from tax on corporations, certain trusts, etc.) is amended by redesignating subsection (o) as subsection (p) and by inserting after subsection (n) the following new subsection:

“(o) TREATMENT OF HOSPITALS PARTICIPATING IN PROVIDER-SPONSORED ORGANIZATIONS.—An organization shall not fail to be treated as organized and operated exclusively for a charitable purpose for purposes of subsection (c)(3) solely because a hospital which is owned and operated by such organization participates in a provider-sponsored organization (as defined in section 1853(e) of the Social Security Act), whether or not the provider-sponsored organization is exempt from tax. For purposes of subsection (c)(3), any person with a material financial interest in such a provider-sponsored organization shall be treated as a private shareholder or individual with respect to the hospital.”

26 USC 501 note. (b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

Subtitle B—Prevention Initiatives

SEC. 4101. SCREENING MAMMOGRAPHY.

(a) PROVIDING ANNUAL SCREENING MAMMOGRAPHY FOR WOMEN OVER AGE 39.—Section 1834(c)(2)(A) (42 U.S.C. 1395m(c)(2)(A)) is amended—

(1) in clause (iii), to read as follows:

“(iii) In the case of a woman over 39 years of age, payment may not be made under this part for screening mammography performed within 11 months following the month in which a previous screening mammography was performed.”; and

(2) by striking clauses (iv) and (v).

(b) WAIVER OF DEDUCTIBLE.—The first sentence of section 1833(b) (42 U.S.C. 1395l(b)) is amended—

(1) by striking “and” before “(4)”, and

(2) by inserting before the period at the end the following: “, and (5) such deductible shall not apply with respect to screening mammography (as described in section 1861(jj))”.

(c) CONFORMING AMENDMENT.—Section 1834(c)(1)(C) (42 U.S.C. 1395m(c)(1)(C)) is amended by striking “, subject to the deductible established under section 1833(b)”,.

42 USC 1395l
note.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to items and services furnished on or after January 1, 1998.

SEC. 4102. SCREENING PAP SMEAR AND PELVIC EXAMS.

(a) COVERAGE OF PELVIC EXAM; INCREASING FREQUENCY OF COVERAGE OF PAP SMEAR.—Section 1861(nn) (42 U.S.C. 1395x(nn)) is amended—

(1) in the heading, by striking “Smear” and inserting “Smear; Screening Pelvic Exam”;

(2) by inserting “or vaginal” after “cervical” each place it appears;

(3) by striking “(nn)” and inserting “(nn)(1)”;

(4) by striking “3 years” and all that follows and inserting “3 years, or during the preceding year in the case of a woman described in paragraph (3).”; and

(5) by adding at the end the following new paragraphs:

“(2) The term ‘screening pelvic exam’ means a pelvic examination provided to a woman if the woman involved has not had such an examination during the preceding 3 years, or during the preceding year in the case of a woman described in paragraph (3), and includes a clinical breast examination.

“(3) A woman described in this paragraph is a woman who—

“(A) is of childbearing age and has had a test described in this subsection during any of the preceding 3 years that indicated the presence of cervical or vaginal cancer or other abnormality; or

“(B) is at high risk of developing cervical or vaginal cancer (as determined pursuant to factors identified by the Secretary).”.

(b) **WAIVER OF DEDUCTIBLE.**—The first sentence of section 1833(b) (42 U.S.C. 1395l(b)), as amended by section 4101(b), is amended—

(1) by striking “and” before “(5)”, and

(2) by inserting before the period at the end the following: “, and (6) such deductible shall not apply with respect to screening pap smear and screening pelvic exam (as described in section 1861(nn))”.

(c) **CONFORMING AMENDMENTS.**—Sections 1861(s)(14) and 1862(a)(1)(F) (42 U.S.C. 1395x(s)(14), 1395y(a)(1)(F)) are each amended by inserting “and screening pelvic exam” after “screening pap smear”.

(d) **PAYMENT UNDER PHYSICIAN FEE SCHEDULE.**—Section 1848(j)(3) (42 U.S.C. 1395w-4(j)(3)) is amended by striking “and (4)” and inserting “(4) and (14) (with respect to services described in section 1861(nn)(2))”.

(e) **EFFECTIVE DATE.**—The amendments made by this section shall apply to items and services furnished on or after January 1, 1998. 42 USC 1395l note.

SEC. 4103. PROSTATE CANCER SCREENING TESTS.

(a) **COVERAGE.**—Section 1861 (42 U.S.C. 1395x) is amended—

(1) in subsection (s)(2)—

(A) by striking “and” at the end of subparagraphs (N) and (O), and

(B) by inserting after subparagraph (O) the following new subparagraph:

“(P) prostate cancer screening tests (as defined in subsection (oo)); and”; and

(2) by adding at the end the following new subsection:

“Prostate Cancer Screening Tests

“(oo)(1) The term ‘prostate cancer screening test’ means a test that consists of any (or all) of the procedures described in paragraph (2) provided for the purpose of early detection of prostate cancer to a man over 50 years of age who has not had such a test during the preceding year.

“(2) The procedures described in this paragraph are as follows:

“(A) A digital rectal examination.

“(B) A prostate-specific antigen blood test.

“(C) For years beginning after 2002, such other procedures as the Secretary finds appropriate for the purpose of early detection of prostate cancer, taking into account changes in technology and standards of medical practice, availability, effectiveness, costs, and such other factors as the Secretary considers appropriate.”

(b) PAYMENT FOR PROSTATE-SPECIFIC ANTIGEN BLOOD TEST UNDER CLINICAL DIAGNOSTIC LABORATORY TEST FEE SCHEDULES.—Section 1833(h)(1)(A) (42 U.S.C. 1395l(h)(1)(A)) is amended by inserting after “laboratory tests” the following: “(including prostate cancer screening tests under section 1861(o) consisting of prostate-specific antigen blood tests)”.

(c) CONFORMING AMENDMENT.—Section 1862(a) (42 U.S.C. 1395y(a)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (E), by striking “and” at the end,

(B) in subparagraph (F), by striking the semicolon at the end and inserting “, and”, and

(C) by adding at the end the following new subparagraph:

“(G) in the case of prostate cancer screening tests (as defined in section 1861(o)), which are performed more frequently than is covered under such section;” and

(2) in paragraph (7), by striking “paragraph (1)(B) or under paragraph (1)(F)” and inserting “subparagraphs (B), (F), or (G) of paragraph (1)”.

(d) PAYMENT UNDER PHYSICIAN FEE SCHEDULE.—Section 1848(j)(3) (42 U.S.C. 1395w-4(j)(3)), as amended by section 4102, is amended by inserting “, (2)(P) (with respect to services described in subparagraphs (A) and (C) of section 1861(o)(2),” after “(2)(G)”

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to items and services furnished on or after January 1, 2000.

42 USC 1395l
note.

SEC. 4104. COVERAGE OF COLORECTAL SCREENING.

(a) COVERAGE.—

(1) IN GENERAL.—Section 1861 (42 U.S.C. 1395x), as amended by section 4103(a), is amended—

(A) in subsection (s)(2)—

(i) by striking “and” at the end of subparagraph

(P);

(ii) by adding “and” at the end of subparagraph

(Q); and

(iii) by adding at the end the following new subparagraph:

“(R) colorectal cancer screening tests (as defined in subsection (pp)); and”; and

(B) by adding at the end the following new subsection:

“Colorectal Cancer Screening Tests

“(pp)(1) The term ‘colorectal cancer screening test’ means any of the following procedures furnished to an individual for the purpose of early detection of colorectal cancer:

“(A) Screening fecal-occult blood test.

“(B) Screening flexible sigmoidoscopy.

“(C) In the case of an individual at high risk for colorectal cancer, screening colonoscopy.

“(D) Such other tests or procedures, and modifications to tests and procedures under this subsection, with such frequency and payment limits, as the Secretary determines appropriate, in consultation with appropriate organizations.

“(2) In paragraph (1)(C), an ‘individual at high risk for colorectal cancer’ is an individual who, because of family history, prior experience of cancer or precursor neoplastic polyps, a history of chronic digestive disease condition (including inflammatory bowel disease, Crohn’s Disease, or ulcerative colitis), the presence of any appropriate recognized gene markers for colorectal cancer, or other predisposing factors, faces a high risk for colorectal cancer.”.

(2) DEADLINE FOR PUBLICATION OF DETERMINATION ON COVERAGE OF SCREENING BARIUM ENEMA.—Not later than the earlier of the date that is January 1, 1998, or 90 days after the date of the enactment of this Act, the Secretary of Health and Human Services shall publish notice in the Federal Register with respect to the determination under paragraph (1)(D) of section 1861(pp) of the Social Security Act (42 U.S.C. 1395x(pp)), as added by paragraph (1), on the coverage of a screening barium enema as a colorectal cancer screening test under such section.

Federal Register,
publication.
42 USC 1395x
note.

(b) FREQUENCY LIMITS AND PAYMENT.—

(1) IN GENERAL.—Section 1834 (42 U.S.C. 1395m) is amended by inserting after subsection (c) the following new subsection:

“(d) FREQUENCY LIMITS AND PAYMENT FOR COLORECTAL CANCER SCREENING TESTS.—

“(1) SCREENING FECAL-OCCULT BLOOD TESTS.—

“(A) PAYMENT AMOUNT.—The payment amount for colorectal cancer screening tests consisting of screening fecal-occult blood tests is equal to the payment amount established for diagnostic fecal-occult blood tests under section 1833(h).

“(B) FREQUENCY LIMIT.—No payment may be made under this part for a colorectal cancer screening test consisting of a screening fecal-occult blood test—

“(i) if the individual is under 50 years of age;

or

“(ii) if the test is performed within the 11 months after a previous screening fecal-occult blood test.

“(2) SCREENING FLEXIBLE SIGMOIDOSCOPIES.—

“(A) FEE SCHEDULE.—With respect to colorectal cancer screening tests consisting of screening flexible sigmoidoscopies, payment under section 1848 shall be consistent with payment under such section for similar or related services.

“(B) PAYMENT LIMIT.—In the case of screening flexible sigmoidoscopy services, payment under this part shall not exceed such amount as the Secretary specifies, based upon the rates recognized for diagnostic flexible sigmoidoscopy services.

“(C) FACILITY PAYMENT LIMIT.—

“(i) IN GENERAL.—Notwithstanding subsections (i)(2)(A) and (t) of section 1833, in the case of screening

flexible sigmoidoscopy services furnished on or after January 1, 1999, that—

“(I) in accordance with regulations, may be performed in an ambulatory surgical center and for which the Secretary permits ambulatory surgical center payments under this part, and

“(II) are performed in an ambulatory surgical center or hospital outpatient department, payment under this part shall be based on the lesser of the amount under the fee schedule that would apply to such services if they were performed in a hospital outpatient department in an area or the amount under the fee schedule that would apply to such services if they were performed in an ambulatory surgical center in the same area.

“(ii) LIMITATION ON DEDUCTIBLE AND COINSURANCE.—Notwithstanding any other provision of this title, in the case of a beneficiary who receives the services described in clause (i)—

“(I) in computing the amount of any applicable deductible or copayment, the computation of such deductible or coinsurance shall be based upon the fee schedule under which payment is made for the services, and

“(II) the amount of such coinsurance is equal to 25 percent of the payment amount under the fee schedule described in subclause (I).

“(D) SPECIAL RULE FOR DETECTED LESIONS.—If during the course of such screening flexible sigmoidoscopy, a lesion or growth is detected which results in a biopsy or removal of the lesion or growth, payment under this part shall not be made for the screening flexible sigmoidoscopy but shall be made for the procedure classified as a flexible sigmoidoscopy with such biopsy or removal.

“(E) FREQUENCY LIMIT.—No payment may be made under this part for a colorectal cancer screening test consisting of a screening flexible sigmoidoscopy—

“(i) if the individual is under 50 years of age;

or

“(ii) if the procedure is performed within the 47 months after a previous screening flexible sigmoidoscopy.

“(3) SCREENING COLONOSCOPY FOR INDIVIDUALS AT HIGH RISK FOR COLORECTAL CANCER.—

“(A) FEE SCHEDULE.—With respect to colorectal cancer screening test consisting of a screening colonoscopy for individuals at high risk for colorectal cancer (as defined in section 1861(pp)(2)), payment under section 1848 shall be consistent with payment amounts under such section for similar or related services.

“(B) PAYMENT LIMIT.—In the case of screening colonoscopy services, payment under this part shall not exceed such amount as the Secretary specifies, based upon the rates recognized for diagnostic colonoscopy services.

“(C) FACILITY PAYMENT LIMIT.—

“(i) IN GENERAL.—Notwithstanding subsections (i)(2)(A) and (t) of section 1833, in the case of screening

colonoscopy services furnished on or after January 1, 1999, that are performed in an ambulatory surgical center or a hospital outpatient department, payment under this part shall be based on the lesser of the amount under the fee schedule that would apply to such services if they were performed in a hospital outpatient department in an area or the amount under the fee schedule that would apply to such services if they were performed in an ambulatory surgical center in the same area.

“(ii) LIMITATION ON DEDUCTIBLE AND COINSURANCE.—Notwithstanding any other provision of this title, in the case of a beneficiary who receives the services described in clause (i)—

“(I) in computing the amount of any applicable deductible or coinsurance, the computation of such deductible or coinsurance shall be based upon the fee schedule under which payment is made for the services, and

“(II) the amount of such coinsurance is equal to 25 percent of the payment amount under the fee schedule described in subclause (I).

“(D) SPECIAL RULE FOR DETECTED LESIONS.—If during the course of such screening colonoscopy, a lesion or growth is detected which results in a biopsy or removal of the lesion or growth, payment under this part shall not be made for the screening colonoscopy but shall be made for the procedure classified as a colonoscopy with such biopsy or removal.

“(E) FREQUENCY LIMIT.—No payment may be made under this part for a colorectal cancer screening test consisting of a screening colonoscopy for individuals at high risk for colorectal cancer if the procedure is performed within the 23 months after a previous screening colonoscopy.”.

(c) CONFORMING AMENDMENTS.—(1) Paragraphs (1)(D) and (2)(D) of section 1833(a) (42 U.S.C. 1395l(a)) are each amended by inserting “or section 1834(d)(1)” after “subsection (h)(1)”.

(2) Section 1833(h)(1)(A) (42 U.S.C. 1395l(h)(1)(A)) is amended by striking “The Secretary” and inserting “Subject to section 1834(d)(1), the Secretary”.

(3) Section 1862(a) (42 U.S.C. 1395y(a)), as amended by section 4103(c), is amended—

(A) in paragraph (1)—

(i) in subparagraph (F), by striking “and” at the end,

(ii) in subparagraph (G), by striking the semicolon at the end and inserting “, and”, and

(iii) by adding at the end the following new subparagraph:

“(H) in the case of colorectal cancer screening tests, which are performed more frequently than is covered under section 1834(d);”, and

(B) in paragraph (7), by striking “or (G)” and inserting “(G), or (H)”.

(d) PAYMENT UNDER PHYSICIAN FEE SCHEDULE.—Section 1848(j)(3) (42 U.S.C. 1395w-4(j)(3)), as amended by sections 4102 and 4103, is amended by inserting “(2)(R) (with respect to services

42 USC 1395l
note.

described in subparagraphs (B) , (C), and (D) of section 1861(pp)(1)),” before “(3)”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to items and services furnished on or after January 1, 1998.

SEC. 4105. DIABETES SELF-MANAGEMENT BENEFITS.

(a) COVERAGE OF DIABETES OUTPATIENT SELF-MANAGEMENT TRAINING SERVICES.—

(1) IN GENERAL.—Section 1861 (42 U.S.C. 1395x), as amended by sections 4103(a) and 4104(a), is amended—

(A) in subsection (s)(2)—

(i) by striking “and” at the end of subparagraph (Q);

(ii) by adding “and” at the end of subparagraph (R); and

(iii) by adding at the end the following new subparagraph:

“(S) diabetes outpatient self-management training services (as defined in subsection (qq)); and”; and

(B) by adding at the end the following new subsection:

“Diabetes Outpatient Self-Management Training Services

“(qq)(1) The term ‘diabetes outpatient self-management training services’ means educational and training services furnished (at such times as the Secretary determines appropriate) to an individual with diabetes by a certified provider (as described in paragraph (2)(A)) in an outpatient setting by an individual or entity who meets the quality standards described in paragraph (2)(B), but only if the physician who is managing the individual’s diabetic condition certifies that such services are needed under a comprehensive plan of care related to the individual’s diabetic condition to ensure therapy compliance or to provide the individual with necessary skills and knowledge (including skills related to the self-administration of injectable drugs) to participate in the management of the individual’s condition.

“(2) In paragraph (1)—

“(A) a ‘certified provider’ is a physician, or other individual or entity designated by the Secretary, that, in addition to providing diabetes outpatient self-management training services, provides other items or services for which payment may be made under this title; and

“(B) a physician, or such other individual or entity, meets the quality standards described in this paragraph if the physician, or individual or entity, meets quality standards established by the Secretary, except that the physician or other individual or entity shall be deemed to have met such standards if the physician or other individual or entity meets applicable standards originally established by the National Diabetes Advisory Board and subsequently revised by organizations who participated in the establishment of standards by such Board, or is recognized by an organization that represents individuals (including individuals under this title) with diabetes as meeting standards for furnishing the services.”.

(2) PAYMENT UNDER PHYSICIAN FEE SCHEDULE.—Section 1848(j)(3) (42 U.S.C. 1395w-4(j)(3)) as amended in sections

4102, 4103, and 4104, is amended by inserting “(2)(S),” before “(3).”

(3) CONSULTATION WITH ORGANIZATIONS IN ESTABLISHING PAYMENT AMOUNTS FOR SERVICES PROVIDED BY PHYSICIANS.—In establishing payment amounts under section 1848 of the Social Security Act for physicians’ services consisting of diabetes outpatient self-management training services, the Secretary of Health and Human Services shall consult with appropriate organizations, including such organizations representing individuals or medicare beneficiaries with diabetes.

42 USC 1395w-4
note.

(b) BLOOD-TESTING STRIPS FOR INDIVIDUALS WITH DIABETES.—

(1) INCLUDING STRIPS AND MONITORS AS DURABLE MEDICAL EQUIPMENT.—The first sentence of section 1861(n) (42 U.S.C. 1395x(n)) is amended by inserting before the semicolon the following: “, and includes blood-testing strips and blood glucose monitors for individuals with diabetes without regard to whether the individual has Type I or Type II diabetes or to the individual’s use of insulin (as determined under standards established by the Secretary in consultation with the appropriate organizations)”.

(2) 10 PERCENT REDUCTION IN PAYMENTS FOR TESTING STRIPS.—Section 1834(a)(2)(B)(iv) (42 U.S.C. 1395m(a)(2)(B)(iv)) is amended by adding before the period the following: “(reduced by 10 percent, in the case of a blood glucose testing strip furnished after 1997 for an individual with diabetes)”.

(c) ESTABLISHMENT OF OUTCOME MEASURES FOR BENEFICIARIES WITH DIABETES.—

42 USC 1395x
note.

(1) IN GENERAL.—The Secretary of Health and Human Services, in consultation with appropriate organizations, shall establish outcome measures, including glycosylated hemoglobin (past 90-day average blood sugar levels), for purposes of evaluating the improvement of the health status of medicare beneficiaries with diabetes mellitus.

(2) RECOMMENDATIONS FOR MODIFICATIONS TO SCREENING BENEFITS.—Taking into account information on the health status of medicare beneficiaries with diabetes mellitus as measured under the outcome measures established under paragraph (1), the Secretary shall from time to time submit recommendations to Congress regarding modifications to the coverage of services for such beneficiaries under the medicare program.

(d) EFFECTIVE DATE.—

42 USC 1395m
note.

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to items and services furnished on or after July 1, 1998.

(2) TESTING STRIPS.—The amendment made by subsection (b)(2) shall apply with respect to blood glucose testing strips furnished on or after January 1, 1998.

SEC. 4106. STANDARDIZATION OF MEDICARE COVERAGE OF BONE MASS MEASUREMENTS.

(a) IN GENERAL.—Section 1861 (42 U.S.C. 1395x), as amended by sections 4103(a), 4104(a), and 4105(a), is amended—

(1) in subsection (s)—

(A) in paragraph (12)(C), by striking “and” at the end,

(B) by striking the period at the end of paragraph

(14) and inserting “; and”,

(C) by redesignating paragraphs (15) and (16) as paragraphs (16) and (17), respectively, and

(D) by inserting after paragraph (14) the following new paragraph:

“(15) bone mass measurement (as defined in subsection (rr)).”; and

(2) by inserting after subsection (qq) the following new subsection:

“Bone Mass Measurement

“(rr)(1) The term ‘bone mass measurement’ means a radiologic or radioisotopic procedure or other procedure approved by the Food and Drug Administration performed on a qualified individual (as defined in paragraph (2)) for the purpose of identifying bone mass or detecting bone loss or determining bone quality, and includes a physician’s interpretation of the results of the procedure.

Regulations.

“(2) For purposes of this subsection, the term ‘qualified individual’ means an individual who is (in accordance with regulations prescribed by the Secretary)—

“(A) an estrogen-deficient woman at clinical risk for osteoporosis;

“(B) an individual with vertebral abnormalities;

“(C) an individual receiving long-term glucocorticoid steroid therapy;

“(D) an individual with primary hyperparathyroidism; or

“(E) an individual being monitored to assess the response to or efficacy of an approved osteoporosis drug therapy.

“(3) The Secretary shall establish such standards regarding the frequency with which a qualified individual shall be eligible to be provided benefits for bone mass measurement under this title.”.

(b) PAYMENT UNDER PHYSICIAN FEE SCHEDULE.—Section 1848(j)(3) (42 U.S.C. 1395w-4(j)(3)), as amended by sections 4102, 4103, 4104 and 4105, is amended—

(1) by striking “(4) and (14)” and inserting “(4), (14)” and

(2) by inserting “and (15)” after “1861(nn)(2)”.

(c) CONFORMING AMENDMENTS.—Sections 1864(a), 1902(a)(9)(C), and 1915(a)(1)(B)(ii)(I) (42 U.S.C. 1395aa(a), 1396a(a)(9)(C), and 1396n(a)(1)(B)(ii)(I)) are amended by striking “paragraphs (15) and (16)” each place it appears and inserting “paragraphs (16) and (17)”.

42 USC 1395x
note.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to bone mass measurements performed on or after July 1, 1998.

42 USC 1395x
note.

SEC. 4107. VACCINES OUTREACH EXPANSION.

(a) EXTENSION OF INFLUENZA AND PNEUMOCOCCAL VACCINATION CAMPAIGN.—In order to increase utilization of pneumococcal and influenza vaccines in medicare beneficiaries, the Influenza and Pneumococcal Vaccination Campaign carried out by the Health Care Financing Administration in conjunction with the Centers for Disease Control and Prevention and the National Coalition for Adult Immunization, is extended until the end of fiscal year 2002.

(b) AUTHORIZATION OF APPROPRIATION.—There are hereby authorized to be appropriated for each of fiscal years 1998 through 2002, \$8,000,000 for the Campaign described in subsection (a).

Of the amount so authorized to be appropriated in each fiscal year, 60 percent of the amount so appropriated shall be payable from the Federal Hospital Insurance Trust Fund, and 40 percent shall be payable from the Federal Supplementary Medical Insurance Trust Fund.

SEC. 4108. STUDY ON PREVENTIVE AND ENHANCED BENEFITS.

42 USC 1395x
note.

(a) **STUDY.**—The Secretary of Health and Human Services shall request the National Academy of Sciences, and as appropriate in conjunction with the United States Preventive Services Task Force, to analyze the expansion or modification of preventive or other benefits provided to medicare beneficiaries under title XVIII of the Social Security Act. The analysis shall consider both the short term and long term benefits, and costs to the medicare program, of such expansion or modification.

(b) **REPORT.**—

(1) **INITIAL REPORT.**—Not later than 2 years after the date of the enactment of this Act, the Secretary shall submit a report on the findings of the analysis conducted under subsection (a) to the Committee on Ways and Means and the Committee on Commerce of the House of Representatives and the Committee on Finance of the Senate.

(2) **CONTENTS.**—Such report shall include specific findings with respect to coverage of at least the following benefits:

(A) Nutrition therapy services, including parenteral and enteral nutrition and including the provision of such services by a registered dietitian.

(B) Skin cancer screening.

(C) Medically necessary dental care.

(D) Routine patient care costs for beneficiaries enrolled in approved clinical trial programs.

(E) Elimination of time limitation for coverage of immunosuppressive drugs for transplant patients.

(3) **FUNDING.**—From funds appropriated to the Department of Health and Human Services for fiscal years 1998 and 1999, the Secretary shall provide for such funding as the Secretary determines necessary for the conduct of the study by the National Academy of Sciences under this section.

Subtitle C—Rural Initiatives

SEC. 4201. MEDICARE RURAL HOSPITAL FLEXIBILITY PROGRAM.

(a) **MEDICARE RURAL HOSPITAL FLEXIBILITY PROGRAM.**—Section 1820 (42 U.S.C. 1395i-4) is amended to read as follows:

“MEDICARE RURAL HOSPITAL FLEXIBILITY PROGRAM

“SEC. 1820. (a) **ESTABLISHMENT.**—Any State that submits an application in accordance with subsection (b) may establish a medicare rural hospital flexibility program described in subsection (c).

“(b) **APPLICATION.**—A State may establish a medicare rural hospital flexibility program described in subsection (c) if the State submits to the Secretary at such time and in such form as the Secretary may require an application containing—

“(1) assurances that the State—

“(A) has developed, or is in the process of developing, a State rural health care plan that—

“(i) provides for the creation of 1 or more rural health networks (as defined in subsection (d)) in the State;

“(ii) promotes regionalization of rural health services in the State; and

“(iii) improves access to hospital and other health services for rural residents of the State; and

“(B) has developed the rural health care plan described in subparagraph (A) in consultation with the hospital association of the State, rural hospitals located in the State, and the State Office of Rural Health (or, in the case of a State in the process of developing such plan, that assures the Secretary that the State will consult with its State hospital association, rural hospitals located in the State, and the State Office of Rural Health in developing such plan);

“(2) assurances that the State has designated (consistent with the rural health care plan described in paragraph (1)(A)), or is in the process of so designating, rural nonprofit or public hospitals or facilities located in the State as critical access hospitals; and

“(3) such other information and assurances as the Secretary may require.

“(c) MEDICARE RURAL HOSPITAL FLEXIBILITY PROGRAM DESCRIBED.—

“(1) IN GENERAL.—A State that has submitted an application in accordance with subsection (b), may establish a medicare rural hospital flexibility program that provides that—

“(A) the State shall develop at least 1 rural health network (as defined in subsection (d)) in the State; and

“(B) at least 1 facility in the State shall be designated as a critical access hospital in accordance with paragraph (2).

“(2) STATE DESIGNATION OF FACILITIES.—

“(A) IN GENERAL.—A State may designate 1 or more facilities as a critical access hospital in accordance with subparagraph (B).

“(B) CRITERIA FOR DESIGNATION AS CRITICAL ACCESS HOSPITAL.—A State may designate a facility as a critical access hospital if the facility—

“(i) is a nonprofit or public hospital and is located in a county (or equivalent unit of local government) in a rural area (as defined in section 1886(d)(2)(D)) that—

“(I) is located more than a 35-mile drive (or, in the case of mountainous terrain or in areas with only secondary roads available, a 15-mile drive) from a hospital, or another facility described in this subsection; or

“(II) is certified by the State as being a necessary provider of health care services to residents in the area;

“(ii) makes available 24-hour emergency care services that a State determines are necessary for ensuring access to emergency care services in each area served by a critical access hospital;

“(iii) provides not more than 15 (or, in the case of a facility under an agreement described in subsection (f), 25) acute care inpatient beds (meeting such standards as the Secretary may establish) for providing inpatient care for a period not to exceed 96 hours (unless a longer period is required because transfer to a hospital is precluded because of inclement weather or other emergency conditions), except that a peer review organization or equivalent entity may, on request, waive the 96-hour restriction on a case-by-case basis;

“(iv) meets such staffing requirements as would apply under section 1861(e) to a hospital located in a rural area, except that—

“(I) the facility need not meet hospital standards relating to the number of hours during a day, or days during a week, in which the facility must be open and fully staffed, except insofar as the facility is required to make available emergency care services as determined under clause (ii) and must have nursing services available on a 24-hour basis, but need not otherwise staff the facility except when an inpatient is present;

“(II) the facility may provide any services otherwise required to be provided by a full-time, on site dietitian, pharmacist, laboratory technician, medical technologist, and radiological technologist on a part-time, off site basis under arrangements as defined in section 1861(w)(1); and

“(III) the inpatient care described in clause (iii) may be provided by a physician assistant, nurse practitioner, or clinical nurse specialist subject to the oversight of a physician who need not be present in the facility; and

“(v) meets the requirements of section 1861(aa)(2)(I).

“(d) DEFINITION OF RURAL HEALTH NETWORK.—

“(1) IN GENERAL.—In this section, the term ‘rural health network’ means, with respect to a State, an organization consisting of—

“(A) at least 1 facility that the State has designated or plans to designate as a critical access hospital; and

“(B) at least 1 hospital that furnishes acute care services.

“(2) AGREEMENTS.—

“(A) IN GENERAL.—Each critical access hospital that is a member of a rural health network shall have an agreement with respect to each item described in subparagraph (B) with at least 1 hospital that is a member of the network.

“(B) ITEMS DESCRIBED.—The items described in this subparagraph are the following:

“(i) Patient referral and transfer.

“(ii) The development and use of communications systems including (where feasible)—

“(I) telemetry systems; and

“(II) systems for electronic sharing of patient data.

“(iii) The provision of emergency and non-emergency transportation among the facility and the hospital.

“(C) CREDENTIALING AND QUALITY ASSURANCE.—Each critical access hospital that is a member of a rural health network shall have an agreement with respect to credentialing and quality assurance with at least—

“(i) 1 hospital that is a member of the network;

“(ii) 1 peer review organization or equivalent entity; or

“(iii) 1 other appropriate and qualified entity identified in the State rural health care plan.

“(e) CERTIFICATION BY THE SECRETARY.—The Secretary shall certify a facility as a critical access hospital if the facility—

“(1) is located in a State that has established a medicare rural hospital flexibility program in accordance with subsection (c);

“(2) is designated as a critical access hospital by the State in which it is located; and

“(3) meets such other criteria as the Secretary may require.

“(f) PERMITTING MAINTENANCE OF SWING BEDS.—Nothing in this section shall be construed to prohibit a State from designating or the Secretary from certifying a facility as a critical access hospital solely because, at the time the facility applies to the State for designation as a critical access hospital, there is in effect an agreement between the facility and the Secretary under section 1883 under which the facility’s inpatient hospital facilities are used for the provision of extended care services, so long as the total number of beds that may be used at any time for the furnishing of either such services or acute care inpatient services does not exceed 25 beds and the number of beds used at any time for acute care inpatient services does not exceed 15 beds. For purposes of the previous sentence, any bed of a unit of the facility that is licensed as a distinct-part skilled nursing facility at the time the facility applies to the State for designation as a critical access hospital shall not be counted.

“(g) GRANTS.—

“(1) MEDICARE RURAL HOSPITAL FLEXIBILITY PROGRAM.—The Secretary may award grants to States that have submitted applications in accordance with subsection (b) for—

“(A) engaging in activities relating to planning and implementing a rural health care plan;

“(B) engaging in activities relating to planning and implementing rural health networks; and

“(C) designating facilities as critical access hospitals.

“(2) RURAL EMERGENCY MEDICAL SERVICES.—

“(A) IN GENERAL.—The Secretary may award grants to States that have submitted applications in accordance with subparagraph (B) for the establishment or expansion of a program for the provision of rural emergency medical services.

“(B) APPLICATION.—An application is in accordance with this subparagraph if the State submits to the Secretary at such time and in such form as the Secretary may require an application containing the assurances

described in subparagraphs (A)(ii), (A)(iii), and (B) of subsection (b)(1) and paragraph (3) of that subsection.

“(h) GRANDFATHERING OF CERTAIN FACILITIES.—

“(1) IN GENERAL.—Any medical assistance facility operating in Montana and any rural primary care hospital designated by the Secretary under this section prior to the date of the enactment of the Balanced Budget Act of 1997 shall be deemed to have been certified by the Secretary under subsection (e) as a critical access hospital if such facility or hospital is otherwise eligible to be designated by the State as a critical access hospital under subsection (c).

“(2) CONTINUATION OF MEDICAL ASSISTANCE FACILITY AND RURAL PRIMARY CARE HOSPITAL TERMS.—Notwithstanding any other provision of this title, with respect to any medical assistance facility or rural primary care hospital described in paragraph (1), any reference in this title to a ‘critical access hospital’ shall be deemed to be a reference to a ‘medical assistance facility’ or ‘rural primary care hospital’.

“(i) WAIVER OF CONFLICTING PART A PROVISIONS.—The Secretary is authorized to waive such provisions of this part and part D as are necessary to conduct the program established under this section.

“(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated from the Federal Hospital Insurance Trust Fund for making grants to all States under subsection (g), \$25,000,000 in each of the fiscal years 1998 through 2002.”.

(b) REPORT ON ALTERNATIVE TO 96-HOUR RULE.—Not later than June 1, 1998, the Secretary of Health and Human Services shall submit to Congress a report on the feasibility of, and administrative requirements necessary to establish an alternative for certain medical diagnoses (as determined by the Secretary) to the 96-hour limitation for inpatient care in critical access hospitals required by section 1820(c)(2)(B)(iii) of the Social Security Act (42 U.S.C. 1395i-4(c)(2)(B)(iii)), as added by subsection (a) of this section.

(c) CONFORMING AMENDMENTS RELATING TO RURAL PRIMARY CARE HOSPITALS AND CRITICAL ACCESS HOSPITALS.—

(1) IN GENERAL.—Title XI of the Social Security Act (42 U.S.C. 1301 et seq.) and title XVIII of that Act (42 U.S.C. 1395 et seq.) are each amended by striking “rural primary care” each place it appears and inserting “critical access”.

(2) DEFINITIONS.—Section 1861(mm) of the Social Security Act (42 U.S.C. 1395x(mm)) is amended to read as follows:

“CRITICAL ACCESS HOSPITAL; CRITICAL ACCESS HOSPITAL SERVICES

“(mm)(1) The term ‘critical access hospital’ means a facility certified by the Secretary as a critical access hospital under section 1820(e).

“(2) The term ‘inpatient critical access hospital services’ means items and services, furnished to an inpatient of a critical access hospital by such facility, that would be inpatient hospital services if furnished to an inpatient of a hospital by a hospital.

“(3) The term ‘outpatient critical access hospital services’ means medical and other health services furnished by a critical access hospital on an outpatient basis.”.

(3) PART A PAYMENT.—Section 1814 of the Social Security Act (42 U.S.C. 1395f) is amended—

- (A) in subsection (a)(8), by striking “72” and inserting “96”; and
 (B) by amending subsection (l) to read as follows:

“Payment for Inpatient Critical Access Hospital Services

“(l) The amount of payment under this part for inpatient critical access hospital services is the reasonable costs of the critical access hospital in providing such services.”.

(4) PAYMENT CONTINUED TO DESIGNATED EACHS.—Section 1886(d)(5)(D) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(D)) is amended—

- (A) in clause (iii)(III), by inserting “as in effect on September 30, 1997” before the period at the end; and
 (B) in clause (v)—

(i) by inserting “as in effect on September 30, 1997” after “1820(i)(1)”; and

(ii) by striking “1820(g)” and inserting “1820(d)”.

(5) PART B PAYMENT.—Section 1834(g) of the Social Security Act (42 U.S.C. 1395m(g)) is amended to read as follows:

“(g) PAYMENT FOR OUTPATIENT CRITICAL ACCESS HOSPITAL SERVICES.—The amount of payment under this part for outpatient critical access hospital services is the reasonable costs of the critical access hospital in providing such services.”.

(6) TRANSITION FOR MAF.—

(A) IN GENERAL.—The Secretary of Health and Human Services shall provide for an appropriate transition for a facility that, as of the date of the enactment of this Act, operated as a limited service rural hospital under a demonstration described in section 4008(i)(1) of the Omnibus Budget Reconciliation Act of 1990 (42 U.S.C. 1395b–1 note) from such demonstration to the program established under subsection (a). At the conclusion of the transition period described in subparagraph (B), the Secretary shall end such demonstration.

(B) TRANSITION PERIOD DESCRIBED.—

(i) INITIAL PERIOD.—Subject to clause (ii), the transition period described in this subparagraph is the period beginning on the date of the enactment of this Act and ending on October 1, 1998.

(ii) EXTENSION.—If the Secretary determines that the transition is not complete as of October 1, 1998, the Secretary shall provide for an appropriate extension of the transition period.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to services furnished on or after October 1, 1997.

SEC. 4202. PROHIBITING DENIAL OF REQUEST BY RURAL REFERRAL CENTERS FOR RECLASSIFICATION ON BASIS OF COMPARABILITY OF WAGES.

(a) IN GENERAL.—Section 1886(d)(10)(D) (42 U.S.C. 1395ww(d)(10)(D)) is amended—

(1) by redesignating clause (iii) as clause (iv); and

(2) by inserting after clause (ii) the following new clause:

“(iii) Under the guidelines published by the Secretary under clause (i), in the case of a hospital which has ever been classified by the Secretary as a rural referral center under paragraph (5)(C), the Board may not reject the application of the hospital under

42 USC 1395i–4
note.

42 USC 1395f
note.

this paragraph on the basis of any comparison between the average hourly wage of the hospital and the average hourly wage of hospitals in the area in which it is located.”

(b) CONTINUING TREATMENT OF PREVIOUSLY DESIGNATED CENTERS.—

42 USC 1395ww
note.

(1) IN GENERAL.—Any hospital classified as a rural referral center by the Secretary of Health and Human Services under section 1886(d)(5)(C) of the Social Security Act for fiscal year 1991 shall be classified as such a rural referral center for fiscal year 1998 and each subsequent fiscal year.

(2) BUDGET NEUTRALITY.—The provisions of section 1886(d)(8)(D) of the Social Security Act shall apply to reclassifications made pursuant to paragraph (1) in the same manner as such provisions apply to a reclassification under section 1886(d)(10) of such Act.

SEC. 4203. HOSPITAL GEOGRAPHIC RECLASSIFICATION PERMITTED FOR PURPOSES OF DISPROPORTIONATE SHARE PAYMENT ADJUSTMENTS.

42 USC 1395ww
note.

(a) IN GENERAL.—For the period described in subsection (c), the Medicare Geographic Classification Review Board shall consider the application under section 1886(d)(10)(C)(i) of the Social Security Act (42 U.S.C. 1395ww(d)(10)(C)(i)) of a hospital described in 1886(d)(1)(B) of such Act (42 U.S.C. 1395ww(d)(1)(B)) to change the hospital's geographic classification for purposes of determining for a fiscal year eligibility for and amount of additional payment amounts under section 1886(d)(5)(F) of such Act (42 U.S.C. 1395ww(d)(5)(F)).

(b) APPLICABLE GUIDELINES.—The Medicare Geographic Classification Review Board shall apply the guidelines established for reclassification under subclause (I) of section 1886(d)(10)(C)(i) of such Act to reclassification by reason of subsection (a) until the Secretary of Health and Human Services promulgates separate guidelines for such reclassification.

(c) PERIOD DESCRIBED.—The period described in this subsection is the period beginning on the date of the enactment of this Act and ending 30 months after such date.

SEC. 4204. MEDICARE-DEPENDENT, SMALL RURAL HOSPITAL PAYMENT EXTENSION.

(a) SPECIAL TREATMENT EXTENDED.—

(1) PAYMENT METHODOLOGY.—Section 1886(d)(5)(G) (42 U.S.C. 1395ww(d)(5)(G)) is amended—

(A) in clause (i), by striking “October 1, 1994,” and inserting “October 1, 1994, or beginning on or after October 1, 1997, and before October 1, 2001,”; and

(B) in clause (ii)(II), by striking “October 1, 1994,” and inserting “October 1, 1994, or beginning on or after October 1, 1997, and before October 1, 2001,”.

(2) EXTENSION OF TARGET AMOUNT.—Section 1886(b)(3)(D) (42 U.S.C. 1395ww(b)(3)(D)) is amended—

(A) in the matter preceding clause (i), by striking “September 30, 1994,” and inserting “September 30, 1994, and for cost reporting periods beginning on or after October 1, 1997, and before October 1, 2001,”;

(B) in clause (ii), by striking “and” at the end;

(C) in clause (iii), by striking the period at the end and inserting “, and”; and

(D) by adding after clause (iii) the following new clause:
 “(iv) with respect to discharges occurring during fiscal year 1998 through fiscal year 2000, the target amount for the preceding year increased by the applicable percentage increase under subparagraph (B)(iv).”.

42 USC 1395ww
note.

(3) PERMITTING HOSPITALS TO DECLINE RECLASSIFICATION.—Section 13501(e)(2) of OBRA-93 (42 U.S.C. 1395ww note) is amended by striking “or fiscal year 1994” and inserting “, fiscal year 1994, fiscal year 1998, fiscal year 1999, or fiscal year 2000”.

42 USC 1395ww
note.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply with respect to discharges occurring on or after October 1, 1997.

SEC. 4205. RURAL HEALTH CLINIC SERVICES.

(a) PER-VISIT PAYMENT LIMITS FOR PROVIDER-BASED CLINICS.—

(1) EXTENSION OF LIMIT.—

(A) IN GENERAL.—The matter in section 1833(f) (42 U.S.C. 1395l(f)) preceding paragraph (1) is amended by striking “independent rural health clinics” and inserting “rural health clinics (other than such clinics in rural hospitals with less than 50 beds)”.

42 USC 1395l
note.

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) applies to services furnished on or after January 1, 1998.

(2) TECHNICAL CLARIFICATION.—Section 1833(f)(1) (42 U.S.C. 1395l(f)(1)) is amended by inserting “per visit” after “\$46”.

(b) ASSURANCE OF QUALITY SERVICES.—

(1) IN GENERAL.—Subparagraph (I) of the first sentence of section 1861(aa)(2) (42 U.S.C. 1395x(aa)(2)) is amended to read as follows:

“(I) has a quality assessment and performance improvement program, and appropriate procedures for review of utilization of clinic services, as the Secretary may specify,”.

42 USC 1395x
note.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on January 1, 1998.

(c) WAIVER OF CERTAIN STAFFING REQUIREMENTS LIMITED TO CLINICS IN PROGRAM.—

(1) IN GENERAL.—Section 1861(aa)(7)(B) (42 U.S.C. 1395x(aa)(7)(B)) is amended by inserting before the period “, or if the facility has not yet been determined to meet the requirements (including subparagraph (J) of the first sentence of paragraph (2)) of a rural health clinic”.

42 USC 1395x
note.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) applies to waiver requests made on or after January 1, 1998.

(d) REFINEMENT OF SHORTAGE AREA REQUIREMENTS.—

(1) DESIGNATION REVIEWED TRIENNIALY.—Section 1861(aa)(2) (42 U.S.C. 1395x(aa)(2)) is amended in the second sentence, in the matter in clause (i) preceding subclause (I)—

(A) by striking “and that is designated” and inserting “and that, within the previous 3-year period, has been designated”; and

(B) by striking “or that is designated” and inserting “or designated”.

(2) AREA MUST HAVE SHORTAGE OF HEALTH CARE PRACTITIONERS.—Section 1861(aa)(2) (42 U.S.C. 1395x(aa)(2)), as amended by paragraph (1), is further amended in the second sentence, in the matter in clause (i) preceding subclause (I)—

(A) by striking the comma after “personal health services”; and

(B) by inserting “and in which there are insufficient numbers of needed health care practitioners (as determined by the Secretary),” after “Bureau of the Census”.

(3) PREVIOUSLY QUALIFYING CLINICS GRANDFATHERED ONLY TO PREVENT SHORTAGE.—

(A) IN GENERAL.—Section 1861(aa)(2) of the Social Security Act (42 U.S.C. 1395x(aa)(2)) is amended in the third sentence by inserting before the period “if it is determined, in accordance with criteria established by the Secretary in regulations, to be essential to the delivery of primary care services that would otherwise be unavailable in the geographic area served by the clinic”.

(B) PAYMENT FOR CERTAIN PHYSICIAN ASSISTANT SERVICES.—Section 1842(b)(6)(C) (42 U.S.C. 1395u(b)(6)(C)) is amended to read as follows: “(C) in the case of services described in clause (i) of section 1861(s)(2)(K), payment shall be made to either (i) the employer of the physician assistant involved, or (ii) with respect to a physician assistant who was the owner of a rural health clinic (as described in section 1861(aa)(2)) for a continuous period beginning prior to the date of the enactment of the Balanced Budget Act of 1997 and ending on the date that the Secretary determines such rural health clinic no longer meets the requirements of section 1861(aa)(2), for such services provided before January 1, 2003, payment may be made directly to the physician assistant; and”.

(4) EFFECTIVE DATES; IMPLEMENTING REGULATIONS.—

(A) IN GENERAL.—Except as otherwise provided, the amendments made by the preceding paragraphs take effect on the date of the enactment of this Act.

(B) CURRENT RURAL HEALTH CLINICS.—The amendments made by the preceding paragraphs take effect, with respect to entities that are rural health clinics under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) on the date of enactment of this Act, on the date of the enactment of this Act.

(C) GRANDFATHERED CLINICS.—

(i) IN GENERAL.—The amendment made by paragraph (3)(A) shall take effect on the effective date of regulations issued by the Secretary under clause (ii).

(ii) REGULATIONS.—The Secretary shall issue final regulations implementing paragraph (3)(A) that shall take effect no later than January 1, 1999.

42 USC 1395x
note.

SEC. 4206. MEDICARE REIMBURSEMENT FOR TELEHEALTH SERVICES.

42 USC 1395f
note.

(a) IN GENERAL.—Not later than January 1, 1999, the Secretary of Health and Human Services shall make payments from the Federal Supplementary Medical Insurance Trust Fund under part B of title XVIII of the Social Security Act (42 U.S.C. 1395j et seq.) in accordance with the methodology described in subsection

(b) for professional consultation via telecommunications systems with a physician (as defined in section 1861(r) of such Act (42 U.S.C. 1395x(r)) or a practitioner (described in section 1842(b)(18)(C) of such Act (42 U.S.C. 1395u(b)(18)(C)) furnishing a service for which payment may be made under such part to a beneficiary under the medicare program residing in a county in a rural area (as defined in section 1886(d)(2)(D) of such Act (42 U.S.C. 1395ww(d)(2)(D))) that is designated as a health professional shortage area under section 332(a)(1)(A) of the Public Health Service Act (42 U.S.C. 254e(a)(1)(A)), notwithstanding that the individual physician or practitioner providing the professional consultation is not at the same location as the physician or practitioner furnishing the service to that beneficiary.

(b) **METHODOLOGY FOR DETERMINING AMOUNT OF PAYMENTS.**—Taking into account the findings of the report required under section 192 of the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191; 110 Stat. 1988), the findings of the report required under paragraph (c), and any other findings related to the clinical efficacy and cost-effectiveness of telehealth applications, the Secretary shall establish a methodology for determining the amount of payments made under subsection (a) within the following parameters:

(1) The payment shall be shared between the referring physician or practitioner and the consulting physician or practitioner. The amount of such payment shall not be greater than the current fee schedule of the consulting physician or practitioner for the health care services provided.

(2) The payment shall not include any reimbursement for any telephone line charges or any facility fees, and a beneficiary may not be billed for any such charges or fees.

(3) The payment shall be made subject to the coinsurance and deductible requirements under subsections (a)(1) and (b) of section 1833 of the Social Security Act (42 U.S.C. 1395l).

(4) The payment differential of section 1848(a)(3) of such Act (42 U.S.C. 1395w-4(a)(3)) shall apply to services furnished by non-participating physicians. The provisions of section 1848(g) of such Act (42 U.S.C. 1395w-4(g)) and section 1842(b)(18) of such Act (42 U.S.C. 1395u(b)(18)) shall apply. Payment for such service shall be increased annually by the update factor for physicians' services determined under section 1848(d) of such Act (42 U.S.C. 1395w-4(d)).

(c) **SUPPLEMENTAL REPORT.**—Not later than January 1, 1999, the Secretary shall submit a report to Congress which shall contain a detailed analysis of—

(1) how telemedicine and telehealth systems are expanding access to health care services;

(2) the clinical efficacy and cost-effectiveness of telemedicine and telehealth applications;

(3) the quality of telemedicine and telehealth services delivered; and

(4) the reasonable cost of telecommunications charges incurred in practicing telemedicine and telehealth in rural, frontier, and underserved areas.

(d) **EXPANSION OF TELEHEALTH SERVICES FOR CERTAIN MEDICARE BENEFICIARIES.**—

(1) **IN GENERAL.**—Not later than January 1, 1999, the Secretary shall submit a report to Congress that examines the

possibility of making payments from the Federal Supplementary Medical Insurance Trust Fund under part B of title XVIII of the Social Security Act (42 U.S.C. 1395j et seq.) for professional consultation via telecommunications systems with such a physician or practitioner furnishing a service for which payment may be made under such part to a beneficiary described in paragraph (2), notwithstanding that the individual physician or practitioner providing the professional consultation is not at the same location as the physician or practitioner furnishing the service to that beneficiary.

(2) **BENEFICIARY DESCRIBED.**—A beneficiary described in this paragraph is a beneficiary under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) who does not reside in a rural area (as so defined) that is designated as a health professional shortage area under section 332(a)(1)(A) of the Public Health Service Act (42 U.S.C. 254e(a)(1)(A)), who is homebound or nursing homebound, and for whom being transferred for health care services imposes a serious hardship.

(3) **REPORT.**—The report described in paragraph (1) shall contain a detailed statement of the potential costs and savings to the medicare program of making the payments described in that paragraph using various reimbursement schemes.

SEC. 4207. INFORMATICS, TELEMEDICINE, AND EDUCATION DEMONSTRATION PROJECT.

42 USC 1395b-1
note.

(a) **PURPOSE AND AUTHORIZATION.**—

(1) **IN GENERAL.**—Not later than 9 months after the date of enactment of this section, the Secretary of Health and Human Services shall provide for a demonstration project described in paragraph (2).

(2) **DESCRIPTION OF PROJECT.**—

(A) **IN GENERAL.**—The demonstration project described in this paragraph is a single demonstration project to use eligible health care provider telemedicine networks to apply high-capacity computing and advanced networks to improve primary care (and prevent health care complications) to medicare beneficiaries with diabetes mellitus who are residents of medically underserved rural areas or residents of medically underserved inner-city areas.

(B) **MEDICALLY UNDERSERVED DEFINED.**—As used in this paragraph, the term “medically underserved” has the meaning given such term in section 330(b)(3) of the Public Health Service Act (42 U.S.C. 254b(b)(3)).

(3) **WAIVER.**—The Secretary shall waive such provisions of title XVIII of the Social Security Act as may be necessary to provide for payment for services under the project in accordance with subsection (d).

(4) **DURATION OF PROJECT.**—The project shall be conducted over a 4-year period.

(b) **OBJECTIVES OF PROJECT.**—The objectives of the project include the following:

(1) Improving patient access to and compliance with appropriate care guidelines for individuals with diabetes mellitus through direct telecommunications link with information networks in order to improve patient quality-of-life and reduce overall health care costs.

(2) Developing a curriculum to train health professionals (particularly primary care health professionals) in the use of medical informatics and telecommunications.

(3) Demonstrating the application of advanced technologies, such as video-conferencing from a patient's home, remote monitoring of a patient's medical condition, interventional informatics, and applying individualized, automated care guidelines, to assist primary care providers in assisting patients with diabetes in a home setting.

(4) Application of medical informatics to residents with limited English language skills.

(5) Developing standards in the application of telemedicine and medical informatics.

(6) Developing a model for the cost-effective delivery of primary and related care both in a managed care environment and in a fee-for-service environment.

(c) ELIGIBLE HEALTH CARE PROVIDER TELEMEDICINE NETWORK DEFINED.—For purposes of this section, the term “eligible health care provider telemedicine network” means a consortium that includes at least one tertiary care hospital (but no more than 2 such hospitals), at least one medical school, no more than 4 facilities in rural or urban areas, and at least one regional telecommunications provider and that meets the following requirements:

(1) The consortium is located in an area with a high concentration of medical schools and tertiary care facilities in the United States and has appropriate arrangements (within or outside the consortium) with such schools and facilities, universities, and telecommunications providers, in order to conduct the project.

(2) The consortium submits to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require, including a description of the use to which the consortium would apply any amounts received under the project and the source and amount of non-Federal funds used in the project.

(3) The consortium guarantees that it will be responsible for payment for all costs of the project that are not paid under this section and that the maximum amount of payment that may be made to the consortium under this section shall not exceed the amount specified in subsection (d)(3).

(d) COVERAGE AS MEDICARE PART B SERVICES.—

(1) IN GENERAL.—Subject to the succeeding provisions of this subsection, services related to the treatment or management of (including prevention of complications from) diabetes for medicare beneficiaries furnished under the project shall be considered to be services covered under part B of title XVIII of the Social Security Act.

(2) PAYMENTS.—

(A) IN GENERAL.—Subject to paragraph (3), payment for such services shall be made at a rate of 50 percent of the costs that are reasonable and related to the provision of such services. In computing such costs, the Secretary shall include costs described in subparagraph (B), but may not include costs described in subparagraph (C).

(B) COSTS THAT MAY BE INCLUDED.—The costs described in this subparagraph are the permissible costs (as recognized by the Secretary) for the following:

(i) The acquisition of telemedicine equipment for use in patients' homes (but only in the case of patients located in medically underserved areas).

(ii) Curriculum development and training of health professionals in medical informatics and telemedicine.

(iii) Payment of telecommunications costs (including salaries and maintenance of equipment), including costs of telecommunications between patients' homes and the eligible network and between the network and other entities under the arrangements described in subsection (c)(1).

(iv) Payments to practitioners and providers under the medicare programs.

(C) COSTS NOT INCLUDED.—The costs described in this subparagraph are costs for any of the following:

(i) The purchase or installation of transmission equipment (other than such equipment used by health professionals to deliver medical informatics services under the project).

(ii) The establishment or operation of a telecommunications common carrier network.

(iii) Construction (except for minor renovations related to the installation of reimbursable equipment) or the acquisition or building of real property.

(3) LIMITATION.—The total amount of the payments that may be made under this section shall not exceed \$30,000,000 for the period of the project (described in subsection (a)(4)).

(4) LIMITATION ON COST-SHARING.—The project may not impose cost sharing on a medicare beneficiary for the receipt of services under the project in excess of 20 percent of the costs that are reasonable and related to the provision of such services.

(e) REPORTS.—The Secretary shall submit to the Committee on Ways and Means and the Committee Commerce of the House of Representatives and the Committee on Finance of the Senate interim reports on the project and a final report on the project within 6 months after the conclusion of the project. The final report shall include an evaluation of the impact of the use of telemedicine and medical informatics on improving access of medicare beneficiaries to health care services, on reducing the costs of such services, and on improving the quality of life of such beneficiaries.

(f) DEFINITIONS.—For purposes of this section:

(1) INTERVENTIONAL INFORMATICS.—The term “interventional informatics” means using information technology and virtual reality technology to intervene in patient care.

(2) MEDICAL INFORMATICS.—The term “medical informatics” means the storage, retrieval, and use of biomedical and related information for problem solving and decision-making through computing and communications technologies.

(3) PROJECT.—The term “project” means the demonstration project under this section.

Subtitle D—Anti-Fraud and Abuse Provisions and Improvements in Protecting Program Integrity

CHAPTER 1—REVISIONS TO SANCTIONS FOR FRAUD AND ABUSE

SEC. 4301. PERMANENT EXCLUSION FOR THOSE CONVICTED OF 3 HEALTH CARE RELATED CRIMES.

Section 1128(c)(3) (42 U.S.C. 1320a-7(c)(3)) is amended—

(1) in subparagraph (A), by inserting “or in the case described in subparagraph (G)” after “subsection (b)(12)”;

(2) in subparagraphs (B) and (D), by striking “In the case” and inserting “Subject to subparagraph (G), in the case”; and

(3) by adding at the end the following new subparagraph:
“(G) In the case of an exclusion of an individual under subsection (a) based on a conviction occurring on or after the date of the enactment of this subparagraph, if the individual has (before, on, or after such date) been convicted—

“(i) on one previous occasion of one or more offenses for which an exclusion may be effected under such subsection, the period of the exclusion shall be not less than 10 years, or

“(ii) on 2 or more previous occasions of one or more offenses for which an exclusion may be effected under such subsection, the period of the exclusion shall be permanent.”.

SEC. 4302. AUTHORITY TO REFUSE TO ENTER INTO MEDICARE AGREEMENTS WITH INDIVIDUALS OR ENTITIES CONVICTED OF FELONIES.

(a) MEDICARE PART A.—Section 1866(b)(2) (42 U.S.C. 1395cc(b)(2)) is amended—

(1) in subparagraph (B), by striking “or” at the end;

(2) in subparagraph (C), by striking the period at the end and inserting “, or”; and

(3) by adding at the end the following new subparagraph:

“(D) has ascertained that the provider has been convicted of a felony under Federal or State law for an offense which the Secretary determines is detrimental to the best interests of the program or program beneficiaries.”.

(b) MEDICARE PART B.—Section 1842(h) (42 U.S.C. 1395u(h)) is amended by adding at the end the following new paragraph:

“(8) The Secretary may refuse to enter into an agreement with a physician or supplier under this subsection, or may terminate or refuse to renew such agreement, in the event that such physician or supplier has been convicted of a felony under Federal or State law for an offense which the Secretary determines is detrimental to the best interests of the program or program beneficiaries.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act and apply to the entry and renewal of contracts on or after such date.

SEC. 4303. EXCLUSION OF ENTITY CONTROLLED BY FAMILY MEMBER OF A SANCTIONED INDIVIDUAL.

(a) IN GENERAL.—Section 1128 (42 U.S.C. 1320a-7) is amended—

(1) in subsection (b)(8)(A)—

(A) in clause (i), by striking “or” at the end;

(B) in clause (ii), by striking the dash at the end and inserting “; or”; and

(C) by inserting after clause (ii) the following:

“(iii) who was described in clause (i) but is no longer so described because of a transfer of ownership or control interest, in anticipation of (or following) a conviction, assessment, or exclusion described in subparagraph (B) against the person, to an immediate family member (as defined in subsection (j)(1)) or a member of the household of the person (as defined in subsection (j)(2)) who continues to maintain an interest described in such clause—”; and

(2) by adding at the end the following new subsection:

“(j) DEFINITION OF IMMEDIATE FAMILY MEMBER AND MEMBER OF HOUSEHOLD.—For purposes of subsection (b)(8)(A)(iii):

“(1) The term ‘immediate family member’ means, with respect to a person—

“(A) the husband or wife of the person;

“(B) the natural or adoptive parent, child, or sibling of the person;

“(C) the stepparent, stepchild, stepbrother, or stepsister of the person;

“(D) the father-, mother-, daughter-, son-, brother-, or sister-in-law of the person;

“(E) the grandparent or grandchild of the person; and

“(F) the spouse of a grandparent or grandchild of the person.

“(2) The term ‘member of the household’ means, with respect to any person, any individual sharing a common abode as part of a single family unit with the person, including domestic employees and others who live together as a family unit, but not including a roomer or boarder.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date that is 45 days after the date of the enactment of this Act. 42 USC 1320a-7 note.

SEC. 4304. IMPOSITION OF CIVIL MONEY PENALTIES.

(a) CIVIL MONEY PENALTIES FOR PERSONS THAT CONTRACT WITH EXCLUDED INDIVIDUALS.—Section 1128A(a) (42 U.S.C. 1320a-7a(a)) is amended—

(1) in paragraph (4), by striking “or” at the end;

(2) in paragraph (5), by adding “or” at the end; and

(3) by inserting after paragraph (5) the following new paragraph:

“(6) arranges or contracts (by employment or otherwise) with an individual or entity that the person knows or should know is excluded from participation in a Federal health care program (as defined in section 1128B(f)), for the provision of items or services for which payment may be made under such a program;”.

(b) CIVIL MONEY PENALTIES FOR KICKBACKS.—

(1) PERMITTING SECRETARY TO IMPOSE CIVIL MONEY PENALTY.—Section 1128A(a) (42 U.S.C. 1320a-7a(a)), as amended by subsection (a), is amended—

(A) in paragraph (5), by striking “or” at the end;

(B) in paragraph (6), by adding “or” at the end; and

(C) by adding after paragraph (6) the following new paragraph:

“(7) commits an act described in paragraph (1) or (2) of section 1128B(b);”.

(2) DESCRIPTION OF CIVIL MONEY PENALTY APPLICABLE.—Section 1128A(a) (42 U.S.C. 1320a-7a(a)), as amended by paragraph (1), is amended in the matter following paragraph (7)—

(A) by striking “occurs).” and inserting “occurs; or in cases under paragraph (7), \$50,000 for each such act.”; and

(B) by inserting after “of such claim” the following: “(or, in cases under paragraph (7), damages of not more than 3 times the total amount of remuneration offered, paid, solicited, or received, without regard to whether a portion of such remuneration was offered, paid, solicited, or received for a lawful purpose)”.

(c) EFFECTIVE DATES.—

(1) CONTRACTS WITH EXCLUDED PERSONS.—The amendments made by subsection (a) shall apply to arrangements and contracts entered into after the date of the enactment of this Act.

(2) KICKBACKS.—The amendments made by subsection (b) shall apply to acts committed after the date of the enactment of this Act.

42 USC
1320a-7a note.

CHAPTER 2—IMPROVEMENTS IN PROTECTING PROGRAM INTEGRITY

SEC. 4311. IMPROVING INFORMATION TO MEDICARE BENEFICIARIES.

(a) INCLUSION OF INFORMATION REGARDING MEDICARE WASTE, FRAUD, AND ABUSE IN ANNUAL NOTICE.—

(1) IN GENERAL.—Section 1804 (42 U.S.C. 1395b-2) is amended by adding at the end the following new subsection:

“(c) The notice provided under subsection (a) shall include—

“(1) a statement which indicates that because errors do occur and because medicare fraud, waste, and abuse is a significant problem, beneficiaries should carefully check any explanation of benefits or itemized statement furnished pursuant to section 1806 for accuracy and report any errors or questionable charges by calling the toll-free phone number described in paragraph (4);

“(2) a statement of the beneficiary’s right to request an itemized statement for medicare items and services (as provided in section 1806(b));

“(3) a description of the program to collect information on medicare fraud and abuse established under section 203(b) of the Health Insurance Portability and Accountability Act of 1996; and

“(4) a toll-free telephone number maintained by the Inspector General in the Department of Health and Human Services for the receipt of complaints and information about waste, fraud, and abuse in the provision or billing of services under this title.”.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to notices provided on or after January 1, 1998.

42 USC 1395b-2
note.

(b) CLARIFICATION OF REQUIREMENT TO PROVIDE EXPLANATION OF MEDICARE BENEFITS.—

(1) IN GENERAL.—Title XVIII is amended by inserting after section 1805 (as added by section 4022) the following new section:

“EXPLANATION OF MEDICARE BENEFITS

“SEC. 1806. (a) IN GENERAL.—The Secretary shall furnish to each individual for whom payment has been made under this title (or would be made without regard to any deductible) a statement which—

“(1) lists the item or service for which payment has been made and the amount of such payment for each item or service; and

“(2) includes a notice of the individual’s right to request an itemized statement (as provided in subsection (b)).

“(b) REQUEST FOR ITEMIZED STATEMENT FOR MEDICARE ITEMS AND SERVICES.—

“(1) IN GENERAL.—An individual may submit a written request to any physician, provider, supplier, or any other person (including an organization, agency, or other entity) for an itemized statement for any item or service provided to such individual by such person with respect to which payment has been made under this title.

“(2) 30-DAY PERIOD TO FURNISH STATEMENT.—

“(A) IN GENERAL.—Not later than 30 days after the date on which a request under paragraph (1) has been made, a person described in such paragraph shall furnish an itemized statement describing each item or service provided to the individual requesting the itemized statement.

“(B) PENALTY.—Whoever knowingly fails to furnish an itemized statement in accordance with subparagraph (A) shall be subject to a civil money penalty of not more than \$100 for each such failure. Such penalty shall be imposed and collected in the same manner as civil money penalties under subsection (a) of section 1128A are imposed and collected under that section.

“(3) REVIEW OF ITEMIZED STATEMENT.—

“(A) IN GENERAL.—Not later than 90 days after the receipt of an itemized statement furnished under paragraph (1), an individual may submit a written request for a review of the itemized statement to the Secretary.

“(B) SPECIFIC ALLEGATIONS.—A request for a review of the itemized statement shall identify—

“(i) specific items or services that the individual believes were not provided as claimed, or

“(ii) any other billing irregularity (including duplicate billing).

“(4) FINDINGS OF SECRETARY.—The Secretary shall, with respect to each written request submitted under paragraph (3), determine whether the itemized statement identifies specific items or services that were not provided as claimed or any other billing irregularity (including duplicate billing) that has resulted in unnecessary payments under this title.

“(5) RECOVERY OF AMOUNTS.—The Secretary shall take all appropriate measures to recover amounts unnecessarily paid

under this title with respect to a statement described in paragraph (4).”.

(2) CONFORMING AMENDMENT.—Subsection (a) of section 203 of the Health Insurance Portability and Accountability Act of 1996 is repealed.

(3) EFFECTIVE DATES.—

(A) STATEMENT BY SECRETARY.—Paragraph (1) of section 1806(a) of the Social Security Act, as added by paragraph (1), and the repeal made by paragraph (2) shall take effect on the date of the enactment of this Act.

(B) ITEMIZED STATEMENT.—Paragraph (2) of section 1806(a) and section 1806(b) of the Social Security Act, as so added, shall take effect not later than January 1, 1999.

42 USC 1395b-5.
42 USC 1395b-7
note.

SEC. 4312. DISCLOSURE OF INFORMATION AND SURETY BONDS.

(a) DISCLOSURE OF INFORMATION AND SURETY BOND REQUIREMENT FOR SUPPLIERS OF DURABLE MEDICAL EQUIPMENT.—Section 1834(a) (42 U.S.C. 1395m(a)) is amended by inserting after paragraph (15) the following new paragraph:

“(16) DISCLOSURE OF INFORMATION AND SURETY BOND.—The Secretary shall not provide for the issuance (or renewal) of a provider number for a supplier of durable medical equipment, for purposes of payment under this part for durable medical equipment furnished by the supplier, unless the supplier provides the Secretary on a continuing basis—

“(A) with—

“(i) full and complete information as to the identity of each person with an ownership or control interest (as defined in section 1124(a)(3)) in the supplier or in any subcontractor (as defined by the Secretary in regulations) in which the supplier directly or indirectly has a 5 percent or more ownership interest; and

“(ii) to the extent determined to be feasible under regulations of the Secretary, the name of any disclosing entity (as defined in section 1124(a)(2)) with respect to which a person with such an ownership or control interest in the supplier is a person with such an ownership or control interest in the disclosing entity; and

“(B) with a surety bond in a form specified by the Secretary and in an amount that is not less than \$50,000. The Secretary may waive the requirement of a bond under subparagraph (B) in the case of a supplier that provides a comparable surety bond under State law.”.

(b) SURETY BOND REQUIREMENT FOR HOME HEALTH AGENCIES.—

(1) IN GENERAL.—Section 1861(o) (42 U.S.C. 1395x(o)) is amended—

(A) in paragraph (6), by striking “and” at the end;

(B) by redesignating paragraph (7) as paragraph (8);

(C) by inserting after paragraph (6) the following new paragraph:

“(7) provides the Secretary on a continuing basis with a surety bond in a form specified by the Secretary and in an amount that is not less than \$50,000; and”; and

(D) by adding at the end the following: “The Secretary may waive the requirement of a surety bond under paragraph (7) in the case of an agency or organization that provides a comparable surety bond under State law.”.

(2) CONFORMING AMENDMENTS.—Section 1861(v)(1)(H) (42 U.S.C. 1395x(v)(1)(H)) is amended—

(A) in clause (i), by striking “the financial security requirement described in subsection (o)(7)” and inserting “the surety bond requirement described in subsection (o)(7) and the financial security requirement described in subsection (o)(8)”; and

(B) in clause (ii), by striking “the financial security requirement described in subsection (o)(7) applies” and inserting “the surety bond requirement described in subsection (o)(7) and the financial security requirement described in subsection (o)(8) apply”.

(3) REFERENCE TO CURRENT DISCLOSURE REQUIREMENT.—

For additional provisions requiring home health agencies to disclose information on ownership and control interests, see section 1124 of the Social Security Act (42 U.S.C. 1320a-3).

(c) AUTHORIZING APPLICATION OF DISCLOSURE AND SURETY BOND REQUIREMENTS TO OTHER HEALTH CARE PROVIDERS.—Section 1834(a)(16) (42 U.S.C. 1395m(a)(16)), as added by subsection (a), is amended by adding at the end the following: “The Secretary, at the Secretary’s discretion, may impose the requirements of the first sentence with respect to some or all providers of items or services under part A or some or all suppliers or other persons (other than physicians or other practitioners, as defined in section 1842(b)(18)(C)) who furnish items or services under this part.”.

(d) APPLICATION TO COMPREHENSIVE OUTPATIENT REHABILITATION FACILITIES (CORFs).—Section 1861(cc)(2) (42 U.S.C. 1395x(cc)(2)) is amended—

(1) in subparagraph (H), by striking “and” at the end;

(2) by redesignating subparagraph (I) as subparagraph (J);

(3) by inserting after subparagraph (H) the following new subparagraph:

“(I) provides the Secretary on a continuing basis with a surety bond in a form specified by the Secretary and in an amount that is not less than \$50,000; and”; and

(4) by adding at the end the following flush sentence: “The Secretary may waive the requirement of a surety bond under subparagraph (I) in the case of a facility that provides a comparable surety bond under State law.”.

(e) APPLICATION TO REHABILITATION AGENCIES.—Section 1861(p) (42 U.S.C. 1395x(p)) is amended—

(1) in paragraph (4)(A)(v), by inserting after “as the Secretary may find necessary,” the following: “and provides the Secretary on a continuing basis with a surety bond in a form specified by the Secretary and in an amount that is not less than \$50,000,”; and

(2) by adding at the end the following: “The Secretary may waive the requirement of a surety bond under paragraph (4)(A)(v) in the case of a clinic or agency that provides a comparable surety bond under State law.”.

(f) EFFECTIVE DATES.—

(1) SUPPLIERS OF DURABLE MEDICAL EQUIPMENT.—The amendment made by subsection (a) shall apply to suppliers

42 USC 1395m
note.

of durable medical equipment with respect to such equipment furnished on or after January 1, 1998.

42 USC 1395x
note.

(2) HOME HEALTH AGENCIES.—The amendments made by subsection (b) shall apply to home health agencies with respect to services furnished on or after January 1, 1998. The Secretary of Health and Human Services shall modify participation agreements under section 1866(a)(1) of the Social Security Act (42 U.S.C. 1395cc(a)(1)) with respect to home health agencies to provide for implementation of such amendments on a timely basis.

42 USC 1395m
note.

(3) OTHER AMENDMENTS.—The amendments made by subsections (c) through (e) shall take effect on the date of the enactment of this Act and may be applied with respect to items and services furnished on or after January 1, 1998.

SEC. 4313. PROVISION OF CERTAIN IDENTIFICATION NUMBERS.

(a) REQUIREMENTS TO DISCLOSE EMPLOYER IDENTIFICATION NUMBERS (EINS) AND SOCIAL SECURITY ACCOUNT NUMBERS (SSNs).—Section 1124(a)(1) (42 U.S.C. 1320a-3(a)(1)) is amended by inserting before the period at the end the following: “and supply the Secretary with the both the employer identification number (assigned pursuant to section 6109 of the Internal Revenue Code of 1986) and social security account number (assigned under section 205(c)(2)(B)) of the disclosing entity, each person with an ownership or control interest (as defined in subsection (a)(3)), and any subcontractor in which the entity directly or indirectly has a 5 percent or more ownership interest.

(b) OTHER MEDICARE PROVIDERS.—Section 1124A (42 U.S.C. 1320a-3a) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking “and” at the end;

(B) in paragraph (2), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following new paragraph:

“(3) including the employer identification number (assigned pursuant to section 6109 of the Internal Revenue Code of 1986) and social security account number (assigned under section 205(c)(2)(B)) of the disclosing part B provider and any person, managing employee, or other entity identified or described under paragraph (1) or (2).”; and

(2) in subsection (c)(1), by inserting “(or, for purposes of subsection (a)(3), any entity receiving payment)” after “on an assignment-related basis”.

(c) VERIFICATION BY SOCIAL SECURITY ADMINISTRATION (SSA).—Section 1124A (42 U.S.C. 1320a-3a), as amended by subsection (b), is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following new subsection:

“(c) VERIFICATION.—

“(1) TRANSMITTAL BY HHS.—The Secretary shall transmit—

“(A) to the Commissioner of Social Security information concerning each social security account number (assigned under section 205(c)(2)(B)), and

“(B) to the Secretary of the Treasury information concerning each employer identification number (assigned

pursuant to section 6109 of the Internal Revenue Code of 1986),
supplied to the Secretary pursuant to subsection (a)(3) or section 1124(c) to the extent necessary for verification of such information in accordance with paragraph (2).

“(2) VERIFICATION.—The Commissioner of Social Security and the Secretary of the Treasury shall verify the accuracy of, or correct, the information supplied by the Secretary to such official pursuant to paragraph (1), and shall report such verifications or corrections to the Secretary.

“(3) FEES FOR VERIFICATION.—The Secretary shall reimburse the Commissioner and Secretary of the Treasury, at a rate negotiated between the Secretary and such official, for the costs incurred by such official in performing the verification and correction services described in this subsection.”.

(d) REPORT.—Before the amendments made by this section may become effective, the Secretary of Health and Human Services shall submit to Congress a report on steps the Secretary has taken to assure the confidentiality of social security account numbers that will be provided to the Secretary under such amendments.

42 USC 1320a-3
note.

(e) EFFECTIVE DATES.—

42 USC 1320a-3
note.

(1) DISCLOSURE REQUIREMENTS.—The amendment made by subsection (a) shall apply to the application of conditions of participation, and entering into and renewal of contracts and agreements, occurring more than 90 days after the date of submission of the report under subsection (d).

(2) OTHER PROVIDERS.—The amendments made by subsection (b) shall apply to payment for items and services furnished more than 90 days after the date of submission of such report.

SEC. 4314. ADVISORY OPINIONS REGARDING CERTAIN PHYSICIAN SELF-REFERRAL PROVISIONS.

Section 1877(g) (42 U.S.C. 1395nn(g)) is amended by adding at the end the following new paragraph:

“(6) ADVISORY OPINIONS.—

“(A) IN GENERAL.—The Secretary shall issue written advisory opinions concerning whether a referral relating to designated health services (other than clinical laboratory services) is prohibited under this section. Each advisory opinion issued by the Secretary shall be binding as to the Secretary and the party or parties requesting the opinion.

“(B) APPLICATION OF CERTAIN RULES.—The Secretary shall, to the extent practicable, apply the rules under subsections (b)(3) and (b)(4) and take into account the regulations promulgated under subsection (b)(5) of section 1128D in the issuance of advisory opinions under this paragraph.

“(C) REGULATIONS.—In order to implement this paragraph in a timely manner, the Secretary may promulgate regulations that take effect on an interim basis, after notice and pending opportunity for public comment.

“(D) APPLICABILITY.—This paragraph shall apply to requests for advisory opinions made after the date which is 90 days after the date of the enactment of this paragraph and before the close of the period described in section 1128D(b)(6).”.

SEC. 4315. REPLACEMENT OF REASONABLE CHARGE METHODOLOGY BY FEE SCHEDULES.

(a) APPLICATION OF FEE SCHEDULE.—Section 1842 (42 U.S.C. 1395u) is amended by adding at the end the following new subsection:

“(s)(1) The Secretary may implement a statewide or other areawide fee schedule to be used for payment of any item or service described in paragraph (2) which is paid on a reasonable charge basis. Any fee schedule established under this paragraph for such item or service shall be updated each year by the percentage increase in the consumer price index for all urban consumers (United States city average) for the 12-month period ending with June of the preceding year, except that in no event shall a fee schedule for an item described in paragraph (2)(D) be updated before 2003.

“(2) The items and services described in this paragraph are as follows:

“(A) Medical supplies.

“(B) Home dialysis supplies and equipment (as defined in section 1881(b)(8)).

“(C) Therapeutic shoes.

“(D) Parenteral and enteral nutrients, equipment, and supplies.

“(E) Electromyogram devices

“(F) Salivation devices.

“(G) Blood products.

“(H) Transfusion medicine.”

(b) CONFORMING AMENDMENT.—Section 1833(a)(1) (42 U.S.C. 1395l(a)(1)) is amended—

(A) by striking “and (P)” and inserting “(P)”; and

(B) by striking the semicolon at the end and inserting the following: “, and (Q) with respect to items or services for which fee schedules are established pursuant to section 1842(s), the amounts paid shall be 80 percent of the lesser of the actual charge or the fee schedule established in such section;”.

42 USC 1395l
note.

(c) EFFECTIVE DATES.—The amendments made by this section to the extent such amendments substitute fee schedules for reasonable charges, shall apply to particular services as of the date specified by the Secretary of Health and Human Services.

42 USC 1395u
note.

(d) INITIAL BUDGET NEUTRALITY.—The Secretary, in developing a fee schedule for particular services (under the amendments made by this section), shall set amounts for the first year period to which the fee schedule applies at a level so that the total payments under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) for those services for that year period shall be approximately equal to the estimated total payments if such fee schedule had not been implemented.

SEC. 4316. APPLICATION OF INHERENT REASONABLENESS TO ALL PART B SERVICES OTHER THAN PHYSICIANS' SERVICES.

(a) IN GENERAL.—Paragraphs (8) and (9) of section 1842(b) (42 U.S.C. 1395u(b)) are amended to read as follows:

Regulations.

“(8)(A)(i) The Secretary shall by regulation—

“(I) describe the factors to be used in determining the cases (of particular items or services) in which the application of this part (other than to physicians' services paid under

section 1848) results in the determination of an amount that, because of its being grossly excessive or grossly deficient, is not inherently reasonable, and

“(II) provide in those cases for the factors to be considered in determining an amount that is realistic and equitable.

“(ii) Notwithstanding the determination made in clause (i), the Secretary may not apply factors that would increase or decrease the payment under this part during any year for any particular item or service by more than 15 percent from such payment during the preceding year except as provided in subparagraph (B).

“(B) The Secretary may make a determination under this subparagraph that would result in an increase or decrease under subparagraph (A) of more than 15 percent of the payment amount for a year, but only if—

“(i) the Secretary’s determination takes into account the factors described in subparagraph (C) and any additional factors the Secretary determines appropriate,

“(ii) the Secretary’s determination takes into account the potential impacts described in subparagraph (D), and

“(iii) the Secretary complies with the procedural requirements of paragraph (9).

“(C) The factors described in this subparagraph are as follows:

“(i) The programs established under this title and title XIX are the sole or primary sources of payment for an item or service.

“(ii) The payment amount does not reflect changing technology, increased facility with that technology, or reductions in acquisition or production costs.

“(iii) The payment amount for an item or service under this part is substantially higher or lower than the payment made for the item or service by other purchasers.

“(D) The potential impacts of a determination under subparagraph (B) on quality, access, and beneficiary liability, including the likely effects on assignment rates and participation rates.

“(9)(A) The Secretary shall consult with representatives of suppliers or other individuals who furnish an item or service before making a determination under paragraph (8)(B) with regard to that item or service.

“(B) The Secretary shall publish notice of a proposed determination under paragraph (8)(B) in the Federal Register—

Federal Register,
publication.

“(i) specifying the payment amount proposed to be established with respect to an item or service,

“(ii) explaining the factors and data that the Secretary took into account in determining the payment amount so specified, and

“(iii) explaining the potential impacts described in paragraph (8)(D).

“(C) After publication of the notice required by subparagraph (B), the Secretary shall allow not less than 60 days for public comment on the proposed determination.

“(D)(i) Taking into consideration the comments made by the public, the Secretary shall publish in the Federal Register a final determination under paragraph (8)(B) with respect to the payment amount to be established with respect to the item or service.

Federal Register,
publication.

“(ii) A final determination published pursuant to clause (i) shall explain the factors and data that the Secretary took into consideration in making the final determination.”.

(b) CONFORMING AMENDMENT.—Section 1834(a)(10)(B) (42 U.S.C. 1395m(a)(10)(B)) is amended—

(1) by striking “For covered items furnished on or after January 1, 1991, the” and inserting “The”;

(2) by striking “(other than subparagraph (D))”; and

(3) by striking all that follows “payments under this subsection” and inserting a period.

42 USC 1395m
note.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 4317. REQUIREMENT TO FURNISH DIAGNOSTIC INFORMATION.

(a) INCLUSION OF NON-PHYSICIAN PRACTITIONERS IN REQUIREMENT TO PROVIDE DIAGNOSTIC CODES FOR PHYSICIAN SERVICES.—Paragraphs (1) and (2) of section 1842(p) (42 U.S.C. 1395u(p)) are each amended by inserting “or practitioner specified in subsection (b)(18)(C)” after “by a physician”.

(b) REQUIREMENT TO PROVIDE DIAGNOSTIC INFORMATION WHEN ORDERING CERTAIN ITEMS OR SERVICES FURNISHED BY ANOTHER ENTITY.—Section 1842(p) (42 U.S.C. 1395u(p)), is amended by adding at the end the following new paragraph:

“(4) In the case of an item or service defined in paragraph (3), (6), (8), or (9) of subsection 1861(s) ordered by a physician or a practitioner specified in subsection (b)(18)(C), but furnished by another entity, if the Secretary (or fiscal agent of the Secretary) requires the entity furnishing the item or service to provide diagnostic or other medical information in order for payment to be made to the entity, the physician or practitioner shall provide that information to the entity at the time that the item or service is ordered by the physician or practitioner.”.

42 USC 1395u
note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to items and services furnished on or after January 1, 1998.

SEC. 4318. REPORT BY GAO ON OPERATION OF FRAUD AND ABUSE CONTROL PROGRAM.

Section 1817(k)(6) (42 U.S.C. 1395i(k)(6)) is amended by inserting “June 1, 1998, and” after “Not later than”.

SEC. 4319. COMPETITIVE BIDDING DEMONSTRATION PROJECTS.

(a) GENERAL RULE.—Part B of title XVIII (42 U.S.C. 1395j et seq.) is amended by inserting after section 1846 the following new section:

42 USC 1395w-3.

“SEC. 1847. DEMONSTRATION PROJECTS FOR COMPETITIVE ACQUISITION OF ITEMS AND SERVICES.

“(a) ESTABLISHMENT OF DEMONSTRATION PROJECT BIDDING AREAS.—

“(1) IN GENERAL.—The Secretary shall implement not more than 5 demonstration projects under which competitive acquisition areas are established for contract award purposes for the furnishing under this part of the items and services described in subsection (d).

“(2) PROJECT REQUIREMENTS.—Each demonstration project under paragraph (1)—

“(A) shall include such group of items and services as the Secretary may prescribe,

“(B) shall be conducted in not more than 3 competitive acquisition areas, and

“(C) shall be operated over a 3-year period.

“(3) CRITERIA FOR ESTABLISHMENT OF COMPETITIVE ACQUISITION AREAS.—Each competitive acquisition area established under a demonstration project implemented under paragraph (1)—

“(A) shall be, or shall be within, a metropolitan statistical area (as defined by the Secretary of Commerce), and

“(B) shall be chosen based on the availability and accessibility of entities able to furnish items and services, and the probable savings to be realized by the use of competitive bidding in the furnishing of items and services in such area.

“(b) AWARDING OF CONTRACTS IN AREAS.—

“(1) IN GENERAL.—The Secretary shall conduct a competition among individuals and entities supplying items and services described in subsection (c) for each competitive acquisition area established under a demonstration project implemented under subsection (a).

“(2) CONDITIONS FOR AWARDING CONTRACT.—The Secretary may not award a contract to any entity under the competition conducted pursuant to paragraph (1) to furnish an item or service unless the Secretary finds that the entity meets quality standards specified by the Secretary that the total amounts to be paid under the contract are expected to be less than the total amounts that would otherwise be paid.

“(3) CONTENTS OF CONTRACT.—A contract entered into with an entity under the competition conducted pursuant to paragraph (1) is subject to terms and conditions that the Secretary may specify.

“(4) LIMIT ON NUMBER OF CONTRACTORS.—The Secretary may limit the number of contractors in a competitive acquisition area to the number needed to meet projected demand for items and services covered under the contracts.

“(c) EXPANSION OF PROJECTS.—

“(1) EVALUATIONS.—The Secretary shall evaluate the impact of the implementation of the demonstration projects on medicare program payments, access, diversity of product selection, and quality. The Secretary shall make annual reports to the Committees on Ways and Means and Commerce of the House of Representatives and the Committee on Finance of the Senate on the results of the evaluation described in the preceding sentence and a final report not later than 6 months after the termination date specified in subsection (e).

“(2) EXPANSION.—If the Secretary determines from the evaluations under paragraph (1) that there is clear evidence that any demonstration project—

“(A) results in a decrease in Federal expenditures under this title, and

“(B) does not reduce program access, diversity of product selection, and quality under this title,

the Secretary may expand the project to additional competitive acquisition areas.

“(d) SERVICES DESCRIBED.—The items and services to which this section applies are all items and services covered under this part (except for physicians’ services as defined in section 1861(s)(1)) that the Secretary may specify. At least one demonstration project shall include oxygen and oxygen equipment.

“(e) TERMINATION.—Notwithstanding any other provision of this section, all projects under this section shall terminate not later than December 31, 2002.”.

(b) ITEMS AND SERVICES TO BE FURNISHED ONLY THROUGH COMPETITIVE ACQUISITION.—Section 1862(a) (42 U.S.C. 1395y(a)) is amended—

(1) by striking “or” at the end of paragraph (15),

(2) by striking the period at the end of paragraph (16) and inserting “; or”, and

(3) by inserting after paragraph (16) the following new paragraph:

“(17) where the expenses are for an item or service furnished in a competitive acquisition area (as established by the Secretary under section 1847(a)) by an entity other than an entity with which the Secretary has entered into a contract under section 1847(b) for the furnishing of such an item or service in that area, unless the Secretary finds that the expenses were incurred in a case of urgent need, or in other circumstances specified by the Secretary.”.

42 USC 1395w-3
note.

(c) STUDY BY GAO.—The Comptroller of the United States shall study the effectiveness of the establishment of competitive acquisition areas under section 1847(a) of the Social Security Act, as added by this section.

SEC. 4320. PROHIBITING UNNECESSARY AND WASTEFUL MEDICARE PAYMENTS FOR CERTAIN ITEMS.

Section 1861(v) (42 U.S.C. 1395x(v)) is amended by adding at the end the following new paragraph:

“(8) ITEMS UNRELATED TO PATIENT CARE.—Reasonable costs do not include costs for the following—

“(i) entertainment, including tickets to sporting and other entertainment events;

“(ii) gifts or donations;

“(iii) personal use of motor vehicles;

“(iv) costs for fines and penalties resulting from violations of Federal, State, or local laws; and

“(v) education expenses for spouses or other dependents of providers of services, their employees or contractors.”.

SEC. 4321. NONDISCRIMINATION IN POST-HOSPITAL REFERRAL TO HOME HEALTH AGENCIES AND OTHER ENTITIES.

(a) NOTIFICATION OF AVAILABILITY OF HOME HEALTH AGENCIES AND OTHER ENTITIES AS PART OF DISCHARGE PLANNING PROCESS.—Section 1861(ee)(2) (42 U.S.C. 1395x(ee)(2)) is amended—

(1) in subparagraph (D), by inserting before the period the following: “, including the availability of home health services through individuals and entities that participate in the program under this title and that serve the area in which the patient resides and that request to be listed by the hospital as available”; and

(2) by adding at the end the following new subparagraph: “(H) Consistent with section 1802, the discharge plan shall—

“(i) not specify or otherwise limit the qualified provider which may provide post-hospital home health services, and

“(ii) identify (in a form and manner specified by the Secretary) any entity to whom the individual is referred in which the hospital has a disclosable financial interest

(as specified by the Secretary consistent with section 1866(a)(1)(S)) or which has such an interest in the hospital.”.

(b) MAINTENANCE AND DISCLOSURE OF INFORMATION ON POST-HOSPITAL HOME HEALTH AGENCIES AND OTHER ENTITIES.—Section 1866(a)(1) (42 U.S.C. 1395cc(a)(1)) is amended—

(1) by striking “and” at the end of subparagraph (Q),

(2) by striking the period at the end of subparagraph (R), and

(3) by adding at the end the following new subparagraph:
“(S) in the case of a hospital that has a financial interest (as specified by the Secretary in regulations) in an entity to which individuals are referred as described in section 1861(ee)(2)(H)(ii), or in which such an entity has such a financial interest, or in which another entity has such a financial interest (directly or indirectly) with such hospital and such an entity, to maintain and disclose to the Secretary (in a form and manner specified by the Secretary) information on—

“(i) the nature of such financial interest,

“(ii) the number of individuals who were discharged from the hospital and who were identified as requiring home health services, and

“(iii) the percentage of such individuals who received such services from such provider (or another such provider).”.

(c) DISCLOSURE OF INFORMATION TO THE PUBLIC.—Title XI is amended by inserting after section 1145 the following new section:

“PUBLIC DISCLOSURE OF CERTAIN INFORMATION ON HOSPITAL FINANCIAL INTEREST AND REFERRAL PATTERNS

42 USC
1320b-16.

“SEC. 1146. The Secretary shall make available to the public, in a form and manner specified by the Secretary, information disclosed to the Secretary pursuant to section 1866(a)(1)(S).”.

(d) EFFECTIVE DATES.—

(1) The amendments made by subsection (a) shall apply to discharges occurring on or after the date which is 90 days after the date of the enactment of this Act.

(2) The Secretary of Health and Human Services shall issue regulations by not later than the date which is 1 year after the date of the enactment of this Act to carry out the amendments made by subsections (b) and (c) and such amendments shall take effect as of such date (on or after the issuance of such regulations) as the Secretary specifies in such regulations.

42 USC 1395x
note.

Regulations.
42 USC
1320b-16 note.

CHAPTER 3—CLARIFICATIONS AND TECHNICAL CHANGES

SEC. 4331. OTHER FRAUD AND ABUSE RELATED PROVISIONS.

(a) REFERENCE CORRECTION.—(1) Section 1128D(b)(2)(D) (42 U.S.C. 1320a-7d(b)(2)(D)), as added by section 205 of the Health Insurance Portability and Accountability Act of 1996, is amended by striking “1128B(b)” and inserting “1128A(b)”.

(2) Section 1128E(g)(3)(C) (42 U.S.C. 1320a-7e(g)(3)(C)) is amended by striking “Veterans’ Administration” and inserting “Department of Veterans Affairs”.

(b) LANGUAGE IN DEFINITION OF CONVICTION.—Section 1128E(g)(5) (42 U.S.C. 1320a-7e(g)(5)), as inserted by section 221(a) of the Health Insurance Portability and Accountability Act of 1996, is amended by striking “paragraph (4)” and inserting “paragraphs (1) through (4)”.

(c) IMPLEMENTATION OF EXCLUSIONS.—Section 1128 (42 U.S.C. 1320a-7) is amended—

(1) in subsection (a), by striking “any program under title XVIII and shall direct that the following individuals and entities be excluded from participation in any State health care program (as defined in subsection (h))” and inserting “any Federal health care program (as defined in section 1128B(f))”; and

(2) in subsection (b), by striking “any program under title XVIII and may direct that the following individuals and entities be excluded from participation in any State health care program” and inserting “any Federal health care program (as defined in section 1128B(f))”.

(d) SANCTIONS FOR FAILURE TO REPORT.—Section 1128E(b) (42 U.S.C. 1320a-7e(b)), as inserted by section 221(a) of the Health Insurance Portability and Accountability Act of 1996, is amended by adding at the end the following:

“(6) SANCTIONS FOR FAILURE TO REPORT.—

“(A) HEALTH PLANS.—Any health plan that fails to report information on an adverse action required to be reported under this subsection shall be subject to a civil money penalty of not more than \$25,000 for each such adverse action not reported. Such penalty shall be imposed and collected in the same manner as civil money penalties under subsection (a) of section 1128A are imposed and collected under that section.

Publication.

“(B) GOVERNMENTAL AGENCIES.—The Secretary shall provide for a publication of a public report that identifies those Government agencies that have failed to report information on adverse actions as required to be reported under this subsection.”.

(e) CLARIFICATION OF TREATMENT OF CERTAIN WAIVERS AND PAYMENTS OF PREMIUMS.—Section 1128A(i)(6) (42 U.S.C. 1320a-7a(i)(6)) is amended—

(1) in subparagraph (A)(iii)—

(A) in subclause (I), by adding “or” at the end;

(B) in subclause (II), by striking “or” at the end; and

(C) by striking subclause (III);

(2) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D); and

(3) by inserting after subparagraph (A) the following:

“(B) any permissible waiver as specified in section 1128B(b)(3) or in regulations issued by the Secretary;”.

(f) EFFECTIVE DATES.—

42 USC 1320a-7e
note.

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall be effective as if included in the enactment of the Health Insurance Portability and Accountability Act of 1996.

(2) FEDERAL HEALTH PROGRAM.—The amendments made by subsection (c) shall take effect on the date of the enactment of this Act.

(3) SANCTION FOR FAILURE TO REPORT.—The amendment made by subsection (d) shall apply to failures occurring on or after the date of the enactment of this Act.

Subtitle E—Provisions Relating to Part A Only

CHAPTER 1—PAYMENT OF PPS HOSPITALS

SEC. 4401. PPS HOSPITAL PAYMENT UPDATE.

(a) IN GENERAL.—Section 1886(b)(3)(B)(i) (42 U.S.C. 1395ww(b)(3)(B)(i)) is amended—

- (1) by striking “and” at the end of subclause (XII), and
- (2) by striking subclause (XIII) and inserting the following:
 - “(XIII) for fiscal year 1998, 0 percent,
 - “(XIV) for fiscal year 1999, the market basket percentage increase minus 1.9 percentage points for hospitals in all areas,
 - “(XV) for fiscal year 2000, the market basket percentage increase minus 1.8 percentage points for hospitals in all areas,
 - “(XVI) for each of fiscal years 2001 and 2002, the market basket percentage increase minus 1.1 percentage point for hospitals in all areas, and
 - “(XVII) for fiscal year 2003 and each subsequent fiscal year, the market basket percentage increase for hospitals in all areas.”

(b) TEMPORARY RELIEF FOR CERTAIN NON-TEACHING, NON-DSH HOSPITALS.—

- (1) IN GENERAL.—In the case of a hospital described in paragraph (2) for its cost reporting period—

(A) beginning in fiscal year 1998 the amount of payment made to the hospital under section 1886(d) of the Social Security Act for discharges occurring during such fiscal year only shall be increased as though the applicable percentage increase (otherwise applicable to discharges occurring during fiscal year 1998 under section 1886(b)(3)(B)(i)(XIII) of the Social Security Act (42 U.S.C. 1395ww(b)(3)(B)(i)(XIII))) had been increased by 0.5 percentage points; and

(B) beginning in fiscal year 1999 the amount of payment made to the hospital under section 1886(d) of the Social Security Act for discharges occurring during such fiscal year only shall be increased as though the applicable percentage increase (otherwise applicable to discharges occurring during fiscal year 1999 under section 1886(b)(3)(B)(i)(XIII) of the Social Security Act (42 U.S.C. 1395ww(b)(3)(B)(i)(XIII))) had been increased by 0.3 percentage points.

Subparagraph (A) shall not apply in computing the increase under subparagraph (B) and neither subparagraph shall affect payment for discharges for any hospital occurring during a fiscal year after fiscal year 1999. Payment increases under this subsection for discharges occurring during a fiscal year are subject to settlement after the close of the fiscal year.

(2) HOSPITALS COVERED.—A hospital described in this paragraph for a cost reporting period is a hospital—

- (A) that is described in paragraph (3) for such period;

42 USC 1395ww
note.

(B) that is located in a State in which the amount of the aggregate payments under section 1886(d) of such Act for hospitals located in the State and described in paragraph (3) for their cost reporting periods beginning during fiscal year 1995 is less than the aggregate allowable operating costs of inpatient hospital services (as defined in section 1886(a)(4) of such Act) for all such hospitals in such State with respect to such cost reporting periods; and

(C) with respect to which the payments under section 1886(d) of such Act (42 U.S.C. 1395ww(d)) for discharges occurring in the cost reporting period involved, as estimated by the Secretary, is less than the allowable operating costs of inpatient hospital services (as defined in section 1886(a)(4) of such Act (42 U.S.C. 1395ww(a)(4))) for such hospital for such period, as estimated by the Secretary.

(3) NON-TEACHING, NON-DSH HOSPITALS DESCRIBED.—A hospital described in this paragraph for a cost reporting period is a subsection (d) hospital (as defined in section 1886(d)(1)(B) of such Act (42 U.S.C. 1395ww(d)(1)(B))) that—

(A) is not receiving any additional payment amount described in section 1886(d)(5)(F) of such Act (42 U.S.C. 1395ww(d)(5)(F)) for discharges occurring during the period;

(B) is not receiving any additional payment under section 1886(d)(5)(B) of such Act (42 U.S.C. 1395ww(d)(5)(B)) or a payment under section 1886(h) of such Act (42 U.S.C. 1395ww(h)) for discharges occurring during the period; and

(C) does not qualify for payment under section 1886(d)(5)(G) of such Act (42 U.S.C. 1395ww(d)(5)(G)) for the period.

SEC. 4402. MAINTAINING SAVINGS FROM TEMPORARY REDUCTION IN CAPITAL PAYMENTS FOR PPS HOSPITALS.

Section 1886(g)(1)(A) (42 U.S.C. 1395ww(g)(1)(A)) is amended by adding at the end the following: “In addition to the reduction described in the preceding sentence, for discharges occurring on or after October 1, 1997, the Secretary shall apply the budget neutrality adjustment factor used to determine the Federal capital payment rate in effect on September 30, 1995 (as described in section 412.352 of title 42 of the Code of Federal Regulations), to (i) the unadjusted standard Federal capital payment rate (as described in section 412.308(c) of that title, as in effect on September 30, 1997), and (ii) the unadjusted hospital-specific rate (as described in section 412.328(e)(1) of that title, as in effect on September 30, 1997), and, for discharges occurring on or after October 1, 1997, and before September 30, 2002, reduce the rates described in clauses (i) and (ii) by 2.1 percent.”.

SEC. 4403. DISPROPORTIONATE SHARE.

(a) IN GENERAL.—Section 1886(d)(5)(F) (42 U.S.C. 1395ww(d)(5)(F)) is amended—

(1) in clause (i) by inserting “and before October 1, 1997” after “May 1, 1986”;

(2) in clause (ii), by striking “The amount” and inserting “Subject to clause (ix), the amount”; and

(3) by adding at the end the following new clause:
“(ix) In the case of discharges occurring—

“(I) during fiscal year 1998, the additional payment amount otherwise determined under clause (ii) shall be reduced by 1 percent;

“(II) during fiscal year 1999, such additional payment amount shall be reduced by 2 percent;

“(III) during fiscal year 2000, such additional payment amount shall be reduced by 3 percent;

“(IV) during fiscal year 2001, such additional payment amount shall be reduced by 4 percent;

“(V) during fiscal year 2002, such additional payment amount shall be reduced by 5 percent; and

“(VI) during fiscal year 2003 and each subsequent fiscal year, such additional payment amount shall be reduced by 0 percent.”.

(b) REPORT ON NEW PAYMENT FORMULA.—

(1) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report that contains a formula for determining additional payment amounts to hospitals under section 1886(d)(5)(F) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(F)).

42 USC 1395ww
note.

(2) FACTORS IN DETERMINATION OF FORMULA.—In determining such formula the Secretary shall—

(A) establish a single threshold for costs incurred by hospitals in serving low-income patients, and

(B) consider the costs described in paragraph (3).

(3) The costs described in this paragraph are as follows:

(A) The costs incurred by the hospital during a period (as determined by the Secretary) of furnishing hospital services to individuals who are entitled to benefits under part A of title XVIII of the Social Security Act and who receive supplemental security income benefits under title XVI of such Act (excluding any supplementation of those benefits by a State under section 1616 of such Act (42 U.S.C. 1382e)).

(B) The costs incurred by the hospital during a period (as so determined) of furnishing hospital services to individuals who receive medical assistance under the State plan under title XIX of such Act and are not entitled to benefits under part A of title XVIII of such Act (including individuals enrolled in a managed care organization (as defined in section 1903(m)(1)(A) of such Act (42 U.S.C. 1396b(m)(1)(A)) or any other managed care plan under such title and individuals who receive medical assistance under such title pursuant to a waiver approved by the Secretary under section 1115 of such Act (42 U.S.C. 1315)).

(c) DATA COLLECTION.—In developing the formula described in subsection (b), the Secretary of Health and Human Services may require any subsection (d) hospital (as defined in section 1886(d)(1)(B) of the Social Security Act (42 U.S.C. 1395ww(d)(1)(B))) receiving additional payments by reason of section 1886(d)(5)(F) of such Act (42 U.S.C. 1395ww(d)(5)(F)) to submit to the Secretary any information that the Secretary determines is necessary to develop such formula.

42 USC 1395ww
note.

SEC. 4404. MEDICARE CAPITAL ASSET SALES PRICE EQUAL TO BOOK VALUE.

(a) IN GENERAL.—Section 1861(v)(1)(O) (42 U.S.C. 1395x(v)(1)(O)) is amended—

(1) in clause (i)—

(A) by striking “and (if applicable) a return on equity capital”;

(B) by striking “hospital or skilled nursing facility” and inserting “provider of services”;

(C) by striking “clause (iv)” and inserting “clause (iii); and

(D) by striking “the lesser of the allowable acquisition cost” and all that follows and inserting “the historical cost of the asset, as recognized under this title, less depreciation allowed, to the owner of record as of the date of enactment of the Balanced Budget Act of 1997 (or, in the case of an asset not in existence as of that date, the first owner of record of the asset after that date).”;

(2) by striking clause (ii); and

(3) by redesignating clauses (iii) and (iv) as clauses (ii) and (iii), respectively.

42 USC 1395x
note.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) apply to changes of ownership that occur after the third month beginning after the date of enactment of this section.

SEC. 4405. ELIMINATION OF IME AND DSH PAYMENTS ATTRIBUTABLE TO OUTLIER PAYMENTS.

(a) INDIRECT MEDICAL EDUCATION.—Section 1886(d)(5)(B)(i)(I) (42 U.S.C. 1395ww(d)(5)(B)(i)(I)) is amended by inserting “, for cases qualifying for additional payment under subparagraph (A)(i),” before “the amount paid to the hospital under subparagraph (A)”.

(b) DISPROPORTIONATE SHARE ADJUSTMENTS.—Section 1886(d)(5)(F)(ii)(I) (42 U.S.C. 1395ww(d)(5)(F)(ii)(I)) is amended by inserting “, for cases qualifying for additional payment under subparagraph (A)(i),” before “the amount paid to the hospital under subparagraph (A)”.

(c) COST OUTLIER PAYMENTS.—Section 1886(d)(5)(A)(ii) (42 U.S.C. 1395ww(d)(5)(A)(ii)) is amended by striking “exceed the applicable DRG prospective payment rate” and inserting “exceed the sum of the applicable DRG prospective payment rate plus any amounts payable under subparagraphs (B) and (F)”.

42 USC 1395ww
note.

(d) EFFECTIVE DATE.—The amendments made by this section apply to discharges occurring after September 30, 1997.

SEC. 4406. INCREASE BASE PAYMENT RATE TO PUERTO RICO HOSPITALS.

Section 1886(d)(9)(A) (42 U.S.C. 1395ww(d)(9)(A)) is amended—

(1) in the matter preceding clause (i), by striking “in a fiscal year beginning on or after October 1, 1987,”

(2) in clause (i), by striking “75 percent” and inserting, “for discharges beginning on or after October 1, 1997, 50 percent (and for discharges between October 1, 1987, and September 30, 1997, 75 percent)”, and

(3) in clause (ii), by striking “25 percent” and inserting, “for discharges beginning in a fiscal year beginning on or after October 1, 1997, 50 percent (and for discharges between October 1, 1987 and September 30, 1997, 25 percent)”.

SEC. 4407. CERTAIN HOSPITAL DISCHARGES TO POST ACUTE CARE.

Section 1886(d)(5) (42 U.S.C. 1395ww(d)(5)) is amended—

(1) in subparagraph (I)(ii) by inserting “not taking in account the effect of subparagraph (J),” after “in a fiscal year, ”; and

(2) by adding at the end the following new subparagraph:

“(J)(i) The Secretary shall treat the term ‘transfer case’ (as defined in subparagraph (I)(ii)) as including the case of a qualified discharge (as defined in clause (ii)), which is classified within a diagnosis-related group described in clause (iii), and which occurs on or after October 1, 1998. In the case of a qualified discharge for which a substantial portion of the costs of care are incurred in the early days of the inpatient stay (as defined by the Secretary), in no case may the payment amount otherwise provided under this subsection exceed an amount equal to the sum of—

“(I) 50 percent of the amount of payment under this subsection for transfer cases (as established under subparagraph (I)(i)), and

“(II) 50 percent of the amount of payment which would have been made under this subsection with respect to the qualified discharge if no transfer were involved.

“(ii) For purposes of clause (i), subject to clause (iii), the term ‘qualified discharge’ means a discharge classified with a diagnosis-related group (described in clause (iii)) of an individual from a subsection (d) hospital, if upon such discharge the individual—

“(I) is admitted as an inpatient to a hospital or hospital unit that is not a subsection (d) hospital for the provision of inpatient hospital services;

“(II) is admitted to a skilled nursing facility;

“(III) is provided home health services from a home health agency, if such services relate to the condition or diagnosis for which such individual received inpatient hospital services from the subsection (d) hospital, and if such services are provided within an appropriate period (as determined by the Secretary); or

“(IV) for discharges occurring on or after October 1, 2000, the individual receives post discharge services described in clause (iv)(I).

“(iii) Subject to clause (iv), a diagnosis-related group described in this clause is—

“(I) 1 of 10 diagnosis-related groups selected by the Secretary based upon a high volume of discharges classified within such groups and a disproportionate use of post discharge services described in clause (ii); and

“(II) a diagnosis-related group specified by the Secretary under clause (iv)(II).

“(iv) The Secretary shall include in the proposed rule published under subsection (e)(5)(A) for fiscal year 2001, a description of the effect of this subparagraph. The Secretary may include in the proposed rule (and in the final rule published under paragraph (6)) for fiscal year 2001 or a subsequent fiscal year, a description of—

“(I) post-discharge services not described in subclauses (I), (II), and (III) of clause (ii), the receipt of which results in a qualified discharge; and

“(II) diagnosis-related groups described in clause (iii)(I) in addition to the 10 selected under such clause.”.

SEC. 4408. RECLASSIFICATION OF CERTAIN COUNTIES AS LARGE URBAN AREAS UNDER MEDICARE PROGRAM.

(a) **IN GENERAL.**—For purposes of section 1886(d) of the Social Security Act (42 U.S.C. 1395ww(d)), the large urban area of Charlotte-Gastonia-Rock Hill-North Carolina-South Carolina may be deemed to include Stanly County, North Carolina.

(b) **EFFECTIVE DATE.**—This section shall apply with respect to discharges occurring on or after October 1, 1997.

42 USC 1395ww
note.

SEC. 4409. GEOGRAPHIC RECLASSIFICATION FOR CERTAIN DISPROPORTIONATELY LARGE HOSPITALS.

Publication.

(a) **NEW GUIDELINES FOR RECLASSIFICATION.**—Notwithstanding the guidelines published under section 1886(d)(10)(D)(i)(I) of the Social Security Act (42 U.S.C. 1395ww(d)(10)(D)(i)(I)), the Secretary of Health and Human Services shall publish and use alternative guidelines under which a hospital described in subsection (b) qualifies for geographic reclassification under such section for a fiscal year beginning with fiscal year 1998.

(b) **HOSPITALS COVERED.**—A hospital described in this subsection is a hospital that demonstrates that—

(1) the average hourly wage paid by the hospital is not less than 108 percent of the average hourly wage paid by all other hospitals located in the Metropolitan Statistical Area (or the New England County Metropolitan Area) in which the hospital is located;

(2) not less than 40 percent of the adjusted uninflated wages paid by all hospitals located in such Area is attributable to wages paid by the hospital; and

(3) the hospital submitted an application requesting reclassification for purposes of wage index under section 1886(d)(10)(C) of such Act (42 U.S.C. 1395ww(d)(10)(C)) in each of fiscal years 1992 through 1997 and that such request was approved for each of such fiscal years.

42 USC 1395ww
note.

SEC. 4410. FLOOR ON AREA WAGE INDEX.

(a) **IN GENERAL.**—For purposes of section 1886(d)(3)(E) of the Social Security Act (42 U.S.C. 1395ww(d)(3)(E)) for discharges occurring on or after October 1, 1997, the area wage index applicable under such section to any hospital which is not located in a rural area (as defined in section 1886(d)(2)(D) of such Act (42 U.S.C. 1395ww(d)(2)(D))) may not be less than the area wage index applicable under such section to hospitals located in rural areas in the State in which the hospital is located.

(b) **IMPLEMENTATION.**—The Secretary of Health and Human Services shall adjust the area wage index referred to in subsection (a) for hospitals not described in such subsection in a manner which assures that the aggregate payments made under section 1886(d) of the Social Security Act (42 U.S.C. 1395ww(d)) in a fiscal year for the operating costs of inpatient hospital services are not greater or less than those which would have been made in the year if this section did not apply.

(c) **EXCLUSION OF CERTAIN WAGES.**—In the case of a hospital that is owned by a municipality and that was reclassified as an urban hospital under section 1886(d)(10) of the Social Security Act for fiscal year 1996, in calculating the hospital's average hourly wage for purposes of geographic reclassification under such section for fiscal year 1998, the Secretary of Health and Human Services

shall exclude the general service wages and hours of personnel associated with a skilled nursing facility that is owned by the hospital of the same municipality and that is physically separated from the hospital to the extent that such wages and hours of such personnel are not shared with the hospital and are separately documented. A hospital that applied for and was denied reclassification as an urban hospital for fiscal year 1998, but that would have received reclassification had the exclusion required by this section been applied to it, shall be reclassified as an urban hospital for fiscal year 1998.

CHAPTER 2—PAYMENT OF PPS-EXEMPT HOSPITALS

Subchapter A—General Payment Provisions

SEC. 4411. PAYMENT UPDATE.

(a) IN GENERAL.—Section 1886(b)(3)(B) (42 U.S.C. 1395ww(b)(3)(B)) is amended—

(1) in clause (ii)—

(A) by striking “and” at the end of subclause (V),

(B) by redesignating subclause (VI) as subclause (VIII);

and

(C) by inserting after subclause (V), the following subclauses:

“(VI) for fiscal year 1998, is 0 percent;

“(VII) for fiscal years 1999 through 2002, is the applicable update factor specified under clause (vi) for the fiscal year; and”; and

(2) by adding at the end the following new clause:

“(vi) For purposes of clause (ii)(VII) for a fiscal year, if a hospital’s allowable operating costs of inpatient hospital services recognized under this title for the most recent cost reporting period for which information is available—

“(I) is equal to, or exceeds, 110 percent of the hospital’s target amount (as determined under subparagraph (A)) for such cost reporting period, the applicable update factor specified under this clause is the market basket percentage;

“(II) exceeds 100 percent, but is less than 110 percent, of such target amount for the hospital, the applicable update factor specified under this clause is 0 percent or, if greater, the market basket percentage minus 0.25 percentage points for each percentage point by which such allowable operating costs (expressed as a percentage of such target amount) is less than 110 percent of such target amount;

“(III) is equal to, or less than 100 percent, but exceeds $\frac{2}{3}$ of such target amount for the hospital, the applicable update factor specified under this clause is 0 percent or, if greater, the market basket percentage minus 2.5 percentage points; or

“(IV) does not exceed $\frac{2}{3}$ of such target amount for the hospital, the applicable update factor specified under this clause is 0 percent.”.

(b) NO EFFECT OF PAYMENT REDUCTION ON EXCEPTIONS AND ADJUSTMENTS.—Section 1886(b)(4)(A)(ii) (42 U.S.C. 1395ww(b)(4)(A)(ii)) is amended by adding at the end the following new sentence: “In making such reductions, the Secretary shall treat the applicable update factor described in paragraph (3)(B)(vi)

for a fiscal year as being equal to the market basket percentage for that year.”.

SEC. 4412. REDUCTIONS TO CAPITAL PAYMENTS FOR CERTAIN PPS-EXEMPT HOSPITALS AND UNITS.

Section 1886(g) (42 U.S.C. 1395ww(g)) is amended by adding at the end the following new paragraph:

“(4) In determining the amount of the payments that are attributable to portions of cost reporting periods occurring during fiscal years 1998 through 2002 and that may be made under this title with respect to capital-related costs of inpatient hospital services of a hospital which is described in clause (i), (ii), or (iv) of subsection (d)(1)(B) or a unit described in the matter after clause (v) of such subsection, the Secretary shall reduce the amounts of such payments otherwise determined under this title by 15 percent.”.

SEC. 4413. REBASING.

(a) **OPTION OF REBASING FOR HOSPITALS IN OPERATION BEFORE 1990.**—Section 1886(b)(3)(42 U.S.C. 1395ww(b)(3)) is amended—

(1) in subparagraph (A) by striking “subparagraphs (C), (D), and (E)” and inserting “subparagraph (C) and succeeding subparagraphs”, and

(2) by adding at the end the following new subparagraph:

“(F)(i) In the case of a hospital (or unit described in the matter following clause (v) of subsection (d)(1)(B)) that received payment under this subsection for inpatient hospital services furnished during cost reporting periods beginning before October 1, 1990, that is within a class of hospital described in clause (iii), and that elects (in a form and manner determined by the Secretary) this subparagraph to apply to the hospital, the target amount for the hospital’s 12-month cost reporting period beginning during fiscal year 1998 is equal to the average described in clause (ii).

“(ii) The average described in this clause for a hospital or unit shall be determined by the Secretary as follows:

“(I) The Secretary shall determine the allowable operating costs for inpatient hospital services for the hospital or unit for each of the 5 cost reporting periods for which the Secretary has the most recent settled cost reports as of the date of the enactment of this subparagraph.

“(II) The Secretary shall increase the amount determined under subclause (I) for each cost reporting period by the applicable percentage increase under subparagraph (B)(ii) for each subsequent cost reporting period up to the cost reporting period described in clause (i).

“(III) The Secretary shall identify among such 5 cost reporting periods the cost reporting periods for which the amount determined under subclause (II) is the highest, and the lowest.

“(IV) The Secretary shall compute the averages of the amounts determined under subclause (II) for the 3 cost reporting periods not identified under subclause (III).

“(iii) For purposes of this subparagraph, each of the following shall be treated as a separate class of hospital:

“(I) Hospitals described in clause (i) of subsection (d)(1)(B) and psychiatric units described in the matter following clause (v) of such subsection.

“(II) Hospitals described in clause (ii) of such subsection and rehabilitation units described in the matter following clause (v) of such subsection.

“(III) Hospitals described in clause (iii) of such subsection.

“(IV) Hospitals described in clause (iv) of such subsection.

“(V) Hospitals described in clause (v) of such subsection.”.

(b) CERTAIN LONG-TERM CARE HOSPITALS.—Section 1886(b)(3) (42 U.S.C. 1395ww(b)(3)), as amended by subsection (a), is amended by adding at the end the following new subparagraph:

“(G)(i) In the case of a qualified long-term care hospital (as defined in clause (ii)) that elects (in a form and manner determined by the Secretary) this subparagraph to apply to the hospital, the target amount for the hospital’s 12-month cost reporting period beginning during fiscal year 1998 is equal to the allowable operating costs of inpatient hospital services (as defined in subsection (a)(4)) recognized under this title for the hospital for the 12-month cost reporting period beginning during fiscal year 1996, increased by the applicable percentage increase for the cost reporting period beginning during fiscal year 1997.

“(ii) In clause (i), a ‘qualified long-term care hospital’ means, with respect to a cost reporting period, a hospital described in clause (iv) of subsection (d)(1)(B) during each of the 2 cost reporting periods for which the Secretary has the most recent settled cost reports as of the date of the enactment of this subparagraph for each of which—

“(I) the hospital’s allowable operating costs of inpatient hospital services recognized under this title exceeded 115 percent of the hospital’s target amount, and

“(II) the hospital would have a disproportionate patient percentage of at least 70 percent (as determined by the Secretary under subsection (d)(5)(F)(vi)) if the hospital were a subsection (d) hospital.”.

SEC. 4414. CAP ON TEFRA LIMITS.

Section 1886(b)(3) (42 U.S.C. 1395ww(b)(3)), as amended by section 4413, is amended by adding at the end the following new subparagraph:

“(H)(i) In the case of a hospital or unit that is within a class of hospital described in clause (iv), the Secretary shall estimate the 75th percentile of the target amounts for such hospitals within such class for cost reporting periods ending during fiscal year 1996.

“(ii) The Secretary shall update the amount determined under clause (i), for each cost reporting period after the cost reporting period described in such clause and up to the first cost reporting period beginning on or after October 1, 1997, by a factor equal to the market basket percentage increase.

“(iii) For cost reporting periods beginning during each of fiscal years 1999 through 2002, the Secretary shall update such amount by a factor equal to the market basket percentage increase.

“(iv) For purposes of this subparagraph, each of the following shall be treated as a separate class of hospital:

“(I) Hospitals described in clause (i) of subsection (d)(1)(B) and psychiatric units described in the matter following clause (v) of such subsection.

“(II) Hospitals described in clause (ii) of such subsection and rehabilitation units described in the matter following clause (v) of such subsection.

“(III) Hospitals described in clause (iv) of such subsection.”.

SEC. 4415. BONUS AND RELIEF PAYMENTS.

(a) **CHANGE IN BONUS PAYMENT.**—Section 1886(b)(1) (42 U.S.C. 1395ww(b)(1)) is amended in subparagraph (A) by striking all that follows “plus—” and inserting the following:

“(i) 15 percent of the amount by which the target amount exceeds the amount of the operating costs, or

“(ii) 2 percent of the target amount, whichever is less;”.

(b) **CONTINUOUS IMPROVEMENT BONUS PAYMENTS.**—Section 1886(b) (42 U.S.C. 1395ww(b)) is amended—

(1) in paragraph (1), by inserting “plus the amount, if any, provided under paragraph (2)” before “except that in no case”; and

(2) by inserting after paragraph (1), the following new paragraph:

“(2)(A) In addition to the payment computed under paragraph (1), in the case of an eligible hospital (described in subparagraph (B)) for a cost reporting period beginning on or after October 1, 1997, the amount of payment on a per discharge basis under paragraph (1) shall be increased by the lesser of—

“(i) 50 percent of the amount by which the operating costs are less than the expected costs (as defined in subparagraph (D)) for the period; or

“(ii) 1 percent of the target amount for the period.

“(B) For purposes of this paragraph, an ‘eligible hospital’ means with respect to a cost reporting period, a hospital—

“(i) that has received payments under this subsection for at least 3 full cost reporting periods before that cost reporting period, and

“(ii) whose operating costs for the period are less than the least of its target amount, its trended costs (as defined in subparagraph (C)), or its expected costs (as defined in subparagraph (D)) for the period.

“(C) For purposes of subparagraph (B)(ii), the term ‘trended costs’ means for a hospital cost reporting period ending in a fiscal year—

“(i) in the case of a hospital for which its cost reporting period ending in fiscal year 1996 was its third or subsequent full cost reporting period for which it receives payments under this subsection, the lesser of the operating costs or target amount for that hospital for its cost reporting period ending in fiscal year 1996, or

“(ii) in the case of any other hospital, the operating costs for that hospital for its third full cost reporting period for which it receives payments under this subsection, increased (in a compounded manner) for each succeeding fiscal year (through the fiscal year involved) by the market basket percentage increase for the fiscal year.

“(D) For purposes of this paragraph, the term ‘expected costs’, with respect to the cost reporting period ending in a fiscal year, means the lesser of the operating costs of inpatient hospital services or target amount per discharge for the previous cost reporting period updated by the market basket percentage increase (as defined in paragraph (3)(B)(iii)) for the fiscal year.”.

(c) **CHANGE IN RELIEF PAYMENTS.**—Section 1886(b)(1) (42 U.S.C. 1395ww(b)(1)), as amended in subsections (a) and (b), is further amended—

(1) by redesignating subparagraph (B) as subparagraph (C)

(2) in subparagraph (C), as so redesignated—

(A) by striking “greater than the target amount” and inserting “greater than 110 percent of the target amount”, and

(B) by striking “exceed the target amount” and inserting “exceed 110 percent of the target amount”, and

(3) by inserting after subparagraph (A), the following new subparagraph:

“(B) are greater than the target amount but do not exceed 110 percent of the target amount, the amount of the payment with respect to those operating costs payable under part A on a per discharge basis shall equal the target amount; or”.

(d) REPORT.—Not later than October 1, 1999, the Secretary of Health and Human Services shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report that describes the effect of the amendments to section 1886(b)(1) of the Social Security Act (42 U.S.C. 1395ww(b)(1)), made under this section, on psychiatric hospitals (as defined in section 1886(d)(1)(B)(i) of such Act (42 U.S.C. 1395ww(d)(1)(B)(i)) that have approved medical residency training programs under title XVIII of such Act (42 U.S.C. 1395 et seq.)).

42 USC 1395ww
note.

(e) EFFECTIVE DATE.—The amendments made by subsections (a) and (c) shall apply with respect to cost reporting periods beginning on or after October 1, 1997.

42 USC 1395ww
note.

SEC. 4416. CHANGE IN PAYMENT AND TARGET AMOUNT FOR NEW PROVIDERS.

Section 1886(b) (42 U.S.C. 1395ww(b)) is amended—

(1) by adding at the end the following new paragraph:

“(7)(A) Notwithstanding paragraph (1), in the case of a hospital or unit that is within a class of hospital described in subparagraph (B) which first receives payments under this section on or after October 1, 1997—

“(i) for each of the first 2 cost reporting periods for which the hospital has a settled cost report, the amount of the payment with respect to operating costs described in paragraph (1) under part A on a per discharge or per admission basis (as the case may be) is equal to the lesser of—

“(I) the amount of operating costs for such respective period, or

“(II) 110 percent of the national median of the target amount for hospitals in the same class as the hospital for cost reporting periods ending during fiscal year 1996, updated by the hospital market basket increase percentage to the fiscal year in which the hospital first received payments under this section, as adjusted under subparagraph (C); and

“(ii) for purposes of computing the target amount for the subsequent cost reporting period, the target amount for the preceding cost reporting period is equal to the amount determined under clause (i) for such preceding period.

“(B) For purposes of this paragraph, each of the following shall be treated as a separate class of hospital:

“(i) Hospitals described in clause (i) of subsection (d)(1)(B) and psychiatric units described in the matter following clause (v) of such subsection.

“(ii) Hospitals described in clause (ii) of such subsection and rehabilitation units described in the matter following clause (v) of such subsection.

“(iii) Hospitals described in clause (iv) of such subsection.

“(C) In applying subparagraph (A)(i)(II) in the case of a hospital or unit, the Secretary shall provide for an appropriate adjustment to the labor-related portion of the amount determined under such subparagraph to take into account differences between average wage-related costs in the area of the hospital and the national average of such costs within the same class of hospital.”; and

(2) in paragraph (3)(A), as amended in sections 4413 and 4414, by inserting “and in paragraph (7)(A)(ii),” before “for purposes of”.

SEC. 4417. TREATMENT OF CERTAIN LONG-TERM CARE HOSPITALS.

(a) IN GENERAL.—(1) Section 1886(d)(1)(B) (42 U.S.C. 1395ww(d)(1)(B)) is amended by adding at the end the following new sentence: “A hospital that was classified by the Secretary on or before September 30, 1995, as a hospital described in clause (iv) shall continue to be so classified notwithstanding that it is located in the same building as, or on the same campus as, another hospital.”.

42 USC 1395ww
note.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to discharges occurring on or after October 1, 1995.

(b) CERTAIN LONG-TERM CARE HOSPITALS THAT TREAT CANCER PATIENTS.—(1) Section 1886(d)(1)(B)(iv) (42 U.S.C. 1395ww(d)(1)(B)(iv)) is amended—

(A) by inserting “(I)” after “(iv)”; and

(B) by adding at the end the following:

“(II) a hospital that first received payment under this subsection in 1986 which has an average inpatient length of stay (as determined by the Secretary) of greater than 20 days and that has 80 percent or more of its annual medicare inpatient discharges with a principal diagnosis that reflects a finding of neoplastic disease in the 12-month cost reporting period ending in fiscal year 1997, or”.

42 USC 1395ww
note.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to cost reporting periods beginning on or after the date of the enactment of this Act.

SEC. 4418. TREATMENT OF CERTAIN CANCER HOSPITALS.

(a) IN GENERAL.—Section 1886(d)(1) (42 U.S.C. 1395ww(d)(1)) is amended—

(1) in subparagraph (B)(v)—

(A) by inserting “(I)” after “(v)”; and

(B) by striking the semicolon at the end and inserting “, or”; and

(C) by adding at the end the following:

“(II) a hospital that was recognized as a comprehensive cancer center or clinical cancer research center by the National Cancer Institute of the National Institutes of Health as of April 20, 1983, that is located in a State which, as of December 19, 1989, was not operating a demonstration project under section 1814(b), that applied and was denied, on or before December 31, 1990, for classification as a hospital involved

extensively in treatment for or research on cancer under this clause (as in effect on the day before the date of the enactment of this subclause), that as of the date of the enactment of this subclause, is licensed for less than 50 acute care beds, and that demonstrates for the 4-year period ending on December 31, 1996, that at least 50 percent of its total discharges have a principal finding of neoplastic disease, as defined in subparagraph (E);” and

(2) by adding at the end the following:

“(E) For purposes of subparagraph (B)(v)(II) only, the term ‘principal finding of neoplastic disease’ means the condition established after study to be chiefly responsible for occasioning the admission of a patient to a hospital, except that only discharges with ICD-9-CM principal diagnosis codes of 140 through 239, V58.0, V58.1, V66.1, V66.2, or 990 will be considered to reflect such a principal diagnosis.”.

(b) PAYMENT.—

(1) APPLICATION TO COST REPORTING PERIODS.—Any classification by reason of section 1886(d)(1)(B)(v)(II) of the Social Security Act (42 U.S.C. 1395ww(d)(1)(B)(v)(II)) (as added by subsection (a)) shall apply to all cost reporting periods beginning on or after January 1, 1991.

42 USC 1395ww
note.

(2) BASE YEAR.—Notwithstanding the provisions of section 1886(b)(3)(E) of such Act (42 U.S.C. 1395ww(b)(3)(E)) or other provisions to the contrary, the base cost reporting period for purposes of determining the target amount for any hospital classified by reason of section 1886(d)(1)(B)(v)(II) of such Act shall be either—

(A) the hospital’s cost reporting period beginning during fiscal year 1990, or

(B) pursuant to an election under 1886(b)(3)(G) of such Act (42 U.S.C. 1395ww(b)(3)(G)), as added in section 4413(b), the period provided for under such section.

(3) DEADLINE FOR PAYMENTS.—Any payments owed to a hospital by reason of this subsection shall be made expeditiously, but in no event later than 1 year after the date of the enactment of this Act.

SEC. 4419. ELIMINATION OF EXEMPTIONS FOR CERTAIN HOSPITALS.

(a) REDUCTION OF EXEMPTIONS.—

(1) IN GENERAL.—Section 1886(b)(4)(A)(i) (42 U.S.C. 1395ww(b)(4)(A)(i)) is amended in the first sentence by striking “The Secretary shall provide for an exemption from, or an exception and adjustment to, ” and inserting “The Secretary shall provide for an exception and adjustment to (and in the case of a hospital or unit described in subsection (d)(1)(B)(iii), may provide an exemption from)”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to hospitals or units that first qualify as a hospital or unit described in section 1886(d)(1)(B) (42 U.S.C. 1395ww(d)(1)(B)) for cost reporting periods beginning on or after October 1, 1997.

42 USC 1395ww
note.

(b) REPORT ON EXCEPTIONS.—The Secretary of Health and Human Services shall publish annually in the Federal Register a report describing the total amount of payments made to hospitals by reason of section 1886(b)(4) of the Social Security Act (42 U.S.C.

Federal Register,
publication.
42 USC 1395ww
note.

1395ww(b)(4)), as amended by subsection (a), ending during the previous fiscal year.

Subchapter B—Prospective Payment System for PPS-Exempt Hospitals

SEC. 4421. PROSPECTIVE PAYMENT FOR INPATIENT REHABILITATION HOSPITAL SERVICES.

(a) IN GENERAL.—Section 1886 (42 U.S.C. 1395ww) is amended by adding at the end the following new subsection:

“(j) PROSPECTIVE PAYMENT FOR INPATIENT REHABILITATION SERVICES.—

“(1) PAYMENT DURING TRANSITION PERIOD.—

“(A) IN GENERAL.—Notwithstanding section 1814(b), but subject to the provisions of section 1813, the amount of the payment with respect to the operating and capital costs of inpatient hospital services of a rehabilitation hospital or a rehabilitation unit (in this subsection referred to as a ‘rehabilitation facility’), in a cost reporting period beginning on or after October 1, 2000, and before October 1, 2002, is equal to the sum of—

“(i) the TEFRA percentage (as defined in subparagraph (C)) of the amount that would have been paid under part A with respect to such costs if this subsection did not apply, and

“(ii) the prospective payment percentage (as defined in subparagraph (C)) of the product of (I) the per unit payment rate established under this subsection for the fiscal year in which the payment unit of service occurs, and (II) the number of such payment units occurring in the cost reporting period.

“(B) FULLY IMPLEMENTED SYSTEM.—Notwithstanding section 1814(b), but subject to the provisions of section 1813, the amount of the payment with respect to the operating and capital costs of inpatient hospital services of a rehabilitation facility for a payment unit in a cost reporting period beginning on or after October 1, 2002, is equal to the per unit payment rate established under this subsection for the fiscal year in which the payment unit of service occurs.

“(C) TEFRA AND PROSPECTIVE PAYMENT PERCENTAGES SPECIFIED.—For purposes of subparagraph (A), for a cost reporting period beginning—

“(i) on or after October 1, 2000, and before October 1, 2001, the ‘TEFRA percentage’ is 66⅔ percent and the ‘prospective payment percentage’ is 33⅓ percent; and

“(ii) on or after October 1, 2001, and before October 1, 2002, the ‘TEFRA percentage’ is 33⅓ percent and the ‘prospective payment percentage’ is 66⅔ percent.

“(D) PAYMENT UNIT.—For purposes of this subsection, the term ‘payment unit’ means a discharge, day of inpatient hospital services, or other unit of payment defined by the Secretary.

“(2) PATIENT CASE MIX GROUPS.—

“(A) ESTABLISHMENT.—The Secretary shall establish—

“(i) classes of patients of rehabilitation facilities (each in this subsection referred to as a ‘case mix group’), based on such factors as the Secretary deems appropriate, which may include impairment, age, related prior hospitalization, comorbidities, and functional capability of the patient; and

“(ii) a method of classifying specific patients in rehabilitation facilities within these groups.

“(B) WEIGHTING FACTORS.—For each case mix group the Secretary shall assign an appropriate weighting which reflects the relative facility resources used with respect to patients classified within that group compared to patients classified within other groups.

“(C) ADJUSTMENTS FOR CASE MIX.—

“(i) IN GENERAL.—The Secretary shall from time to time adjust the classifications and weighting factors established under this paragraph as appropriate to reflect changes in treatment patterns, technology, case mix, number of payment units for which payment is made under this title, and other factors which may affect the relative use of resources. Such adjustments shall be made in a manner so that changes in aggregate payments under the classification system are a result of real changes and are not a result of changes in coding that are unrelated to real changes in case mix.

“(ii) ADJUSTMENT.—Insofar as the Secretary determines that such adjustments for a previous fiscal year (or estimates that such adjustments for a future fiscal year) did (or are likely to) result in a change in aggregate payments under the classification system during the fiscal year that are a result of changes in the coding or classification of patients that do not reflect real changes in case mix, the Secretary shall adjust the per payment unit payment rate for subsequent years so as to eliminate the effect of such coding or classification changes.

“(D) DATA COLLECTION.—The Secretary is authorized to require rehabilitation facilities that provide inpatient hospital services to submit such data as the Secretary deems necessary to establish and administer the prospective payment system under this subsection.

“(3) PAYMENT RATE.—

“(A) IN GENERAL.—The Secretary shall determine a prospective payment rate for each payment unit for which such rehabilitation facility is entitled to receive payment under this title. Subject to subparagraph (B), such rate for payment units occurring during a fiscal year shall be based on the average payment per payment unit under this title for inpatient operating and capital costs of rehabilitation facilities using the most recent data available (as estimated by the Secretary as of the date of establishment of the system) adjusted—

“(i) by updating such per-payment-unit amount to the fiscal year involved by the weighted average of the applicable percentage increases provided under subsection (b)(3)(B)(ii) (for cost reporting periods beginning during the fiscal year) covering the period from

the midpoint of the period for such data through the midpoint of fiscal year 2000 and by an increase factor (described in subparagraph (C)) specified by the Secretary for subsequent fiscal years up to the fiscal year involved;

“(ii) by reducing such rates by a factor equal to the proportion of payments under this subsection (as estimated by the Secretary) based on prospective payment amounts which are additional payments described in paragraph (4) (relating to outlier and related payments);

“(iii) for variations among rehabilitation facilities by area under paragraph (6);

“(iv) by the weighting factors established under paragraph (2)(B); and

“(v) by such other factors as the Secretary determines are necessary to properly reflect variations in necessary costs of treatment among rehabilitation facilities.

“(B) BUDGET NEUTRAL RATES.—The Secretary shall establish the prospective payment amounts under this subsection for payment units during fiscal years 2001 and 2002 at levels such that, in the Secretary’s estimation, the amount of total payments under this subsection for such fiscal years (including any payment adjustments pursuant to paragraphs (4) and (6)) shall be equal to 98 percent of the amount of payments that would have been made under this title during the fiscal years for operating and capital costs of rehabilitation facilities had this subsection not been enacted. In establishing such payment amounts, the Secretary shall consider the effects of the prospective payment system established under this subsection on the total number of payment units from rehabilitation facilities and other factors described in subparagraph (A).

“(C) INCREASE FACTOR.—For purposes of this subsection for payment units in each fiscal year (beginning with fiscal year 2001), the Secretary shall establish an increase factor. Such factor shall be based on an appropriate percentage increase in a market basket of goods and services comprising services for which payment is made under this subsection, which may be the market basket percentage increase described in subsection (b)(3)(B)(iii).

“(4) OUTLIER AND SPECIAL PAYMENTS.—

“(A) OUTLIERS.—

“(i) IN GENERAL.—The Secretary may provide for an additional payment to a rehabilitation facility for patients in a case mix group, based upon the patient being classified as an outlier based on an unusual length of stay, costs, or other factors specified by the Secretary.

“(ii) PAYMENT BASED ON MARGINAL COST OF CARE.—The amount of such additional payment under clause (i) shall be determined by the Secretary and shall approximate the marginal cost of care beyond the cutoff point applicable under clause (i).

“(iii) TOTAL PAYMENTS.—The total amount of the additional payments made under this subparagraph for payment units in a fiscal year may not exceed 5 percent of the total payments projected or estimated to be made based on prospective payment rates for payment units in that year.

“(B) ADJUSTMENT.—The Secretary may provide for such adjustments to the payment amounts under this subsection as the Secretary deems appropriate to take into account the unique circumstances of rehabilitation facilities located in Alaska and Hawaii.

“(5) PUBLICATION.—The Secretary shall provide for publication in the Federal Register, on or before August 1 before each fiscal year (beginning with fiscal year 2001), of the classification and weighting factors for case mix groups under paragraph (2) for such fiscal year and a description of the methodology and data used in computing the prospective payment rates under this subsection for that fiscal year.

Federal Register,
publication.

“(6) AREA WAGE ADJUSTMENT.—The Secretary shall adjust the proportion (as estimated by the Secretary from time to time) of rehabilitation facilities’ costs which are attributable to wages and wage-related costs, of the prospective payment rates computed under paragraph (3) for area differences in wage levels by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the rehabilitation facility compared to the national average wage level for such facilities. Not later than October 1, 2001 (and at least every 36 months thereafter), the Secretary shall update the factor under the preceding sentence on the basis of information available to the Secretary (and updated as appropriate) of the wages and wage-related costs incurred in furnishing rehabilitation services. Any adjustments or updates made under this paragraph for a fiscal year shall be made in a manner that assures that the aggregated payments under this subsection in the fiscal year are not greater or less than those that would have been made in the year without such adjustment.

“(7) LIMITATION ON REVIEW.—There shall be no administrative or judicial review under section 1869, 1878, or otherwise of the establishment of—

“(A) case mix groups, of the methodology for the classification of patients within such groups, and of the appropriate weighting factors thereof under paragraph (2),

“(B) the prospective payment rates under paragraph (3),

“(C) outlier and special payments under paragraph (4), and

“(D) area wage adjustments under paragraph (6).”.

(b) CONFORMING AMENDMENTS.—Section 1886(b) (42 U.S.C. 1395ww(b)) is amended—

(1) in paragraph (1), by inserting “and other than a rehabilitation facility described in subsection (j)(1)” after “subsection (d)(1)(B)”, and

(2) in paragraph (3)(B)(i), by inserting “and subsection (j)” after “For purposes of subsection (d)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to cost reporting periods beginning on or after October

42 USC 1395
note.

1, 2000, except that the Secretary of Health and Human Services may require the submission of data under section 1886(j)(2)(D) of the Social Security Act (as added by subsection (a)) on and after the date of the enactment of this section.

42 USC 1395ww
note.

SEC. 4422. DEVELOPMENT OF PROPOSAL ON PAYMENTS FOR LONG-TERM CARE HOSPITALS.

(a) IN GENERAL.—

(1) LEGISLATIVE PROPOSAL.—The Secretary of Health and Human Services shall develop a legislative proposal for establishing a case-mix adjusted prospective payment system for payment of long-term care hospitals described in section 1886(d)(1)(B)(iv) of the Social Security Act (42 U.S.C. 1395ww(d)(1)(B)(iv)) under the medicare program. Such system shall include an adequate patient classification system that reflects the differences in patient resource use and costs among such hospitals.

(2) COLLECTION OF DATA AND EVALUATION.—In developing the legislative proposal described in paragraph (1), the Secretary—

(A) may require such long-term care hospitals to submit such information to the Secretary as the Secretary may require to develop the proposal; and

(B) shall consider several payment methodologies, including the feasibility of expanding the current diagnosis-related groups and prospective payment system established under section 1886(d) of the Social Security Act to apply to payments under the medicare program to long-term care hospitals.

(b) REPORT.—Not later than October 1, 1999, the Secretary shall submit to the appropriate committees of Congress a report that includes the legislative proposal developed under subsection (a)(1).

CHAPTER 3—PAYMENT FOR SKILLED NURSING FACILITIES

SEC. 4431. EXTENSION OF COST LIMITS.

The last sentence of section 1888(a) (42 U.S.C. 1395yy(a)) is amended by striking “subsection” the last place it appears and all that follows and inserting “subsection, except that the limits effective for cost reporting periods beginning on or after October 1, 1997, shall be based on the limits effective for cost reporting periods beginning on or after October 1, 1996.”.

SEC. 4432. PROSPECTIVE PAYMENT FOR SKILLED NURSING FACILITY SERVICES.

(a) IN GENERAL.—Section 1888 (42 U.S.C. 1395yy) is amended by adding at the end the following new subsection:

“(e) PROSPECTIVE PAYMENT.—

“(1) PAYMENT PROVISION.—Notwithstanding any other provision of this title, subject to paragraph (7), the amount of the payment for all costs (as defined in paragraph (2)(B)) of covered skilled nursing facility services (as defined in paragraph (2)(A)) for each day of such services furnished—

“(A) in a cost reporting period during the transition period (as defined in paragraph (2)(E)), is equal to the sum of—

“(i) the non-Federal percentage of the facility-specific per diem rate (computed under paragraph (3)), and

“(ii) the Federal percentage of the adjusted Federal per diem rate (determined under paragraph (4)) applicable to the facility; and

“(B) after the transition period is equal to the adjusted Federal per diem rate applicable to the facility.

“(2) DEFINITIONS.—For purposes of this subsection:

“(A) COVERED SKILLED NURSING FACILITY SERVICES.—

“(i) IN GENERAL.—The term ‘covered skilled nursing facility services’—

“(I) means post-hospital extended care services as defined in section 1861(i) for which benefits are provided under part A; and

“(II) includes all items and services (other than services described in clause (ii)) for which payment may be made under part B and which are furnished to an individual who is a resident of a skilled nursing facility during the period in which the individual is provided covered post-hospital extended care services.

“(ii) SERVICES EXCLUDED.—Services described in this clause are physicians’ services, services described by clauses (i) through (iii) of section 1861(s)(2)(K), certified nurse-midwife services, qualified psychologist services, services of a certified registered nurse anesthetist, items and services described in subparagraphs (F) and (O) of section 1861(s)(2), and, only with respect to services furnished during 1998, the transportation costs of electrocardiogram equipment for electrocardiogram test services (HCPCS Code R0076). Services described in this clause do not include any physical, occupational, or speech-language therapy services regardless of whether or not the services are furnished by, or under the supervision of, a physician or other health care professional.

“(B) ALL COSTS.—The term ‘all costs’ means routine service costs, ancillary costs, and capital-related costs of covered skilled nursing facility services, but does not include costs associated with approved educational activities.

“(C) NON-FEDERAL PERCENTAGE; FEDERAL PERCENTAGE.—For—

“(i) the first cost reporting period (as defined in subparagraph (D)) of a facility, the ‘non-Federal percentage’ is 75 percent and the ‘Federal percentage’ is 25 percent;

“(ii) the next cost reporting period of such facility, the ‘non-Federal percentage’ is 50 percent and the ‘Federal percentage’ is 50 percent; and

“(iii) the subsequent cost reporting period of such facility, the ‘non-Federal percentage’ is 25 percent and the ‘Federal percentage’ is 75 percent.

“(D) FIRST COST REPORTING PERIOD.—The term ‘first cost reporting period’ means, with respect to a skilled nursing facility, the first cost reporting period of the facility beginning on or after July 1, 1998.

“(E) TRANSITION PERIOD.—

“(i) IN GENERAL.—The term ‘transition period’ means, with respect to a skilled nursing facility, the 3 cost reporting periods of the facility beginning with the first cost reporting period.

“(ii) TREATMENT OF NEW SKILLED NURSING FACILITIES.—In the case of a skilled nursing facility that first received payment for services under this title on or after October 1, 1995, payment for such services shall be made under this subsection as if all services were furnished after the transition period.

“(3) DETERMINATION OF FACILITY SPECIFIC PER DIEM RATES.—The Secretary shall determine a facility-specific per diem rate for each skilled nursing facility not described in paragraph (2)(E)(ii) for a cost reporting period as follows:

“(A) DETERMINING BASE PAYMENTS.—The Secretary shall determine, on a per diem basis, the total of—

“(i) the allowable costs of extended care services for the facility for cost reporting periods beginning in fiscal year 1995, including costs associated with facilities described in subsection (d), with appropriate adjustments (as determined by the Secretary) to non-settled cost reports, and

“(ii) an estimate of the amounts that would be payable under part B (disregarding any applicable deductibles, coinsurance, and copayments) for covered skilled nursing facility services described in paragraph (2)(A)(i)(II) furnished during such period to an individual who is a resident of the facility, regardless of whether or not the payment was made to the facility or to another entity.

In making appropriate adjustments under clause (i), the Secretary shall take into account exceptions and shall take into account exemptions but, with respect to exemptions, only to the extent that routine costs do not exceed 150 percent of the routine cost limits otherwise applicable but for the exemption.

“(B) UPDATE TO FIRST COST REPORTING PERIOD.—

“(i) IN GENERAL.—Subject to clause (ii), the Secretary shall update the amount determined under subparagraph (A), for each cost reporting period after the cost reporting period described in subparagraph (A)(i) and up to the first cost reporting period by a factor equal to the skilled nursing facility market basket percentage increase minus 1 percentage point.

“(ii) CERTAIN DEMONSTRATION PROJECTS.—In the case of a facility participating in the Nursing Home Case-Mix and Quality Demonstration (RUGS-III), there shall be substituted for the amount described in clause (i) the RUGS-III rate received by the facility for 1997.

“(C) UPDATING TO APPLICABLE COST REPORTING PERIOD.—The Secretary shall update the amount determined under subparagraph (B) for each cost reporting period beginning with the first cost reporting period and up to and including the cost reporting period involved by a factor equal to the facility-specific update factor.

“(D) FACILITY-SPECIFIC UPDATE FACTOR.—For purposes of this paragraph, the ‘facility-specific update factor’ for cost reporting periods beginning during—

“(i) during each of fiscal years 1998 and 1999, is equal to the skilled nursing facility market basket percentage increase for such fiscal year minus 1 percentage point, and

“(ii) during each subsequent fiscal year is equal to the skilled nursing facility market basket percentage increase for such fiscal year.

“(4) FEDERAL PER DIEM RATE.—

“(A) DETERMINATION OF HISTORICAL PER DIEM FOR FACILITIES.—For each skilled nursing facility that received payments for post-hospital extended care services during a cost reporting period beginning in fiscal year 1995 and that was subject to (and not exempted from) the per diem limits referred to in paragraph (1) or (2) of subsection (a) (and facilities described in subsection (d)), the Secretary shall estimate, on a per diem basis for such cost reporting period, the total of—

“(i) the allowable costs of extended care services (excluding exceptions payments) for the facility for cost reporting periods beginning in 1995 with appropriate adjustments (as determined by the Secretary) to non-settled cost reports, and

“(ii) an estimate of the amounts that would be payable under part B (disregarding any applicable deductibles, coinsurance, and copayments) for covered skilled nursing facility services described in paragraph (2)(A)(i)(II) furnished during such period to an individual who is a resident of the facility, regardless of whether or not the payment was made to the facility or to another entity.

“(B) UPDATE TO FIRST FISCAL YEAR.—The Secretary shall update the amount determined under subparagraph (A), for each cost reporting period after the cost reporting period described in subparagraph (A)(i) and up to the first cost reporting period by a factor equal to the skilled nursing facility market basket percentage increase reduced (on an annualized basis) by 1 percentage point.

“(C) COMPUTATION OF STANDARDIZED PER DIEM RATE.—The Secretary shall standardize the amount updated under subparagraph (B) for each facility by—

“(i) adjusting for variations among facilities by area in the average facility wage level per diem, and

“(ii) adjusting for variations in case mix per diem among facilities.

“(D) COMPUTATION OF WEIGHTED AVERAGE PER DIEM RATES.—

“(i) ALL FACILITIES.—The Secretary shall compute a weighted average per diem rate for all facilities by

computing an average of the standardized amounts computed under subparagraph (C), weighted for each facility by the number of days of extended care services furnished during the cost reporting period referred to in subparagraph (A).

“(ii) FREESTANDING FACILITIES.—The Secretary shall compute a weighted average per diem rate for freestanding facilities by computing an average of the standardized amounts computed under subparagraph (C) only for such facilities, weighted for each facility by the number of days of extended care services furnished during the cost reporting period referred to in subparagraph (A).

“(iii) SEPARATE COMPUTATION.—The Secretary may compute and apply such averages separately for facilities located in urban and rural areas (as defined in section 1886(d)(2)(D)).

“(E) UPDATING.—

“(i) INITIAL PERIOD.—For the initial period beginning on July 1, 1998, and ending on September 30, 1999, the Secretary shall compute for skilled nursing facilities an unadjusted federal per diem rate equal to the average of the weighted average per diem rates computed under clauses (i) and (ii) of subparagraph (D), increased by skilled nursing facility market basket percentage change for such period minus 1 percentage point.

“(ii) SUBSEQUENT FISCAL YEARS.—The Secretary shall compute an unadjusted federal per diem rate equal to the federal per diem rate computed under this subparagraph—

“(I) for fiscal year 2000, the rate computed for the initial period described in clause (i), increased by the skilled nursing facility market basket percentage change for the initial period minus 1 percentage point;

“(II) for each of fiscal years 2001 and 2002, the rate computed for the previous fiscal year increased by the skilled nursing facility market basket percentage change for the fiscal year involved minus 1 percentage point; and

“(III) for each subsequent fiscal year, the rate computed for the previous fiscal year increased by the skilled nursing facility market basket percentage change for the fiscal year involved.

“(F) ADJUSTMENT FOR CASE MIX CREEP.—Insofar as the Secretary determines that the adjustments under subparagraph (G)(i) for a previous fiscal year (or estimates that such adjustments for a future fiscal year) did (or are likely to) result in a change in aggregate payments under this subsection during the fiscal year that are a result of changes in the coding or classification of residents that do not reflect real changes in case mix, the Secretary may adjust unadjusted Federal per diem rates for subsequent fiscal years so as to eliminate the effect of such coding or classification changes.

“(G) DETERMINATION OF FEDERAL RATE.—The Secretary shall compute for each skilled nursing facility for each fiscal year (beginning with the initial period described in subparagraph (E)(i)) an adjusted Federal per diem rate equal to the unadjusted Federal per diem rate determined under subparagraph (E), as adjusted under subparagraph (F), and as further adjusted as follows:

“(i) ADJUSTMENT FOR CASE MIX.—The Secretary shall provide for an appropriate adjustment to account for case mix. Such adjustment shall be based on a resident classification system, established by the Secretary, that accounts for the relative resource utilization of different patient types. The case mix adjustment shall be based on resident assessment data and other data that the Secretary considers appropriate.

“(ii) ADJUSTMENT FOR GEOGRAPHIC VARIATIONS IN LABOR COSTS.—The Secretary shall adjust the portion of such per diem rate attributable to wages and wage-related costs for the area in which the facility is located compared to the national average of such costs using an appropriate wage index as determined by the Secretary. Such adjustment shall be done in a manner that does not result in aggregate payments under this subsection that are greater or less than those that would otherwise be made if such adjustment had not been made.

“(H) PUBLICATION OF INFORMATION ON PER DIEM RATES.—The Secretary shall provide for publication in the Federal Register, before May 1, 1998 (with respect to fiscal period described in subparagraph (E)(i)) and before the August 1 preceding each succeeding fiscal year (with respect to that succeeding fiscal year), of—

Federal Register,
publication.

“(i) the unadjusted Federal per diem rates to be applied to days of covered skilled nursing facility services furnished during the fiscal year,

“(ii) the case mix classification system to be applied under subparagraph (G)(i) with respect to such services during the fiscal year, and

“(iii) the factors to be applied in making the area wage adjustment under subparagraph (G)(ii) with respect to such services.

“(5) SKILLED NURSING FACILITY MARKET BASKET INDEX AND PERCENTAGE.—For purposes of this subsection:

“(A) SKILLED NURSING FACILITY MARKET BASKET INDEX.—The Secretary shall establish a skilled nursing facility market basket index that reflects changes over time in the prices of an appropriate mix of goods and services included in covered skilled nursing facility services.

“(B) SKILLED NURSING FACILITY MARKET BASKET PERCENTAGE.—The term ‘skilled nursing facility market basket percentage’ means, for a fiscal year or other annual period and as calculated by the Secretary, the percentage change in the skilled nursing facility market basket index (established under subparagraph (A)) from the midpoint of the prior fiscal year (or period) to the midpoint of the fiscal year (or other period) involved.

“(6) SUBMISSION OF RESIDENT ASSESSMENT DATA.—A skilled nursing facility, or a facility described in paragraph (7)(B), shall provide the Secretary, in a manner and within the timeframes prescribed by the Secretary, the resident assessment data necessary to develop and implement the rates under this subsection. For purposes of meeting such requirement, a skilled nursing facility, or a facility described in paragraph (7), may submit the resident assessment data required under section 1819(b)(3), using the standard instrument designated by the State under section 1819(e)(5).

“(7) TRANSITION FOR MEDICARE SWING BED HOSPITALS.—

“(A) IN GENERAL.—The Secretary shall determine an appropriate manner in which to apply this subsection to the facilities described in subparagraph (B), taking into account the purposes of this subsection, and shall provide that at the end of the transition period (as defined in paragraph (2)(E)) such facilities shall be paid only under this subsection. Payment shall not be made under this subsection to such facilities for cost reporting periods beginning before such date (not earlier than July 1, 1999) as the Secretary specifies.

“(B) FACILITIES DESCRIBED.—The facilities described in this subparagraph are facilities that have in effect an agreement described in section 1883, for which payment is made for the furnishing of extended care services on a reasonable cost basis under section 1814(l) (as in effect on and after such date).

“(8) LIMITATION ON REVIEW.—There shall be no administrative or judicial review under section 1869, 1878, or otherwise of—

“(A) the establishment of Federal per diem rates under paragraph (4), including the computation of the standardized per diem rates under paragraph (4)(C), adjustments and corrections for case mix under paragraphs (4)(F) and (4)(G)(i), and adjustments for variations in labor-related costs under paragraph (4)(G)(ii);

“(B) the establishment of facility specific rates before January 1, 1999, (except any determination of costs paid under part A of this title); and

“(C) the establishment of transitional amounts under paragraph (7).”.

(b) CONSOLIDATED BILLING.—

(1) FOR SNF SERVICES.—Section 1862(a) (42 U.S.C. 1395y(a)), as amended by 4319(b), is amended—

(A) by striking “or” at the end of paragraph (16),

(B) by striking the period at the end of paragraph (17) and inserting “; or”, and

(C) by inserting after paragraph (17) the following new paragraph:

“(18) which are covered skilled nursing facility services described in section 1888(e)(2)(A)(i) and which are furnished to an individual who is a resident of a skilled nursing facility or of a part of a facility that includes a skilled nursing facility (as determined under regulations), by an entity other than the skilled nursing facility, unless the services are furnished under arrangements (as defined in section 1861(w)(1)) with the entity made by the skilled nursing facility.”.

(2) REQUIRING PAYMENT FOR ALL PART B ITEMS AND SERVICES TO BE MADE TO FACILITY.—The first sentence of section 1842(b)(6) (42 U.S.C. 1395u(b)(6)) is amended—

(A) by striking “and (D)” and inserting “(D)”; and

(B) by striking the period at the end and inserting the following: “, and (E) in the case of an item or service (other than services described in section 1888(e)(2)(A)(ii)) furnished to an individual who (at the time the item or service is furnished) is a resident of a skilled nursing facility or of a part of a facility that includes a skilled nursing facility (as determined under regulations), payment shall be made to the facility (without regard to whether or not the item or service was furnished by the facility, by others under arrangement with them made by the facility, under any other contracting or consulting arrangement, or otherwise).”.

(3) PAYMENT RULES.—Section 1888(e) (42 U.S.C. 1395yy(e)), as added by subsection (a), is amended by adding at the end the following:

“(9) PAYMENT FOR CERTAIN SERVICES.—In the case of an item or service furnished to a resident of a skilled nursing facility or a part of a facility that includes a skilled nursing facility (as determined under regulations) for which payment would (but for this paragraph) be made under part B in an amount determined in accordance with section 1833(a)(2)(B), the amount of the payment under such part shall be the amount provided under the fee schedule for such item or service.

“(10) REQUIRED CODING.—No payment may be made under part B for items and services (other than services described in paragraph (2)(A)(ii)) furnished to an individual who is a resident of a skilled nursing facility or of a part of a facility that includes a skilled nursing facility (as determined under regulations), unless the claim for such payment includes a code (or codes) under a uniform coding system specified by the Secretary that identifies the items or services furnished.”.

(4) FACILITY PROVIDER NUMBER REQUIRED ON CLAIMS SUBMITTED BY PHYSICIANS.—Section 1842 (42 U.S.C. 1395u) is amended by adding at the end the following new section:

“(t) Each request for payment, or bill submitted, for an item or service furnished by a physician to an individual who is a resident of a skilled nursing facility or of a part of a facility that includes a skilled nursing facility (as determined under regulations), for which payment may be made under this part shall include the facility’s medicare provider number.”.

(5) CONFORMING AMENDMENTS.—

(A) Section 1819(b)(3)(C)(i) (42 U.S.C. 1395i-3(b)(3)(C)(i)) is amended by striking “Such” and inserting “Subject to the timeframes prescribed by the Secretary under section 1888(e)(6), such”.

(B) Section 1832(a)(1) (42 U.S.C. 1395k(a)(1)) is amended by striking “(2);” and inserting “(2) and section 1842(b)(6)(E);”.

(C) Section 1833(a)(2)(B) (42 U.S.C. 1395l(a)(2)(B)) is amended by inserting “or section 1888(e)(9)” after “section 1886”.

(D) Section 1861(h) (42 U.S.C. 1395x(h)) is amended—

(i) in the opening paragraph, by striking “paragraphs (3) and (6)” and inserting “paragraphs (3), (6), and (7)”, and

(ii) in paragraph (7), after “skilled nursing facilities”, by inserting “, or by others under arrangements with them made by the facility”.

(E) Section 1861(v)(7)(D) (42 U.S.C. 1395x(v)(7)(D)) is amended by inserting “subsections (a) through (c) of” before “section 1888.”

(F) Section 1866(a)(1)(H) (42 U.S.C. 1395cc(a)(1)(H)) is amended—

(i) by redesignating clauses (i) and (ii) as subclauses (I) and (II) respectively,

(ii) by inserting “(i)” after “(H)”, and

(iii) by adding after clause (i), as so redesignated, the following new clause:

“(ii) in the case of skilled nursing facilities which provide covered skilled nursing facility services—

“(I) that are furnished to an individual who is a resident of the skilled nursing facility, and

“(II) for which the individual is entitled to have payment made under this title,

to have items and services (other than services described in section 1888(e)(2)(A)(ii)) furnished by the skilled nursing facility or otherwise under arrangements (as defined in section 1861(w)(1)) made by the skilled nursing facility.”

(G) Section 1883(a)(2)(B)(ii)(II) (42 U.S.C. 1395tt(a)(2)(B)(ii)(II)) is amended by inserting “subsections (a) through (d) of” before “section 1888”.

(H) Section 1888(d)(1) (42 U.S.C. 1395yy(d)(1)) is amended by striking “Any skilled nursing facility” and inserting “Subject to subsection (e), any skilled nursing facility”.

42 USC 1395yy
note.

(c) **MEDICAL REVIEW PROCESS.**—In order to ensure that medicare beneficiaries are furnished appropriate services in skilled nursing facilities, the Secretary of Health and Human Services shall establish and implement a thorough medical review process to examine the effects of the amendments made by this section on the quality of covered skilled nursing facility services furnished to medicare beneficiaries. In developing such a medical review process, the Secretary shall place a particular emphasis on the quality of non-routine covered services and physicians’ services for which payment is made under title XVIII of the Social Security Act.

42 USC 1395i-3
note.

(d) **EFFECTIVE DATE.**—The amendments made by this section are effective for cost reporting periods beginning on or after July 1, 1998; except that the amendments made by subsection (b) shall apply to items and services furnished on or after July 1, 1998.

CHAPTER 4—PROVISIONS RELATED TO HOSPICE SERVICES

SEC. 4441. PAYMENTS FOR HOSPICE SERVICES.

(a) **PAYMENT UPDATE.**—Section 1814(i)(1)(C)(ii) (42 U.S.C. 1395f(i)(1)(C)(ii)) is amended—

(1) in subclause (V), by striking “and” at the end;

(2) by redesignating subclause (VI) as subclause (VII); and

(3) by inserting after subclause (V) the following new subclause:

“(VI) for each of fiscal years 1998 through 2002, the market basket percentage increase for the fiscal year involved minus 1.0 percentage points; and”.

(b) COLLECTION OF DATA.—Section 1814(i) (42 U.S.C. 1395f(i)) is amended by adding at the end the following new paragraph:

“(3) Hospice programs providing hospice care for which payment is made under this subsection shall submit to the Secretary such data with respect to the costs for providing such care for each fiscal year, beginning with fiscal year 1999, as the Secretary determines necessary.”.

SEC. 4442. PAYMENT FOR HOME HOSPICE CARE BASED ON LOCATION WHERE CARE IS FURNISHED.

(a) IN GENERAL.—Section 1814(i)(2) (42 U.S.C. 1395f(i)(2)) is amended by adding at the end the following:

“(D) A hospice program shall submit claims for payment for hospice care furnished in an individual’s home under this title only on the basis of the geographic location at which the service is furnished, as determined by the Secretary.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies to cost reporting periods beginning on or after October 1, 1997.

42 USC 1395f
note.

SEC. 4443. HOSPICE CARE BENEFITS PERIODS.

(a) RESTRUCTURING OF BENEFIT PERIOD.—Section 1812 (42 U.S.C. 1395d) is amended in subsections (a)(4) and (d)(1) by striking “, a subsequent period of 30 days, and a subsequent extension period” and inserting “and an unlimited number of subsequent periods of 60 days each”.

(b) CONFORMING AMENDMENTS.—(1) Section 1812 (42 U.S.C. 1395d) is amended in subsection (d)(2)(B) by striking “90- or 30-day period or a subsequent extension period” and inserting “90-day period or a subsequent 60-day period”.

(2) Section 1814(a)(7)(A) (42 U.S.C. 1395f(a)(7)(A)) is amended—

(A) in clause (i), by inserting “and” at the end;

(B) in clause (ii)—

(i) by striking “30-day” and inserting “60-day”; and

(ii) by striking “, and” at the end and inserting a period; and

(C) by striking clause (iii).

SEC. 4444. OTHER ITEMS AND SERVICES INCLUDED IN HOSPICE CARE.

(a) IN GENERAL.—Section 1861(dd)(1) (42 U.S.C. 1395x(dd)(1)) is amended—

(1) in subparagraph (G), by striking “and” at the end;

(2) in subparagraph (H), by striking the period at the end and inserting “, and”; and

(3) by inserting after subparagraph (H) the following:

“(I) any other item or service which is specified in the plan and for which payment may otherwise be made under this title.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to items or services furnished on or after April 1, 1998.

42 USC 1395x
note.

SEC. 4445. CONTRACTING WITH INDEPENDENT PHYSICIANS OR PHYSICIAN GROUPS FOR HOSPICE CARE SERVICES PERMITTED.

Section 1861(dd)(2) (42 U.S.C. 1395x(dd)(2)) is amended—

- (1) in subparagraph (A)(ii)(I), by striking “(F),”; and
- (2) in subparagraph (B)(i), by inserting “or, in the case of a physician described in subclause (I), under contract with” after “employed by”.

SEC. 4446. WAIVER OF CERTAIN STAFFING REQUIREMENTS FOR HOSPICE CARE PROGRAMS IN NONURBANIZED AREAS.

Section 1861(dd)(5) (42 U.S.C. 1395x(dd)(5)) is amended—

- (1) in subparagraph (B), by inserting “or (C)” after “subparagraph (A)” each place it appears; and
- (2) by adding at the end the following:

“(C) The Secretary may waive the requirements of paragraph (2)(A)(i) and (2)(A)(ii) for an agency or organization with respect to the services described in paragraph (1)(B) and, with respect to dietary counseling, paragraph (1)(H), if such agency or organization—

“(i) is located in an area which is not an urbanized area (as defined by the Bureau of Census), and

“(ii) demonstrates to the satisfaction of the Secretary that the agency or organization has been unable, despite diligent efforts, to recruit appropriate personnel.”.

SEC. 4447. LIMITATION ON LIABILITY OF BENEFICIARIES FOR CERTAIN HOSPICE COVERAGE DENIALS.

Section 1879(g) (42 U.S.C. 1395pp(g)) is amended—

- (1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and moving such subparagraphs 2 ems to the right;
- (2) by striking “is,” and inserting “is—”;
- (3) by making the remaining text of subsection (g), as amended, that follows “is—” a new paragraph (1) and indenting such paragraph 2 ems to the right;
- (4) by striking the period at the end and inserting “; and”;
- and
- (5) by adding at the end the following new paragraph:

“(2) with respect to the provision of hospice care to an individual, a determination that the individual is not terminally ill.”.

SEC. 4448. EXTENDING THE PERIOD FOR PHYSICIAN CERTIFICATION OF AN INDIVIDUAL'S TERMINAL ILLNESS.

Section 1814(a)(7)(A)(i) (42 U.S.C. 1395f(a)(7)(A)(i)) is amended in the matter following subclause (II) by striking “, not later than 2 days after hospice care is initiated (or, if each certify verbally not later than 2 days after hospice care is initiated, not later than 8 days after such care is initiated)” and inserting “at the beginning of the period”.

42 USC 1395d
note.

SEC. 4449. EFFECTIVE DATE.

Except as otherwise provided in this chapter, the amendments made by this chapter apply to benefits provided on or after the date of the enactment of this chapter, regardless of whether or not an individual has made an election under section 1812(d) of the Social Security Act (42 U.S.C. 1395d(d)) before such date.

CHAPTER 5—OTHER PAYMENT PROVISIONS**SEC. 4451. REDUCTIONS IN PAYMENTS FOR ENROLLEE BAD DEBT.**

Section 1861(v)(1) (42 U.S.C. 1395x(v)(1)) is amended by adding at the end the following new subparagraph:

“(T) In determining such reasonable costs for hospitals, no reduction in copayments under section 1833(t)(5)(B) shall be treated as a bad debt and the amount of bad debts otherwise treated as allowable costs which are attributable to the deductibles and coinsurance amounts under this title shall be reduced—

“(i) for cost reporting periods beginning during fiscal year 1998, by 25 percent of such amount otherwise allowable,

“(ii) for cost reporting periods beginning during fiscal year 1999, by 40 percent of such amount otherwise allowable, and

“(iii) for cost reporting periods beginning during a subsequent fiscal year, by 45 percent of such amount otherwise allowable.”.

SEC. 4452. PERMANENT EXTENSION OF HEMOPHILIA PASS-THROUGH PAYMENT.

Section 6011(d) of OBRA-1989 (as amended by section 13505 of OBRA-1993) is amended by striking “and shall expire September 30, 1994.” and inserting “and on or before September 30, 1994, and on or after October 1, 1997.”.

42 USC 1395ww
note.

SEC. 4453. REDUCTION IN PART A MEDICARE PREMIUM FOR CERTAIN PUBLIC RETIREES.

(a) IN GENERAL.—Section 1818(d) (42 U.S.C. 1395i-2(d)) is amended—

(1) in paragraph (2), by striking “paragraph (4)” and inserting “paragraphs (4) and (5)”; and

(2) by adding at the end the following new paragraph:

“(5)(A) The amount of the monthly premium shall be zero in the case of an individual who is a person described in subparagraph (B) for a month, if—

“(i) the individual’s premium under this section for the month is not (and will not be) paid for, in whole or in part, by a State (under title XIX or otherwise), a political subdivision of a State, or an agency or instrumentality of one or more States or political subdivisions thereof; and

“(ii) in each of 84 months before such month, the individual was enrolled in this part under this section and the payment of the individual’s premium under this section for the month was not paid for, in whole or in part, by a State (under title XIX or otherwise), a political subdivision of a State, or an agency or instrumentality of one or more States or political subdivisions thereof.

“(B) A person described in this subparagraph for a month is a person who establishes to the satisfaction of the Secretary that, as of the last day of the previous month—

“(i)(I) the person was receiving cash benefits under a qualified State or local government retirement system (as defined in subparagraph (C)) on the basis of the person’s employment in one or more positions covered under any such system, and (II) the person would have at least 40 quarters of coverage under title II if remuneration for medicare qualified government employment (as defined in paragraph (1) of section 210(p),

but determined without regard to paragraph (3) of such section) paid to such person were treated as wages paid to such person and credited for purposes of determining quarters of coverage under section 213;

“(ii)(I) the person was married (and had been married for the previous 1-year period) to an individual who is described in clause (i), or (II) the person met the requirement of clause (i)(II) and was married (and had been married for the previous 1-year period) to an individual described in clause (i)(I);

“(iii) the person had been married to an individual for a period of at least 1 year (at the time of such individual’s death) if (I) the individual was described in clause (i) at the time of the individual’s death, or (II) the person met the requirement of clause (i)(II) and the individual was described in clause (i)(I) at the time of the individual’s death; or

“(iv) the person is divorced from an individual and had been married to the individual for a period of at least 10 years (at the time of the divorce) if (I) the individual was described in clause (i) at the time of the divorce, or (II) the person met the requirement of clause (i)(II) and the individual was described in clause (i)(I) at the time of the divorce.

“(C) For purposes of subparagraph (B)(i)(I), the term ‘qualified State or local government retirement system’ means a retirement system that—

“(i) is established or maintained by a State or political subdivision thereof, or an agency or instrumentality of one or more States or political subdivisions thereof;

“(ii) covers positions of some or all employees of such a State, subdivision, agency, or instrumentality; and

“(iii) does not adjust cash retirement benefits based on eligibility for a reduction in premium under this paragraph.”.

42 USC 1395i-2
note.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to premiums for months beginning with January 1998, and months before such month may be taken into account for purposes of meeting the requirement of section 1818(d)(5)(B)(iii) of the Social Security Act, as added by subsection (a).

SEC. 4454. COVERAGE OF SERVICES IN RELIGIOUS NONMEDICAL HEALTH CARE INSTITUTIONS UNDER THE MEDICARE AND MEDICAID PROGRAMS.

(a) MEDICARE COVERAGE.—

(1) IN GENERAL.—Section 1861 (42 U.S.C. 1395x) (as amended by sections 4103 and 4106) is amended—

(A) in the sixth sentence of subsection (e)—

(i) by striking “includes” and all that follows up to “but only” and inserting “includes a religious non-medical health care institution (as defined in subsection (ss)(1)),” and

(ii) by inserting “consistent with section 1821” before the period;

(B) in subsection (y)—

(i) by amending the heading to read as follows:

“Extended Care in Religious Nonmedical Health Care Institutions”,

(ii) in paragraph (1), by striking “includes” and all that follows up to “but only” and inserting “includes

a religious nonmedical health care institution (as defined in subsection (ss)(1)),” and

(iii) by inserting “consistent with section 1821” before the period; and
(C) by adding at the end the following:

“Religious Nonmedical Health Care Institution

“(ss)(1) The term ‘religious nonmedical health care institution’ means an institution that—

“(A) is described in subsection (c)(3) of section 501 of the Internal Revenue Code of 1986 and is exempt from taxes under subsection (a) of such section;

“(B) is lawfully operated under all applicable Federal, State, and local laws and regulations;

“(C) provides only nonmedical nursing items and services exclusively to patients who choose to rely solely upon a religious method of healing and for whom the acceptance of medical health services would be inconsistent with their religious beliefs;

“(D) provides such nonmedical items and services exclusively through nonmedical nursing personnel who are experienced in caring for the physical needs of such patients;

“(E) provides such nonmedical items and services to inpatients on a 24-hour basis;

“(F) on the basis of its religious beliefs, does not provide through its personnel or otherwise medical items and services (including any medical screening, examination, diagnosis, prognosis, treatment, or the administration of drugs) for its patients;

“(G)(i) is not owed by, under common ownership with, or has an ownership interest in, a provider of medical treatment of services;

“(ii) is not affiliated with—

“(I) a provider of medical treatment or services, or

“(II) an individual who has an ownership interest in a provider of medical treatment or services;

“(H) has in effect a utilization review plan which—

“(i) provides for the review of admissions to the institution, of the duration of stays therein, of cases of continuous extended duration, and of the items and services furnished by the institution,

“(ii) requires that such reviews be made by an appropriate committee of the institution that includes the individuals responsible for overall administration and for supervision of nursing personnel at the institution,

“(iii) provides that records be maintained of the meetings, decisions, and actions of such committee, and

“(iv) meets such other requirements as the Secretary finds necessary to establish an effective utilization review plan;

“(I) provides the Secretary with such information as the Secretary may require to implement section 1821,

including information relating to quality of care and coverage determinations; and

“(J) meets such other requirements as the Secretary finds necessary in the interest of the health and safety of individuals who are furnished services in the institution.

“(2) To the extent that the Secretary finds that the accreditation of an institution by a State, regional, or national agency or association provides reasonable assurances that any or all of the requirements of paragraph (1) are met or exceeded, the Secretary may treat such institution as meeting the condition or conditions with respect to which the Secretary made such finding.

“(3)(A)(i) In administering this subsection and section 1821, the Secretary shall not require any patient of a religious nonmedical health care institution to undergo medical screening, examination, diagnosis, prognosis, or treatment or to accept any other medical health care service, if such patient (or legal representative of the patient) objects thereto on religious grounds.

“(ii) Clause (i) shall not be construed as preventing the Secretary from requiring under section 1821(a)(2) the provision of sufficient information regarding an individual’s condition as a condition for receipt of benefits under part A for services provided in such an institution.

“(B)(i) In administering this subsection and section 1821, the Secretary shall not subject a religious nonmedical health care institution or its personnel to any medical supervision, regulation, or control, insofar as such supervision, regulation, or control would be contrary to the religious beliefs observed by the institution or such personnel.

“(ii) Clause (i) shall not be construed as preventing the Secretary from reviewing items and services billed by the institution to the extent the Secretary determines such review to be necessary to determine whether such items and services were not covered under part A, are excessive, or are fraudulent.

“(4)(A) For purposes of paragraph (1)(G)(i), an ownership interest of less than 5 percent shall not be taken into account.

“(B) For purposes of paragraph (1)(G)(ii), none of the following shall be considered to create an affiliation:

“(i) An individual serving as an uncompensated director, trustee, officer, or other member of the governing body of a religious nonmedical health care institution.

“(ii) An individual who is a director, trustee, officer, employee, or staff member of a religious nonmedical health care institution having a family relationship with an individual who is affiliated with (or has an ownership interest in) a provider of medical treatment or services.

“(iii) An individual or entity furnishing goods or services as a vendor to both providers of medical treatment or services and religious nonmedical health care institutions.”

(2) CONDITIONS OF COVERAGE.—Part A of title XVIII is amended by adding at the end the following new section:

42 USC 1395i-5.

“CONDITIONS FOR COVERAGE OF RELIGIOUS NONMEDICAL HEALTH CARE INSTITUTIONAL SERVICES

“SEC. 1821. (a) IN GENERAL.—Subject to subsections (c) and (d), payment under this part may be made for inpatient hospital services or post-hospital extended care services furnished an individual in a religious nonmedical health care institution only if—

“(1) the individual has an election in effect for such benefits under subsection (b); and

“(2) the individual has a condition such that the individual would qualify for benefits under this part for inpatient hospital services or extended care services, respectively, if the individual were an inpatient or resident in a hospital or skilled nursing facility that was not such an institution.

“(b) ELECTION.—

“(1) IN GENERAL.—An individual may make an election under this subsection in a form and manner specified by the Secretary consistent with this subsection. Unless otherwise provided, such an election shall take effect immediately upon its execution. Such an election, once made, shall continue in effect until revoked.

“(2) FORM.—The election form under this subsection shall include the following:

“(A) A written statement, signed by the individual (or such individual’s legal representative), that—

“(i) the individual is conscientiously opposed to acceptance of nonexcepted medical treatment; and

“(ii) the individual’s acceptance of nonexcepted medical treatment would be inconsistent with the individual’s sincere religious beliefs.

“(B) A statement that the receipt of nonexcepted medical services shall constitute a revocation of the election and may limit further receipt of services described in subsection (a).

“(3) REVOCATION.—An election under this subsection by an individual may be revoked by voluntarily notifying the Secretary in writing of such revocation and shall be deemed to be revoked if the individual receives nonexcepted medical treatment for which reimbursement is made under this title.

“(4) LIMITATION ON SUBSEQUENT ELECTIONS.—Once an individual’s election under this subsection has been made and revoked twice—

“(A) the next election may not become effective until the date that is 1 year after the date of most recent previous revocation, and

“(B) any succeeding election may not become effective until the date that is 5 years after the date of the most recent previous revocation.

“(5) EXCEPTED MEDICAL TREATMENT.—For purposes of this subsection:

“(A) EXCEPTED MEDICAL TREATMENT.—The term ‘excepted medical treatment’ means medical care or treatment (including medical and other health services)—

“(i) received involuntarily, or

“(ii) required under Federal or State law or law of a political subdivision of a State.

“(B) NONEXCEPTED MEDICAL TREATMENT.—The term ‘nonexcepted medical treatment’ means medical care or treatment (including medical and other health services) other than excepted medical treatment.

“(c) MONITORING AND SAFEGUARD AGAINST EXCESSIVE EXPENDITURES.—

“(1) ESTIMATE OF EXPENDITURES.—Before the beginning of each fiscal year (beginning with fiscal year 2000), the Secretary

shall estimate the level of expenditures under this part for services described in subsection (a) for that fiscal year.

“(2) ADJUSTMENT IN PAYMENTS.—

“(A) PROPORTIONAL ADJUSTMENT.—If the Secretary determines that the level estimated under paragraph (1) for a fiscal year will exceed the trigger level (as defined in subparagraph (C)) for that fiscal year, the Secretary shall, subject to subparagraph (B), provide for such a proportional reduction in payment amounts under this part for services described in subsection (a) for the fiscal year involved as will assure that such level (taking into account any adjustment under subparagraph (B)) does not exceed the trigger level for that fiscal year.

“(B) ALTERNATIVE ADJUSTMENTS.—The Secretary may, instead of making some or all of the reduction described in subparagraph (A), impose such other conditions or limitations with respect to the coverage of covered services (including limitations on new elections of coverage and new facilities) as may be appropriate to reduce the level of expenditures described in paragraph (1) to the trigger level.

“(C) TRIGGER LEVEL.—For purposes of this subsection—

“(i) IN GENERAL.—Subject to adjustment under paragraph (3)(B), the ‘trigger level’ for a year is the unadjusted trigger level described in clause (ii).

“(ii) UNADJUSTED TRIGGER LEVEL.—The ‘unadjusted trigger level’ for—

“(I) fiscal year 1998, is \$20,000,000, or

“(II) a succeeding fiscal year is the amount specified under this clause for the previous fiscal year increased by the percentage increase in the consumer price index for all urban consumers (all items; United States city average) for the 12-month period ending with July preceding the beginning of the fiscal year.

“(D) PROHIBITION OF ADMINISTRATIVE AND JUDICIAL REVIEW.—There shall be no administrative or judicial review under section 1869, 1878, or otherwise of the estimation of expenditures under subparagraph (A) or the application of reduction amounts under subparagraph (B).

“(E) EFFECT ON BILLING.—Notwithstanding any other provision of this title, in the case of a reduction in payment provided under this subsection for services of a religious nonmedical health care institution provided to an individual, the amount that the institution is otherwise permitted to charge the individual for such services is increased by the amount of such reduction.

“(3) MONITORING EXPENDITURE LEVEL.—

“(A) IN GENERAL.—The Secretary shall monitor the expenditure level described in paragraph (2)(A) for each fiscal year (beginning with fiscal year 1999).

“(B) ADJUSTMENT IN TRIGGER LEVEL.—

“(i) IN GENERAL.—If the Secretary determines that such level for a fiscal year exceeded, or was less than, the trigger level for that fiscal year, then, subject to clause (ii), the trigger level for the succeeding fiscal

year shall be reduced, or increased, respectively, by the amount of such excess or deficit.

“(ii) LIMITATION ON CARRYFORWARD.—In no case may the increase effected under clause (i) for a fiscal year exceed \$50,000,000.

“(d) SUNSET.—If the Secretary determines that the level of expenditures described in subsection (c)(1) for 3 consecutive fiscal years (with the first such year being not earlier than fiscal year 2002) exceeds the trigger level for such expenditures for such years (as determined under subsection (c)(2)), benefits shall be paid under this part for services described in subsection (a) and furnished on or after the first January 1 that occurs after such 3 consecutive years only with respect to an individual who has an election in effect under subsection (b) as of such January 1 and only during the duration of such election.

“(e) ANNUAL REPORT.—At the beginning of each fiscal year (beginning with fiscal year 1999), the Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate an annual report on coverage and expenditures for services described in subsection (a) under this part and under State plans under title XIX. Such report shall include—

“(1) level of expenditures described in subsection (c)(1) for the previous fiscal year and estimated for the fiscal year involved;

“(2) trends in such level; and

“(3) facts and circumstances of any significant change in such level from the level in previous fiscal years.”.

(b) MEDICAID.—

(1) The third sentence of section 1902(a) (42 U.S.C. 1396a(a)) is amended by striking all that follows “shall not apply” and inserting “to a religious nonmedical health care institution (as defined in section 1861(ss)(1)).”.

(2) Section 1908(e)(1) (42 U.S.C. 1396g-1(e)(1)) is amended by striking all that follows “does not include” and inserting “a religious nonmedical health care institution (as defined in section 1861(ss)(1)).”.

(c) CONFORMING AMENDMENTS.—

(1) Section 1122(h) (42 U.S.C. 1320a-1(h)) is amended by striking all that follows “shall not apply to” and inserting “a religious nonmedical health care institution (as defined in section 1861(ss)(1)).”.

(2) Section 1162 (42 U.S.C. 1320c-11) is amended—

(A) by amending the heading to read as follows:

“EXEMPTIONS FOR RELIGIOUS NONMEDICAL HEALTH CARE INSTITUTIONS”; and

(B) by striking all that follows “shall not apply with respect to a” and inserting “religious nonmedical health care institution (as defined in section 1861(ss)(1)).”.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act and shall apply to items and services furnished on or after such date. By not later than July 1, 1998, the Secretary of Health and Human Services shall first issue regulations to carry out such amendments. Such regulations may be issued so they are effective on an interim

42 USC 1395i-5
note.

Regulations.

basis pending notice and opportunity for public comment. For periods before the effective date of such regulations, such regulations shall recognize elections entered into in good faith in order to comply with the requirements of section 1821(b) of the Social Security Act.

Subtitle F—Provisions Relating to Part B Only

CHAPTER 1—SERVICES OF HEALTH PROFESSIONALS

Subchapter A—Physicians' Services

SEC. 4501. ESTABLISHMENT OF SINGLE CONVERSION FACTOR FOR 1998.

(a) IN GENERAL.—Section 1848(d)(1) (42 U.S.C. 1395w-4(d)(1)) is amended—

(1) by redesignating subparagraph (C) as subparagraph (D), and

(2) by inserting after subparagraph (B) the following:

“(C) SPECIAL RULES FOR 1998.—The single conversion factor for 1998 under this subsection shall be the conversion factor for primary care services for 1997, increased by the Secretary’s estimate of the weighted average of the three separate updates that would otherwise occur were it not for the enactment of chapter 1 of subtitle F of title IV of the Balanced Budget Act of 1997.”.

(b) CONFORMING AMENDMENTS.—Section 1848 (42 U.S.C. 1395w-4) is amended—

(1) by striking “(or factors)” each place it appears in subsection (d)(1)(A) and (d)(1)(D)(ii) (as redesignated by subsection (a)(1)),

(2) in subsection (d)(1)(A), by striking “or updates”,

(3) in subsection (d)(1)(D) (as redesignated by subsection (a)(1)), by striking “(or updates)” each place it appears, and

(4) in subsection (j)(1), by striking “The term” and inserting “For services furnished before January 1, 1998, the term”.

SEC. 4502. ESTABLISHING UPDATE TO CONVERSION FACTOR TO MATCH SPENDING UNDER SUSTAINABLE GROWTH RATE.

(a) UPDATE.—

(1) IN GENERAL.—Section 1848(d)(3) (42 U.S.C. 1395w-4(d)(3)) is amended to read as follows:

“(3) UPDATE.—

“(A) IN GENERAL.—Unless otherwise provided by law, subject to subparagraph (D) and the budget-neutrality factor determined by the Secretary under subsection (c)(2)(B)(ii), the update to the single conversion factor established in paragraph (1)(C) for a year beginning with 1999 is equal to the product of—

“(i) 1 plus the Secretary’s estimate of the percentage increase in the MEI (as defined in section 1842(i)(3)) for the year (divided by 100), and

“(ii) 1 plus the Secretary’s estimate of the update adjustment factor for the year (divided by 100), minus 1 and multiplied by 100.

“(B) UPDATE ADJUSTMENT FACTOR.—For purposes of subparagraph (A)(ii), the ‘update adjustment factor’ for a year is equal (as estimated by the Secretary) to—

“(i) the difference between (I) the sum of the allowed expenditures for physicians’ services (as determined under subparagraph (C)) for the period beginning April 1, 1997, and ending on March 31 of the year involved, and (II) the amount of actual expenditures for physicians’ services furnished during the period beginning April 1, 1997, and ending on March 31 of the preceding year; divided by

“(ii) the actual expenditures for physicians’ services for the 12-month period ending on March 31 of the preceding year, increased by the sustainable growth rate under subsection (f) for the fiscal year which begins during such 12-month period.

“(C) DETERMINATION OF ALLOWED EXPENDITURES.—For purposes of this paragraph, the allowed expenditures for physicians’ services for the 12-month period ending with March 31 of—

“(i) 1997 is equal to the actual expenditures for physicians’ services furnished during such 12-month period, as estimated by the Secretary; or

“(ii) a subsequent year is equal to the allowed expenditures for physicians’ services for the previous year, increased by the sustainable growth rate under subsection (f) for the fiscal year which begins during such 12-month period.

“(D) RESTRICTION ON VARIATION FROM MEDICARE ECONOMIC INDEX.—Notwithstanding the amount of the update adjustment factor determined under subparagraph (B) for a year, the update in the conversion factor under this paragraph for the year may not be—

“(i) greater than 100 times the following amount: $(1.03 + (\text{MEI percentage}/100)) - 1$; or

“(ii) less than 100 times the following amount: $(0.93 + (\text{MEI percentage}/100)) - 1$,

where ‘MEI percentage’ means the Secretary’s estimate of the percentage increase in the MEI (as defined in section 1842(i)(3)) for the year involved.”.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to the update for years beginning with 1999.

42 USC 1395w-4 note.

(b) ELIMINATION OF REPORT.—Section 1848(d) (42 U.S.C. 1395w-4(d)) is amended by striking paragraph (2).

SEC. 4503. REPLACEMENT OF VOLUME PERFORMANCE STANDARD WITH SUSTAINABLE GROWTH RATE.

(a) IN GENERAL.—Section 1848(f) (42 U.S.C. 1395w-4(f)) is amended by striking paragraphs (2) through (5) and inserting the following:

“(2) SPECIFICATION OF GROWTH RATE.—The sustainable growth rate for all physicians’ services for a fiscal year (beginning with fiscal year 1998) shall be equal to the product of—

“(A) 1 plus the Secretary’s estimate of the weighted average percentage increase (divided by 100) in the fees for all physicians’ services in the fiscal year involved,

“(B) 1 plus the Secretary’s estimate of the percentage change (divided by 100) in the average number of individuals enrolled under this part (other than Medicare+Choice plan enrollees) from the previous fiscal year to the fiscal year involved,

“(C) 1 plus the Secretary’s estimate of the projected percentage growth in real gross domestic product per capita (divided by 100) from the previous fiscal year to the fiscal year involved, and

“(D) 1 plus the Secretary’s estimate of the percentage change (divided by 100) in expenditures for all physicians’ services in the fiscal year (compared with the previous fiscal year) which will result from changes in law and regulations, determined without taking into account estimated changes in expenditures resulting from the update adjustment factor determined under subsection (d)(3)(B), minus 1 and multiplied by 100.

“(3) DEFINITIONS.—In this subsection:

“(A) SERVICES INCLUDED IN PHYSICIANS’ SERVICES.—The term ‘physicians’ services’ includes other items and services (such as clinical diagnostic laboratory tests and radiology services), specified by the Secretary, that are commonly performed or furnished by a physician or in a physician’s office, but does not include services furnished to a Medicare+Choice plan enrollee.

“(B) MEDICARE+CHOICE PLAN ENROLLEE.—The term ‘Medicare+Choice plan enrollee’ means, with respect to a fiscal year, an individual enrolled under this part who has elected to receive benefits under this title for the fiscal year through a Medicare+Choice plan offered under part C, and also includes an individual who is receiving benefits under this part through enrollment with an eligible organization with a risk-sharing contract under section 1876.”.

(b) CONFORMING AMENDMENT.—So much of section 1848(f) (42 U.S.C. 1395w-4(f)) as precedes paragraph (2) is amended to read as follows:

“(f) SUSTAINABLE GROWTH RATE.—

“(1) PUBLICATION.—The Secretary shall cause to have published in the Federal Register the sustainable growth rate for each fiscal year beginning with fiscal year 1998. Such publication shall occur by not later than August 1 before each fiscal year, except that such rate for fiscal year 1998 shall be published not later than November 1, 1997.”.

Federal Register,
publication.

SEC. 4504. PAYMENT RULES FOR ANESTHESIA SERVICES.

(a) IN GENERAL.—Section 1848(d)(1) (42 U.S.C. 1395w-4(d)(1)), as amended by section 4501(a), is amended—

(1) in subparagraph (C), by striking “The single” and inserting “Except as provided in subparagraph (D), the single”;

(2) by redesignating subparagraph (D) as subparagraph (E); and

(3) by inserting after subparagraph (C) the following new subparagraph:

“(D) SPECIAL RULES FOR ANESTHESIA SERVICES.—The separate conversion factor for anesthesia services for a year shall be equal to 46 percent of the single conversion

factor established for other physicians' services, except as adjusted for changes in work, practice expense, or malpractice relative value units."

- (b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall apply to services furnished on or after January 1, 1998. 42 USC 1395w-4 note.

SEC. 4505. IMPLEMENTATION OF RESOURCE-BASED METHODOLOGIES.

- (a) **1-YEAR DELAY IN IMPLEMENTATION.**—Section 1848(c) (42 U.S.C. 1395w-4(c)) is amended—

- (1) in paragraph (2)(C)(ii), in the matter before subclause (I) and after subclause (II), by striking "1998" and inserting "1999" each place it appears; and
(2) in paragraph (3)(C)(ii), by striking "1998" and inserting "1999".

- (b) **PHASED-IN IMPLEMENTATION.**—

- (1) **IN GENERAL.**—Section 1848(c)(2)(C)(ii) (42 U.S.C. 1395w-4(c)(2)(C)(ii)) is further amended—

- (A) by striking the comma at the end of clause (ii) and inserting a period and the following:

"For 1999, such number of units shall be determined based 75 percent on such product and based 25 percent on the relative practice expense resources involved in furnishing the service. For 2000, such number of units shall be determined based 50 percent on such product and based 50 percent on such relative practice expense resources. For 2001, such number of units shall be determined based 25 percent on such product and based 75 percent on such relative practice expense resources. For a subsequent year, such number of units shall be determined based entirely on such relative practice expense resources."

- (2) **CONFORMING AMENDMENT.**—Section 1848(c)(3)(C)(ii) (42 U.S.C. 1395w-4(c)(3)(C)(ii)), as amended by subsection (a)(2), is amended by striking "1999" and inserting "2002".

- (c) **REVIEW BY COMPTROLLER GENERAL.**—The Comptroller General of the United States shall review and evaluate the proposed rule on resource-based methodology for practice expenses issued by the Secretary of Health and Human Services. The Comptroller General shall, within 6 months of the date of the enactment of this Act, report to the Committees on Commerce and Ways and Means of the House of Representatives and the Committee on Finance of the Senate the results of its evaluation, including an analysis of—

- (1) the adequacy of the data used in preparing the rule,
(2) categories of allowable costs,
(3) methods for allocating direct and indirect expenses,
(4) the potential impact of the rule on beneficiary access to services, and

- (5) any other matters related to the appropriateness of resource-based methodology for practice expenses.

The Comptroller General shall consult with representatives of physicians' organizations with respect to matters of both data and methodology.

- (d) **REQUIREMENTS FOR DEVELOPING NEW RESOURCE-BASED PRACTICE EXPENSE RELATIVE VALUE UNITS.**— 42 USC 1395w-4 note.

- (1) **DEVELOPMENT.**—For purposes of section 1848(c)(2)(C)(ii) of the Social Security Act, the Secretary of Health and Human

Services shall develop new resource-based relative value units. In developing such units the Secretary shall—

(A) utilize, to the maximum extent practicable, generally accepted cost accounting principles which (i) recognize all staff, equipment, supplies, and expenses, not just those which can be tied to specific procedures, and (ii) use actual data on equipment utilization and other key assumptions;

(B) consult with organizations representing physicians regarding methodology and data to be used; and

(C) develop a refinement process to be used during each of the 4 years of the transition period.

(2) REPORT.—The Secretary shall transmit a report by March 1, 1998, on the development of resource-based relative value units under paragraph (1) to the Committee on Ways and Means and the Committee on Commerce of the House of Representatives and the Committee on Finance of the Senate. The report shall include a presentation of data to be used in developing the value units and an explanation of the methodology.

Publication.

(3) NOTICE OF PROPOSED RULEMAKING.—The Secretary shall publish a notice of proposed rulemaking with the new resource-based relative value units on or before May 1, 1998, and shall allow for a 90-day public comment period.

(4) ITEMS INCLUDED.—The new proposed rule shall consider the following:

(A) Impact projections which compare new proposed payment amounts on data on actual physician practice expenses.

(B) Impact projections for hospital-based and other specialties, geographic payment localities, and urban versus rural localities.

(e) ADJUSTMENTS TO RELATIVE VALUE UNITS FOR 1998.—Section 1848(c)(2) (42 U.S.C. 1395w-4(c)(2)) is amended by adding at the end the following new subparagraph:

“(G) ADJUSTMENTS IN RELATIVE VALUE UNITS FOR 1998.—

“(i) IN GENERAL.—The Secretary shall—

“(I) subject to clauses (iv) and (v), reduce the practice expense relative value units applied to any services described in clause (ii) furnished in 1998 to a number equal to 110 percent of the number of work relative value units, and

“(II) increase the practice expense relative value units for office visit procedure codes during 1998 by a uniform percentage which the Secretary estimates will result in an aggregate increase in payments for such services equal to the aggregate decrease in payments by reason of subclause (I).

“(ii) SERVICES COVERED.—For purposes of clause (i), the services described in this clause are physicians’ services that are not described in clause (iii) and for which—

“(I) there are work relative value units, and

“(II) the number of practice expense relative value units (determined for 1998) exceeds 110 percent of the number of work relative value units (determined for such year).

“(iii) EXCLUDED SERVICES.—For purposes of clause (ii), the services described in this clause are services which the Secretary determines at least 75 percent of which are provided under this title in an office setting.

“(iv) LIMITATION ON AGGREGATE REALLOCATION.—If the application of clause (i)(I) would result in an aggregate amount of reductions under such clause in excess of \$390,000,000, such clause shall be applied by substituting for 110 percent such greater percentage as the Secretary estimates will result in the aggregate amount of such reductions equaling \$390,000,000.

“(v) NO REDUCTION FOR CERTAIN SERVICES.—Practice expense relative value units for a procedure performed in an office or in a setting out of an office shall not be reduced under clause (i) if the in-office or out-of-office practice expense relative value, respectively, for the procedure would increase under the proposed rule on resource-based practice expenses issued by the Secretary on June 18, 1997 (62 Federal Register 33158 et seq.).”.

(f) APPLICATION OF RESOURCE-BASED METHODOLOGY TO MALPRACTICE RELATIVE VALUE UNITS.—

(1) IN GENERAL.—Section 1848(c)(2)(C)(iii) (42 U.S.C. 1395w-4(c)(2)(C)(iii)) is amended—

(A) in paragraph (2)(C)(iii)—

(i) by inserting “for the service for years before 2000” before “equal”, and

(ii) by striking the period at the end and inserting a comma and by adding at the end the following flush matter:

“and for years beginning with 2000 based on the malpractice expense resources involved in furnishing the service.”; and

(B) in paragraph (3)(C)(iii), by striking “The malpractice” and inserting “For years before 1999, the malpractice”.

(2) APPLICATION OF CERTAIN BUDGET NEUTRALITY PROVISIONS.—In implementing the amendment made by paragraph (1)(A)(ii), the provisions of clauses (ii)(II) and (iii) of section 1848(c)(2)(B) of the Social Security Act (42 U.S.C. 1395w-4(c)(2)(B)) shall apply in the same manner as they apply to adjustments under clause (ii)(I) of such section.

42 USC 1395w-4
note.

SEC. 4506. DISSEMINATION OF INFORMATION ON HIGH PER DISCHARGE RELATIVE VALUES FOR IN-HOSPITAL PHYSICIANS' SERVICES.

42 USC 1395ww
note.

(a) DETERMINATION AND NOTICE CONCERNING HOSPITAL-SPECIFIC PER DISCHARGE RELATIVE VALUES.—

(1) IN GENERAL.—For 1999 and 2001 the Secretary of Health and Human Services shall determine for each hospital—

(A) the hospital-specific per discharge relative value under subsection (b); and

(B) whether the hospital-specific relative value is projected to be excessive (as determined based on such value represented as a percentage of the median of hospital-specific per discharge relative values determined under subsection (b)).

(2) NOTICE TO SUBSET OF MEDICAL STAFFS; EVALUATION OF RESPONSES.—The Secretary shall notify the medical executive committee of a subset of the hospitals identified under paragraph (1)(B) as having an excessive hospital-specific relative value, of the determinations made with respect to the medical staff under paragraph (1). The Secretary shall evaluate the responses of the hospitals so notified with the responses of other hospitals so identified that were not so notified.

(b) DETERMINATION OF HOSPITAL-SPECIFIC PER DISCHARGE RELATIVE VALUES.—

(1) IN GENERAL.—For purposes of this section, the hospital-specific per discharge relative value for the medical staff of a hospital (other than a teaching hospital) for a year shall be equal to the average per discharge relative value (as determined under section 1848(c)(2) of the Social Security Act (42 U.S.C. 1395w-4(c)(2)) for physicians' services furnished to inpatients of the hospital by the hospital's medical staff (excluding interns and residents) during the second year preceding that calendar year, adjusted for variations in case-mix among hospitals and disproportionate share status and teaching status among hospitals (as determined by the Secretary under paragraph (3)).

(2) SPECIAL RULE FOR TEACHING HOSPITALS.—The hospital-specific relative value projected for a teaching hospital in a year shall be equal to the sum of—

(A) the average per discharge relative value (as determined under section 1848(c)(2) of such Act) for physicians' services furnished to inpatients of the hospital by the hospital's medical staff (excluding interns and residents) during the second year preceding that calendar year, and

(B) the equivalent per discharge relative value (as determined under such section) for physicians' services furnished to inpatients of the hospital by interns and residents of the hospital during the second year preceding that calendar year, adjusted for variations in case-mix among hospitals, and in disproportionate share status and teaching status among hospitals (as determined by the Secretary under paragraph (3)).

The Secretary shall determine the equivalent relative value unit per discharge for interns and residents based on the best available data and may make such adjustment in the aggregate.

(3) ADJUSTMENT FOR TEACHING AND DISPROPORTIONATE SHARE HOSPITALS.—The Secretary shall adjust the allowable per discharge relative values otherwise determined under this subsection to take into account the needs of teaching hospitals and hospitals receiving additional payments under subparagraphs (F) and (G) of section 1886(d)(5) of the Social Security Act (42 U.S.C. 1395ww(d)(5)). The adjustment for teaching status or disproportionate share shall not be less than zero.

(c) DEFINITIONS.—For purposes of this section:

(1) HOSPITAL.—The term “hospital” means a subsection (d) hospital as defined in section 1886(d) of the Social Security Act (42 U.S.C. 1395ww(d)).

(2) MEDICAL STAFF.—An individual furnishing a physician’s service is considered to be on the medical staff of a hospital—

(A) if (in accordance with requirements for hospitals established by the Joint Commission on Accreditation of Health Organizations)—

(i) the individual is subject to bylaws, rules, and regulations established by the hospital to provide a framework for the self-governance of medical staff activities,

(ii) subject to the bylaws, rules, and regulations, the individual has clinical privileges granted by the hospital’s governing body, and

(iii) under the clinical privileges, the individual may provide physicians’ services independently within the scope of the individual’s clinical privileges, or

(B) if the physician provides at least one service to an individual entitled to benefits under this title in that hospital.

(3) PHYSICIANS’ SERVICES.—The term “physicians’ services” means the services described in section 1848(j)(3) of the Social Security Act (42 U.S.C. 1395w-4(j)(3)).

(4) RURAL AREA; URBAN AREA.—The terms “rural area” and “urban area” have the meaning given those terms under section 1886(d)(2)(D) of such Act (42 U.S.C. 1395ww(d)(2)(D)).

(5) SECRETARY.—The term “Secretary” means the Secretary of Health and Human Services.

(6) TEACHING HOSPITAL.—The term “teaching hospital” means a hospital which has a teaching program approved as specified in section 1861(b)(6) of the Social Security Act (42 U.S.C. 1395x(b)(6)).

SEC. 4507. USE OF PRIVATE CONTRACTS BY MEDICARE BENEFICIARIES.

(a) ITEMS OR SERVICES PROVIDED THROUGH PRIVATE CONTRACTS.—

(1) IN GENERAL.—Section 1802 (42 U.S.C. 1395a) is amended by adding at the end the following new subsection:

“(b) USE OF PRIVATE CONTRACTS BY MEDICARE BENEFICIARIES.—

“(1) IN GENERAL.—Subject to the provisions of this subsection, nothing in this title shall prohibit a physician or practitioner from entering into a private contract with a medicare beneficiary for any item or service—

“(A) for which no claim for payment is to be submitted under this title, and

“(B) for which the physician or practitioner receives—

“(i) no reimbursement under this title directly or on a capitated basis, and

“(ii) receives no amount for such item or service from an organization which receives reimbursement for such item or service under this title directly or on a capitated basis.

“(2) BENEFICIARY PROTECTIONS.—

“(A) IN GENERAL.—Paragraph (1) shall not apply to any contract unless—

“(i) the contract is in writing and is signed by the medicare beneficiary before any item or service is provided pursuant to the contract;

“(ii) the contract contains the items described in subparagraph (B); and

“(iii) the contract is not entered into at a time when the medicare beneficiary is facing an emergency or urgent health care situation.

“(B) ITEMS REQUIRED TO BE INCLUDED IN CONTRACT.—Any contract to provide items and services to which paragraph (1) applies shall clearly indicate to the medicare beneficiary that by signing such contract the beneficiary—

“(i) agrees not to submit a claim (or to request that the physician or practitioner submit a claim) under this title for such items or services even if such items or services are otherwise covered by this title;

“(ii) agrees to be responsible, whether through insurance or otherwise, for payment of such items or services and understands that no reimbursement will be provided under this title for such items or services;

“(iii) acknowledges that no limits under this title (including the limits under section 1848(g)) apply to amounts that may be charged for such items or services;

“(iv) acknowledges that Medigap plans under section 1882 do not, and other supplemental insurance plans may elect not to, make payments for such items and services because payment is not made under this title; and

“(v) acknowledges that the medicare beneficiary has the right to have such items or services provided by other physicians or practitioners for whom payment would be made under this title.

Such contract shall also clearly indicate whether the physician or practitioner is excluded from participation under the medicare program under section 1128.

“(3) PHYSICIAN OR PRACTITIONER REQUIREMENTS.—

“(A) IN GENERAL.—Paragraph (1) shall not apply to any contract entered into by a physician or practitioner unless an affidavit described in subparagraph (B) is in effect during the period any item or service is to be provided pursuant to the contract.

“(B) AFFIDAVIT.—An affidavit is described in this subparagraph if—

“(i) the affidavit identifies the physician or practitioner and is in writing and is signed by the physician or practitioner;

“(ii) the affidavit provides that the physician or practitioner will not submit any claim under this title for any item or service provided to any medicare beneficiary (and will not receive any reimbursement or amount described in paragraph (1)(B) for any such item or service) during the 2-year period beginning on the date the affidavit is signed; and

“(iii) a copy of the affidavit is filed with the Secretary no later than 10 days after the first contract to which such affidavit applies is entered into.

“(C) ENFORCEMENT.—If a physician or practitioner signing an affidavit under subparagraph (B) knowingly and willfully submits a claim under this title for any item or service provided during the 2-year period described in subparagraph (B)(ii) (or receives any reimbursement or amount described in paragraph (1)(B) for any such item or service) with respect to such affidavit—

“(i) this subsection shall not apply with respect to any items and services provided by the physician or practitioner pursuant to any contract on and after the date of such submission and before the end of such period; and

“(ii) no payment shall be made under this title for any item or service furnished by the physician or practitioner during the period described in clause (i) (and no reimbursement or payment of any amount described in paragraph (1)(B) shall be made for any such item or service).

“(4) LIMITATION ON ACTUAL CHARGE AND CLAIM SUBMISSION REQUIREMENT NOT APPLICABLE.—Section 1848(g) shall not apply with respect to any item or service provided to a medicare beneficiary under a contract described in paragraph (1).

“(5) DEFINITIONS.—In this subsection:

“(A) MEDICARE BENEFICIARY.—The term ‘medicare beneficiary’ means an individual who is entitled to benefits under part A or enrolled under part B.

“(B) PHYSICIAN.—The term ‘physician’ has the meaning given such term by section 1861(r)(1).

“(C) PRACTITIONER.—The term ‘practitioner’ has the meaning given such term by section 1842(b)(18)(C).”

(2) CONFORMING AMENDMENTS.—

(A) Section 1802 (42 U.S.C. 1395a) is amended by striking “Any” and inserting “(a) BASIC FREEDOM OF CHOICE.—Any”.

(B) Section 1862(a) (42 U.S.C. 1395y(a)), as amended by sections 4319(b) and 4432, is amended by striking “or” at the end of paragraph (17), by striking the period at the end of paragraph (18) and inserting “; or”, and by adding after paragraph (18) the following new paragraph:

“(19) which are for items or services which are furnished pursuant to a private contract described in section 1802(b).”.

(b) REPORT.—Not later than October 1, 2001, the Secretary of Health and Human Services shall submit a report to Congress on the effect on the program under this title of private contracts entered into under the amendment made by subsection (a). Such report shall include—

(1) analyses regarding—

(A) the fiscal impact of such contracts on total Federal expenditures under title XVIII of the Social Security Act and on out-of-pocket expenditures by medicare beneficiaries for health services under such title; and

(B) the quality of the health services provided under such contracts; and

(2) recommendations as to whether medicare beneficiaries should continue to be able to enter private contracts under section 1802(b) of such Act (as added by subsection (a)) and

42 USC 1395a
note.

42 USC 1395a
note.

if so, what legislative changes, if any should be made to improve such contracts.

(c) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply with respect to contracts entered into on and after January 1, 1998.

Subchapter B—Other Health Care Professionals

SEC. 4511. INCREASED MEDICARE REIMBURSEMENT FOR NURSE PRACTITIONERS AND CLINICAL NURSE SPECIALISTS.

(a) **REMOVAL OF RESTRICTIONS ON SETTINGS.**—

(1) **IN GENERAL.**—Clause (ii) of section 1861(s)(2)(K) (42 U.S.C. 1395x(s)(2)(K)) is amended to read as follows:

“(ii) services which would be physicians’ services if furnished by a physician (as defined in subsection (r)(1)) and which are performed by a nurse practitioner or clinical nurse specialist (as defined in subsection (aa)(5)) working in collaboration (as defined in subsection (aa)(6)) with a physician (as defined in subsection (r)(1)) which the nurse practitioner or clinical nurse specialist is legally authorized to perform by the State in which the services are performed, and such services and supplies furnished as an incident to such services as would be covered under subparagraph (A) if furnished incident to a physician’s professional service, but only if no facility or other provider charges or is paid any amounts with respect to the furnishing of such services;”.

(2) **CONFORMING AMENDMENTS.**—(A) Section 1861(s)(2)(K) (42 U.S.C. 1395x(s)(2)(K)) is further amended—

(i) in clause (i), by inserting “and such services and supplies furnished as incident to such services as would be covered under subparagraph (A) if furnished incident to a physician’s professional service; and” after “are performed,”; and

(ii) by striking clauses (iii) and (iv).

(B) Section 1861(b)(4) (42 U.S.C. 1395x(b)(4)) is amended by striking “clauses (i) or (iii) of subsection (s)(2)(K)” and inserting “subsection (s)(2)(K)”.

(C) Section 1862(a)(14) (42 U.S.C. 1395y(a)(14)) is amended by striking “section 1861(s)(2)(K)(i) or 1861(s)(2)(K)(iii)” and inserting “section 1861(s)(2)(K)”.

(D) Section 1866(a)(1)(H) (42 U.S.C. 1395cc(a)(1)(H)) is amended by striking “section 1861(s)(2)(K)(i) or 1861(s)(2)(K)(iii)” and inserting “section 1861(s)(2)(K)”.

(E) Section 1888(e)(2)(A)(ii) (42 U.S.C. 1395yy(e)(2)(A)(ii)), as added by section 4432(a) (relating to prospective payment system for rehabilitation hospitals), is amended by striking “through (iii)” and inserting “and (ii)”.

(b) **INCREASED PAYMENT.**—

(1) **FEE SCHEDULE AMOUNT.**—Subparagraph (O) of section 1833(a)(1) (42 U.S.C. 1395l(a)(1)) is amended to read as follows: “(O) with respect to services described in section 1861(s)(2)(K)(ii) (relating to nurse practitioner or clinical nurse specialist services), the amounts paid shall be equal to 80 percent of (i) the lesser of the actual charge or 85 percent of the fee schedule amount provided under section 1848, or (ii) in the case of services as an assistant at surgery, the lesser of the actual charge or 85 percent of the amount that

would otherwise be recognized if performed by a physician who is serving as an assistant at surgery; and”.

(2) CONFORMING AMENDMENTS.—Section 1833(r) (42 U.S.C. 1395l(r)) is amended—

(A) in paragraph (1), by striking “section 1861(s)(2)(K)(iii) (relating to nurse practitioner or clinical nurse specialist services provided in a rural area)” and inserting “section 1861(s)(2)(K)(ii) (relating to nurse practitioner or clinical nurse specialist services)”;

(B) by striking paragraph (2);

(C) in paragraph (3), by striking “section 1861(s)(2)(K)(iii)” and inserting “section 1861(s)(2)(K)(ii)”;

and

(D) by redesignating paragraph (3) as paragraph (2).

(c) DIRECT PAYMENT FOR NURSE PRACTITIONERS AND CLINICAL NURSE SPECIALISTS.—Section 1832(a)(2)(B)(iv) (42 U.S.C. 1395k(a)(2)(B)(iv)) is amended by striking “provided in a rural area (as defined in section 1886(d)(2)(D))” and inserting “but only if no facility or other provider charges or is paid any amounts with respect to the furnishing of such services”.

(d) DEFINITION OF CLINICAL NURSE SPECIALIST CLARIFIED.—Section 1861(aa)(5) (42 U.S.C. 1395x(aa)(5)) is amended—

(1) by inserting “(A)” after “(5)”;

(2) by striking “The term ‘physician assistant’” and all that follows through “who performs” and inserting “The term ‘physician assistant’ and the term ‘nurse practitioner’ mean, for purposes of this title, a physician assistant or nurse practitioner who performs”; and

(3) by adding at the end the following new subparagraph: “(B) The term ‘clinical nurse specialist’ means, for purposes of this title, an individual who—

“(i) is a registered nurse and is licensed to practice nursing in the State in which the clinical nurse specialist services are performed; and

“(ii) holds a master’s degree in a defined clinical area of nursing from an accredited educational institution.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to services furnished and supplies provided on and after January 1, 1998.

42 USC 1395k
note.

SEC. 4512. INCREASED MEDICARE REIMBURSEMENT FOR PHYSICIAN ASSISTANTS.

(a) REMOVAL OF RESTRICTION ON SETTINGS.—Section 1861(s)(2)(K)(i) (42 U.S.C. 1395x(s)(2)(K)(i)), as amended by section 4511, is amended—

(1) by striking “(I) in a hospital” and all that follows through “shortage area,” and

(2) by adding at the end the following: “but only if no facility or other provider charges or is paid any amounts with respect to the furnishing of such services”.

(b) INCREASED PAYMENT.—

(1) FEE SCHEDULE AMOUNT.—Section 1833(a)(1)(O) (42 U.S.C. 1395l(a)(1)(O)), as amended by section 4511, is further amended—

(A) by striking “section 1861(s)(2)(K)(ii)” and inserting “1861(s)(2)(K)”, and

(B) by striking “nurse practitioner or clinical nurse specialist services” and inserting “services furnished by physician assistants, nurse practitioners, or clinic nurse specialists”.

(2) CONFORMING AMENDMENT.—Paragraph (12) of section 1842(b) (42 U.S.C. 1395u(b)) is repealed.

(c) REMOVAL OF RESTRICTION ON EMPLOYMENT RELATIONSHIP.—Section 1842(b)(6) (42 U.S.C. 1395u(b)(6)), as amended by section 4205, is amended by adding at the end the following new sentence: “For purposes of subparagraph (C) of the first sentence of this paragraph, an employment relationship may include any independent contractor arrangement, and employer status shall be determined in accordance with the law of the State in which the services described in such clause are performed.”

42 USC 1395l
note.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to services furnished and supplies provided on and after January 1, 1998.

SEC. 4513. NO X-RAY REQUIRED FOR CHIROPRACTIC SERVICES.

(a) IN GENERAL.—Section 1861(r)(5) (42 U.S.C. 1395x(r)(5)) is amended by striking “demonstrated by X-ray to exist”.

42 USC 1395x
note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies to services furnished on or after January 1, 2000.

42 USC 1395x
note.

(c) UTILIZATION GUIDELINES.—The Secretary of Health and Human Services shall develop and implement utilization guidelines relating to the coverage of chiropractic services under part B of title XVIII of the Social Security Act in cases in which a subluxation has not been demonstrated by X-ray to exist.

**CHAPTER 2—PAYMENT FOR HOSPITAL OUTPATIENT
DEPARTMENT SERVICES**

**SEC. 4521. ELIMINATION OF FORMULA-DRIVEN OVERPAYMENTS (FDO)
FOR CERTAIN OUTPATIENT HOSPITAL SERVICES.**

(a) ELIMINATION OF FDO FOR AMBULATORY SURGICAL CENTER PROCEDURES.—Section 1833(i)(3)(B)(i)(II) (42 U.S.C. 1395l(i)(3)(B)(i)(II)) is amended—

(1) by striking “of 80 percent”; and

(2) by striking the period at the end and inserting the following: “, less the amount a provider may charge as described in clause (ii) of section 1866(a)(2)(A).”.

(b) ELIMINATION OF FDO FOR RADIOLOGY SERVICES AND DIAGNOSTIC PROCEDURES.—Section 1833(n)(1)(B)(i) (42 U.S.C. 1395l(n)(1)(B)(i)) is amended—

(1) by striking “of 80 percent”, and

(2) by inserting before the period at the end the following: “, less the amount a provider may charge as described in clause (ii) of section 1866(a)(2)(A).”.

42 USC 1395l
note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to services furnished during portions of cost reporting periods occurring on or after October 1, 1997.

**SEC. 4522. EXTENSION OF REDUCTIONS IN PAYMENTS FOR COSTS OF
HOSPITAL OUTPATIENT SERVICES.**

(a) REDUCTION IN PAYMENTS FOR CAPITAL-RELATED COSTS.—Section 1861(v)(1)(S)(ii)(I) (42 U.S.C. 1395x(v)(1)(S)(ii)(I)) is amended by striking “through 1998” and inserting “through 1999 and during fiscal year 2000 before January 1, 2000”.

(b) **REDUCTION IN PAYMENTS FOR OTHER COSTS.**—Section 1861(v)(1)(S)(ii)(II) (42 U.S.C. 1395x(v)(1)(S)(ii)(II)) is amended by striking “through 1998” and inserting “through 1999 and during fiscal year 2000 before January 1, 2000”.

SEC. 4523. PROSPECTIVE PAYMENT SYSTEM FOR HOSPITAL OUTPATIENT DEPARTMENT SERVICES.

(a) **IN GENERAL.**—Section 1833 (42 U.S.C. 1395l) is amended by adding at the end the following:

“(t) **PROSPECTIVE PAYMENT SYSTEM FOR HOSPITAL OUTPATIENT DEPARTMENT SERVICES.**—

“(1) **AMOUNT OF PAYMENT.**—

“(A) **IN GENERAL.**—With respect to covered OPD services (as defined in subparagraph (B)) furnished during a year beginning with 1999, the amount of payment under this part shall be determined under a prospective payment system established by the Secretary in accordance with this subsection.

“(B) **DEFINITION OF COVERED OPD SERVICES.**—For purposes of this subsection, the term ‘covered OPD services’—

“(i) means hospital outpatient services designated by the Secretary;

“(ii) subject to clause (iii), includes inpatient hospital services designated by the Secretary that are covered under this part and furnished to a hospital inpatient who (I) is entitled to benefits under part A but has exhausted benefits for inpatient hospital services during a spell of illness, or (II) is not so entitled; but

“(iii) does not include any therapy services described in subsection (a)(8) or ambulance services, for which payment is made under a fee schedule described in section 1834(k) or section 1834(l).

“(2) **SYSTEM REQUIREMENTS.**—Under the payment system—

“(A) the Secretary shall develop a classification system for covered OPD services;

“(B) the Secretary may establish groups of covered OPD services, within the classification system described in subparagraph (A), so that services classified within each group are comparable clinically and with respect to the use of resources;

“(C) the Secretary shall, using data on claims from 1996 and using data from the most recent available cost reports, establish relative payment weights for covered OPD services (and any groups of such services described in subparagraph (B)) based on median hospital costs and shall determine projections of the frequency of utilization of each such service (or group of services) in 1999;

“(D) the Secretary shall determine a wage adjustment factor to adjust the portion of payment and coinsurance attributable to labor-related costs for relative differences in labor and labor-related costs across geographic regions in a budget neutral manner;

“(E) the Secretary shall establish other adjustments, in a budget neutral manner, as determined to be necessary to ensure equitable payments, such as outlier adjustments or adjustments for certain classes of hospitals; and

“(F) the Secretary shall develop a method for controlling unnecessary increases in the volume of covered OPD services.

“(3) CALCULATION OF BASE AMOUNTS.—

“(A) AGGREGATE AMOUNTS THAT WOULD BE PAYABLE IF DEDUCTIBLES WERE DISREGARDED.—The Secretary shall estimate the sum of—

“(i) the total amounts that would be payable from the Trust Fund under this part for covered OPD services in 1999, determined without regard to this subsection, as though the deductible under section 1833(b) did not apply, and

“(ii) the total amounts of copayments estimated to be paid under this subsection by beneficiaries to hospitals for covered OPD services in 1999, as though the deductible under section 1833(b) did not apply.

“(B) UNADJUSTED COPAYMENT AMOUNT.—

“(i) IN GENERAL.—For purposes of this subsection, subject to clause (ii), the ‘unadjusted copayment amount’ applicable to a covered OPD service (or group of such services) is 20 percent of the national median of the charges for the service (or services within the group) furnished during 1996, updated to 1999 using the Secretary’s estimate of charge growth during the period.

“(ii) ADJUSTED TO BE 20 PERCENT WHEN FULLY PHASED IN.—If the pre-deductible payment percentage for a covered OPD service (or group of such services) furnished in a year would be equal to or exceed 80 percent, then the unadjusted copayment amount shall be 20 percent of amount determined under subparagraph (D).

“(iii) RULES FOR NEW SERVICES.—The Secretary shall establish rules for establishment of an unadjusted copayment amount for a covered OPD service not furnished during 1996, based upon its classification within a group of such services.

“(C) CALCULATION OF CONVERSION FACTORS.—

“(i) FOR 1999.—

“(I) IN GENERAL.—The Secretary shall establish a 1999 conversion factor for determining the medicare OPD fee schedule amounts for each covered OPD service (or group of such services) furnished in 1999. Such conversion factor shall be established on the basis of the weights and frequencies described in paragraph (2)(C) and in such a manner that the sum for all services and groups of the products (described in subclause (II) for each such service or group) equals the total projected amount described in subparagraph (A).

“(II) PRODUCT DESCRIBED.—The Secretary shall determine for each service or group the product of the medicare OPD fee schedule amounts (taking into account appropriate adjustments described in paragraphs (2)(D) and (2)(E)) and the estimated frequencies for such service or group.

“(ii) SUBSEQUENT YEARS.—Subject to paragraph (8)(B), the Secretary shall establish a conversion factor for covered OPD services furnished in subsequent years in an amount equal to the conversion factor established under this subparagraph and applicable to such services furnished in the previous year increased by the OPD fee schedule increase factor specified under clause (iii) for the year involved.

“(iii) OPD FEE SCHEDULE INCREASE FACTOR.—For purposes of this subparagraph, the ‘OPD fee schedule increase factor’ for services furnished in a year is equal to the market basket percentage increase applicable under section 1886(b)(3)(B)(iii) to hospital discharges occurring during the fiscal year ending in such year, reduced by 1 percentage point for such factor for services furnished in each of 2000, 2001, and 2002. In applying the previous sentence for years beginning with 2000, the Secretary may substitute for the market basket percentage increase an annual percentage increase that is computed and applied with respect to covered OPD services furnished in a year in the same manner as the market basket percentage increase is determined and applied to inpatient hospital services for discharges occurring in a fiscal year.

“(D) CALCULATION OF MEDICARE OPD FEE SCHEDULE AMOUNTS.—The Secretary shall compute a medicare OPD fee schedule amount for each covered OPD service (or group of such services) furnished in a year, in an amount equal to the product of—

“(i) the conversion factor computed under subparagraph (C) for the year, and

“(ii) the relative payment weight (determined under paragraph (2)(C)) for the service or group.

“(E) PRE-DEDUCTIBLE PAYMENT PERCENTAGE.—The pre-deductible payment percentage for a covered OPD service (or group of such services) furnished in a year is equal to the ratio of—

“(i) the medicare OPD fee schedule amount established under subparagraph (D) for the year, minus the unadjusted copayment amount determined under subparagraph (B) for the service or group, to

“(ii) the medicare OPD fee schedule amount determined under subparagraph (D) for the year for such service or group.

“(4) MEDICARE PAYMENT AMOUNT.—The amount of payment made from the Trust Fund under this part for a covered OPD service (and such services classified within a group) furnished in a year is determined as follows:

“(A) FEE SCHEDULE ADJUSTMENTS.—The medicare OPD fee schedule amount (computed under paragraph (3)(D)) for the service or group and year is adjusted for relative differences in the cost of labor and other factors determined by the Secretary, as computed under paragraphs (2)(D) and (2)(E).

“(B) SUBTRACT APPLICABLE DEDUCTIBLE.—Reduce the adjusted amount determined under subparagraph (A) by

the amount of the deductible under section 1833(b), to the extent applicable.

“(C) APPLY PAYMENT PROPORTION TO REMAINDER.—The amount of payment is the amount so determined under subparagraph (B) multiplied by the pre-deductible payment percentage (as determined under paragraph (3)(E)) for the service or group and year involved.

“(5) COPAYMENT AMOUNT.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), the copayment amount under this subsection is the amount by which the amount described in paragraph (4)(B) exceeds the amount of payment determined under paragraph (4)(C).

Procedures.

“(B) ELECTION TO OFFER REDUCED COPAYMENT AMOUNT.—The Secretary shall establish a procedure under which a hospital, before the beginning of a year (beginning with 1999), may elect to reduce the copayment amount otherwise established under subparagraph (A) for some or all covered OPD services to an amount that is not less than 20 percent of the medicare OPD fee schedule amount (computed under paragraph (3)(D)) for the service involved. Under such procedures, such reduced copayment amount may not be further reduced or increased during the year involved and the hospital may disseminate information on the reduction of copayment amount effected under this subparagraph.

“(C) NO IMPACT ON DEDUCTIBLES.—Nothing in this paragraph shall be construed as affecting a hospital's authority to waive the charging of a deductible under section 1833(b).

“(6) PERIODIC REVIEW AND ADJUSTMENTS COMPONENTS OF PROSPECTIVE PAYMENT SYSTEM.—

“(A) PERIODIC REVIEW.—The Secretary may periodically review and revise the groups, the relative payment weights, and the wage and other adjustments described in paragraph (2) to take into account changes in medical practice, changes in technology, the addition of new services, new cost data, and other relevant information and factors.

“(B) BUDGET NEUTRALITY ADJUSTMENT.—If the Secretary makes adjustments under subparagraph (A), then the adjustments for a year may not cause the estimated amount of expenditures under this part for the year to increase or decrease from the estimated amount of expenditures under this part that would have been made if the adjustments had not been made.

“(C) UPDATE FACTOR.—If the Secretary determines under methodologies described in paragraph (2)(F) that the volume of services paid for under this subsection increased beyond amounts established through those methodologies, the Secretary may appropriately adjust the update to the conversion factor otherwise applicable in a subsequent year.

“(7) SPECIAL RULE FOR AMBULANCE SERVICES.—The Secretary shall pay for hospital outpatient services that are ambulance services on the basis described in the matter in subsection (a)(1) preceding subparagraph (A), or, if applicable, the fee schedule established under section 1834(l).

“(8) SPECIAL RULES FOR CERTAIN HOSPITALS.—In the case of hospitals described in section 1886(d)(1)(B)(v)—

“(A) the system under this subsection shall not apply to covered OPD services furnished before January 1, 2000; and

“(B) the Secretary may establish a separate conversion factor for such services in a manner that specifically takes into account the unique costs incurred by such hospitals by virtue of their patient population and service intensity.

“(9) LIMITATION ON REVIEW.—There shall be no administrative or judicial review under section 1869, 1878, or otherwise of—

“(A) the development of the classification system under paragraph (2), including the establishment of groups and relative payment weights for covered OPD services, of wage adjustment factors, other adjustments, and methods described in paragraph (2)(F);

“(B) the calculation of base amounts under paragraph (3);

“(C) periodic adjustments made under paragraph (6); and

“(D) the establishment of a separate conversion factor under paragraph (8)(B).”.

(b) COINSURANCE.—Section 1866(a)(2)(A)(ii) (42 U.S.C. 1395cc(a)(2)(A)(ii)) is amended by adding at the end the following: “In the case of items and services for which payment is made under part B under the prospective payment system established under section 1833(t), clause (ii) of the first sentence shall be applied by substituting for 20 percent of the reasonable charge, the applicable copayment amount established under section 1833(t)(5).”.

(c) TREATMENT OF REDUCTION IN COPAYMENT AMOUNT.—Section 1128A(i)(6) (42 U.S.C. 1320a-7a(i)(6)) is amended—

(1) by striking “or” at the end of subparagraph (B),

(2) by striking the period at the end of subparagraph (C) and inserting “; or”, and

(3) by adding at the end the following new subparagraph:

“(D) a reduction in the copayment amount for covered OPD services under section 1833(t)(5)(B).”.

(d) CONFORMING AMENDMENTS.—

(1) APPROVED ASC PROCEDURES PERFORMED IN HOSPITAL OUTPATIENT DEPARTMENTS.—

(A)(i) Section 1833(i)(3)(A) (42 U.S.C. 1395l(i)(3)(A)) is amended—

(I) by inserting “before January 1, 1999,” after “furnished”, and

(II) by striking “in a cost reporting period”.

(ii) The amendment made by clause (i) shall apply to services furnished on or after January 1, 1999.

(B) Section 1833(a)(4) (42 U.S.C. 1395l(a)(4)) is amended by inserting “or subsection (t)” before the semicolon.

(2) RADIOLOGY AND OTHER DIAGNOSTIC PROCEDURES.—

(A) Section 1833(n)(1)(A) (42 U.S.C. 1395l(n)(1)(A)) is amended by inserting “and before January 1, 1999,” after “October 1, 1988,” and after “October 1, 1989,”.

Applicability.
42 USC 1395l
note.

(B) Section 1833(a)(2)(E) (42 U.S.C. 1395l(a)(2)(E)) is amended by inserting “or, for services or procedures performed on or after January 1, 1999, subsection (t)” before the semicolon.

(3) OTHER HOSPITAL OUTPATIENT SERVICES.—Section 1833(a)(2)(B) (42 U.S.C. 1395l(a)(2)(B)) is amended—

(A) in clause (i), by inserting “furnished before January 1, 1999,” after “(i)”,

(B) in clause (ii), by inserting “before January 1, 1999,” after “furnished”,

(C) by redesignating clause (iii) as clause (iv), and

(D) by inserting after clause (ii), the following new clause:

“(iii) if such services are furnished on or after January 1, 1999, the amount determined under subsection (t), or”.

CHAPTER 3—AMBULANCE SERVICES

SEC. 4531. PAYMENTS FOR AMBULANCE SERVICES.

(a) INTERIM REDUCTIONS.—

(1) PAYMENTS DETERMINED ON REASONABLE COST BASIS.—Section 1861(v)(1) (42 U.S.C. 1395x(v)(1)), as amended by section 4451, is amended by adding at the end the following new subparagraph:

“(U) In determining the reasonable cost of ambulance services (as described in subsection (s)(7)) provided during fiscal year 1998, during fiscal year 1999, and during so much of fiscal year 2000 as precedes January 1, 2000, the Secretary shall not recognize the costs per trip in excess of costs recognized as reasonable for ambulance services provided on a per trip basis during the previous fiscal year (after application of this subparagraph), increased by the percentage increase in the consumer price index for all urban consumers (U.S. city average) as estimated by the Secretary for the 12-month period ending with the midpoint of the fiscal year involved reduced by 1.0 percentage point. For ambulance services provided after June 30, 1998, the Secretary may provide that claims for such services must include a code (or codes) under a uniform coding system specified by the Secretary that identifies the services furnished.”.

(2) PAYMENTS DETERMINED ON REASONABLE CHARGE BASIS.—Section 1842(b) (42 U.S.C. 1395u(b)) is amended by adding at the end the following new paragraph:

“(19) For purposes of section 1833(a)(1), the reasonable charge for ambulance services (as described in section 1861(s)(7)) provided during calendar year 1998 and calendar year 1999 may not exceed the reasonable charge for such services provided during the previous calendar year (after application of this paragraph), increased by the percentage increase in the consumer price index for all urban consumers (U.S. city average) as estimated by the Secretary for the 12-month period ending with the midpoint of the year involved reduced by 1.0 percentage point.”.

(b) ESTABLISHMENT OF PROSPECTIVE FEE SCHEDULE.—

(1) PAYMENT IN ACCORDANCE WITH FEE SCHEDULE.—Section 1833(a)(1) (42 U.S.C. 1395l(a)(1)), as amended by section 4315(b), is amended—

(A) by striking “and (Q)” and inserting “(Q)”; and

(B) by striking the semicolon at the end and inserting the following: “, and (R) with respect to ambulance service, the amounts paid shall be 80 percent of the lesser of the actual charge for the services or the amount determined by a fee schedule established by the Secretary under section 1834(l);”.

(2) ESTABLISHMENT OF SCHEDULE.—Section 1834 (42 U.S.C. 1395m), as amended by section 4541, is amended by adding at the end the following new subsection:

“(1) ESTABLISHMENT OF FEE SCHEDULE FOR AMBULANCE SERVICES.—

“(1) IN GENERAL.—The Secretary shall establish a fee schedule for payment for ambulance services whether provided directly by a supplier or provider or under arrangement with a provider under this part through a negotiated rulemaking process described in title 5, United States Code, and in accordance with the requirements of this subsection.

“(2) CONSIDERATIONS.—In establishing such fee schedule, the Secretary shall—

“(A) establish mechanisms to control increases in expenditures for ambulance services under this part;

“(B) establish definitions for ambulance services which link payments to the type of services provided;

“(C) consider appropriate regional and operational differences;

“(D) consider adjustments to payment rates to account for inflation and other relevant factors; and

“(E) phase in the application of the payment rates under the fee schedule in an efficient and fair manner.

“(3) SAVINGS.—In establishing such fee schedule, the Secretary shall—

“(A) ensure that the aggregate amount of payments made for ambulance services under this part during 2000 does not exceed the aggregate amount of payments which would have been made for such services under this part during such year if the amendments made by section 4531(a) of the Balanced Budget Act of 1997 continued in effect, except that in making such determination the Secretary shall assume an update in such payments for 2002 equal to percentage increase in the consumer price index for all urban consumers (U.S. city average) for the 12-month period ending with June of the previous year reduced in the case of 2001 and 2002 by 1.0 percentage points; and

“(B) set the payment amounts provided under the fee schedule for services furnished in 2001 and each subsequent year at amounts equal to the payment amounts under the fee schedule for services furnished during the previous year, increased by the percentage increase in the consumer price index for all urban consumers (U.S. city average) for the 12-month period ending with June of the previous year reduced in the case of 2001 and 2002 by 1.0 percentage points.

“(4) CONSULTATION.—In establishing the fee schedule for ambulance services under this subsection, the Secretary shall consult with various national organizations representing individuals and entities who furnish and regulate ambulance services and share with such organizations relevant data in establishing such schedule.

“(5) LIMITATION ON REVIEW.—There shall be no administrative or judicial review under section 1869 or otherwise of the amounts established under the fee schedule for ambulance services under this subsection, including matters described in paragraph (2).

Applicability.

“(6) RESTRAINT ON BILLING.—The provisions of subparagraphs (A) and (B) of section 1842(b)(18) shall apply to ambulance services for which payment is made under this subsection in the same manner as they apply to services provided by a practitioner described in section 1842(b)(18)(C).

“(7) CODING SYSTEM.—The Secretary may require the claim for any services for which the amount of payment is determined under this subsection to include a code (or codes) under a uniform coding system specified by the Secretary that identifies the services furnished.”.

42 USC 1395/
note.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to services furnished on or after January 1, 2000.

42 USC 1395x
note.

(c) AUTHORIZING PAYMENT FOR PARAMEDIC INTERCEPT SERVICE PROVIDERS IN RURAL COMMUNITIES.—In promulgating regulations to carry out section 1861(s)(7) of the Social Security Act (42 U.S.C. 1395x(s)(7)) with respect to the coverage of ambulance service, the Secretary of Health and Human Services may include coverage of advanced life support services (in this subsection referred to as “ALS intercept services”) provided by a paramedic intercept service provider in a rural area if the following conditions are met:

(1) The ALS intercept services are provided under a contract with one or more volunteer ambulance services and are medically necessary based on the health condition of the individual being transported.

(2) The volunteer ambulance service involved—

(A) is certified as qualified to provide ambulance service for purposes of such section,

(B) provides only basic life support services at the time of the intercept, and

(C) is prohibited by State law from billing for any services.

(3) The entity supplying the ALS intercept services—

(A) is certified as qualified to provide such services under the medicare program under title XVIII of the Social Security Act, and

(B) bills all recipients who receive ALS intercept services from the entity, regardless of whether or not such recipients are medicare beneficiaries.

**SEC. 4532. DEMONSTRATION OF COVERAGE OF AMBULANCE SERVICES
UNDER MEDICARE THROUGH CONTRACTS WITH UNITS
OF LOCAL GOVERNMENT.**

42 USC 1395m
note.

(a) **DEMONSTRATION PROJECT CONTRACTS WITH LOCAL GOVERNMENTS.**—The Secretary of Health and Human Services shall establish up to 3 demonstration projects under which, at the request of a unit of local government, the Secretary enters into a contract with the unit of local government under which—

(1) the unit of local government furnishes (or arranges for the furnishing of) ambulance services for which payment may be made under part B of title XVIII of the Social Security Act for individuals residing in the unit of local government who are enrolled under such part, except that the unit of local government may not enter into the contract unless the contract covers at least 80 percent of the individuals residing in the unit of local government who are enrolled under such part but not in a Medicare+Choice plan;

(2) any individual or entity furnishing ambulance services under the contract meets the requirements otherwise applicable to individuals and entities furnishing such services under such part; and

(3) for each month during which the contract is in effect, the Secretary makes a capitated payment to the unit of local government in accordance with subsection (b).

The projects may extend over a period of not to exceed 3 years each.

(b) **AMOUNT OF PAYMENT.**—

(1) **IN GENERAL.**—The amount of the monthly payment made for months occurring during a calendar year to a unit of local government under a demonstration project contract under subsection (a) shall be equal to the product of—

(A) the Secretary's estimate of the number of individuals covered under the contract for the month; and

(B) $\frac{1}{12}$ of the capitated payment rate for the year established under paragraph (2).

(2) **CAPITATED PAYMENT RATE DEFINED.**—In this subsection, the “capitated payment rate” applicable to a contract under this subsection for a calendar year is equal to 95 percent of—

(A) for the first calendar year for which the contract is in effect, the average annual per capita payment made under part B of title XVIII of the Social Security Act with respect to ambulance services furnished to such individuals during the 3 most recent calendar years for which data on the amount of such payment is available; and

(B) for a subsequent year, the amount provided under this paragraph for the previous year increased by the percentage increase in the consumer price index for all urban consumers (U.S. city average) for the 12-month period ending with June of the previous year.

(c) **OTHER TERMS OF CONTRACT.**—The Secretary and the unit of local government may include in a contract under this section such other terms as the parties consider appropriate, including—

(1) covering individuals residing in additional units of local government (under arrangements entered into between such units and the unit of local government involved);

(2) permitting the unit of local government to transport individuals to non-hospital providers if such providers are able to furnish quality services at a lower cost than hospital providers; or

(3) implementing such other innovations as the unit of local government may propose to improve the quality of ambulance services and control the costs of such services.

(d) **CONTRACT PAYMENTS IN LIEU OF OTHER BENEFITS.**—Payments under a contract to a unit of local government under this section shall be instead of the amounts which (in the absence of the contract) would otherwise be payable under part B of title XVIII of the Social Security Act for the services covered under the contract which are furnished to individuals who reside in the unit of local government.

(e) **REPORT ON EFFECTS OF CAPITATED CONTRACTS.**—

(1) **STUDY.**—The Secretary shall evaluate the demonstration projects conducted under this section. Such evaluation shall include an analysis of the quality and cost-effectiveness of ambulance services furnished under the projects.

(2) **REPORT.**—Not later than January 1, 2000, the Secretary shall submit a report to Congress on the study conducted under paragraph (1), and shall include in the report such recommendations as the Secretary considers appropriate, including recommendations regarding modifications to the methodology used to determine the amount of payments made under such contracts and extending or expanding such projects.

CHAPTER 4—PROSPECTIVE PAYMENT FOR OUTPATIENT REHABILITATION SERVICES

SEC. 4541. PROSPECTIVE PAYMENT FOR OUTPATIENT REHABILITATION SERVICES.

(a) **PAYMENT BASED ON FEE SCHEDULE.**—

(1) **SPECIAL PAYMENT RULES.**—Section 1833(a) (42 U.S.C. 1395l(a)) is amended—

(A) in paragraph (2) in the matter before subparagraph (A), by inserting “(C),” before “(D)”;

(B) in paragraph (3), by striking “subparagraphs (D) and (E) of section 1832(a)(2)” and inserting “section 1832(a)(2)(D)”;

(C) in paragraph (6), by striking “and” at the end;

(D) in paragraph (7), by striking the period at the end and inserting a semicolon; and

(E) by adding at the end the following new paragraphs: “(8) in the case of—

“(A) outpatient physical therapy services (which includes outpatient speech-language pathology services) and outpatient occupational therapy services furnished—

“(i) by a rehabilitation agency, public health agency, clinic, comprehensive outpatient rehabilitation facility, or skilled nursing facility,

“(ii) by a home health agency to an individual who is not homebound, or

“(iii) by another entity under an arrangement with an entity described in clause (i) or (ii); and

“(B) outpatient physical therapy services (which includes outpatient speech-language pathology services) and outpatient occupational therapy services furnished—

“(i) by a hospital to an outpatient or to a hospital inpatient who is entitled to benefits under part A but has exhausted benefits for inpatient hospital services during a spell of illness or is not so entitled to benefits under part A, or

“(ii) by another entity under an arrangement with a hospital described in clause (i),
the amounts described in section 1834(k); and

“(9) in the case of services described in section 1832(a)(2)(E) that are not described in paragraph (8), the amounts described in section 1834(k).”.

(2) PAYMENT RATES.—Section 1834 (42 U.S.C. 1395m) is amended by adding at the end the following new subsection:

“(k) PAYMENT FOR OUTPATIENT THERAPY SERVICES AND COMPREHENSIVE OUTPATIENT REHABILITATION SERVICES.—

“(1) IN GENERAL.—With respect to services described in section 1833(a)(8) or 1833(a)(9) for which payment is determined under this subsection, the payment basis shall be—

“(A) for services furnished during 1998, the amount determined under paragraph (2); or

“(B) for services furnished during a subsequent year, 80 percent of the lesser of—

“(i) the actual charge for the services, or

“(ii) the applicable fee schedule amount (as defined in paragraph (3)) for the services.

“(2) PAYMENT IN 1998 BASED UPON ADJUSTED REASONABLE COSTS.—The amount under this paragraph for services is the lesser of—

“(A) the charges imposed for the services, or

“(B) the adjusted reasonable costs (as defined in paragraph (4)) for the services,

less 20 percent of the amount of the charges imposed for such services.

“(3) APPLICABLE FEE SCHEDULE AMOUNT.—In this subsection, the term ‘applicable fee schedule amount’ means, with respect to services furnished in a year, the amount determined under the fee schedule established under section 1848 for such services furnished during the year or, if there is no such fee schedule established for such services, the amount determined under the fee schedule established for such comparable services as the Secretary specifies.

“(4) ADJUSTED REASONABLE COSTS.—In paragraph (2), the term ‘adjusted reasonable costs’ means, with respect to any services, reasonable costs determined for such services, reduced by 10 percent. The 10-percent reduction shall not apply to services described in section 1833(a)(8)(B) (relating to services provided by hospitals).

“(5) UNIFORM CODING.—For claims for services submitted on or after April 1, 1998, for which the amount of payment is determined under this subsection, the claim shall include a code (or codes) under a uniform coding system specified by the Secretary that identifies the services furnished.

“(6) RESTRAINT ON BILLING.—The provisions of subparagraphs (A) and (B) of section 1842(b)(18) shall apply to therapy

Applicability.

services for which payment is made under this subsection in the same manner as they apply to services provided by a practitioner described in section 1842(b)(18)(C).”.

(3) CONFORMING CHANGE IN BILLING.—Section 1866(a)(2)(A)(ii) (42 U.S.C. 1395cc(a)(2)(A)(ii)) is amended by adding at the end the following: “In the case of services described in section 1833(a)(8) or section 1833(a)(9) for which payment is made under part B under section 1834(k), clause (ii) of the first sentence shall be applied by substituting for 20 percent of the reasonable charge for such services 20 percent of the lesser of the actual charge or the applicable fee schedule amount (as defined in such section) for such services.”.

(b) APPLICATION OF STANDARDS TO OUTPATIENT OCCUPATIONAL AND PHYSICAL THERAPY SERVICES PROVIDED AS AN INCIDENT TO A PHYSICIAN’S PROFESSIONAL SERVICES.—Section 1862(a), as amended by sections 4319(b), 4432(b), and 4507(a)(2)(B), (42 U.S.C. 1395y(a)) is amended—

(1) by striking “or” at the end of paragraph (18);

(2) by striking the period at the end of paragraph (19) and inserting “; or”; and

(3) by inserting after paragraph (19) the following:

“(20) in the case of outpatient occupational therapy services or outpatient physical therapy services furnished as an incident to a physician’s professional services (as described in section 1861(s)(2)(A)), that do not meet the standards and conditions (other than any licensing requirement specified by the Secretary) under the second sentence of section 1861(p) (or under such sentence through the operation of section 1861(g)) as such standards and conditions would apply to such therapy services if furnished by a therapist.”.

(c) APPLYING FINANCIAL LIMITATION TO ALL REHABILITATION SERVICES.—Section 1833(g) (42 U.S.C. 1395l(g)) is amended—

(1) in the first sentence, by striking “services described in the second sentence of section 1861(p)” and inserting “physical therapy services of the type described in section 1861(p), but not described in section 1833(a)(8)(B), and physical therapy services of such type which are furnished by a physician or as incident to physicians’ services”, and

(2) in the second sentence, by striking “outpatient occupational therapy services which are described in the second sentence of section 1861(p) through the operation of section 1861(g)” and inserting “occupational therapy services (of the type that are described in section 1861(p) (but not described in section 1833(a)(8)(B)) through the operation of section 1861(g) and of such type which are furnished by a physician or as incident to physicians’ services)”.

(d) INDEXING LIMITATION.—

(1) IN GENERAL.—Section 1833(g) (42 U.S.C. 1395l(g)), as amended by subsection (c), is further amended—

(A) by striking “\$900” each place it appears and inserting “the amount specified in paragraph (2) for the year”,

(B) by inserting “(1)” after “(g)”,

(C) by designating the last sentence as a paragraph (3), and

(D) by inserting before paragraph (3), as so designated, the following:

“(2) The amount specified in this paragraph—

“(A) for 1999, 2000, and 2001, is \$1,500, and

“(B) for a subsequent year is the amount specified in this paragraph for the preceding year increased by the percentage increase in the MEI (as defined in section 1842(i)(3)) for such subsequent year;

except that if an increase under subparagraph (B) for a year is not a multiple of \$10, it shall be rounded to the nearest multiple of \$10.”.

(2) REPORT.—By not later than January 1, 2001, the Secretary of Health and Human Services shall submit to Congress a report that includes recommendations on the establishment of a revised coverage policy of outpatient physical therapy services and outpatient occupational therapy services under the Social Security Act based on classification of individuals by diagnostic category and prior use of services, in both inpatient and outpatient settings, in place of the uniform dollar limitations specified in section 1833(g) of such Act, as amended by paragraph (1). The recommendations shall include how such a system of durational limits by diagnostic category might be implemented in a budget-neutral manner.

42 USC 1395l
note.

(e) EFFECTIVE DATES.—

(1) The amendments made by subsections (a)(1), (a)(2), and (b) apply to services furnished on or after January 1, 1998, including portions of cost reporting periods occurring on or after such date, except that section 1834(k) of the Social Security Act (as added by subsection (a)(2)) shall not apply to services described in section 1833(a)(8)(B) of such Act (as added by subsection (a)(1)) that are furnished during 1998.

42 USC 1395l
note.

(2) The amendments made by subsections (a)(3) and (c) apply to services furnished on or after January 1, 1999.

(3) The amendments made by subsection (d)(1) apply to expenses incurred on or after January 1, 1999.

CHAPTER 5—OTHER PAYMENT PROVISIONS

SEC. 4551. PAYMENTS FOR DURABLE MEDICAL EQUIPMENT.

(a) REDUCTION IN PAYMENT AMOUNTS FOR ITEMS OF DURABLE MEDICAL EQUIPMENT.—

(1) FREEZE IN UPDATE FOR COVERED ITEMS.—Section 1834(a)(14) (42 U.S.C. 1395m(a)(14)) is amended—

(A) in subparagraph (A), by striking “and” at the end;

(B) in subparagraph (B)—

(i) by striking “a subsequent year” and inserting “1993, 1994, 1995, 1996, and 1997”, and

(ii) by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following new subparagraphs:

“(C) for each of the years 1998 through 2002, 0 percentage points; and

“(D) for a subsequent year, the percentage increase in the consumer price index for all urban consumers (U.S. urban average) for the 12-month period ending with June of the previous year.”.

(2) UPDATE FOR ORTHOTICS AND PROSTHETICS.—Section 1834(h)(4)(A) (42 U.S.C. 1395m(h)(4)(A)) is amended—

(A) in clause (iii), by striking “, and” at the end and inserting a semicolon;

(B) in clause (iv), by striking “a subsequent year” and inserting “1996 and 1997”; and

(C) by adding at the end the following new clauses:

“(v) for each of the years 1998 through 2002, 1 percent, and

“(vi) for a subsequent year, the percentage increase in the consumer price index for all urban consumers (United States city average) for the 12-month period ending with June of the previous year;”.

42 USC 1395m
note.

(b) **PAYMENT FREEZE FOR PARENTERAL AND ENTERAL NUTRIENTS, SUPPLIES, AND EQUIPMENT.**—In determining the amount of payment under part B of title XVIII of the Social Security Act with respect to parenteral and enteral nutrients, supplies, and equipment during each of the years 1998 through 2002, the charges determined to be reasonable with respect to such nutrients, supplies, and equipment may not exceed the charges determined to be reasonable with respect to such nutrients, supplies, and equipment during 1995.

(c) **UPGRADED DURABLE MEDICAL EQUIPMENT.**—

(1) **IN GENERAL.**—Section 1834(a) (42 U.S.C. 1395m(a)), as amended by section 4312(a), is amended by inserting after paragraph (16) the following new paragraph:

“(17) **CERTAIN UPGRADED ITEMS.**—

“(A) **INDIVIDUAL’S RIGHT TO CHOOSE UPGRADED ITEM.**—Notwithstanding any other provision of this title, the Secretary may issue regulations under which an individual may purchase or rent from a supplier an item of upgraded durable medical equipment for which payment would be made under this subsection if the item were a standard item.

“(B) **PAYMENTS TO SUPPLIER.**—In the case of the purchase or rental of an upgraded item under subparagraph (A)—

“(i) the supplier shall receive payment under this subsection with respect to such item as if such item were a standard item; and

“(ii) the individual purchasing or renting the item shall pay the supplier an amount equal to the difference between the supplier’s charge and the amount under clause (i).

In no event may the supplier’s charge for an upgraded item exceed the applicable fee schedule amount (if any) for such item.

“(C) **CONSUMER PROTECTION SAFEGUARDS.**—Any regulations under subparagraph (A) shall provide for consumer protection standards with respect to the furnishing of upgraded equipment under subparagraph (A). Such regulations shall provide for—

“(i) determination of fair market prices with respect to an upgraded item;

“(ii) full disclosure of the availability and price of standard items and proof of receipt of such disclosure information by the beneficiary before the furnishing of the upgraded item;

“(iii) conditions of participation for suppliers in the billing arrangement;

“(iv) sanctions of suppliers who are determined to engage in coercive or abusive practices, including exclusion; and

“(v) such other safeguards as the Secretary determines are necessary.”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to purchases or rentals after the effective date of any regulations issued pursuant to such amendment. 42 USC 1395 note.

SEC. 4552. OXYGEN AND OXYGEN EQUIPMENT.

(a) IN GENERAL.—Section 1834(a)(9)(B) (42 U.S.C. 1395m(a)(9)(B)) is amended—

(1) in clause (iii), by striking “and” at the end;

(2) in clause (iv)—

(A) by striking “each subsequent year” and inserting “1995, 1996, and 1997”, and

(B) by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following new clauses:

“(v) for 1998, 75 percent of the amount determined under this subparagraph for 1997; and

“(vi) for 1999 and each subsequent year, 70 percent of the amount determined under this subparagraph for 1997.”.

(b) ESTABLISHMENT OF CLASSES FOR PAYMENT.—Section 1848(a)(9) (42 U.S.C. 1395m(a)(9)) is amended by adding at the end the following new subparagraph:

“(D) AUTHORITY TO CREATE CLASSES.—

“(i) IN GENERAL.—Subject to clause (ii), the Secretary may establish separate classes for any item of oxygen and oxygen equipment and separate national limited monthly payment rates for each of such classes.

“(ii) BUDGET NEUTRALITY.—The Secretary may take actions under clause (i) only to the extent such actions do not result in expenditures for any year to be more or less than the expenditures which would have been made if such actions had not been taken.”.

(c) STANDARDS.—The Secretary shall as soon as practicable establish service standards for persons seeking payment under part B of title XVIII of the Social Security Act for the providing of oxygen and oxygen equipment to beneficiaries within their homes. 42 USC 1395m note.

(d) ACCESS TO HOME OXYGEN EQUIPMENT.—

(1) STUDY.—The Comptroller General of the United States shall study issues relating to access to home oxygen equipment and shall, within 18 months after the date of the enactment of this Act, report to the Committees on Commerce and Ways and Means of the House of Representatives and the Committee on Finance of the Senate the results of the study, including recommendations (if any) for legislation. 42 USC 1395m note. Reports.

(2) PEER REVIEW EVALUATION.—The Secretary of Health and Human Services shall arrange for peer review organizations established under section 1154 of the Social Security Act to evaluate access to, and quality of, home oxygen equipment.

(e) EFFECTIVE DATE.—

42 USC 1395m note.

(1) OXYGEN.—The amendments made by subsection (a) shall apply to items furnished on and after January 1, 1998.

(2) OTHER PROVISIONS.—The amendments made by this section other than subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 4553. REDUCTION IN UPDATES TO PAYMENT AMOUNTS FOR CLINICAL DIAGNOSTIC LABORATORY TESTS; STUDY ON LABORATORY TESTS.

(a) CHANGE IN UPDATE.—Section 1833(h)(2)(A)(ii)(IV) (42 U.S.C. 1395l(h)(2)(A)(ii)(IV)) is amended by inserting “and 1998 through 2002” after “1995”.

(b) LOWERING CAP ON PAYMENT AMOUNTS.—Section 1833(h)(4)(B) (42 U.S.C. 1395l(h)(4)(B)) is amended—

(1) in clause (vi), by striking “and” at the end;

(2) in clause (vii)—

(A) by inserting “and before January 1, 1998,” after “1995,” and

(B) by striking the period at the end and inserting “, and”; and

(3) by adding at the end the following new clause:

“(viii) after December 31, 1997, is equal to 74 percent of such median.”.

(c) STUDY AND REPORT ON CLINICAL LABORATORY TESTS.—

(1) IN GENERAL.—The Secretary shall request the Institute of Medicine of the National Academy of Sciences to conduct a study of payments under part B of title XVIII of the Social Security Act for clinical laboratory tests. The study shall include a review of the adequacy of the current methodology and recommendations regarding alternative payment systems. The study shall also analyze and discuss the relationship between such payment systems and access to high quality laboratory tests for medicare beneficiaries, including availability and access to new testing methodologies.

(2) REPORT TO CONGRESS.—The Secretary shall, not later than 2 years after the date of enactment of this section, report to the Committees on Ways and Means and Commerce of the House of Representatives and the Committee on Finance of the Senate the results of the study described in paragraph (1), including any recommendations for legislation.

42 USC 1395l
note.

42 USC 1395u
note.

SEC. 4554. IMPROVEMENTS IN ADMINISTRATION OF LABORATORY TESTS BENEFIT.

(a) SELECTION OF REGIONAL CARRIERS.—

(1) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the “Secretary”) shall—

(A) divide the United States into no more than 5 regions, and

(B) designate a single carrier for each such region, for the purpose of payment of claims under part B of title XVIII of the Social Security Act with respect to clinical diagnostic laboratory tests furnished on or after such date (not later than July 1, 1999) as the Secretary specifies.

(2) DESIGNATION.—In designating such carriers, the Secretary shall consider, among other criteria—

(A) a carrier’s timeliness, quality, and experience in claims processing, and

(B) a carrier's capacity to conduct electronic data interchange with laboratories and data matches with other carriers.

(3) SINGLE DATA RESOURCE.—The Secretary shall select one of the designated carriers to serve as a central statistical resource for all claims information relating to such clinical diagnostic laboratory tests handled by all the designated carriers under such part.

(4) ALLOCATION OF CLAIMS.—The allocation of claims for clinical diagnostic laboratory tests to particular designated carriers shall be based on whether a carrier serves the geographic area where the laboratory specimen was collected or other method specified by the Secretary.

(5) SECRETARIAL EXCLUSION.—Paragraph (1) shall not apply with respect to clinical diagnostic laboratory tests furnished by physician office laboratories if the Secretary determines that such offices would be unduly burdened by the application of billing responsibilities with respect to more than one carrier.

(b) ADOPTION OF NATIONAL POLICIES FOR CLINICAL LABORATORY TESTS BENEFIT.—

(1) IN GENERAL.—Not later than January 1, 1999, the Secretary shall first adopt, consistent with paragraph (2), national coverage and administrative policies for clinical diagnostic laboratory tests under part B of title XVIII of the Social Security Act, using a negotiated rulemaking process under subchapter III of chapter 5 of title 5, United States Code.

(2) CONSIDERATIONS IN DESIGN OF NATIONAL POLICIES.—The policies under paragraph (1) shall be designed to promote program integrity and national uniformity and simplify administrative requirements with respect to clinical diagnostic laboratory tests payable under such part in connection with the following:

(A) Beneficiary information required to be submitted with each claim or order for laboratory tests.

(B) The medical conditions for which a laboratory test is reasonable and necessary (within the meaning of section 1862(a)(1)(A) of the Social Security Act).

(C) The appropriate use of procedure codes in billing for a laboratory test, including the unbundling of laboratory services.

(D) The medical documentation that is required by a medicare contractor at the time a claim is submitted for a laboratory test in accordance with section 1833(e) of the Social Security Act.

(E) Recordkeeping requirements in addition to any information required to be submitted with a claim, including physicians' obligations regarding such requirements.

(F) Procedures for filing claims and for providing remittances by electronic media.

(G) Limitation on frequency of coverage for the same tests performed on the same individual.

(3) CHANGES IN LABORATORY POLICIES PENDING ADOPTION OF NATIONAL POLICY.—During the period that begins on the date of the enactment of this Act and ends on the date the Secretary first implements national policies pursuant to regulations promulgated under this subsection, a carrier under such

part may implement changes relating to requirements for the submission of a claim for clinical diagnostic laboratory tests.

(4) **USE OF INTERIM POLICIES.**—After the date the Secretary first implements such national policies, the Secretary shall permit any carrier to develop and implement interim policies of the type described in paragraph (1), in accordance with guidelines established by the Secretary, in cases in which a uniform national policy has not been established under this subsection and there is a demonstrated need for a policy to respond to aberrant utilization or provision of unnecessary tests. Except as the Secretary specifically permits, no policy shall be implemented under this paragraph for a period of longer than 2 years.

(5) **INTERIM NATIONAL POLICIES.**—After the date the Secretary first designates regional carriers under subsection (a), the Secretary shall establish a process under which designated carriers can collectively develop and implement interim national policies of the type described in paragraph (1). No such policy shall be implemented under this paragraph for a period of longer than 2 years.

(6) **BIENNIAL REVIEW PROCESS.**—Not less often than once every 2 years, the Secretary shall solicit and review comments regarding changes in the national policies established under this subsection. As part of such biennial review process, the Secretary shall specifically review and consider whether to incorporate or supersede interim policies developed under paragraph (4) or (5). Based upon such review, the Secretary may provide for appropriate changes in the national policies previously adopted under this subsection.

(7) **REQUIREMENT AND NOTICE.**—The Secretary shall ensure that any policies adopted under paragraph (3), (4), or (5) shall apply to all laboratory claims payable under part B of title XVIII of the Social Security Act, and shall provide for advance notice to interested parties and a 45-day period in which such parties may submit comments on the proposed change.

(c) **INCLUSION OF LABORATORY REPRESENTATIVE ON CARRIER ADVISORY COMMITTEES.**—The Secretary shall direct that any advisory committee established by a carrier to advise such carrier with respect to coverage and administrative policies under part B of title XVIII of the Social Security Act shall include an individual to represent the independent clinical laboratories and such other laboratories as the Secretary deems appropriate. The Secretary shall consider recommendations from national and local organizations that represent independent clinical laboratories in such selection.

SEC. 4555. UPDATES FOR AMBULATORY SURGICAL SERVICES.

Section 1833(i)(2)(C) (42 U.S.C. 1395l(i)(2)(C)) is amended by inserting at the end the following new sentence: “In each of the fiscal years 1998 through 2002, the increase under this subparagraph shall be reduced (but not below zero) by 2.0 percentage points.”.

SEC. 4556. REIMBURSEMENT FOR DRUGS AND BIOLOGICALS.

(a) **IN GENERAL.**—Section 1842 (42 U.S.C. 1395u) is amended by inserting after subsection (n) the following new subsection:

“(o)(1) If a physician’s, supplier’s, or any other person’s bill or request for payment for services includes a charge for a drug

or biological for which payment may be made under this part and the drug or biological is not paid on a cost or prospective payment basis as otherwise provided in this part, the amount payable for the drug or biological is equal to 95 percent of the average wholesale price.

“(2) If payment for a drug or biological is made to a licensed pharmacy approved to dispense drugs or biologicals under this part, the Secretary may pay a dispensing fee (less the applicable deductible and coinsurance amounts) to the pharmacy.”.

(b) CONFORMING AMENDMENT.—Section 1833(a)(1) (42 U.S.C. 1395l(a)(1)), as amended by sections 4315(b) and 4531(b)(1), is amended—

(1) by striking “and (R)” and inserting “(R)”; and

(2) by striking the semicolon at the end and inserting the following: “, and (S) with respect to drugs and biologicals not paid on a cost or prospective payment basis as otherwise provided in this part (other than items and services described in subparagraph (B)), the amounts paid shall be 80 percent of the lesser of the actual charge or the payment amount established in section 1842(o);”.

(c) STUDY AND REPORT.—The Secretary of Health and Human Services shall study the effect on the average wholesale price of drugs and biologicals of the amendments made by subsection (a) and shall report to the Committees on Ways and Means and Commerce of the House of Representatives and the Committee on Finance of the Senate the result of such study not later than July 1, 1999.

42 USC 1395u
note.

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply to drugs and biologicals furnished on or after January 1, 1998.

42 USC 1395l
note.

SEC. 4557. COVERAGE OF ORAL ANTI-NAUSEA DRUGS UNDER CHEMOTHERAPEUTIC REGIMEN.

(a) IN GENERAL.—Section 1861(s)(2) (42 U.S.C. 1395x(s)(2)), as amended by sections 4104 and 4105, is amended—

(1) by striking “and” at the end of subparagraph (R); and

(2) by inserting after subparagraph (S) the following new subparagraph:

“(T) an oral drug (which is approved by the Federal Food and Drug Administration) prescribed for use as an acute anti-emetic used as part of an anticancer chemotherapeutic regimen if the drug is administered by a physician (or as prescribed by a physician)—

“(i) for use immediately before, at, or within 48 hours after the time of the administration of the anticancer chemotherapeutic agent; and

“(ii) as a full replacement for the anti-emetic therapy which would otherwise be administered intravenously.”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to items and services furnished on or after January 1, 1998.

42 USC 1395x
note.

SEC. 4558. RENAL DIALYSIS-RELATED SERVICES.

42 USC 1395rr
note.

(a) AUDITING OF COST REPORTS.—Beginning with cost reports for 1996, the Secretary shall audit cost reports of each renal dialysis provider at least once every 3 years.

(b) IMPLEMENTATION OF QUALITY STANDARDS.—The Secretary of Health and Human Services shall develop, by not later than

January 1, 1999, and implement, by not later than January 1, 2000, a method to measure and report quality of renal dialysis services provided under the medicare program under title XVIII of the Social Security Act.

SEC. 4559. TEMPORARY COVERAGE RESTORATION FOR PORTABLE ELECTROCARDIOGRAM TRANSPORTATION.

Effective date.

(a) **IN GENERAL.**—Effective only for electrocardiogram tests furnished during 1998, the Secretary of Health and Human Services shall restore separate payment, under part B of title XVIII of the Social Security Act, for the transportation of electrocardiogram equipment (HCPCS code R0076) based upon payment methods in effect for such service as of December 31, 1996.

(b) **DETERMINATION.**—By not later than July 1, 1998, the Secretary of Health and Human Services shall make a recommendation to the Committees on Commerce and Ways and Means of the House of Representatives and the Committee on Finance of the Senate as to whether coverage of portable electrocardiogram transportation should be provided under part B of title XVIII of the Social Security Act. In making such recommendation, the Secretary shall take into account the study of coverage of portable electrocardiogram transportation conducted by the Comptroller General of the United States and other relevant information, including information submitted by interested parties.

CHAPTER 6—PART B PREMIUM AND RELATED PROVISIONS

Subchapter A—Determination of Part B Premium Amount

SEC. 4571. PART B PREMIUM.

Regulations.

(a) **IN GENERAL.**—Section 1839(a)(3) (42 U.S.C. 1395r(a)(3)) is amended by striking the first 3 sentences and inserting the following: “The Secretary, during September of each year, shall determine and promulgate a monthly premium rate for the succeeding calendar year that is equal to 50 percent of the monthly actuarial rate for enrollees age 65 and over, determined according to paragraph (1), for that succeeding calendar year.”.

(b) **CONFORMING AND TECHNICAL AMENDMENTS.**—

(1) **SECTION 1839.**—Section 1839 (42 U.S.C. 1395r) is amended—

(A) in subsection (a)(2), by striking “(b) and (e)” and inserting “(b), (c), and (f)”;

(B) in the last sentence of subsection (a)(3)—

(i) by inserting “rate” after “premium”, and

(ii) by striking “and the derivation of the dollar amounts specified in this paragraph”;

(C) in the first sentence of subsection (b), by striking “or (e)”;

(D) by striking subsection (e); and

(E) by redesignating subsection (g) as subsection (e) and inserting that subsection after subsection (d).

(2) **SECTION 1844.**—Subparagraphs (A)(i) and (B)(i) of section 1844(a)(1) (42 U.S.C. 1395w(a)(1)) are each amended by striking “or 1839(e), as the case may be”.

Subchapter B—Other Provisions Related to Part B Premium**SEC. 4581. PROTECTIONS UNDER THE MEDICARE PROGRAM FOR DISABLED WORKERS WHO LOSE BENEFITS UNDER A GROUP HEALTH PLAN.**

(a) **NO PREMIUM PENALTY FOR LATE ENROLLMENT.**—The first sentence of section 1839(b) (42 U.S.C. 1395r(b)) is amended by inserting “and not pursuant to a special enrollment period under section 1837(i)(4)” after “section 1837”.

(b) **SPECIAL MEDICARE ENROLLMENT PERIOD.**—

(1) **IN GENERAL.**—Section 1837(i) (42 U.S.C. 1395p(i)) is amended by adding at the end the following new paragraph: “(4)(A) In the case of an individual who is entitled to benefits under part A pursuant to section 226(b) and—

“(i) who at the time the individual first satisfies paragraph (1) of section 1836—

“(I) is enrolled in a group health plan described in section 1862(b)(1)(A)(v) by reason of the individual’s current or former employment or by reason of the current or former employment status of a member of the individual’s family, and

“(II) has elected not to enroll (or to be deemed enrolled) under this section during the individual’s initial enrollment period; and

“(ii) whose continuous enrollment under such group health plan is involuntarily terminated at a time when the enrollment under the plan is not by reason of the individual’s current employment or by reason of the current employment of a member of the individual’s family, there shall be a special enrollment period described in subparagraph (B).

“(B) The special enrollment period referred to in subparagraph (A) is the 6-month period beginning on the first day of the month which includes the date of the enrollment termination described in subparagraph (A)(ii).”.

(2) **COVERAGE PERIOD.**—Section 1838(e) (42 U.S.C. 1395q(e)) is amended—

(A) by inserting “or 1837(i)(4)(B)” after “1837(i)(3)” the first place it appears, and

(B) by inserting “or specified in section 1837(i)(4)(A)(i)” after “1837(i)(3)” the second place it appears.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to involuntary terminations of coverage under a group health plan occurring on or after the date of the enactment of this Act.

42 USC 1395p
note.

SEC. 4582. GOVERNMENTAL ENTITIES ELIGIBLE TO ELECT TO PAY PART B PREMIUMS FOR ELIGIBLE INDIVIDUALS.

Section 1839(e)(1) (as amended by section 4571(b)) is amended—

(1) by inserting “(or any appropriate State or local governmental entity specified by the Secretary)” after “State” the first place it appears, and

(2) by inserting “(or such entity)” after “State” the second and third place it appears.

Subtitle G—Provisions Relating to Parts A and B

CHAPTER 1—HOME HEALTH SERVICES AND BENEFITS

Subchapter A—Payments For Home Health Services

SEC. 4601. RECAPTURING SAVINGS RESULTING FROM TEMPORARY FREEZE ON PAYMENT INCREASES FOR HOME HEALTH SERVICES.

(a) **BASING UPDATES TO PER VISIT COST LIMITS ON LIMITS FOR FISCAL YEAR 1993.**—Section 1861(v)(1)(L) (42 U.S.C. 1395x(v)(1)(L)) is amended by adding at the end the following:

“(iv) In establishing limits under this subparagraph for cost reporting periods beginning after September 30, 1997, the Secretary shall not take into account any changes in the home health market basket, as determined by the Secretary, with respect to cost reporting periods which began on or after July 1, 1994, and before July 1, 1996.”.

42 USC 1395x
note.

(b) **NO EXCEPTIONS PERMITTED BASED ON AMENDMENT.**—The Secretary of Health and Human Services shall not consider the amendment made by subsection (a) in making any exemptions and exceptions pursuant to section 1861(v)(1)(L)(ii) of the Social Security Act (42 U.S.C. 1395x(v)(1)(L)(ii)).

SEC. 4602. INTERIM PAYMENTS FOR HOME HEALTH SERVICES.

(a) **REDUCTIONS IN COST LIMITS.**—Section 1861(v)(1)(L)(i) (42 U.S.C. 1395x(v)(1)(L)(i)) is amended—

(1) by moving the indentation of subclauses (I) through (III) 2-ems to the left;

(2) in subclause (I), by inserting “of the mean of the labor-related and nonlabor per visit costs for freestanding home health agencies” before the comma at the end;

(3) in subclause (II), by striking “, or” and inserting “of such mean,”;

(4) in subclause (III)—

(A) by inserting “and before October 1, 1997,” after “July 1, 1987,” and

(B) by striking the comma at the end and inserting “of such mean, or”; and

(5) by striking the matter following subclause (III) and inserting the following:

“(IV) October 1, 1997, 105 percent of the median of the labor-related and nonlabor per visit costs for freestanding home health agencies.”.

(b) **DELAY IN UPDATES.**—Section 1861(v)(1)(L)(iii) (42 U.S.C. 1395x(v)(1)(L)(iii)) is amended by inserting “, or on or after July 1, 1997, and before October 1, 1997” after “July 1, 1996”.

(c) **ADDITIONS TO COST LIMITS.**—Section 1861(v)(1)(L) (42 U.S.C. 1395x(v)(1)(L)) (as amended by section 4601(a)) is amended by adding at the end the following new clauses:

“(v) For services furnished by home health agencies for cost reporting periods beginning on or after October 1, 1997, the Secretary shall provide for an interim system of limits. Payment shall not exceed the costs determined under the preceding provisions of this subparagraph or, if lower, the product of—

“(I) an agency-specific per beneficiary annual limitation calculated based 75 percent on 98 percent of the reasonable costs (including nonroutine medical supplies) for the agency’s 12-month cost reporting period ending during fiscal year 1994, and based 25 percent on 98 percent of the standardized regional average of such costs for the agency’s census division, as applied to such agency, for cost reporting periods ending during fiscal year 1994, such costs updated by the home health market basket index; and

“(II) the agency’s unduplicated census count of patients (entitled to benefits under this title) for the cost reporting period subject to the limitation.

“(vi) For services furnished by home health agencies for cost reporting periods beginning on or after October 1, 1997, the following rules apply:

Applicability.

“(I) For new providers and those providers without a 12-month cost reporting period ending in fiscal year 1994, the per beneficiary limitation shall be equal to the median of these limits (or the Secretary’s best estimates thereof) applied to other home health agencies as determined by the Secretary. A home health agency that has altered its corporate structure or name shall not be considered a new provider for this purpose.

“(II) For beneficiaries who use services furnished by more than one home health agency, the per beneficiary limitations shall be prorated among the agencies.

“(vii)(I) Not later than January 1, 1998, the Secretary shall establish per visit limits applicable for fiscal year 1998, and not later than April 1, 1998, the Secretary shall establish per beneficiary limits under clause (v)(I) for fiscal year 1998.

“(II) Not later than August 1 of each year (beginning in 1998) the Secretary shall establish the limits applicable under this subparagraph for services furnished during the fiscal year beginning October 1 of the year.”.

(d) DEVELOPMENT OF CASE MIX SYSTEM.—The Secretary of Health and Human Services shall expand research on a prospective payment system for home health agencies under the medicare program that ties prospective payments to a unit of service, including an intensive effort to develop a reliable case mix adjuster that explains a significant amount of the variances in costs.

42 USC 1395fff note.

(e) SUBMISSION OF DATA FOR CASE MIX SYSTEM.—Effective for cost reporting periods beginning on or after October 1, 1997, the Secretary of Health and Human Services may require all home health agencies to submit additional information that the Secretary considers necessary for the development of a reliable case mix system.

Effective date.
42 USC 1395fff note.

SEC. 4603. PROSPECTIVE PAYMENT FOR HOME HEALTH SERVICES.

(a) IN GENERAL.—Title XVIII (42 U.S.C. 1395 et seq.) (as amended by section 4801) is amended by adding at the end the following:

“PROSPECTIVE PAYMENT FOR HOME HEALTH SERVICES

42 USC 1395fff.

“SEC. 1895. (a) IN GENERAL.—Notwithstanding section 1861(v), the Secretary shall provide, for cost reporting periods beginning on or after October 1, 1999, for payments for home health services in accordance with a prospective payment system established by the Secretary under this section.

“(b) SYSTEM OF PROSPECTIVE PAYMENT FOR HOME HEALTH SERVICES.—

“(1) IN GENERAL.—The Secretary shall establish under this subsection a prospective payment system for payment for all costs of home health services. Under the system under this subsection all services covered and paid on a reasonable cost basis under the medicare home health benefit as of the date of the enactment of the this section, including medical supplies, shall be paid for on the basis of a prospective payment amount determined under this subsection and applicable to the services involved. In implementing the system, the Secretary may provide for a transition (of not longer than 4 years) during which a portion of such payment is based on agency-specific costs, but only if such transition does not result in aggregate payments under this title that exceed the aggregate payments that would be made if such a transition did not occur.

“(2) UNIT OF PAYMENT.—In defining a prospective payment amount under the system under this subsection, the Secretary shall consider an appropriate unit of service and the number, type, and duration of visits provided within that unit, potential changes in the mix of services provided within that unit and their cost, and a general system design that provides for continued access to quality services.

“(3) PAYMENT BASIS.—

“(A) INITIAL BASIS.—

“(i) IN GENERAL.—Under such system the Secretary shall provide for computation of a standard prospective payment amount (or amounts). Such amount (or amounts) shall initially be based on the most current audited cost report data available to the Secretary and shall be computed in a manner so that the total amounts payable under the system for fiscal year 2000 shall be equal to the total amount that would have been made if the system had not been in effect but if the reduction in limits described in clause (ii) had been in effect. Such amount shall be standardized in a manner that eliminates the effect of variations in relative case mix and wage levels among different home health agencies in a budget neutral manner consistent with the case mix and wage level adjustments provided under paragraph (4)(A). Under the system, the Secretary may recognize regional differences or differences based upon whether or not the services or agency are in an urbanized area.

“(ii) REDUCTION.—The reduction described in this clause is a reduction by 15 percent in the cost limits and per beneficiary limits described in section 1861(v)(1)(L), as those limits are in effect on September 30, 1999.

“(B) ANNUAL UPDATE.—

“(i) IN GENERAL.—The standard prospective payment amount (or amounts) shall be adjusted for each fiscal year (beginning with fiscal year 2001) in a prospective manner specified by the Secretary by the home health market basket percentage increase applicable to the fiscal year involved.

“(ii) HOME HEALTH MARKET BASKET PERCENTAGE INCREASE.—For purposes of this subsection, the term ‘home health market basket percentage increase’ means, with respect to a fiscal year, a percentage (estimated by the Secretary before the beginning of the fiscal year) determined and applied with respect to the mix of goods and services included in home health services in the same manner as the market basket percentage increase under section 1886(b)(3)(B)(iii) is determined and applied to the mix of goods and services comprising inpatient hospital services for the fiscal year.

“(C) ADJUSTMENT FOR OUTLIERS.—The Secretary shall reduce the standard prospective payment amount (or amounts) under this paragraph applicable to home health services furnished during a period by such proportion as will result in an aggregate reduction in payments for the period equal to the aggregate increase in payments resulting from the application of paragraph (5) (relating to outliers).

“(4) PAYMENT COMPUTATION.—

“(A) IN GENERAL.—The payment amount for a unit of home health services shall be the applicable standard prospective payment amount adjusted as follows:

“(i) CASE MIX ADJUSTMENT.—The amount shall be adjusted by an appropriate case mix adjustment factor (established under subparagraph (B)).

“(ii) AREA WAGE ADJUSTMENT.—The portion of such amount that the Secretary estimates to be attributable to wages and wage-related costs shall be adjusted for geographic differences in such costs by an area wage adjustment factor (established under subparagraph (C)) for the area in which the services are furnished or such other area as the Secretary may specify.

“(B) ESTABLISHMENT OF CASE MIX ADJUSTMENT FACTORS.—The Secretary shall establish appropriate case mix adjustment factors for home health services in a manner that explains a significant amount of the variation in cost among different units of services.

“(C) ESTABLISHMENT OF AREA WAGE ADJUSTMENT FACTORS.—The Secretary shall establish area wage adjustment factors that reflect the relative level of wages and wage-related costs applicable to the furnishing of home health services in a geographic area compared to the national average applicable level. Such factors may be the factors used by the Secretary for purposes of section 1886(d)(3)(E).

“(5) OUTLIERS.—The Secretary may provide for an addition or adjustment to the payment amount otherwise made in the case of outliers because of unusual variations in the type or amount of medically necessary care. The total amount of the additional payments or payment adjustments made under this paragraph with respect to a fiscal year may not exceed 5 percent of the total payments projected or estimated to be made based on the prospective payment system under this subsection in that year.

“(6) PRORATION OF PROSPECTIVE PAYMENT AMOUNTS.—If a beneficiary elects to transfer to, or receive services from,

another home health agency within the period covered by the prospective payment amount, the payment shall be prorated between the home health agencies involved.

“(c) REQUIREMENTS FOR PAYMENT INFORMATION.—With respect to home health services furnished on or after October 1, 1998, no claim for such a service may be paid under this title unless—

“(1) the claim has the unique identifier (provided under section 1842(r)) for the physician who prescribed the services or made the certification described in section 1814(a)(2) or 1835(a)(2)(A); and

“(2) in the case of a service visit described in paragraph (1), (2), (3), or (4) of section 1861(m), the claim contains a code (or codes) specified by the Secretary that identifies the length of time of the service visit, as measured in 15 minute increments.

“(d) LIMITATION ON REVIEW.—There shall be no administrative or judicial review under section 1869, 1878, or otherwise of—

“(1) the establishment of a transition period under subsection (b)(1);

“(2) the definition and application of payment units under subsection (b)(2);

“(3) the computation of initial standard prospective payment amounts under subsection (b)(3)(A) (including the reduction described in clause (ii) of such subsection);

“(4) the establishment of the adjustment for outliers under subsection (b)(3)(C);

“(5) the establishment of case mix and area wage adjustments under subsection (b)(4); and

“(6) the establishment of any adjustments for outliers under subsection (b)(5).”.

(b) ELIMINATION OF PERIODIC INTERIM PAYMENTS FOR HOME HEALTH AGENCIES.—Section 1815(e)(2) (42 U.S.C. 1395g(e)(2)) is amended—

(1) by inserting “and” at the end of subparagraph (C),

(2) by striking subparagraph (D), and

(3) by redesignating subparagraph (E) as subparagraph (D).

(c) CONFORMING AMENDMENTS.—

(1) PAYMENTS UNDER PART A.—Section 1814(b) (42 U.S.C. 1395f(b)) is amended in the matter preceding paragraph (1) by striking “and 1886” and inserting “1886, and 1895”.

(2) TREATMENT OF ITEMS AND SERVICES PAID UNDER PART B.—

(A) PAYMENTS UNDER PART B.—Section 1833(a)(2) (42 U.S.C. 1395l(a)(2)) is amended—

(i) by amending subparagraph (A) to read as follows:

“(A) with respect to home health services (other than a covered osteoporosis drug) (as defined in section 1861(kk)), the amount determined under the prospective payment system under section 1895;”;

(ii) by striking “and” at the end of subparagraph (E);

(iii) by adding “and” at the end of subparagraph (F); and

(iv) by adding at the end the following new subparagraph:

“(G) with respect to items and services described in section 1861(s)(10)(A), the lesser of—

“(i) the reasonable cost of such services, as determined under section 1861(v), or

“(ii) the customary charges with respect to such services,

or, if such services are furnished by a public provider of services, or by another provider which demonstrates to the satisfaction of the Secretary that a significant portion of its patients are low-income (and requests that payment be made under this provision), free of charge or at nominal charges to the public, the amount determined in accordance with section 1814(b)(2);”.

(B) REQUIRING PAYMENT FOR ALL ITEMS AND SERVICES TO BE MADE TO AGENCY.—

(i) IN GENERAL.—The first sentence of section 1842(b)(6) (42 U.S.C. 1395u(b)(6)) (as amended by section 4432(b)(2)) is amended—

(I) by striking “and (E)” and inserting “(E)”; and

(II) by striking the period at the end and inserting the following: “, and (F) in the case of home health services furnished to an individual who (at the time the item or service is furnished) is under a plan of care of a home health agency, payment shall be made to the agency (without regard to whether or not the item or service was furnished by the agency, by others under arrangement with them made by the agency, or when any other contracting or consulting arrangement, or otherwise).”.

(ii) CONFORMING AMENDMENT.—Section 1832(a)(1) (42 U.S.C. 1395k(a)(1)) (as amended by section 4432(b)(5)(B)) is amended by striking “section 1842(b)(6)(E);” and inserting “subparagraphs (E) and (F) of section 1842(b)(6);”.

(C) EXCLUSIONS FROM COVERAGE.—Section 1862(a) (42 U.S.C. 1395y(a)) (as amended by sections 4319(b), 4432(b), 4507(a)(2)(B) and 4541(b)) is amended—

(i) by striking “or” at the end of paragraph (19);

(ii) by striking the period at the end of paragraph (20) and inserting “; or”; and

(iii) by inserting after paragraph (20) the following:

“(21) where such expenses are for home health services furnished to an individual who is under a plan of care of the home health agency if the claim for payment for such services is not submitted by the agency.”.

(d) EFFECTIVE DATE.—Except as otherwise provided, the amendments made by this section shall apply to cost reporting periods beginning on or after October 1, 1999.

42 USC 1395fff
note.

(e) CONTINGENCY.—If the Secretary of Health and Human Services for any reason does not establish and implement the prospective payment system for home health services described in section 1895(b) of the Social Security Act (as added by subsection (a)) for cost reporting periods described in subsection (d), for such cost reporting periods the Secretary shall provide for a reduction by 15 percent in the cost limits and per beneficiary limits described

42 USC 1395fff
note.

in section 1861(v)(1)(L) of such Act, as those limits would otherwise be in effect on September 30, 1999.

SEC. 4604. PAYMENT BASED ON LOCATION WHERE HOME HEALTH SERVICE IS FURNISHED.

(a) **CONDITIONS OF PARTICIPATION.**—Section 1891 (42 U.S.C. 1395bbb) is amended by adding at the end the following:

“(g) **PAYMENT ON BASIS OF LOCATION OF SERVICE.**—A home health agency shall submit claims for payment for home health services under this title only on the basis of the geographic location at which the service is furnished, as determined by the Secretary.”.

(b) **WAGE ADJUSTMENT.**—Section 1861(v)(1)(L)(iii) (42 U.S.C. 1395x(v)(1)(L)(iii)) is amended by striking “agency is located” and inserting “service is furnished”.

42 USC 1395x
note.

(c) **EFFECTIVE DATE.**—The amendments made by this section apply to cost reporting periods beginning on or after October 1, 1997.

Subchapter B—Home Health Benefits

SEC. 4611. MODIFICATION OF PART A HOME HEALTH BENEFIT FOR INDIVIDUALS ENROLLED UNDER PART B.

(a) **IN GENERAL.**—Section 1812 (42 U.S.C. 1395d) is amended—

(1) in subsection (a)(3), by striking “home health services” and inserting “for individuals not enrolled in part B, home health services, and for individuals so enrolled, post-institutional home health services furnished during a home health spell of illness for up to 100 visits during such spell of illness”; and

(2) in subsection (b), by adding after and below paragraph (3) the following:

“Payment under this part for post-institutional home health services furnished an individual during a home health spell of illness may not be made for such services beginning after such services have been furnished for a total of 100 visits such spell.”.

(b) **POST-INSTITUTIONAL HOME HEALTH SERVICES DEFINED.**—Section 1861 (42 U.S.C. 1395x), as amended by sections 4103(a), 4104(a), 4105(a), 4106(a), and 4454, is amended by adding at the end the following:

“Post-Institutional Home Health Services; Home Health Spell of Illness

“(tt)(1) The term ‘post-institutional home health services’ means home health services furnished to an individual—

“(A) after discharge from a hospital or rural primary care hospital in which the individual was an inpatient for not less than 3 consecutive days before such discharge if such home health services were initiated within 14 days after the date of such discharge; or

“(B) after discharge from a skilled nursing facility in which the individual was provided post-hospital extended care services if such home health services were initiated within 14 days after the date of such discharge.

“(2) The term ‘home health spell of illness’ with respect to any individual means a period of consecutive days—

“(A) beginning with the first day (not included in a previous home health spell of illness) (i) on which such individual is

furnished post-institutional home health services, and (ii) which occurs in a month for which the individual is entitled to benefits under part A, and

“(B) ending with the close of the first period of 60 consecutive days thereafter on each of which the individual is neither an inpatient of a hospital or rural primary care hospital nor an inpatient of a facility described in section 1819(a)(1) or subsection (y)(1) nor provided home health services.”.

(c) MAINTAINING APPEAL RIGHTS FOR HOME HEALTH SERVICES.—Section 1869(b)(2)(B) (42 U.S.C. 1395ff(b)(2)(B)) is amended by inserting “(or \$100 in the case of home health services)” after “\$500”.

(d) MAINTAINING SEAMLESS ADMINISTRATION THROUGH FISCAL INTERMEDIARIES.—Section 1842(b)(2) (42 U.S.C. 1395u(b)(2)) is amended by adding at the end the following:

“(E) With respect to the payment of claims for home health services under this part that, but for the amendments made by section 4611 of the Balanced Budget Act of 1997, would be payable under part A instead of under this part, the Secretary shall continue administration of such claims through fiscal intermediaries under section 1816.”.

(e) TRANSITION.—

(1) IN GENERAL.—Notwithstanding any provision of title XVIII of the Social Security Act, the Secretary of Health and Human Services shall establish a transition for the aggregate amount of expenditures that are transferred from part A, to part B, of title XVIII of the Social Security Act, as a result of the amendments made by this section, during each of the years during the period beginning with 1998 and ending with 2002 according to this subsection. Under the transition for each such year, the Secretary shall effect such transfer, between the trust funds under such parts, as will result in only the proportion (specified in paragraph (2)) of such aggregate expenditures for the year being transferred from such part A to such part B.

(2) PROPORTION SPECIFIED.—The proportion specified in this paragraph for—

- (A) 1998 is $\frac{1}{6}$,
- (B) 1999 is $\frac{1}{3}$,
- (C) 2000 is $\frac{1}{2}$,
- (D) 2001 is $\frac{2}{3}$, and
- (E) 2002 is $\frac{5}{6}$.

(3) APPLICATION IN ESTABLISHING MONTHLY PREMIUMS FOR 1998 THROUGH 2003.—

(A) IN GENERAL.—For purposes only of computing the monthly premium under section 1839 of the Social Security Act (42 U.S.C. 1395r), the monthly actuarial rate for enrollees age 65 and over shall be computed as though any reference in paragraph (1) of this subsection to 2002 were a reference to 2003 and as if the following proportions were substituted for the proportions specified in paragraph (2):

- (i) For 1998, $\frac{1}{7}$.
- (ii) For 1999, $\frac{2}{7}$.
- (iii) For 2000, $\frac{3}{7}$.
- (iv) For 2001, $\frac{4}{7}$.
- (v) For 2002, $\frac{5}{7}$.

42 USC 1395d
note.

(vi) For 2003, ⅔.

(B) NO IMPACT ON GOVERNMENT CONTRIBUTION.—Subparagraph (A) does not apply in determining the amount of the Government contribution under section 1844 of the Social Security Act (42 U.S.C. 1395w).

42 USC 1395d
note.

(f) EFFECTIVE DATE.—The amendments made by this section apply to services furnished on or after January 1, 1998. For purpose of applying such amendments, any home health spell of illness that began, but not did not end, before such date shall be considered to have begun as of such date.

SEC. 4612. CLARIFICATION OF PART-TIME OR INTERMITTENT NURSING CARE.

(a) IN GENERAL.—Section 1861(m) (42 U.S.C. 1395x(m)) is amended by adding at the end the following: “For purposes of paragraphs (1) and (4), the term ‘part-time or intermittent services’ means skilled nursing and home health aide services furnished any number of days per week as long as they are furnished (combined) less than 8 hours each day and 28 or fewer hours each week (or, subject to review on a case-by-case basis as to the need for care, less than 8 hours each day and 35 or fewer hours per week). For purposes of sections 1814(a)(2)(C) and 1835(a)(2)(A), ‘intermittent’ means skilled nursing care that is either provided or needed on fewer than 7 days each week, or less than 8 hours of each day for periods of 21 days or less (with extensions in exceptional circumstances when the need for additional care is finite and predictable).”.

42 USC 1395x
note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies to services furnished on or after October 1, 1997.

42 USC 1395x
note.

SEC. 4613. STUDY ON DEFINITION OF HOMEBOUND.

(a) STUDY.—The Secretary of Health and Human Services shall conduct a study of the criteria that should be applied, and the method of applying such criteria, in the determination of whether an individual is homebound for purposes of qualifying for receipt of benefits for home health services under the medicare program. Such criteria shall include the extent and circumstances under which a person may be absent from the home but nonetheless qualify.

(b) REPORT.—Not later than October 1, 1998, the Secretary shall submit a report to Congress on the study conducted under subsection (a). The report shall include specific recommendations on such criteria and methods.

SEC. 4614. NORMATIVE STANDARDS FOR HOME HEALTH CLAIMS DENIALS.

(a) IN GENERAL.—Section 1862(a)(1) (42 U.S.C. 1395y(a)(1)) (as amended by section 4104(c)) is amended—

(1) by striking “and” at the end of subparagraph (G),

(2) by striking the semicolon at the end of subparagraph (H) and inserting “, and”, and

(3) by inserting after subparagraph (H) the following new subparagraph:

“(I) the frequency and duration of home health services which are in excess of normative guidelines that the Secretary shall establish by regulation.”.

42 USC 1395y
note.

(b) NOTIFICATION.—The Secretary of Health and Human Services may establish a process for notifying a physician in cases

in which the number of home health visits, furnished under title XVIII of the Social Security Act pursuant to a prescription or certification of the physician, significantly exceeds such threshold (or thresholds) as the Secretary specifies. The Secretary may adjust such threshold to reflect demonstrated differences in the need for home health services among different beneficiaries.

(c) **EFFECTIVE DATE.**—The amendments made by this section apply to services furnished on or after October 1, 1997. 42 USC 1395y note.

SEC. 4615. NO HOME HEALTH BENEFITS BASED SOLELY ON DRAWING BLOOD.

(a) **IN GENERAL.**—Sections 1814(a)(2)(C) and 1835(a)(2)(A) (42 U.S.C. 1395f(a)(2)(C), 1395n(a)(2)(A)) are each amended by inserting “(other than solely venipuncture for the purpose of obtaining a blood sample)” after “skilled nursing care”.

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) apply to home health services furnished after the 6-month period beginning after the date of enactment of this Act. 42 USC 1395f note.

SEC. 4616. REPORTS TO CONGRESS REGARDING HOME HEALTH COST CONTAINMENT. 42 USC 1395y note.

(a) **ESTIMATE.**—Not later than October 1, 1997, the Secretary of Health and Human Services shall submit to the Committees on Commerce and Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report that includes an estimate of the outlays that will be made under parts A and B of title XVIII of the Social Security Act for the provision of home health services during each of fiscal years 1998 through 2002.

(b) **ANNUAL REPORT.**—Not later than the end of each of years 1999 through 2002, the Secretary shall submit to such Committees a report that compares the actual outlays under such parts for such services during the fiscal year ending in the year, to the outlays estimated under subsection (a) for such fiscal year. If the Secretary finds that such actual outlays were greater than such estimated outlays for the fiscal year, the Secretary shall include in the report recommendations regarding beneficiary copayments for home health services provided under the medicare program or such other methods as will reduce the growth in outlays for home health services under the medicare program.

CHAPTER 2—GRADUATE MEDICAL EDUCATION

Subchapter A—Indirect Medical Education

SEC. 4621. INDIRECT GRADUATE MEDICAL EDUCATION PAYMENTS.

(a) **MULTIYEAR TRANSITION REGARDING PERCENTAGES.**—

(1) **IN GENERAL.**—Section 1886(d)(5)(B)(ii) (42 U.S.C. 1395ww(d)(5)(B)(ii)) is amended to read as follows:

“(ii) For purposes of clause (i)(II), the indirect teaching adjustment factor is equal to $c \times (((1+r) \text{ to the } n\text{th power}) - 1)$, where ‘r’ is the ratio of the hospital’s full-time equivalent interns and residents to beds and ‘n’ equals .405. For discharges occurring—

“(I) on or after October 1, 1988, and before October 1, 1997, ‘c’ is equal to 1.89;

“(II) during fiscal year 1998, ‘c’ is equal to 1.72;

“(III) during fiscal year 1999, ‘c’ is equal to 1.6;

“(IV) during fiscal year 2000, ‘c’ is equal to 1.47; and

“(V) on or after October 1, 2000, ‘c’ is equal to 1.35.”.

(2) CONFORMING AMENDMENT RELATING TO DETERMINATION OF STANDARDIZED AMOUNT.—Section 1886(d)(2)(C)(i) (42 U.S.C. 1395ww(d)(2)(C)(i)) is amended by adding at the end the following: “except that the Secretary shall not take into account any reduction in the amount of additional payments under paragraph (5)(B)(ii) resulting from the amendment made by section 4621(a)(1) of the Balanced Budget Act of 1997,”.

(b) LIMITATION ON NUMBER OF RESIDENTS FOR CERTAIN FISCAL YEARS.—

(1) IN GENERAL.—Section 1886(d)(5)(B) (42 U.S.C. 1395ww(d)(5)(B)) is amended by adding after clause (iv) the following:

“(v) In determining the adjustment with respect to a hospital for discharges occurring on or after October 1, 1997, the total number of full-time equivalent interns and residents in the fields of allopathic and osteopathic medicine in either a hospital or nonhospital setting may not exceed the number of such full-time equivalent interns and residents in the hospital with respect to the hospital’s most recent cost reporting period ending on or before December 31, 1996.

“(vi) For purposes of clause (ii)—

“(I) ‘r’ may not exceed the ratio of the number of interns and residents, subject to the limit under clause (v), with respect to the hospital for its most recent cost reporting period to the hospital’s available beds (as defined by the Secretary) during that cost reporting period, and

“(II) for the hospital’s cost reporting periods beginning on or after October 1, 1997, subject to the limits described in clauses (iv) and (v), the total number of full-time equivalent residents for payment purposes shall equal the average of the actual full-time equivalent resident count for the cost reporting period and the preceding two cost reporting periods.

In the case of the first cost reporting period beginning on or after October 1, 1997, subclause (II) shall be applied by using the average for such period and the preceding cost reporting period.

“(vii) If any cost reporting period beginning on or after October 1, 1997, is not equal to twelve months, the Secretary shall make appropriate modifications to ensure that the average full-time equivalent residency count pursuant to subclause (II) of clause (vi) is based on the equivalent of full twelve-month cost reporting periods.

“(viii) Rules similar to the rules of subsection (h)(4)(H) shall apply for purposes of clauses (v) and (vi).”.

(2) PAYMENT FOR INTERNS AND RESIDENTS PROVIDING OFF-SITE SERVICES.—Section 1886(d)(5)(B)(iv) (42 U.S.C. 1395ww(d)(5)(B)(iv)) is amended to read as follows:

“(iv) Effective for discharges occurring on or after October 1, 1997, all the time spent by an intern or resident in patient care activities under an approved medical residency training

Applicability.

Effective date.

program at an entity in a nonhospital setting shall be counted towards the determination of full-time equivalency if the hospital incurs all, or substantially all, of the costs for the training program in that setting.”.

SEC. 4622. PAYMENT TO HOSPITALS OF INDIRECT MEDICAL EDUCATION COSTS FOR MEDICARE+CHOICE ENROLLEES.

Section 1886(d) (42 U.S.C. 1395ww(d)) is amended by adding at the end the following:

“(11) ADDITIONAL PAYMENTS FOR MANAGED CARE ENROLLEES.—

“(A) IN GENERAL.—For portions of cost reporting periods occurring on or after January 1, 1998, the Secretary shall provide for an additional payment amount for each applicable discharge of any subsection (d) hospital that has an approved medical residency training program.

“(B) APPLICABLE DISCHARGE.—For purposes of this paragraph, the term ‘applicable discharge’ means the discharge of any individual who is enrolled under a risk-sharing contract with an eligible organization under section 1876 and who is entitled to benefits under part A or any individual who is enrolled with a Medicare+Choice organization under part C.

“(C) DETERMINATION OF AMOUNT.—The amount of the payment under this paragraph with respect to any applicable discharge shall be equal to the applicable percentage (as defined in subsection (h)(3)(D)(ii)) of the estimated average per discharge amount that would otherwise have been paid under paragraph (5)(B) if the individuals had not been enrolled as described in subparagraph (B).

“(D) SPECIAL RULE FOR HOSPITALS UNDER REIMBURSEMENT SYSTEM.—The Secretary shall establish rules for the application of this paragraph to a hospital reimbursed under a reimbursement system authorized under section 1814(b)(3) in the same manner as it would apply to the hospital if it were not reimbursed under such section.”.

Subchapter B—Direct Graduate Medical Education

SEC. 4623. LIMITATION ON NUMBER OF RESIDENTS AND ROLLING AVERAGE FTE COUNT.

Section 1886(h)(4) (42 U.S.C. 1395ww(h)(4)) is amended by adding after subparagraph (E) the following:

“(F) LIMITATION ON NUMBER OF RESIDENTS IN ALLOPATHIC AND OSTEOPATHIC MEDICINE.—Such rules shall provide that for purposes of a cost reporting period beginning on or after October 1, 1997, the total number of full-time equivalent residents before application of weighting factors (as determined under this paragraph) with respect to a hospital’s approved medical residency training program in the fields of allopathic medicine and osteopathic medicine may not exceed the number of such full-time equivalent residents for the hospital’s most recent cost reporting period ending on or before December 31, 1996.

“(G) COUNTING INTERNS AND RESIDENTS FOR FY 1998 AND SUBSEQUENT YEARS.—

“(i) IN GENERAL.—For cost reporting periods beginning during fiscal years beginning on or after October 1, 1997, subject to the limit described in subparagraph (F), the total number of full-time equivalent residents for determining a hospital’s graduate medical education payment shall equal the average of the actual full-time equivalent resident counts for the cost reporting period and the preceding two cost reporting periods.

“(ii) ADJUSTMENT FOR SHORT PERIODS.—If any cost reporting period beginning on or after October 1, 1997, is not equal to twelve months, the Secretary shall make appropriate modifications to ensure that the average full-time equivalent resident counts pursuant to clause (i) are based on the equivalent of full twelve-month cost reporting periods.

“(iii) TRANSITION RULE FOR 1998.—In the case of a hospital’s first cost reporting period beginning on or after October 1, 1997, clause (i) shall be applied by using the average for such period and the preceding cost reporting period.

“(H) SPECIAL RULES FOR APPLICATION OF SUBPARAGRAPHS (F) AND (G).—

“(i) NEW FACILITIES.—The Secretary shall, consistent with the principles of subparagraphs (F) and (G), prescribe rules for the application of such subparagraphs in the case of medical residency training programs established on or after January 1, 1995. In promulgating such rules for purposes of subparagraph (F), the Secretary shall give special consideration to facilities that meet the needs of underserved rural areas.

“(ii) AGGREGATION.—The Secretary may prescribe rules which allow institutions which are members of the same affiliated group (as defined by the Secretary) to elect to apply the limitation of subparagraph (F) on an aggregate basis.

“(iii) DATA COLLECTION.—The Secretary may require any entity that operates a medical residency training program and to which subparagraphs (F) and (G) apply to submit to the Secretary such additional information as the Secretary considers necessary to carry out such subparagraphs.”.

SEC. 4624. PAYMENTS TO HOSPITALS FOR DIRECT COSTS OF GRADUATE MEDICAL EDUCATION OF MEDICARE+CHOICE ENROLLEES.

Section 1886(h)(3) (42 U.S.C. 1395ww(h)(3)) is amended by adding after subparagraph (C) the following:

“(D) PAYMENT FOR MANAGED CARE ENROLLEES.—

“(i) IN GENERAL.—For portions of cost reporting periods occurring on or after January 1, 1998, the Secretary shall provide for an additional payment amount under this subsection for services furnished to individuals who are enrolled under a risk-sharing contract with an eligible organization under section

1876 and who are entitled to part A or with a Medicare+Choice organization under part C. The amount of such a payment shall equal the applicable percentage of the product of—

“(I) the aggregate approved amount (as defined in subparagraph (B)) for that period; and

“(II) the fraction of the total number of inpatient-bed days (as established by the Secretary) during the period which are attributable to such enrolled individuals.

“(ii) APPLICABLE PERCENTAGE.—For purposes of clause (i), the applicable percentage is—

“(I) 20 percent in 1998,

“(II) 40 percent in 1999,

“(III) 60 percent in 2000, and

“(IV) 80 percent in 2001, and

“(V) 100 percent in 2002 and subsequent years.

“(iii) SPECIAL RULE FOR HOSPITALS UNDER REIMBURSEMENT SYSTEM.—The Secretary shall establish rules for the application of this subparagraph to a hospital reimbursed under a reimbursement system authorized under section 1814(b)(3) in the same manner as it would apply to the hospital if it were not reimbursed under such section.”.

SEC. 4625. PERMITTING PAYMENT TO NONHOSPITAL PROVIDERS.

(a) IN GENERAL.—Section 1886 (42 U.S.C. 1395ww), as amended by section 4421(a), is amended by adding at the end the following:

“(k) PAYMENT TO NONHOSPITAL PROVIDERS.—

“(1) IN GENERAL.—For cost reporting periods beginning on or after October 1, 1997, the Secretary may establish rules for payment to qualified nonhospital providers for their direct costs of medical education, if those costs are incurred in the operation of an approved medical residency training program described in subsection (h). Such rules shall specify the amounts, form, and manner in which such payments will be made and the portion of such payments that will be made from each of the trust funds under this title.

“(2) QUALIFIED NONHOSPITAL PROVIDERS.—For purposes of this subsection, the term ‘qualified nonhospital providers’ means—

“(A) a Federally qualified health center, as defined in section 1861(aa)(4);

“(B) a rural health clinic, as defined in section 1861(aa)(2);

“(C) Medicare+Choice organizations; and

“(D) such other providers (other than hospitals) as the Secretary determines to be appropriate.”.

(b) PROHIBITION ON DOUBLE PAYMENTS.—Section 1886(h)(3)(B) (42 U.S.C. 1395ww(h)(3)(B)) is amended by adding at the end the following:

“The Secretary shall reduce the aggregate approved amount to the extent payment is made under subsection (k) for residents included in the hospital’s count of full-time equivalent residents.”.

SEC. 4626. INCENTIVE PAYMENTS UNDER PLANS FOR VOLUNTARY REDUCTION IN NUMBER OF RESIDENTS.

(a) IN GENERAL.—Section 1886(h) (42 U.S.C. 1395ww(h)) is amended by adding at the end the following new paragraph:

“(6) INCENTIVE PAYMENT UNDER PLANS FOR VOLUNTARY REDUCTION IN NUMBER OF RESIDENTS.—

“(A) IN GENERAL.—In the case of a voluntary residency reduction plan for which an application is approved under subparagraph (B), subject to subparagraph (F), each hospital which is part of the qualifying entity submitting the plan shall be paid an applicable hold harmless percentage (as specified in subparagraph (E)) of the sum of—

“(i) the amount (if any) by which—

“(I) the amount of payment which would have been made under this subsection if there had been a 5-percent reduction in the number of full-time equivalent residents in the approved medical education training programs of the hospital as of June 30, 1997, exceeds

“(II) the amount of payment which is made under this subsection, taking into account the reduction in such number effected under the reduction plan; and

“(ii) the amount of the reduction in payment under subsection (d)(5)(B) for the hospital that is attributable to the reduction in number of residents effected under the plan below 95 percent of the number of full-time equivalent residents in such programs of the hospital as of June 30, 1997.

The determination of the amounts under clauses (i) and (ii) for any year shall be made on the basis of the provisions of this title in effect on the application deadline date for the first calendar year to which the reduction plan applies.

“(B) APPROVAL OF PLAN APPLICATIONS.—The Secretary may not approve the application of an qualifying entity unless—

“(i) the application is submitted in a form and manner specified by the Secretary and by not later than November 1, 1999,

“(ii) the application provides for the operation of a plan for the reduction in the number of full-time equivalent residents in the approved medical residency training programs of the entity consistent with the requirements of subparagraph (D);

“(iii) the entity elects in the application the period of residency training years (not greater than 5) over which the reduction will occur;

“(iv) the entity will not reduce the proportion of its residents in primary care (to the total number of residents) below such proportion as in effect as of the applicable time described in subparagraph (D)(v); and

“(v) the Secretary determines that the application and the entity and such plan meet such other requirements as the Secretary specifies in regulations.

“(C) QUALIFYING ENTITY.—For purposes of this paragraph, any of the following may be a qualifying entity:

“(i) Individual hospitals operating one or more approved medical residency training programs.

“(ii) Two or more hospitals that operate such programs and apply for treatment under this paragraph as a single qualifying entity.

“(iii) A qualifying consortium (as described in section 4628 of the Balanced Budget Act of 1997).

“(D) RESIDENCY REDUCTION REQUIREMENTS.—

“(i) INDIVIDUAL HOSPITAL APPLICANTS.—In the case of a qualifying entity described in subparagraph (C)(i), the number of full-time equivalent residents in all the approved medical residency training programs operated by or through the entity shall be reduced as follows:

“(I) If the base number of residents exceeds 750 residents, by a number equal to at least 20 percent of such base number.

“(II) Subject to subclause (IV), if the base number of residents exceeds 600 but is less than 750 residents, by 150 residents.

“(III) Subject to subclause (IV), if the base number of residents does not exceed 600 residents, by a number equal to at least 25 percent of such base number.

“(IV) In the case of a qualifying entity which is described in clause (v) and which elects treatment under this subclause, by a number equal to at least 20 percent of the base number.

“(ii) JOINT APPLICANTS.—In the case of a qualifying entity described in subparagraph (C)(ii), the number of full-time equivalent residents in the aggregate for all the approved medical residency training programs operated by or through the entity shall be reduced as follows:

“(I) Subject to subclause (II), by a number equal to at least 25 percent of the base number.

“(II) In the case of such a qualifying entity which is described in clause (v) and which elects treatment under this subclause, by a number equal to at least 20 percent of the base number.

“(iii) CONSORTIA.—In the case of a qualifying entity described in subparagraph (C)(iii), the number of full-time equivalent residents in the aggregate for all the approved medical residency training programs operated by or through the entity shall be reduced by a number equal to at least 20 percent of the base number.

“(iv) MANNER OF REDUCTION.—The reductions specified under the preceding provisions of this subparagraph for a qualifying entity shall be below the base number of residents for that entity and shall be fully effective not later than the 5th residency training year in which the application under subparagraph (B) is effective.

“(v) ENTITIES PROVIDING ASSURANCE OF INCREASE IN PRIMARY CARE RESIDENTS.—An entity is described in this clause if—

“(I) the base number of residents for the entity is less than 750 or the entity is described in subparagraph (C)(ii); and

“(II) the entity represents in its application under subparagraph (B) that it will increase the number of full-time equivalent residents in primary care by at least 20 percent (from such number included in the base number of residents) by not later than the 5th residency training year in which the application under subparagraph (B) is effective.

If a qualifying entity fails to comply with the representation described in subclause (II) by the end of such 5th residency training year, the entity shall be subject to repayment of all amounts paid under this paragraph, in accordance with procedures established to carry out subparagraph (F).

“(vi) **BASE NUMBER OF RESIDENTS DEFINED.**—For purposes of this paragraph, the term ‘base number of residents’ means, with respect to a qualifying entity (or its participating hospitals) operating approved medical residency training programs, the number of full-time equivalent residents in such programs (before application of weighting factors) of the entity as of the most recent residency training year ending before June 30, 1997, or, if less, for any subsequent residency training year that ends before the date the entity makes application under this paragraph.

“(E) **APPLICABLE HOLD HARMLESS PERCENTAGE.**—For purposes of subparagraph (A), the ‘applicable hold harmless percentage’ for the—

“(i) first and second residency training years in which the reduction plan is in effect, 100 percent,

“(ii) third such year, 75 percent,

“(iii) fourth such year, 50 percent, and

“(iv) fifth such year, 25 percent.

“(F) **PENALTY FOR NONCOMPLIANCE.**—

“(i) **IN GENERAL.**—No payment may be made under this paragraph to a hospital for a residency training year if the hospital has failed to reduce the number of full-time equivalent residents (in the manner required under subparagraph (D)) to the number agreed to by the Secretary and the qualifying entity in approving the application under this paragraph with respect to such year.

“(ii) **INCREASE IN NUMBER OF RESIDENTS IN SUBSEQUENT YEARS.**—If payments are made under this paragraph to a hospital, and if the hospital increases the number of full-time equivalent residents above the number of such residents permitted under the reduction plan as of the completion of the plan, then, as specified by the Secretary, the entity is liable for repayment to the Secretary of the total amounts paid under this paragraph to the entity.

“(G) TREATMENT OF ROTATING RESIDENTS.—In applying this paragraph, the Secretary shall establish rules regarding the counting of residents who are assigned to institutions the medical residency training programs in which are not covered under approved applications under this paragraph.”

Rules.

(b) RELATION TO DEMONSTRATION PROJECTS AND AUTHORITY.— 42 USC 1395ww note.

(1) Section 1886(h)(6) of the Social Security Act, added by subsection (a), other than subparagraph (F)(ii) thereof, shall not apply to any residency training program with respect to which a demonstration project described in paragraph (3) has been approved by the Health Care Financing Administration as of May 27, 1997.

(2) Effective May 27, 1997, the Secretary of Health and Human Services is not authorized to approve any demonstration project described in paragraph (3) for any residency training year beginning before July 1, 2006. Effective date.

(3) A demonstration project described in this paragraph is a project that primarily provides for additional payments under title XVIII of the Social Security Act in connection with a reduction in the number of residents in a medical residency training program.

(c) INTERIM, FINAL REGULATIONS.—In order to carry out the amendment made by subsection (a) in a timely manner, the Secretary of Health and Human Services may first promulgate regulations, that take effect on an interim basis, after notice and pending opportunity for public comment, by not later than 6 months after the date of the enactment of this Act.

SEC. 4627. MEDICARE SPECIAL REIMBURSEMENT RULE FOR PRIMARY CARE COMBINED RESIDENCY PROGRAMS.

(a) IN GENERAL.—Section 1886(h)(5)(G) of the Social Security Act (42 U.S.C. 1395ww(h)(5)(G)) is amended—

(1) in clause (i), by striking “and (iii)” and inserting “, (iii), and (iv)”;

(2) by adding at the end the following:

“(iv) SPECIAL RULE FOR CERTAIN PRIMARY CARE COMBINED RESIDENCY PROGRAMS.—(I) In the case of a resident enrolled in a combined medical residency training program in which all of the individual programs (that are combined) are for training a primary care resident (as defined in subparagraph (H)), the period of board eligibility shall be the minimum number of years of formal training required to satisfy the requirements for initial board eligibility in the longest of the individual programs plus one additional year.

“(II) A resident enrolled in a combined medical residency training program that includes an obstetrics and gynecology program shall qualify for the period of board eligibility under subclause (I) if the other programs such resident combines with such obstetrics and gynecology program are for training a primary care resident.”

(b) EFFECTIVE DATE.—The amendments made by subsection (a) apply to combined medical residency training programs in effect for residency years beginning on or after July 1, 1997. 42 USC 1395ww note.

42 USC 1395ww
note.

SEC. 4628. DEMONSTRATION PROJECT ON USE OF CONSORTIA.

(a) **IN GENERAL.**—The Secretary of Health and Human Services (in this section referred to as the “Secretary”) shall establish a demonstration project under which, instead of making payments to teaching hospitals pursuant to section 1886(h) of the Social Security Act, the Secretary shall make payments under this section to each consortium that meets the requirements of subsection (b) and that applies to be included under the project.

(b) **QUALIFYING CONSORTIA.**—For purposes of subsection (a), a consortium meets the requirements of this subsection if the consortium is in compliance with the following:

(1) The consortium consists of a teaching hospital with one or more approved medical residency training programs and one or more of the following entities:

(A) A school of allopathic medicine or osteopathic medicine.

(B) Another teaching hospital, which may be a children’s hospital.

(C) A Federally qualified health center.

(D) A medical group practice.

(E) A managed care entity.

(F) An entity furnishing outpatient services.

(G) Such other entity as the Secretary determines to be appropriate.

(2) The members of the consortium have agreed to participate in the programs of graduate medical education that are operated by the entities in the consortium.

(3) With respect to the receipt by the consortium of payments made pursuant to this section, the members of the consortium have agreed on a method for allocating the payments among the members.

(4) The consortium meets such additional requirements as the Secretary may establish.

(c) **AMOUNT AND SOURCE OF PAYMENT.**—The total of payments to a qualifying consortium for a fiscal year pursuant to subsection (a) shall not exceed the amount that would have been paid under section 1886 (h) or (k) of the Social Security Act for the teaching hospital (or hospitals) in the consortium. Such payments shall be made in such proportion from each of the trust funds established under title XVIII of such Act as the Secretary specifies.

42 USC 1395ww
note.

SEC. 4629. RECOMMENDATIONS ON LONG-TERM POLICIES REGARDING TEACHING HOSPITALS AND GRADUATE MEDICAL EDUCATION.

(a) **IN GENERAL.**—The Medicare Payment Advisory Commission (established under section 1805 of the Social Security Act and in this section referred to as the “Commission”) shall examine and develop recommendations on whether and to what extent medicare payment policies and other Federal policies regarding teaching hospitals and graduate medical education should be changed. Such recommendations shall include recommendations regarding each of the following:

(1) Possible methodologies for making payments for graduate medical education and the selection of entities to receive such payments. Matters considered under this paragraph shall include—

(A) issues regarding children's hospitals and approved medical residency training programs in pediatrics, and

(B) whether and to what extent payments are being made (or should be made) for training in the nursing and other allied health professions.

(2) Federal policies regarding international medical graduates.

(3) The dependence of schools of medicine on service-generated income.

(4) Whether and to what extent the needs of the United States regarding the supply of physicians, in the aggregate and in different specialties, will change during the 10-year period beginning on October 1, 1997, and whether and to what extent any such changes will have significant financial effects on teaching hospitals.

(5) Methods for promoting an appropriate number, mix, and geographical distribution of health professionals.

(b) CONSULTATION.—In conducting the study under subsection (a), the Commission shall consult with the Council on Graduate Medical Education and individuals with expertise in the area of graduate medical education, including—

(1) deans from allopathic and osteopathic schools of medicine;

(2) chief executive officers (or equivalent administrative heads) from academic health centers, integrated health care systems, approved medical residency training programs, and teaching hospitals that sponsor approved medical residency training programs;

(3) chairs of departments or divisions from allopathic and osteopathic schools of medicine, schools of dentistry, and approved medical residency training programs in oral surgery;

(4) individuals with leadership experience from representative fields of non-physician health professionals;

(5) individuals with substantial experience in the study of issues regarding the composition of the health care workforce of the United States; and

(6) individuals with expertise in health care payment policies.

(c) REPORT.—Not later than 2 years after the date of the enactment of this Act, the Commission shall submit to the Congress a report providing its recommendations under this section and the reasons and justifications for such recommendations.

SEC. 4630. STUDY OF HOSPITAL OVERHEAD AND SUPERVISORY PHYSICIAN COMPONENTS OF DIRECT MEDICAL EDUCATION COSTS.

42 USC 1395ww
note.

(a) IN GENERAL.—The Secretary of Health and Human Services shall conduct a study with respect to—

(1) variations among hospitals in the hospital overhead and supervisory physician components of their direct medical education costs taken into account under section 1886(h) of the Social Security Act, and

(2) the reasons for such variations.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Secretary shall report the results of the study conducted under subsection (a) to the appropriate committees of Congress, including recommendations for legislation reducing

variations described in subsection (a) that the Secretary finds inappropriate.

CHAPTER 3—PROVISIONS RELATING TO MEDICARE SECONDARY PAYER

SEC. 4631. PERMANENT EXTENSION AND REVISION OF CERTAIN SECONDARY PAYER PROVISIONS.

(a) APPLICATION TO DISABLED INDIVIDUALS IN LARGE GROUP HEALTH PLANS.—

(1) IN GENERAL.—Section 1862(b)(1)(B) (42 U.S.C. 1395y(b)(1)(B)) is amended—

(A) in clause (i), by striking “clause (iv)” and inserting “clause (iii)”;

(B) by striking clause (iii); and

(C) by redesignating clause (iv) as clause (iii).

(2) CONFORMING AMENDMENTS.—Paragraphs (1) through (3) of section 1837(i) (42 U.S.C. 1395p(i)) and the second sentence of section 1839(b) (42 U.S.C. 1395r(b)) are each amended by striking “1862(b)(1)(B)(iv)” each place it appears and inserting “1862(b)(1)(B)(iii)”.

(b) INDIVIDUALS WITH END STAGE RENAL DISEASE.—Section 1862(b)(1)(C) (42 U.S.C. 1395y(b)(1)(C)) is amended—

(1) in the last sentence by striking “October 1, 1998” and inserting “the date of enactment of the Balanced Budget Act of 1997”; and

Effective date.

(2) by adding at the end the following: “Effective for items and services furnished on or after the date of enactment of the Balanced Budget Act of 1997, (with respect to periods beginning on or after the date that is 18 months prior to such date), clauses (i) and (ii) shall be applied by substituting ‘30-month’ for ‘12-month’ each place it appears.”.

(c) IRS-SSA-HCFA DATA MATCH.—

(1) SOCIAL SECURITY ACT.—Section 1862(b)(5)(C) (42 U.S.C. 1395y(b)(5)(C)) is amended by striking clause (iii).

26 USC 6103.

(2) INTERNAL REVENUE CODE.—Section 6103(l)(12) of the Internal Revenue Code of 1986 is amended by striking subparagraph (F).

SEC. 4632. CLARIFICATION OF TIME AND FILING LIMITATIONS.

(a) EXTENSION OF CLAIMS FILING PERIOD.—Section 1862(b)(2)(B) (42 U.S.C. 1395y(b)(2)(B)) is amended by adding at the end the following new clause:

“(v) CLAIMS-FILING PERIOD.—Notwithstanding any other time limits that may exist for filing a claim under an employer group health plan, the United States may seek to recover conditional payments in accordance with this subparagraph where the request for payment is submitted to the entity required or responsible under this subsection to pay with respect to the item or service (or any portion thereof) under a primary plan within the 3-year period beginning on the date on which the item or service was furnished.”.

42 USC 1395y
note.

(b) EFFECTIVE DATE.—The amendments made by this section apply to items and services furnished on or after the date of the enactment of this Act.

SEC. 4633. PERMITTING RECOVERY AGAINST THIRD PARTY ADMINISTRATORS.

(a) PERMITTING RECOVERY AGAINST THIRD PARTY ADMINISTRATORS OF PRIMARY PLANS.—Section 1862(b)(2)(B)(ii) (42 U.S.C. 1395y(b)(2)(B)(ii)) is amended—

(1) by striking “under this subsection to pay” and inserting “(directly, as a third-party administrator, or otherwise) to make payment”; and

(2) by adding at the end the following: “The United States may not recover from a third-party administrator under this clause in cases where the third-party administrator would not be able to recover the amount at issue from the employer or group health plan and is not employed by or under contract with the employer or group health plan at the time the action for recovery is initiated by the United States or for whom it provides administrative services due to the insolvency or bankruptcy of the employer or plan.”.

(b) CLARIFICATION OF BENEFICIARY LIABILITY.—Section 1862(b)(1) (42 U.S.C. 1395y(b)(1)) is amended by adding at the end the following new subparagraph:

“(F) LIMITATION ON BENEFICIARY LIABILITY.—An individual who is entitled to benefits under this title and is furnished an item or service for which such benefits are incorrectly paid is not liable for repayment of such benefits under this paragraph unless payment of such benefits was made to the individual.”.

(c) EFFECTIVE DATE.—The amendments made by this section apply to items and services furnished on or after the date of the enactment of this Act.

42 USC 1395y
note.

CHAPTER 4—OTHER PROVISIONS**SEC. 4641. PLACEMENT OF ADVANCE DIRECTIVE IN MEDICAL RECORD.**

(a) IN GENERAL.—Section 1866(f)(1)(B) (42 U.S.C. 1395cc(f)(1)(B)) is amended by striking “in the individual’s medical record” and inserting “in a prominent part of the individual’s current medical record”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to provider agreements entered into, renewed, or extended on or after such date (not later than 1 year after the date of the enactment of this Act) as the Secretary of Health and Human Services specifies.

42 USC 1395cc
note.

SEC. 4642. INCREASED CERTIFICATION PERIOD FOR CERTAIN ORGAN PROCUREMENT ORGANIZATIONS.

Section 1138(b)(1)(A)(ii) (42 U.S.C. 1320b-8(b)(1)(A)(ii)) is amended by striking “two years” and inserting “2 years (4 years if the Secretary determines appropriate for an organization on the basis of its past practices)”.

SEC. 4643. OFFICE OF THE CHIEF ACTUARY IN THE HEALTH CARE FINANCING ADMINISTRATION.

Section 1117 (42 U.S.C. 1317) is amended—

(1) in the heading, by inserting “AND CHIEF ACTUARY” after “THE ADMINISTRATOR”;

(2) by inserting “(a)” before “The Administrator”; and

(3) by adding at the end the following:

Establishment.

“(b)(1) There is established in the Health Care Financing Administration the position of Chief Actuary. The Chief Actuary shall be appointed by, and in direct line of authority to, the Administrator of such Administration. The Chief Actuary shall be appointed from among individuals who have demonstrated, by their education and experience, superior expertise in the actuarial sciences. The Chief Actuary shall exercise such duties as are appropriate for the office of the Chief Actuary and in accordance with professional standards of actuarial independence. The Chief Actuary may be removed only for cause.

“(2) The Chief Actuary shall be compensated at the highest rate of basic pay for the Senior Executive Service under section 5382(b) of title 5, United States Code.”.

SEC. 4644. CONFORMING AMENDMENTS TO COMPLY WITH CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.

(a) DRG PROSPECTIVE PAYMENT RATE METHODOLOGY.—

(1) IN GENERAL.—Section 1886(d)(6) (42 U.S.C. 1395ww(d)(6)) is amended by striking “September 1” and inserting “August 1”.

(2) TRANSITION RULE FOR FISCAL YEAR 1998.—With respect to the publication in the Federal Register of the DRG prospective payment rate methodology under such section for fiscal year 1998, the term “60 days” in section 801(a)(3)(A) and section 802(a) of title 5, United States Code, is deemed to be a reference to “30 days”.

(b) HOSPITAL PAYMENT UPDATES.—

(1) IN GENERAL.—Section 1886(e) (42 U.S.C. 1395ww(e)) is amended—

(A) in paragraph (5)(A) by striking “May 1” and inserting “April 1”; and

(B) in paragraph (5)(B) by striking “September 1” and inserting “August 1”.

(2) TRANSITION RULE FOR FISCAL YEAR 1998.—With respect to the publication in the Federal Register of the appropriate change factor for inpatient hospital services for discharges in fiscal year 1998 under section 1886(e)(5)(B) (42 U.S.C. 1395ww(e)(5)(B)), the term “60 days” in section 801(a)(3)(A) and section 802(a) of title 5, United States Code, is deemed to be a reference to “30 days”.

(c) APPLICATIONS FOR GEOGRAPHIC RECLASSIFICATION.—

(1) IN GENERAL.—Section 1886(d)(10)(C) (42 U.S.C. 1395ww(d)(10)(C)) is amended in clause (ii), by striking “the first day of the preceding fiscal year.” and inserting “the first day of the 13-month period ending on September 30 of the preceding fiscal year.”

(2) SPECIAL RULE FOR APPLICATIONS RECEIVED IN FISCAL YEAR 1997.—In the case of an application for a change in geographic classification under such section for fiscal year 1999, the Secretary of Health and Human Services shall shorten the deadlines under such section so as to permit completion of a final decision by the Secretary by June 15, 1998.

(d) PHYSICIAN FEE SCHEDULE.—Section 1848(b)(1) (42 U.S.C. 1395w-4(b)(1)) is amended by striking “Before January 1 of each year beginning with 1992” and inserting “Before November 1 of the preceding year, for each year beginning with 1998”.

Federal Register,
publication.
42 USC 1395ww
note.

Federal Register,
publication.
42 USC 1395ww
note.

Subtitle H—Medicaid

CHAPTER 1—MANAGED CARE

SEC. 4701. STATE OPTION OF USING MANAGED CARE; CHANGE IN TERMINOLOGY.

(a) USE OF MANAGED CARE GENERALLY.—Title XIX is amended by redesignating section 1932 as section 1933 and by inserting after section 1931 the following new section: 42 USC 1396v.

“PROVISIONS RELATING TO MANAGED CARE 42 USC 1396u-2.

“SEC. 1932. (a) STATE OPTION TO USE MANAGED CARE.—

“(1) USE OF MEDICAID MANAGED CARE ORGANIZATIONS AND PRIMARY CARE CASE MANAGERS.—

“(A) IN GENERAL.—Subject to the succeeding provisions of this section, and notwithstanding paragraph (1), (10)(B), or (23)(A) of section 1902(a), a State—

“(i) may require an individual who is eligible for medical assistance under the State plan under this title to enroll with a managed care entity as a condition of receiving such assistance (and, with respect to assistance furnished by or under arrangements with such entity, to receive such assistance through the entity), if—

“(I) the entity and the contract with the State meet the applicable requirements of this section and section 1903(m) or section 1905(t), and

“(II) the requirements described in the succeeding paragraphs of this subsection are met; and

“(ii) may restrict the number of provider agreements with managed care entities under the State plan if such restriction does not substantially impair access to services.

“(B) DEFINITION OF MANAGED CARE ENTITY.—In this section, the term ‘managed care entity’ means—

“(i) a medicaid managed care organization, as defined in section 1903(m)(1)(A), that provides or arranges for services for enrollees under a contract pursuant to section 1903(m); and

“(ii) a primary care case manager, as defined in section 1905(t)(2).

“(2) SPECIAL RULES.—

“(A) EXEMPTION OF CERTAIN CHILDREN WITH SPECIAL NEEDS.—A State may not require under paragraph (1) the enrollment in a managed care entity of an individual under 19 years of age who—

“(i) is eligible for supplemental security income under title XVI;

“(ii) is described in section 501(a)(1)(D);

“(iii) is described in section 1902(e)(3);

“(iv) is receiving foster care or adoption assistance under part E of title IV; or

“(v) is in foster care or otherwise in an out-of-home placement.

“(B) EXEMPTION OF MEDICARE BENEFICIARIES.—A State may not require under paragraph (1) the enrollment in a managed care entity of an individual who is a qualified medicare beneficiary (as defined in section 1905(p)(1)) or an individual otherwise eligible for benefits under title XVIII.

“(C) INDIAN ENROLLMENT.—A State may not require under paragraph (1) the enrollment in a managed care entity of an individual who is an Indian (as defined in section 4(c) of the Indian Health Care Improvement Act of 1976 (25 U.S.C. 1603(c)) unless the entity is one of the following (and only if such entity is participating under the plan):

“(i) The Indian Health Service.

“(ii) An Indian health program operated by an Indian tribe or tribal organization pursuant to a contract, grant, cooperative agreement, or compact with the Indian Health Service pursuant to the Indian Self-Determination Act (25 U.S.C. 450 et seq.).

“(iii) An urban Indian health program operated by an urban Indian organization pursuant to a grant or contract with the Indian Health Service pursuant to title V of the Indian Health Care Improvement Act (25 U.S.C. 1601 et seq.).

“(3) CHOICE OF COVERAGE.—

“(A) IN GENERAL.—A State must permit an individual to choose a managed care entity from not less than two such entities that meet the applicable requirements of this section, and of section 1903(m) or section 1905(t).

“(B) STATE OPTION.—At the option of the State, a State shall be considered to meet the requirements of subparagraph (A) in the case of an individual residing in a rural area, if the State requires the individual to enroll with a managed care entity if such entity—

“(i) permits the individual to receive such assistance through not less than two physicians or case managers (to the extent that at least two physicians or case managers are available to provide such assistance in the area), and

“(ii) permits the individual to obtain such assistance from any other provider in appropriate circumstances (as established by the State under regulations of the Secretary).

“(C) TREATMENT OF CERTAIN COUNTY-OPERATED HEALTH INSURING ORGANIZATIONS.—A State shall be considered to meet the requirement of subparagraph (A) if—

“(i) the managed care entity in which the individual is enrolled is a health-insuring organization which—

“(I) first became operational prior to January 1, 1986, or

“(II) is described in section 9517(c)(3) of the Omnibus Budget Reconciliation Act of 1985 (as added by section 4734(2) of the Omnibus Budget Reconciliation Act of 1990), and

“(ii) the individual is given a choice between at least two providers within such entity.

“(4) PROCESS FOR ENROLLMENT AND TERMINATION AND CHANGE OF ENROLLMENT.—As conditions under paragraph (1)(A)—

“(A) IN GENERAL.—The State, enrollment broker (if any), and managed care entity shall permit an individual eligible for medical assistance under the State plan under this title who is enrolled with the entity under this title to terminate (or change) such enrollment—

“(i) for cause at any time (consistent with section 1903(m)(2)(A)(vi)), and

“(ii) without cause—

“(I) during the 90-day period beginning on the date the individual receives notice of such enrollment, and

“(II) at least every 12 months thereafter.

“(B) NOTICE OF TERMINATION RIGHTS.—The State shall provide for notice to each such individual of the opportunity to terminate (or change) enrollment under such conditions. Such notice shall be provided at least 60 days before each annual enrollment opportunity described in subparagraph (A)(ii)(II).

“(C) ENROLLMENT PRIORITIES.—In carrying out paragraph (1)(A), the State shall establish a method for establishing enrollment priorities in the case of a managed care entity that does not have sufficient capacity to enroll all such individuals seeking enrollment under which individuals already enrolled with the entity are given priority in continuing enrollment with the entity.

“(D) DEFAULT ENROLLMENT PROCESS.—In carrying out paragraph (1)(A), the State shall establish a default enrollment process—

“(i) under which any such individual who does not enroll with a managed care entity during the enrollment period specified by the State shall be enrolled by the State with such an entity which has not been found to be out of substantial compliance with the applicable requirements of this section and of section 1903(m) or section 1905(t); and

“(ii) that takes into consideration—

“(I) maintaining existing provider-individual relationships or relationships with providers that have traditionally served beneficiaries under this title; and

“(II) if maintaining such provider relationships is not possible, the equitable distribution of such individuals among qualified managed care entities available to enroll such individuals, consistent with the enrollment capacities of the entities.

“(5) PROVISION OF INFORMATION.—

“(A) INFORMATION IN EASILY UNDERSTOOD FORM.—Each State, enrollment broker, or managed care entity shall provide all enrollment notices and informational and instructional materials relating to such an entity under this title in a manner and form which may be easily understood by enrollees and potential enrollees of the entity who are eligible for medical assistance under the State plan under this title.

“(B) INFORMATION TO ENROLLEES AND POTENTIAL ENROLLEES.—Each managed care entity that is a medicaid managed care organization shall, upon request, make available to enrollees and potential enrollees in the organization’s service area information concerning the following:

“(i) PROVIDERS.—The identity, locations, qualifications, and availability of health care providers that participate with the organization.

“(ii) ENROLLEE RIGHTS AND RESPONSIBILITIES.—The rights and responsibilities of enrollees.

“(iii) GRIEVANCE AND APPEAL PROCEDURES.—The procedures available to an enrollee and a health care provider to challenge or appeal the failure of the organization to cover a service.

“(iv) INFORMATION ON COVERED ITEMS AND SERVICES.—All items and services that are available to enrollees under the contract between the State and the organization that are covered either directly or through a method of referral and prior authorization. Each managed care entity that is a primary care case manager shall, upon request, make available to enrollees and potential enrollees in the organization’s service area the information described in clause (iii).

“(C) COMPARATIVE INFORMATION.—A State that requires individuals to enroll with managed care entities under paragraph (1)(A) shall annually (and upon request) provide, directly or through the managed care entity, to such individuals a list identifying the managed care entities that are (or will be) available and information (presented in a comparative, chart-like form) relating to the following for each such entity offered:

“(i) BENEFITS AND COST-SHARING.—The benefits covered and cost-sharing imposed by the entity.

“(ii) SERVICE AREA.—The service area of the entity.

“(iii) QUALITY AND PERFORMANCE.—To the extent available, quality and performance indicators for the benefits under the entity.

“(D) INFORMATION ON BENEFITS NOT COVERED UNDER MANAGED CARE ARRANGEMENT.—A State, directly or through managed care entities, shall, on or before an individual enrolls with such an entity under this title, inform the enrollee in a written and prominent manner of any benefits to which the enrollee may be entitled to under this title but which are not made available to the enrollee through the entity. Such information shall include information on where and how such enrollees may access benefits not made available to the enrollee through the entity.”.

(b) CHANGE IN TERMINOLOGY.—

(1) IN GENERAL.—Section 1903(m)(1)(A) (42 U.S.C. 1396b(m)) is amended—

(A) by striking “The term” and all that follows through “and—” and inserting “The term ‘medicaid managed care organization’ means a health maintenance organization, an eligible organization with a contract under section 1876 or a Medicare+Choice organization with a contract under part C of title XVIII, a provider sponsored organization,

or any other public or private organization, which meets the requirement of section 1902(w) and—”; and

(B) by adding after and below clause (ii) the following: “An organization that is a qualified health maintenance organization (as defined in section 1310(d) of the Public Health Service Act) is deemed to meet the requirements of clauses (i) and (ii).”.

(2) CONFORMING CHANGES IN TERMINOLOGY.—(A) Each of the following provisions is amended by striking “health maintenance organization” and inserting “medicaid managed care organization”:

(i) Section 1902(a)(23) (42 U.S.C. 1396a(a)(23)).

(ii) Section 1902(a)(57) (42 U.S.C. 1396a(a)(57)).

(iii) Section 1902(p)(2) (42 U.S.C. 1396a(p)(2)).

(iv) Section 1902(w)(2)(E) (42 U.S.C. 1396a(w)(2)(E)).

(v) Section 1903(k) (42 U.S.C. 1396b(k)).

(vi) In section 1903(m)(1)(B).

(vii) In subparagraphs (A)(i) and (H)(i) of section 1903(m)(2) (42 U.S.C. 1396b(m)(2)).

(viii) Section 1903(m)(4)(A) (42 U.S.C. 1396b(m)(4)(A)), the first place it appears.

(ix) Section 1925(b)(4)(D)(iv) (42 U.S.C. 1396r-6(b)(4)(D)(iv)).

(x) Section 1927(j)(1) (42 U.S.C. 1396r-8(j)(1)) is amended by striking “***Health Maintenance Organizations, including those organizations” and inserting “health maintenance organizations, including medicaid managed care organizations”.

(B) Section 1903(m)(2)(H) (42 U.S.C. 1396b(m)(2)(H)) is amended, in the matter following clause (iii), by striking “health maintenance”.

(C) Clause (viii) of section 1903(w)(7)(A) (42 U.S.C. 1396b(w)(7)(A)) is amended to read as follows:

“(viii) Services of a medicaid managed care organization with a contract under section 1903(m).”.

(D) Section 1925(b)(4)(D)(iv) (42 U.S.C. 1396r-6(b)(4)(D)(iv)) is amended—

(i) in the heading, by striking “HMO” and inserting “MEDICAID MANAGED CARE ORGANIZATION”; and

(ii) by inserting “and the applicable requirements of section 1932” before the period at the end.

(c) COMPLIANCE OF CONTRACT WITH NEW REQUIREMENTS.—Section 1903(m)(2)(A) (42 U.S.C. 1396b(m)(2)(A)) is amended—

(1) by striking “and” at the end of clause (x),

(2) by striking the period at the end of clause (xi) and inserting “; and”; and

(3) by adding at the end the following:

“(xi) such contract, and the entity complies with the applicable requirements of section 1932.”.

(d) CONFORMING AMENDMENTS TO FREEDOM-OF-CHOICE AND TERMINATION OF ENROLLMENT REQUIREMENTS.—

(1) Section 1902(a)(23) (42 U.S.C. 1396a(a)(23)), as amended by section 4724(d), is amended by striking “and in section 1915” and inserting “, in section 1915, and in section 1932(a)”.

(2) Section 1903(m)(2) (42 U.S.C. 1396b(m)(2)) is amended—

(A) in paragraph (A)(vi)—

- (i) by striking “except as provided under subparagraph (F),”;
- (ii) by striking “without cause” and all that follows through “for such termination” and inserting “in accordance with section 1932(a)(4);”;
- (iii) by inserting “in accordance with such section” after “provides for notification”; and
- (B) by striking subparagraph (F).

SEC. 4702. PRIMARY CARE CASE MANAGEMENT SERVICES AS STATE OPTION WITHOUT NEED FOR WAIVER.

(a) IN GENERAL.—Section 1905 (42 U.S.C. 1396d) is amended—

(1) in subsection (a)—

(A) by striking “and” at the end of paragraph (24);

(B) by redesignating paragraph (25) as paragraph (26) and by striking the period at the end of such paragraph and inserting a comma; and

(C) by inserting after paragraph (24) the following new paragraph:

“(25) primary care case management services (as defined in subsection (t)); and”;

(2) by adding at the end the following new subsection:

“(t)(1) The term ‘primary care case management services’ means case-management related services (including locating, coordinating, and monitoring of health care services) provided by a primary care case manager under a primary care case management contract.

“(2) The term ‘primary care case manager’ means any of the following that provides services of the type described in paragraph (1) under a contract referred to in such paragraph:

“(A) A physician, a physician group practice, or an entity employing or having other arrangements with physicians to provide such services.

“(B) At State option—

“(i) a nurse practitioner (as described in section 1905(a)(21));

“(ii) a certified nurse-midwife (as defined in section 1861(gg)); or

“(iii) a physician assistant (as defined in section 1861(aa)(5)).

“(3) The term ‘primary care case management contract’ means a contract between a primary care case manager and a State under which the manager undertakes to locate, coordinate, and monitor covered primary care (and such other covered services as may be specified under the contract) to all individuals enrolled with the manager, and which—

“(A) provides for reasonable and adequate hours of operation, including 24-hour availability of information, referral, and treatment with respect to medical emergencies;

“(B) restricts enrollment to individuals residing sufficiently near a service delivery site of the manager to be able to reach that site within a reasonable time using available and affordable modes of transportation;

“(C) provides for arrangements with, or referrals to, sufficient numbers of physicians and other appropriate health care professionals to ensure that services under the contract can be furnished to enrollees promptly and without compromise to quality of care;

“(D) prohibits discrimination on the basis of health status or requirements for health care services in enrollment, disenrollment, or reenrollment of individuals eligible for medical assistance under this title;

“(E) provides for a right for an enrollee to terminate enrollment in accordance with section 1932(a)(4); and

“(F) complies with the other applicable provisions of section 1932.

“(4) For purposes of this subsection, the term ‘primary care’ includes all health care services customarily provided in accordance with State licensure and certification laws and regulations, and all laboratory services customarily provided by or through, a general practitioner, family medicine physician, internal medicine physician, obstetrician/gynecologist, or pediatrician.”.

(b) CONFORMING AMENDMENTS.—

(1) APPLICATION OF REENROLLMENT PROVISIONS TO PCCMS.—Section 1903(m)(2)(H) (42 U.S.C. 1396b(m)(2)(H)) is amended—

(A) in clause (i), by inserting before the comma the following: “or with a primary care case manager with a contract described in section 1905(t)(3)”;

(B) by inserting before the period at the end the following: “or with the manager described in such clause if the manager continues to have a contract described in section 1905(t)(3) with the State”.

(2) CONFORMING CROSS-REFERENCE.—Section 1902(j) (42 U.S.C. 1396a(j)) is amended by striking “paragraphs (1) through (25)” and inserting “a numbered paragraph of”.

SEC. 4703. ELIMINATION OF 75:25 RESTRICTION ON RISK CONTRACTS.

(a) IN GENERAL.—Section 1903(m)(2)(A) (42 U.S.C. 1396b(m)(2)(A)) is amended by striking clause (ii).

(b) CONFORMING AMENDMENTS.—

(1) Section 1903(m)(2) (42 U.S.C. 1396b(m)(2)) is amended—

(A) by striking subparagraphs (C), (D), and (E); and

(B) in subparagraph (G), by striking “clauses (i) and (ii)” and inserting “clause (i)”.

(2) Section 1925(b)(4)(D)(iv) (42 U.S.C. 1396r-6(b)(4)(D)(iv)) is amended by striking “less than 50 percent” and all that follows up to the period at the end.

SEC. 4704. INCREASED BENEFICIARY PROTECTIONS.

(a) IN GENERAL.—Section 1932, as added by section 4701(a), is amended by adding at the end the following:

“(b) BENEFICIARY PROTECTIONS.—

“(1) SPECIFICATION OF BENEFITS.—Each contract with a managed care entity under section 1903(m) or under section 1905(t)(3) shall specify the benefits the provision (or arrangement) for which the entity is responsible.

“(2) ASSURING COVERAGE TO EMERGENCY SERVICES.—

“(A) IN GENERAL.—Each contract with a medicaid managed care organization under section 1903(m) and each contract with a primary care case manager under section 1905(t)(3) shall require the organization or manager—

“(i) to provide coverage for emergency services (as defined in subparagraph (B)) without regard to prior

authorization or the emergency care provider's contractual relationship with the organization or manager, and

“(ii) to comply with guidelines established under section 1852(d)(2) (respecting coordination of post-stabilization care) in the same manner as such guidelines apply to Medicare+Choice plans offered under part C of title XVIII.

Applicability.

The requirement under clause (ii) shall first apply 30 days after the date of promulgation of the guidelines referred to in such clause.

“(B) EMERGENCY SERVICES DEFINED.—In subparagraph (A)(i), the term ‘emergency services’ means, with respect to an individual enrolled with an organization, covered inpatient and outpatient services that—

“(i) are furnished by a provider that is qualified to furnish such services under this title, and

“(ii) are needed to evaluate or stabilize an emergency medical condition (as defined in subparagraph (C)).

“(C) EMERGENCY MEDICAL CONDITION DEFINED.—In subparagraph (B)(ii), the term ‘emergency medical condition’ means a medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that a prudent layperson, who possesses an average knowledge of health and medicine, could reasonably expect the absence of immediate medical attention to result in—

“(i) placing the health of the individual (or, with respect to a pregnant woman, the health of the woman or her unborn child) in serious jeopardy,

“(ii) serious impairment to bodily functions, or

“(iii) serious dysfunction of any bodily organ or part.

“(3) PROTECTION OF ENROLLEE-PROVIDER COMMUNICATIONS.—

“(A) IN GENERAL.—Subject to subparagraphs (B) and (C), under a contract under section 1903(m) a medicaid managed care organization (in relation to an individual enrolled under the contract) shall not prohibit or otherwise restrict a covered health care professional (as defined in subparagraph (D)) from advising such an individual who is a patient of the professional about the health status of the individual or medical care or treatment for the individual's condition or disease, regardless of whether benefits for such care or treatment are provided under the contract, if the professional is acting within the lawful scope of practice.

“(B) CONSTRUCTION.—Subparagraph (A) shall not be construed as requiring a medicaid managed care organization to provide, reimburse for, or provide coverage of, a counseling or referral service if the organization—

“(i) objects to the provision of such service on moral or religious grounds; and

“(ii) in the manner and through the written instrumentalities such organization deems appropriate, makes available information on its policies regarding such service to prospective enrollees before or during

enrollment and to enrollees within 90 days after the date that the organization adopts a change in policy regarding such a counseling or referral service.

Nothing in this subparagraph shall be construed to affect disclosure requirements under State law or under the Employee Retirement Income Security Act of 1974.

“(C) HEALTH CARE PROFESSIONAL DEFINED.—For purposes of this paragraph, the term ‘health care professional’ means a physician (as defined in section 1861(r)) or other health care professional if coverage for the professional’s services is provided under the contract referred to in subparagraph (A) for the services of the professional. Such term includes a podiatrist, optometrist, chiropractor, psychologist, dentist, physician assistant, physical or occupational therapist and therapy assistant, speech-language pathologist, audiologist, registered or licensed practical nurse (including nurse practitioner, clinical nurse specialist, certified registered nurse anesthetist, and certified nurse-midwife), licensed certified social worker, registered respiratory therapist, and certified respiratory therapy technician.

“(4) GRIEVANCE PROCEDURES.—Each medicaid managed care organization shall establish an internal grievance procedure under which an enrollee who is eligible for medical assistance under the State plan under this title, or a provider on behalf of such an enrollee, may challenge the denial of coverage or of payment for such assistance.

“(5) DEMONSTRATION OF ADEQUATE CAPACITY AND SERVICES.—Each medicaid managed care organization shall provide the State and the Secretary with adequate assurances (in a time and manner determined by the Secretary) that the organization, with respect to a service area, has the capacity to serve the expected enrollment in such service area, including assurances that the organization—

“(A) offers an appropriate range of services and access to preventive and primary care services for the population expected to be enrolled in such service area, and

“(B) maintains a sufficient number, mix, and geographic distribution of providers of services.

“(6) PROTECTING ENROLLEES AGAINST LIABILITY FOR PAYMENT.—Each medicaid managed care organization shall provide that an individual eligible for medical assistance under the State plan under this title who is enrolled with the organization may not be held liable—

“(A) for the debts of the organization, in the event of the organization’s insolvency,

“(B) for services provided to the individual—

“(i) in the event of the organization failing to receive payment from the State for such services; or

“(ii) in the event of a health care provider with a contractual, referral, or other arrangement with the organization failing to receive payment from the State or the organization for such services, or

“(C) for payments to a provider that furnishes covered services under a contractual, referral, or other arrangement with the organization in excess of the amount that would

be owed by the individual if the organization had directly provided the services.

“(7) ANTIDISCRIMINATION.—A medicaid managed care organization shall not discriminate with respect to participation, reimbursement, or indemnification as to any provider who is acting within the scope of the provider’s license or certification under applicable State law, solely on the basis of such license or certification. This paragraph shall not be construed to prohibit an organization from including providers only to the extent necessary to meet the needs of the organization’s enrollees or from establishing any measure designed to maintain quality and control costs consistent with the responsibilities of the organization.

“(8) COMPLIANCE WITH CERTAIN MATERNITY AND MENTAL HEALTH REQUIREMENTS.—Each medicaid managed care organization shall comply with the requirements of subpart 2 of part A of title XXVII of the Public Health Service Act insofar as such requirements apply and are effective with respect to a health insurance issuer that offers group health insurance coverage.”.

(b) PROTECTION OF ENROLLEES AGAINST BALANCE BILLING THROUGH SUBCONTRACTORS.—Section 1128B(d)(1) (42 U.S.C. 1320a-7b(d)(1)) is amended by inserting “(or, in the case of services provided to an individual enrolled with a medicaid managed care organization under title XIX under a contract under section 1903(m) or under a contractual, referral, or other arrangement under such contract, at a rate in excess of the rate permitted under such contract)” before the comma at the end.

42 USC 1396u-2.

SEC. 4705. QUALITY ASSURANCE STANDARDS.

(a) IN GENERAL.—Section 1932 is further amended by adding at the end the following:

“(c) QUALITY ASSURANCE STANDARDS.—

“(1) QUALITY ASSESSMENT AND IMPROVEMENT STRATEGY.—

“(A) IN GENERAL.—If a State provides for contracts with medicaid managed care organizations under section 1903(m), the State shall develop and implement a quality assessment and improvement strategy consistent with this paragraph. Such strategy shall include the following:

“(i) ACCESS STANDARDS.—Standards for access to care so that covered services are available within reasonable timeframes and in a manner that ensures continuity of care and adequate primary care and specialized services capacity.

“(ii) OTHER MEASURES.—Examination of other aspects of care and service directly related to the improvement of quality of care (including grievance procedures and marketing and information standards).

“(iii) MONITORING PROCEDURES.—Procedures for monitoring and evaluating the quality and appropriateness of care and services to enrollees that reflect the full spectrum of populations enrolled under the contract and that includes requirements for provision of quality assurance data to the State using the data and information set that the Secretary has specified for use under part C of title XVIII or such alternative

data as the Secretary approves, in consultation with the State.

“(iv) PERIODIC REVIEW.—Regular, periodic examinations of the scope and content of the strategy.

“(B) STANDARDS.—The strategy developed under subparagraph (A) shall be consistent with standards that the Secretary first establishes within 1 year after the date of the enactment of this section. Such standards shall not preempt any State standards that are more stringent than such standards. Guidelines relating to quality assurance that are applied under section 1915(b)(1) shall apply under this subsection until the effective date of standards for quality assurance established under this subparagraph.

Applicability.

“(C) MONITORING.—The Secretary shall monitor the development and implementation of strategies under subparagraph (A).

“(D) CONSULTATION.—The Secretary shall conduct activities under subparagraphs (B) and (C) in consultation with the States.

“(2) EXTERNAL INDEPENDENT REVIEW OF MANAGED CARE ACTIVITIES.—

“(A) REVIEW OF CONTRACTS.—

“(i) IN GENERAL.—Each contract under section 1903(m) with a medicaid managed care organization shall provide for an annual (as appropriate) external independent review conducted by a qualified independent entity of the quality outcomes and timeliness of, and access to, the items and services for which the organization is responsible under the contract. The requirement for such a review shall not apply until after the date that the Secretary establishes the identification method described in clause (ii).

“(ii) QUALIFICATIONS OF REVIEWER.—The Secretary, in consultation with the States, shall establish a method for the identification of entities that are qualified to conduct reviews under clause (i).

“(iii) USE OF PROTOCOLS.—The Secretary, in coordination with the National Governors’ Association, shall contract with an independent quality review organization (such as the National Committee for Quality Assurance) to develop the protocols to be used in external independent reviews conducted under this paragraph on and after January 1, 1999.

“(iv) AVAILABILITY OF RESULTS.—The results of each external independent review conducted under this subparagraph shall be available to participating health care providers, enrollees, and potential enrollees of the organization, except that the results may not be made available in a manner that discloses the identity of any individual patient.

“(B) NONDUPLICATION OF ACCREDITATION.—A State may provide that, in the case of a medicaid managed care organization that is accredited by a private independent entity (such as those described in section 1852(e)(4)) or that has an external review conducted under section 1852(e)(3), the external review activities conducted under subparagraph (A) with respect to the organization shall

not be duplicative of review activities conducted as part of the accreditation process or the external review conducted under such section.

“(C) DEEMED COMPLIANCE FOR MEDICARE MANAGED CARE ORGANIZATIONS.—At the option of a State, the requirements of subparagraph (A) shall not apply with respect to a medicaid managed care organization if the organization is an eligible organization with a contract in effect under section 1876 or a Medicare+Choice organization with a contract in effect under C of title XVIII and the organization has had a contract in effect under section 1903(m) at least during the previous 2-year period.

(b) INCREASED FFP FOR EXTERNAL QUALITY REVIEW ORGANIZATIONS.—Section 1903(a)(3)(C) (42 U.S.C. 1396b(a)(3)(C)) is amended—

(1) by inserting “(i)” after “(C)”, and

(2) by adding at the end the following new clause:

“(ii) 75 percent of the sums expended with respect to costs incurred during such quarter (as found necessary by the Secretary for the proper and efficient administration of the State plan) as are attributable to the performance of independent external reviews conducted under section 1932(c)(2); and”.

(c) STUDIES AND REPORTS.—

(1) GAO STUDY AND REPORT ON QUALITY ASSURANCE AND ACCREDITATION STANDARDS.—

(A) STUDY.—The Comptroller General of the United States shall conduct a study and analysis of the quality assurance programs and accreditation standards applicable to managed care entities operating in the private sector, or to such entities that operate under contracts under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.). Such study shall determine—

(i) if such programs and standards include consideration of the accessibility and quality of the health care items and services delivered under such contracts to low-income individuals; and

(ii) the appropriateness of applying such programs and standards to medicaid managed care organizations under section 1932(c) of such Act.

(B) REPORT.—The Comptroller General shall submit a report to the Committee on Commerce of the House of Representatives and the Committee on Finance of the Senate on the study conducted under subparagraph (A).

(2) STUDY AND REPORT ON SERVICES PROVIDED TO INDIVIDUALS WITH SPECIAL HEALTH CARE NEEDS.—

(A) STUDY.—The Secretary of Health and Human Services, in consultation with States, managed care organizations, the National Academy of State Health Policy, representatives of beneficiaries with special health care needs, experts in specialized health care, and others, shall conduct a study concerning safeguards (if any) that may be needed to ensure that the health care needs of individuals with special health care needs and chronic conditions who are enrolled with medicaid managed care organizations are adequately met.

42 USC 1396u-2
note.

(B) REPORT.—Not later than 2 years after the date of the enactment of this Act, the Secretary shall submit to Committees described in paragraph (1)(B) a report on such study.

SEC. 4706. SOLVENCY STANDARDS.

Section 1903(m)(1) (42 U.S.C. 1396b(m)(1)) is amended—

(1) in subparagraph (A)(ii), by inserting “, meets the requirements of subparagraph (C)(i) (if applicable),” after “provision is satisfactory to the State”, and

(2) by adding at the end the following:

“(C)(i) Subject to clause (ii), a provision meets the requirements of this subparagraph for an organization if the organization meets solvency standards established by the State for private health maintenance organizations or is licensed or certified by the State as a risk-bearing entity.

“(ii) Clause (i) shall not apply to an organization if—

“(I) the organization is not responsible for the provision (directly or through arrangements with providers of services) of inpatient hospital services and physicians’ services;

“(II) the organization is a public entity;

“(III) the solvency of the organization is guaranteed by the State; or

“(IV) the organization is (or is controlled by) one or more Federally-qualified health centers and meets solvency standards established by the State for such an organization.

For purposes of subclause (IV), the term ‘control’ means the possession, whether direct or indirect, of the power to direct or cause the direction of the management and policies of the organization through membership, board representation, or an ownership interest equal to or greater than 50.1 percent.”.

SEC. 4707. PROTECTIONS AGAINST FRAUD AND ABUSE.

42 USC 1396u-2.

(a) IN GENERAL.—Section 1932 (42 U.S.C. 1396v) is further amended by adding at the end the following:

“(d) PROTECTIONS AGAINST FRAUD AND ABUSE.—

“(1) PROHIBITING AFFILIATIONS WITH INDIVIDUALS DEBARRED BY FEDERAL AGENCIES.—

“(A) IN GENERAL.—A managed care entity may not knowingly—

“(i) have a person described in subparagraph (C) as a director, officer, partner, or person with beneficial ownership of more than 5 percent of the entity’s equity, or

“(ii) have an employment, consulting, or other agreement with a person described in such subparagraph for the provision of items and services that are significant and material to the entity’s obligations under its contract with the State.

“(B) EFFECT OF NONCOMPLIANCE.—If a State finds that a managed care entity is not in compliance with clause (i) or (ii) of subparagraph (A), the State—

“(i) shall notify the Secretary of such noncompliance;

“(ii) may continue an existing agreement with the entity unless the Secretary (in consultation with the Inspector General of the Department of Health and Human Services) directs otherwise; and

“(iii) may not renew or otherwise extend the duration of an existing agreement with the entity unless the Secretary (in consultation with the Inspector General of the Department of Health and Human Services) provides to the State and to Congress a written statement describing compelling reasons that exist for renewing or extending the agreement.

“(C) PERSONS DESCRIBED.—A person is described in this subparagraph if such person—

“(i) is debarred, suspended, or otherwise excluded from participating in procurement activities under the Federal Acquisition Regulation or from participating in nonprocurement activities under regulations issued pursuant to Executive Order No. 12549 or under guidelines implementing such order; or

“(ii) is an affiliate (as defined in such Act) of a person described in clause (i).

“(2) RESTRICTIONS ON MARKETING.—

“(A) DISTRIBUTION OF MATERIALS.—

“(i) IN GENERAL.—A managed care entity, with respect to activities under this title, may not distribute directly or through any agent or independent contractor marketing materials within any State—

“(I) without the prior approval of the State, and

“(II) that contain false or materially misleading information.

The requirement of subclause (I) shall not apply with respect to a State until such date as the Secretary specifies in consultation with such State.

“(ii) CONSULTATION IN REVIEW OF MARKET MATERIALS.—In the process of reviewing and approving such materials, the State shall provide for consultation with a medical care advisory committee.

“(B) SERVICE MARKET.—A managed care entity shall distribute marketing materials to the entire service area of such entity covered under the contract under section 1903(m) or section 1903(t)(3).

“(C) PROHIBITION OF TIE-INS.—A managed care entity, or any agency of such entity, may not seek to influence an individual’s enrollment with the entity in conjunction with the sale of any other insurance.

“(D) PROHIBITING MARKETING FRAUD.—Each managed care entity shall comply with such procedures and conditions as the Secretary prescribes in order to ensure that, before an individual is enrolled with the entity, the individual is provided accurate oral and written information sufficient to make an informed decision whether or not to enroll.

“(E) PROHIBITION OF ‘COLD-CALL’ MARKETING.—Each managed care entity shall not, directly or indirectly, conduct door-to-door, telephonic, or other ‘cold-call’ marketing of enrollment under this title.

“(3) STATE CONFLICT-OF-INTEREST SAFEGUARDS IN MEDICAID RISK CONTRACTING.—A medicaid managed care organization may not enter into a contract with any State under section

1903(m) unless the State has in effect conflict-of-interest safeguards with respect to officers and employees of the State with responsibilities relating to contracts with such organizations or to the default enrollment process described in subsection (a)(4)(C)(ii) that are at least as effective as the Federal safeguards provided under section 27 of the Office of Federal Procurement Policy Act (41 U.S.C. 423), against conflicts of interest that apply with respect to Federal procurement officials with comparable responsibilities with respect to such contracts.

“(4) USE OF UNIQUE PHYSICIAN IDENTIFIER FOR PARTICIPATING PHYSICIANS.—Each medicaid managed care organization shall require each physician providing services to enrollees eligible for medical assistance under the State plan under this title to have a unique identifier in accordance with the system established under section 1173(b).

“(e) SANCTIONS FOR NONCOMPLIANCE.—

“(1) USE OF INTERMEDIATE SANCTIONS BY THE STATE TO ENFORCE REQUIREMENTS.—

“(A) IN GENERAL.—A State may not enter into or renew a contract under section 1903(m) unless the State has established intermediate sanctions, which may include any of the types described in paragraph (2), other than the termination of a contract with a medicaid managed care organization, which the State may impose against a medicaid managed care organization with such a contract, if the organization—

“(i) fails substantially to provide medically necessary items and services that are required (under law or under such organization’s contract with the State) to be provided to an enrollee covered under the contract;

“(ii) imposes premiums or charges on enrollees in excess of the premiums or charges permitted under this title;

“(iii) acts to discriminate among enrollees on the basis of their health status or requirements for health care services, including expulsion or refusal to reenroll an individual, except as permitted by this title, or engaging in any practice that would reasonably be expected to have the effect of denying or discouraging enrollment with the organization by eligible individuals whose medical condition or history indicates a need for substantial future medical services;

“(iv) misrepresents or falsifies information that is furnished—

“(I) to the Secretary or the State under this title; or

“(II) to an enrollee, potential enrollee, or a health care provider under such title; or

“(v) fails to comply with the applicable requirements of section 1903(m)(2)(A)(x).

The State may also impose such intermediate sanction against a managed care entity if the State determines that the entity distributed directly or through any agent or independent contractor marketing materials in violation of subsection (d)(2)(A)(i)(II).

“(B) RULE OF CONSTRUCTION.—Clause (i) of subparagraph (A) shall not apply to the provision of abortion services, except that a State may impose a sanction on any medicaid managed care organization that has a contract to provide abortion services if the organization does not provide such services as provided for under the contract.

“(2) INTERMEDIATE SANCTIONS.—The sanctions described in this paragraph are as follows:

“(A) Civil money penalties as follows:

“(i) Except as provided in clause (ii), (iii), or (iv), not more than \$25,000 for each determination under paragraph (1)(A).

“(ii) With respect to a determination under clause (iii) or (iv)(I) of paragraph (1)(A), not more than \$100,000 for each such determination.

“(iii) With respect to a determination under paragraph (1)(A)(ii), double the excess amount charged in violation of such subsection (and the excess amount charged shall be deducted from the penalty and returned to the individual concerned).

“(iv) Subject to clause (ii), with respect to a determination under paragraph (1)(A)(iii), \$15,000 for each individual not enrolled as a result of a practice described in such subsection.

“(B) The appointment of temporary management—

“(i) to oversee the operation of the medicaid managed care organization upon a finding by the State that there is continued egregious behavior by the organization or there is a substantial risk to the health of enrollees; or

“(ii) to assure the health of the organization’s enrollees, if there is a need for temporary management while—

“(I) there is an orderly termination or reorganization of the organization; or

“(II) improvements are made to remedy the violations found under paragraph (1), except that temporary management under this subparagraph may not be terminated until the State has determined that the medicaid managed care organization has the capability to ensure that the violations shall not recur.

“(C) Permitting individuals enrolled with the managed care entity to terminate enrollment without cause, and notifying such individuals of such right to terminate enrollment.

“(D) Suspension or default of all enrollment of individuals under this title after the date the Secretary or the State notifies the entity of a determination of a violation of any requirement of section 1903(m) or this section.

“(E) Suspension of payment to the entity under this title for individuals enrolled after the date the Secretary or State notifies the entity of such a determination and until the Secretary or State is satisfied that the basis for such determination has been corrected and is not likely to recur.

“(3) TREATMENT OF CHRONIC SUBSTANDARD ENTITIES.—In the case of a medicaid managed care organization which has repeatedly failed to meet the requirements of section 1903(m) and this section, the State shall (regardless of what other sanctions are provided) impose the sanctions described in subparagraphs (B) and (C) of paragraph (2).

“(4) AUTHORITY TO TERMINATE CONTRACT.—

“(A) IN GENERAL.—In the case of a managed care entity which has failed to meet the requirements of this part or a contract under section 1903(m) or 1905(t)(3), the State shall have the authority to terminate such contract with the entity and to enroll such entity’s enrollees with other managed care entities (or to permit such enrollees to receive medical assistance under the State plan under this title other than through a managed care entity).

“(B) AVAILABILITY OF HEARING PRIOR TO TERMINATION OF CONTRACT.—A State may not terminate a contract with a managed care entity under subparagraph (A) unless the entity is provided with a hearing prior to the termination.

“(C) NOTICE AND RIGHT TO DISENROLL IN CASES OF TERMINATION HEARING.—A State may—

“(i) notify individuals enrolled with a managed care entity which is the subject of a hearing to terminate the entity’s contract with the State of the hearing, and

“(ii) in the case of such an entity, permit such enrollees to disenroll immediately with the entity without cause.

“(5) OTHER PROTECTIONS FOR MANAGED CARE ENTITIES AGAINST SANCTIONS IMPOSED BY STATE.—Before imposing any sanction against a managed care entity other than termination of the entity’s contract, the State shall provide the entity with notice and such other due process protections as the State may provide, except that a State may not provide a managed care entity with a pre-termination hearing before imposing the sanction described in paragraph (2)(B).”.

(b) LIMITATION ON AVAILABILITY OF FFP FOR USE OF ENROLLMENT BROKERS.—Section 1903(b) (42 U.S.C. 1396b(b)) is amended by adding at the end the following:

“(4) Amounts expended by a State for the use an enrollment broker in marketing medicaid managed care organizations and other managed care entities to eligible individuals under this title shall be considered, for purposes of subsection (a)(7), to be necessary for the proper and efficient administration of the State plan but only if the following conditions are met with respect to the broker:

“(A) The broker is independent of any such entity and of any health care providers (whether or not any such provider participates in the State plan under this title) that provide coverage of services in the same State in which the broker is conducting enrollment activities.

“(B) No person who is an owner, employee, consultant, or has a contract with the broker either has any direct or indirect financial interest with such an entity or health care provider or has been excluded from participation in the program under this title or title XVIII or debarred by any Federal agency, or subject to a civil money penalty under this Act.”.

(c) APPLICATION OF DISCLOSURE REQUIREMENTS TO MANAGED CARE ENTITIES.—Section 1124(a)(2)(A) (42 U.S.C. 1320a-3(a)(2)(A)) is amended by inserting “a managed care entity, as defined in section 1932(a)(1)(B),” after “renal disease facility,”.

SEC. 4708. IMPROVED ADMINISTRATION.

(a) CHANGE IN THRESHOLD AMOUNT FOR CONTRACTS REQUIRING SECRETARY'S PRIOR APPROVAL.—Section 1903(m)(2)(A)(iii) (42 U.S.C. 1396b(m)(2)(A)(iii)) is amended by striking “\$100,000” and inserting “\$1,000,000 for 1998 and, for a subsequent year, the amount established under this clause for the previous year increased by the percentage increase in the consumer price index for all urban consumers over the previous year”.

(b) PERMITTING SAME COPAYMENTS IN HEALTH MAINTENANCE ORGANIZATIONS AS IN FEE-FOR-SERVICE.—Section 1916 (42 U.S.C. 1396o) is amended—

(1) in subsection (a)(2)(D), by striking “or services furnished” and all that follows through “enrolled,”; and

(2) in subsection (b)(2)(D), by striking “or (at the option) and all that follows through “enrolled,”.

(c) ASSURING TIMELINESS OF PROVIDER PAYMENTS.—Section 1932 is further amended by adding at the end the following:

42 USC 1396u-2. “(f) TIMELINESS OF PAYMENT.—A contract under section 1903(m) with a medicaid managed care organization shall provide that the organization shall make payment to health care providers for items and services which are subject to the contract and that are furnished to individuals eligible for medical assistance under the State plan under this title who are enrolled with the organization on a timely basis consistent with the claims payment procedures described in section 1902(a)(37)(A), unless the health care provider and the organization agree to an alternate payment schedule.”.

(d) CLARIFICATION OF APPLICATION OF FFP DENIAL RULES TO PAYMENTS MADE PURSUANT TO MANAGED CARE ENTITIES.—Section 1903(i) (42 U.S.C. 1396b(i)) is amended by adding at the end the following new sentence: “Paragraphs (1), (2), (16), (17), and (18) shall apply with respect to items or services furnished and amounts expended by or through a managed care entity (as defined in section 1932(a)(1)(B)) in the same manner as such paragraphs apply to items or services furnished and amounts expended directly by the State.”.

SEC. 4709. 6-MONTH GUARANTEED ELIGIBILITY FOR ALL INDIVIDUALS ENROLLED IN MANAGED CARE.

Section 1902(e)(2) (42 U.S.C. 1396a(e)(2)) is amended—

(1) by striking “who is enrolled” and all that follows through “section 1903(m)(2)(A)” and inserting “who is enrolled with a medicaid managed care organization (as defined in section 1903(m)(1)(A)), with a primary care case manager (as defined in section 1905(t)),”; and

(2) by inserting before the period “or by or through the case manager”.

42 USC 1396b
note.

SEC. 4710. EFFECTIVE DATES.

(a) GENERAL EFFECTIVE DATE.—Except as otherwise provided in this chapter and section 4759, the amendments made by this chapter shall take effect on the date of the enactment of this Act and shall apply to contracts entered into or renewed on or after October 1, 1997.

(b) SPECIFIC EFFECTIVE DATES.—Subject to subsection (c) and section 4759—

(1) PCCM OPTION.—The amendments made by section 4702 shall apply to primary care case management services furnished on or after October 1, 1997.

(2) 75:25 RULE.—The amendments made by section 4703 apply to contracts under section 1903(m) of the Social Security Act (42 U.S.C. 1396b(m)) on and after June 20, 1997.

(3) QUALITY STANDARDS.—Section 1932(c)(1) of the Social Security Act, as added by section 4705(a), shall take effect on January 1, 1999.

(4) SOLVENCY STANDARDS.—

(A) IN GENERAL.—The amendments made by section 4706 shall apply to contracts entered into or renewed on or after October 1, 1998.

(B) TRANSITION RULE.—In the case of an organization that as of the date of the enactment of this Act has entered into a contract under section 1903(m) of the Social Security Act with a State for the provision of medical assistance under title XIX of such Act under which the organization assumes full financial risk and is receiving capitation payments, the amendment made by section 4706 shall not apply to such organization until 3 years after the date of the enactment of this Act.

(5) SANCTIONS FOR NONCOMPLIANCE.—Section 1932(e) of the Social Security Act, as added by section 4707(a), shall apply to contracts entered into or renewed on or after April 1, 1998.

(6) LIMITATION ON FFP FOR ENROLLMENT BROKERS.—The amendment made by section 4707(b) shall apply to amounts expended on or after October 1, 1997.

(7) 6-MONTH GUARANTEED ELIGIBILITY.—The amendments made by section 4709 shall take effect on October 1, 1997.

(c) NONAPPLICATION TO WAIVERS.—Nothing in this chapter (or the amendments made by this chapter) shall be construed as affecting the terms and conditions of any waiver, or the authority of the Secretary of Health and Human Services with respect to any such waiver, under section 1115 or 1915 of the Social Security Act (42 U.S.C. 1315, 1396n).

CHAPTER 2—FLEXIBILITY IN PAYMENT OF PROVIDERS

SEC. 4711. FLEXIBILITY IN PAYMENT METHODS FOR HOSPITAL, NURSING FACILITY, ICF/MR, AND HOME HEALTH SERVICES.

(a) REPEAL OF BOREN REQUIREMENTS.—Section 1902(a)(13) (42 U.S.C. 1396a(a)(13)) is amended—

(1) by striking all that precedes subparagraph (D) and inserting the following:

“(13) provide—

“(A) for a public process for determination of rates of payment under the plan for hospital services, nursing facility services, and services of intermediate care facilities for the mentally retarded under which—

“(i) proposed rates, the methodologies underlying the establishment of such rates, and justifications for the proposed rates are published,

“(ii) providers, beneficiaries and their representatives, and other concerned State residents are given a reasonable opportunity for review and comment on the proposed rates, methodologies, and justifications,

“(iii) final rates, the methodologies underlying the establishment of such rates, and justifications for such final rates are published, and

“(iv) in the case of hospitals, such rates take into account (in a manner consistent with section 1923) the situation of hospitals which serve a disproportionate number of low-income patients with special needs;”;

(2) by redesignating subparagraphs (D) and (E) as subparagraphs (B) and (C), respectively;

(3) in subparagraph (B), as so redesignated, by adding “and” at the end;

(4) in subparagraph (C), as so redesignated, by striking “and” at the end; and

(5) by striking subparagraph (F).

(b) STUDY AND REPORT.—

(1) STUDY.—The Secretary of Health and Human Services shall study the effect on access to, and the quality of, services provided to beneficiaries of the rate-setting methods used by States pursuant to section 1902(a)(13)(A) of the Social Security Act (42 U.S.C. 1396a(a)(13)(A)), as amended by subsection (a).

(2) REPORT.—Not later than 4 years after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit a report to the appropriate committees of Congress on the conclusions of the study conducted under paragraph (1), together with any recommendations for legislation as a result of such conclusions.

(c) CONFORMING AMENDMENTS.—

(1) Section 1905(o)(3) (42 U.S.C. 1396d(o)(3)) is amended by striking “amount described in section 1902(a)(13)(D)” and inserting “amount determined in section 1902(a)(13)(B)”.

(2) Section 1923 (42 U.S.C. 1396r-4) is amended, in subsections (a)(1) and (e)(1), by striking “1902(a)(13)(A)” each place it appears and inserting “1902(a)(13)(A)(iv)”.

(d) EFFECTIVE DATE.—This section shall take effect on the date of the enactment of this Act and the amendments made by subsections (a) and (c) shall apply to payment for items and services furnished on or after October 1, 1997.

SEC. 4712. PAYMENT FOR CENTER AND CLINIC SERVICES.

(a) PHASE-OUT OF PAYMENT BASED ON REASONABLE COSTS.—Section 1902(a)(13)(C) (42 U.S.C. 1396a(a)(13)(C)), as redesignated by section 4711(a)(2), is amended by inserting “(or 95 percent for services furnished during fiscal year 2000, 90 percent for services furnished during fiscal year 2001, 85 percent for services furnished during fiscal year 2002, or 70 percent for services furnished during fiscal year 2003)” after “100 percent”.

(b) TRANSITIONAL SUPPLEMENTAL PAYMENT FOR SERVICES FURNISHED UNDER CERTAIN MANAGED CARE CONTRACTS.—

(1) IN GENERAL.—Section 1902(a)(13)(C) (42 U.S.C. 1396a(a)(13)(C)), as so redesignated, is further amended—

(A) by inserting “(i)” after “(C)”, and

(B) by inserting before the semicolon at the end the following: “and (ii) in carrying out clause (i) in the case

42 USC 1396a
note.

42 USC 1396a
note.

of services furnished by a Federally-qualified health center or a rural health clinic pursuant to a contract between the center and an organization under section 1903(m), for payment to the center or clinic at least quarterly by the State of a supplemental payment equal to the amount (if any) by which the amount determined under clause (i) exceeds the amount of the payments provided under such contract”.

(2) CONFORMING AMENDMENT TO MANAGED CARE CONTRACT REQUIREMENT.—Clause (ix) of section 1903(m)(2)(A) (42 U.S.C. 1396b(m)(2)(A)) is amended to read as follows:

“(ix) such contract provides, in the case of an entity that has entered into a contract for the provision of services with a Federally-qualified health center or a rural health clinic, that the entity shall provide payment that is not less than the level and amount of payment which the entity would make for the services if the services were furnished by a provider which is not a Federally-qualified health center or a rural health clinic;”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to services furnished on or after October 1, 1997.

42 USC 1396a
note.

(c) END OF TRANSITIONAL PAYMENT RULES.—Effective for services furnished on or after October 1, 2003—

(1) subparagraph (C) of section 1902(a)(13) (42 U.S.C. 1396a(a)(13)), as so redesignated, is repealed, and

(2) clause (ix) of section 1903(m)(2)(A) (42 U.S.C. 1396b(m)(2)(A)) is repealed.

(d) FLEXIBILITY IN COVERAGE OF NON-FREESTANDING LOOK-ALIKES.—

(1) IN GENERAL.—Section 1905(l)(2)(B)(iii) (42 U.S.C. 1396d(l)(2)(B)(iii)) is amended by inserting “including requirements of the Secretary that an entity may not be owned, controlled, or operated by another entity,” after “such a grant,”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to services furnished on or after the date of the enactment of this Act.

42 USC 1396a
note.

SEC. 4713. ELIMINATION OF OBSTETRICAL AND PEDIATRIC PAYMENT RATE REQUIREMENTS.

(a) IN GENERAL.—Section 1926 (42 U.S.C. 1396r-7) is repealed.

(b) EFFECTIVE DATE.—The repeal made by subsection (a) shall apply to services furnished on or after October 1, 1997.

42 USC 1396r-7
note.

SEC. 4714. MEDICAID PAYMENT RATES FOR CERTAIN MEDICARE COST-SHARING.

(a) CLARIFICATION REGARDING STATE LIABILITY FOR MEDICARE COST-SHARING.—

(1) IN GENERAL.—Section 1902(n) (42 U.S.C. 1396a(n)) is amended—

(A) by inserting “(1)” after “(n)”, and

(B) by adding at the end the following:

“(2) In carrying out paragraph (1), a State is not required to provide any payment for any expenses incurred relating to payment for deductibles, coinsurance, or copayments for medicare cost-sharing to the extent that payment under title XVIII for the service would exceed the payment amount that otherwise would be made

under the State plan under this title for such service if provided to an eligible recipient other than a medicare beneficiary.

“(3) In the case in which a State’s payment for medicare cost-sharing for a qualified medicare beneficiary with respect to an item or service is reduced or eliminated through the application of paragraph (2)—

“(A) for purposes of applying any limitation under title XVIII on the amount that the beneficiary may be billed or charged for the service, the amount of payment made under title XVIII plus the amount of payment (if any) under the State plan shall be considered to be payment in full for the service;

“(B) the beneficiary shall not have any legal liability to make payment to a provider or to an organization described in section 1903(m)(1)(A) for the service; and

Applicability.

“(C) any lawful sanction that may be imposed upon a provider or such an organization for excess charges under this title or title XVIII shall apply to the imposition of any charge imposed upon the individual in such case.

This paragraph shall not be construed as preventing payment of any medicare cost-sharing by a medicare supplemental policy or an employer retiree health plan on behalf of an individual.”.

(2) CONFORMING CLARIFICATION.—Section 1905(p)(3) (42 U.S.C. 1396d(p)(3)) is amended by inserting “(subject to section 1902(n)(2))” after “means”.

(b) LIMITATION ON MEDICARE PROVIDERS.—

(1) PROVIDER AGREEMENTS.—Section 1866(a)(1)(A) (42 U.S.C. 1395cc(a)(1)(A)) is amended—

(A) by inserting “(i)” after “(A)”, and

(B) by inserting before the comma at the end the following: “, and (ii) not to impose any charge that is prohibited under section 1902(n)(3)”.

(2) NONPARTICIPATING PROVIDERS.—Section 1848(g)(3)(A) (42 U.S.C. 1395w-4(g)(3)(A)) is amended by inserting before the period at the end the following: “and the provisions of section 1902(n)(3)(A) apply to further limit permissible charges under this section”.

42 USC 1396a
note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to payment for (and with respect to provider agreements with respect to) items and services furnished on or after the date of the enactment of this Act. The amendments made by subsection (a) shall also apply to payment by a State for items and services furnished before such date if such payment is the subject of a law suit that is based on the provisions of sections 1902(n) and 1905(p) of the Social Security Act and that is pending as of, or is initiated after, the date of the enactment of this Act.

SEC. 4715. TREATMENT OF VETERANS’ PENSIONS UNDER MEDICAID.

(a) POST-ELIGIBILITY TREATMENT.—Section 1902(r)(1) (42 U.S.C. 1396a(r)(1)) is amended—

(1) by inserting “(A)” after “(r)(1)”,

(2) by inserting “, the treatment described in subparagraph

(B) shall apply,” after “under such a waiver”;

(3) by striking “and,” and inserting “, and”; and

(4) by adding at the end the following:

“(B)(i) In the case of a veteran who does not have a spouse or a child, if the veteran—

“(I) receives, after the veteran has been determined to be eligible for medical assistance under the State plan under this title, a veteran’s pension in excess of \$90 per month, and

“(II) resides in a State veterans home with respect to which the Secretary of Veterans Affairs makes per diem payments for nursing home care pursuant to section 1741(a) of title 38, United States Code,

any such pension payment, including any payment made due to the need for aid and attendance, or for unreimbursed medical expenses, that is in excess of \$90 per month shall be counted as income only for the purpose of applying such excess payment to the State veterans home’s cost of providing nursing home care to the veteran.

“(ii) The provisions of clause (i) shall apply with respect to a surviving spouse of a veteran who does not have a child in the same manner as they apply to a veteran described in such clause.”.

Applicability.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply on and after October 1, 1997.

42 USC 1396a note.

CHAPTER 3—FEDERAL PAYMENTS TO STATES

SEC. 4721. REFORMING DISPROPORTIONATE SHARE PAYMENTS UNDER STATE MEDICAID PROGRAMS.

(a) **ADJUSTMENT OF STATE DSH ALLOTMENTS.**—

(1) **IN GENERAL.**—Section 1923(f) (42 U.S.C. 1396r-4(f)) is amended to read as follows:

“(f) **LIMITATION ON FEDERAL FINANCIAL PARTICIPATION.**—

“(1) **IN GENERAL.**—Payment under section 1903(a) shall not be made to a State with respect to any payment adjustment made under this section for hospitals in a State for quarters in a fiscal year in excess of the disproportionate share hospital (in this subsection referred to as ‘DSH’) allotment for the State for the fiscal year, as specified in paragraphs (2) and (3).

“(2) **STATE DSH ALLOTMENTS FOR FISCAL YEARS 1998 THROUGH 2002.**—The DSH allotment for a State for each fiscal year during the period beginning with fiscal year 1998 and ending with fiscal year 2002 is determined in accordance with the following table:

State or District	DSH Allotment (in millions of dollars)				
	FY 98	FY 99	FY 00	FY 01	FY 02
Alabama	293	269	248	246	246
Alaska	10	10	10	9	9
Arizona	81	81	81	81	81
Arkansas	2	2	2	2	2
California	1,085	1,068	986	931	877
Colorado	93	85	79	74	74
Connecticut	200	194	164	160	160
Delaware	4	4	4	4	4
District of Columbia	23	23	23	23	23
Florida	207	203	197	188	160
Georgia	253	248	241	228	215
Hawaii	0	0	0	0	0
Idaho	1	1	1	1	1
Illinois	203	199	193	182	172

State or District	DSH Allotment (in millions of dollars)				
	FY 98	FY 99	FY 00	FY 01	FY 02
Indiana	201	197	191	181	171
Iowa	8	8	8	8	8
Kansas	51	49	42	36	33
Kentucky	137	134	130	123	116
Louisiana	880	795	713	658	631
Maine	103	99	84	84	84
Maryland	72	70	68	64	61
Massachusetts	288	282	273	259	244
Michigan	249	244	237	224	212
Minnesota	16	16	16	16	16
Mississippi	143	141	136	129	122
Missouri	436	423	379	379	379
Montana	0.2	0.2	0.2	0.2	0.2
Nebraska	5	5	5	5	5
Nevada	37	37	37	37	37
New Hampshire	140	136	130	130	130
New Jersey	600	582	515	515	515
New Mexico	5	5	5	5	5
New York	1,512	1,482	1,436	1,361	1,285
North Carolina	278	272	264	250	236
North Dakota	1	1	1	1	1
Ohio	382	374	363	344	325
Oklahoma	16	16	16	16	16
Oregon	20	20	20	20	20
Pennsylvania	529	518	502	476	449
Rhode Island	62	60	58	55	52
South Carolina	313	303	262	262	262
South Dakota	1	1	1	1	1
Tennessee	0	0	0	0	0
Texas	979	950	806	765	765
Utah	3	3	3	3	3
Vermont	18	18	18	18	18
Virginia	70	68	66	63	59
Washington	174	171	166	157	148
West Virginia	64	63	61	58	54
Wisconsin	7	7	7	7	7
Wyoming	0	0	0	0	0.

“(3) STATE DSH ALLOTMENTS FOR FISCAL YEAR 2003 AND THEREAFTER.—

“(A) IN GENERAL.—The DSH allotment for any State for fiscal year 2003 and each succeeding fiscal year is equal to the DSH allotment for the State for the preceding fiscal year under paragraph (2) or this paragraph, increased, subject to subparagraph (B), by the percentage change in the consumer price index for all urban consumers (all items; U.S. city average), for the previous fiscal year.

“(B) LIMITATION.—The DSH allotment for a State shall not be increased under subparagraph (A) for a fiscal year to the extent that such an increase would result in the DSH allotment for the year exceeding the greater of—

“(i) the DSH allotment for the previous year, or

“(ii) 12 percent of the total amount of expenditures under the State plan for medical assistance during the fiscal year.

“(4) DEFINITION OF STATE.— In this subsection, the term ‘State’ means the 50 States and the District of Columbia.”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to payment adjustments attributable to DSH allotments for fiscal years beginning with fiscal year 1998.

(b) LIMITATION ON PAYMENTS TO INSTITUTIONS FOR MENTAL DISEASES.—Section 1923 of the Social Security Act (42 U.S.C. 1396r-4) is amended by adding at the end the following:

“(h) LIMITATION ON CERTAIN STATE DSH EXPENDITURES.—

“(1) IN GENERAL.—Payment under section 1903(a) shall not be made to a State with respect to any payment adjustments made under this section for quarters in a fiscal year (beginning with fiscal year 1998) to institutions for mental diseases or other mental health facilities, to the extent the aggregate of such adjustments in the fiscal year exceeds the lesser of the following:

“(A) 1995 IMD DSH PAYMENT ADJUSTMENTS.—The total State DSH expenditures that are attributable to fiscal year 1995 for payments to institutions for mental diseases and other mental health facilities (based on reporting data specified by the State on HCFA Form 64 as mental health DSH, and as approved by the Secretary).

“(B) APPLICABLE PERCENTAGE OF 1995 TOTAL DSH PAYMENT ALLOTMENT.—The amount of such payment adjustments which are equal to the applicable percentage of the Federal share of payment adjustments made to hospitals in the State under subsection (c) that are attributable to the 1995 DSH allotment for the State for payments to institutions for mental diseases and other mental health facilities (based on reporting data specified by the State on HCFA Form 64 as mental health DSH, and as approved by the Secretary).

“(2) APPLICABLE PERCENTAGE.—

“(A) IN GENERAL.—For purposes of paragraph (1), the applicable percentage with respect to—

“(i) each of fiscal years 1998, 1999, and 2000, is the percentage determined under subparagraph (B); or

“(ii) a succeeding fiscal year is the lesser of the percentage determined under subparagraph (B) or the following percentage:

“(I) For fiscal year 2001, 50 percent.

“(II) For fiscal year 2002, 40 percent.

“(III) For each succeeding fiscal year, 33 percent.

“(B) 1995 PERCENTAGE.—The percentage determined under this subparagraph is the ratio (determined as a percentage) of—

“(i) the Federal share of payment adjustments made to hospitals in the State under subsection (c) that are attributable to the 1995 DSH allotment for the State (as reported by the State not later than January 1, 1997, on HCFA Form 64, and as approved by the Secretary) for payments to institutions for mental diseases and other mental health facilities, to

“(ii) the State 1995 DSH spending amount.

“(C) STATE 1995 DSH SPENDING AMOUNT.—For purposes of subparagraph (B)(ii), the ‘State 1995 DSH spending amount’, with respect to a State, is the Federal medical assistance percentage (for fiscal year 1995) of the payment adjustments made under subsection (c) under the State plan that are attributable to the fiscal year 1995 DSH

allotment for the State (as reported by the State not later than January 1, 1997, on HCFA Form 64, and as approved by the Secretary).”.

(c) DESCRIPTION OF TARGETING PAYMENTS.—Section 1923(a)(2) (42 U.S.C. 1396r-4(a)(2)) is amended by adding at the end the following:

“(D) A State plan under this title shall not be considered to meet the requirements of section 1902(a)(13)(A)(iv) (insofar as it requires payments to hospitals to take into account the situation of hospitals that serve a disproportionate number of low-income patients with special needs), as of October 1, 1998, unless the State has submitted to the Secretary by such date a description of the methodology used by the State to identify and to make payments to disproportionate share hospitals, including children’s hospitals, on the basis of the proportion of low-income and medicaid patients served by such hospitals. The State shall provide an annual report to the Secretary describing the disproportionate share payments to each such disproportionate share hospital.”.

Reports.

(d) DIRECT PAYMENT BY STATE FOR MANAGED CARE ENROLLEES.—Section 1923 (42 U.S.C. 1396r-4) is amended by adding at the end the following:

“(i) REQUIREMENT FOR DIRECT PAYMENT.—

“(1) IN GENERAL.—No payment may be made under section 1903(a)(1) with respect to a payment adjustment made under this section, for services furnished by a hospital on or after October 1, 1997, with respect to individuals eligible for medical assistance under the State plan who are enrolled with a managed care entity (as defined in section 1932(a)(1)(B)) or under any other managed care arrangement unless a payment, equal to the amount of the payment adjustment—

“(A) is made directly to the hospital by the State;

and

“(B) is not used to determine the amount of a prepaid capitation payment under the State plan to the entity or arrangement with respect to such individuals.

“(2) EXCEPTION FOR CURRENT ARRANGEMENTS.—Paragraph (1) shall not apply to a payment adjustment provided pursuant to a payment arrangement in effect on July 1, 1997.”.

Effective date.
California.
42 USC 1396r-4
note.

(e) TRANSITION RULE.—Effective July 1, 1997, section 1923(g)(2)(A) of the Social Security Act (42 U.S.C. 1396r-4(g)(2)(A)) shall be applied to the State of California as though—

(1) “(or that begins on or after July 1, 1997, and before July 1, 1999)” were inserted in such section after “January 1, 1995,”; and

(2) “(or 175 percent in the case of a State fiscal year that begins on or after July 1, 1997, and before July 1, 1999)” were inserted in such section after “200 percent”.

SEC. 4722. TREATMENT OF STATE TAXES IMPOSED ON CERTAIN HOSPITALS.

(a) EXCEPTION FROM TAX DOES NOT DISQUALIFY AS BROAD-BASED TAX.—Section 1903(w)(3) (42 U.S.C. 1396b(w)(3)) is amended—

(1) in subparagraph (B), by striking “and (E)” and inserting “(E), and (F)”;

(2) by adding at the end the following:

“(F) In no case shall a tax not qualify as a broad-based health care related tax under this paragraph because it does not apply to a hospital that is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code and that does not accept payment under the State plan under this title or under title XVIII.”.

(b) **REDUCTION IN FEDERAL FINANCIAL PARTICIPATION IN CASE OF IMPOSITION OF TAX.**—Section 1903(b) (42 U.S.C. 1396b(b)), as amended by section 4707(b), is amended by adding at the end the following:

“(5) Notwithstanding the preceding provisions of this section, the amount determined under subsection (a)(1) for any State shall be decreased in a quarter by the amount of any health care related taxes (described in section 1902(w)(3)(A)) that are imposed on a hospital described in subsection (w)(3)(F) in that quarter.”.

(c) **WAIVER OF CERTAIN PROVIDER TAX PROVISIONS.**—Notwithstanding any other provision of law, taxes, fees, or assessments, as defined in section 1903(w)(3)(A) of the Social Security Act (42 U.S.C. 1396b(w)(3)(A)), that were collected by the State of New York from a health care provider before June 1, 1997, and for which a waiver of the provisions of subparagraph (B) or (C) of section 1903(w)(3) of such Act has been applied for, or that would, but for this subsection require that such a waiver be applied for, in accordance with subparagraph (E) of such section, and, (if so applied for) upon which action by the Secretary of Health and Human Services (including any judicial review of any such proceeding) has not been completed as of July 23, 1997, are deemed to be permissible health care related taxes and in compliance with the requirements of subparagraphs (B) and (C) of section 1903(w)(3) of such Act.

(d) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall apply to taxes imposed before, on, or after the date of the enactment of this Act and the amendment made by subsection (b) shall apply to taxes imposed on or after such date.

42 USC 1396b
note.

SEC. 4723. ADDITIONAL FUNDING FOR STATE EMERGENCY HEALTH SERVICES FURNISHED TO UNDOCUMENTED ALIENS.

8 USC 1611 note.

(a) **TOTAL AMOUNT AVAILABLE FOR ALLOTMENT.**—There are available for allotments under this section for each of the 4 consecutive fiscal years (beginning with fiscal year 1998) \$25,000,000 for payments to certain States under this section.

(b) **STATE ALLOTMENT AMOUNT.**—

(1) **IN GENERAL.**—The Secretary of Health and Human Services shall compute an allotment for each fiscal year beginning with fiscal year 1998 and ending with fiscal year 2001 for each of the 12 States with the highest number of undocumented aliens. The amount of such allotment for each such State for a fiscal year shall bear the same ratio to the total amount available for allotments under subsection (a) for the fiscal year as the ratio of the number of undocumented aliens in the State in the fiscal year bears to the total of such numbers for all such States for such fiscal year. The amount of allotment to a State provided under this paragraph for a fiscal year that is not paid out under subsection (c) shall be available for payment during the subsequent fiscal year.

(2) **DETERMINATION.**—For purposes of paragraph (1), the number of undocumented aliens in a State under this section

shall be determined based on estimates of the resident illegal alien population residing in each State prepared by the Statistics Division of the Immigration and Naturalization Service as of October 1992 (or as of such later date if such date is at least 1 year before the beginning of the fiscal year involved).

(c) **USE OF FUNDS.**—From the allotments made under subsection (b), the Secretary shall pay to each State amounts the State demonstrates were paid by the State (or by a political subdivision of the State) for emergency health services furnished to undocumented aliens.

(d) **STATE DEFINED.**—For purposes of this section, the term “State” includes the District of Columbia.

(e) **STATE ENTITLEMENT.**—This section constitutes budget authority in advance of appropriations Acts and represents the obligation of the Federal Government to provide for the payment to States of amounts provided under this section.

SEC. 4724. ELIMINATION OF WASTE, FRAUD, AND ABUSE.

(a) **BAN ON SPENDING FOR NONHEALTH RELATED ITEMS.**—Section 1903(i) (42 U.S.C. 1396b(i)) is amended—

(1) in paragraphs (2) and (16), by striking the period at the end and inserting “; or”;

(2) in paragraphs (10)(B), (11), and (13), by adding “or” at the end; and

(3) by inserting after paragraph (16), the following:

“(17) with respect to any amount expended for roads, bridges, stadiums, or any other item or service not covered under a State plan under this title.”.

(b) **SURETY BOND REQUIREMENT FOR HOME HEALTH AGENCIES.**—

(1) **IN GENERAL.**—Section 1903(i) (42 U.S.C. 1396b(i)), as amended by subsection (a), is amended—

(A) in paragraph (17), by striking the period at the end and inserting “; or”; and

(B) by inserting after paragraph (17), the following:
“(18) with respect to any amount expended for home health care services provided by an agency or organization unless the agency or organization provides the State agency on a continuing basis a surety bond in a form specified by the Secretary under paragraph (7) of section 1861(o) and in an amount that is not less than \$50,000 or such comparable surety bond as the Secretary may permit under the last sentence of such section.”.

(2) **EFFECTIVE DATE.**—The amendments made by paragraph (1) shall apply to home health care services furnished on or after January 1, 1998.

(c) **CONFLICT OF INTEREST SAFEGUARDS.**—

(1) **IN GENERAL.**—Section 1902(a)(4)(C) (42 U.S.C. 1396a(a)(4)(C)) is amended—

(A) by striking “and (C)” and inserting “(C)”;

(B) by striking “local officer or employee” and inserting “local officer, employee, or independent contractor”;

(C) by striking “such an officer or employee” the first 2 places it appears and inserting “such an officer, employee, or contractor”; and

(D) by inserting before the semicolon the following: “, and (D) that each State or local officer, employee, or independent contractor who is responsible for selecting, awarding, or otherwise obtaining items and services under the State plan shall be subject to safeguards against conflicts of interest that are at least as stringent as the safeguards that apply under section 27 of the Office of Federal Procurement Policy Act (41 U.S.C. 423) to persons described in subsection (a)(2) of such section of that Act”.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on January 1, 1998.

42 USC 1396a
note.

(d) AUTHORITY TO REFUSE TO ENTER INTO MEDICAID AGREEMENTS WITH INDIVIDUALS OR ENTITIES CONVICTED OF FELONIES.—Section 1902(a)(23) (42 U.S.C. 1396(a)) is amended—

(1) by striking “except as provided in subsection (g) and in section 1915 and except in the case of Puerto Rico, the Virgin Islands, and Guam,”; and

(2) by inserting before the semicolon at the end the following: “, except as provided in subsection (g) and in section 1915, except that this paragraph shall not apply in the case of Puerto Rico, the Virgin Islands, and Guam, and except that nothing in this paragraph shall be construed as requiring a State to provide medical assistance for such services furnished by a person or entity convicted of a felony under Federal or State law for an offense which the State agency determines is inconsistent with the best interests of beneficiaries under the State plan”.

(e) MONITORING PAYMENTS FOR DUAL ELIGIBLES.—The Administrator of the Health Care Financing Administration shall develop mechanisms to improve the monitoring of, and to prevent, inappropriate payments under the medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) in the case of individuals who are dually eligible for benefits under such program and under the medicare program under title XVIII of such Act (42 U.S.C. 1395 et seq.).

42 USC 1396a
note.

(f) BENEFICIARY AND PROGRAM PROTECTION AGAINST WASTE, FRAUD, AND ABUSE.—Section 1902(a) (42 U.S.C. 1396a(a)) is amended—

(1) by striking “and” at the end of paragraph (62);

(2) by striking the period at the end of paragraph (63) and inserting “; and”; and

(3) by inserting after paragraph (63) the following:

“(64) provide, not later than 1 year after the date of the enactment of this paragraph, a mechanism to receive reports from beneficiaries and others and compile data concerning alleged instances of waste, fraud, and abuse relating to the operation of this title;”.

(g) DISCLOSURE OF INFORMATION AND SURETY BOND REQUIREMENT FOR SUPPLIERS OF DURABLE MEDICAL EQUIPMENT.—

(1) REQUIREMENT.—Section 1902(a) (42 U.S.C. 1396a(a)), as amended by subsection (f), is amended—

(A) by striking “and” at the end of paragraph (63);

(B) by striking the period at the end of paragraph (64) and inserting “; and”; and

(C) by inserting after paragraph (64) the following:

“(65) provide that the State shall issue provider numbers for all suppliers of medical assistance consisting of durable

medical equipment, as defined in section 1861(n), and the State shall not issue or renew such a supplier number for any such supplier unless—

“(A)(i) full and complete information as to the identity of each person with an ownership or control interest (as defined in section 1124(a)(3)) in the supplier or in any subcontractor (as defined by the Secretary in regulations) in which the supplier directly or indirectly has a 5 percent or more ownership interest; and

“(ii) to the extent determined to be feasible under regulations of the Secretary, the name of any disclosing entity (as defined in section 1124(a)(2)) with respect to which a person with such an ownership or control interest in the supplier is a person with such an ownership or control interest in the disclosing entity; and

“(B) a surety bond in a form specified by the Secretary under section 1834(a)(16)(B) and in an amount that is not less than \$50,000 or such comparable surety bond as the Secretary may permit under the second sentence of such section.”.

42 USC 1396a
note.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to suppliers of medical assistance consisting of durable medical equipment furnished on or after January 1, 1998.

SEC. 4725. INCREASED FMAPS.

42 USC 1396d
note.

(a) ALASKA.—Notwithstanding the first sentence of section 1905(b) of the Social Security Act (42 U.S.C. 1396d(b)), the Federal medical assistance percentage determined under such sentence for Alaska shall be 59.8 percent but only with respect to—

(1) items and services furnished under a State plan under title XIX or under a State child health plan under title XXI of such Act during fiscal years 1998, 1999, and 2000;

(2) payments made on a capitation or other risk-basis under such titles for coverage occurring during such period; and

(3) payments under title XIX of such Act attributable to DSH allotments for such State determined under section 1923(f) of such Act (42 U.S.C. 1396r-4(f)) for such fiscal years.

(b) DISTRICT OF COLUMBIA.—

(1) IN GENERAL.—The first sentence of section 1905(b) (42 U.S.C. 1396d(b)) is amended—

(A) by striking “and (2)” and inserting “, (2)”, and

(B) by inserting before the period at the end the following: “, and (3) for purposes of this title and title XXI, the Federal medical assistance percentage for the District of Columbia shall be 70 percent”.

42 USC 1396d
note.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to—

(A) items and services furnished on or after October 1, 1997;

(B) payments made on a capitation or other risk-basis for coverage occurring on or after such date; and

(C) payments attributable to DSH allotments for such States determined under section 1923(f) of such Act (42 U.S.C. 1396r-4(f)) for fiscal years beginning with fiscal year 1998.

SEC. 4726. INCREASE IN PAYMENT LIMITATION FOR TERRITORIES.

Section 1108 (42 U.S.C. 1308) is amended—

(1) in subsection (f), by striking “The” and inserting “Subject to subsection (g), the”; and

(2) by adding at the end the following:

“(g) MEDICAID PAYMENTS TO TERRITORIES FOR FISCAL YEAR 1998 AND THEREAFTER.—

“(1) FISCAL YEAR 1998.—With respect to fiscal year 1998, the amounts otherwise determined for Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa under subsection (f) for such fiscal year shall be increased by the following amounts:

“(A) For Puerto Rico, \$30,000,000.

“(B) For the Virgin Islands, \$750,000.

“(C) For Guam, \$750,000.

“(D) For the Northern Mariana Islands, \$500,000.

“(E) For American Samoa, \$500,000.

“(2) FISCAL YEAR 1999 AND THEREAFTER.—Notwithstanding subsection (f), with respect to fiscal year 1999 and any fiscal year thereafter, the total amount certified by the Secretary under title XIX for payment to—

“(A) Puerto Rico shall not exceed the sum of the amount provided in this subsection for the preceding fiscal year increased by the percentage increase in the medical care component of the Consumer Price Index for all urban consumers (as published by the Bureau of Labor Statistics) for the 12-month period ending in March preceding the beginning of the fiscal year, rounded to the nearest \$100,000;

“(B) the Virgin Islands shall not exceed the sum of the amount provided in this subsection for the preceding fiscal year increased by the percentage increase referred to in subparagraph (A), rounded to the nearest \$10,000;

“(C) Guam shall not exceed the sum of the amount provided in this subsection for the preceding fiscal year increased by the percentage increase referred to in subparagraph (A), rounded to the nearest \$10,000;

“(D) the Northern Mariana Islands shall not exceed the sum of the amount provided in this subsection for the preceding fiscal year increased by the percentage increase referred to in subparagraph (A), rounded to the nearest \$10,000; and

“(E) American Samoa shall not exceed the sum of the amount provided in this subsection for the preceding fiscal year increased by the percentage increase referred to in subparagraph (A), rounded to the nearest \$10,000.”.

CHAPTER 4—ELIGIBILITY**SEC. 4731. STATE OPTION OF CONTINUOUS ELIGIBILITY FOR 12 MONTHS; CLARIFICATION OF STATE OPTION TO COVER CHILDREN.**

(a) CONTINUOUS ELIGIBILITY OPTION.—Section 1902(e) (42 U.S.C. 1396a(e)) is amended by adding at the end the following new paragraph:

“(12) At the option of the State, the plan may provide that an individual who is under an age specified by the State (not

to exceed 19 years of age) and who is determined to be eligible for benefits under a State plan approved under this title under subsection (a)(10)(A) shall remain eligible for those benefits until the earlier of—

“(A) the end of a period (not to exceed 12 months) following the determination; or

“(B) the time that the individual exceeds that age.”.

(b) CLARIFICATION OF STATE OPTION TO COVER ALL CHILDREN UNDER 19 YEARS OF AGE.—Section 1902(l)(1)(D) (42 U.S.C. 1396a(l)(1)(D)) is amended by inserting “(or, at the option of a State, after any earlier date)” after “children born after September 30, 1983”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to medical assistance for items and services furnished on or after October 1, 1997.

SEC. 4732. PAYMENT OF PART B PREMIUMS.

(a) ELIGIBILITY.—Section 1902(a)(10)(E) (42 U.S.C. 1396a(a)(10)(E)) is amended—

(1) by striking “and” at the end of clause (ii); and

(2) by inserting after clause (iii) the following:

“(iv) subject to sections 1933 and 1905(p)(4), for making medical assistance available (but only for premiums payable with respect to months during the period beginning with January 1998, and ending with December 2002)—

“(I) for medicare cost-sharing described in section 1905(p)(3)(A)(ii) for individuals who would be qualified medicare beneficiaries described in section 1905(p)(1) but for the fact that their income exceeds the income level established by the State under section 1905(p)(2) and is at least 120 percent, but less than 135 percent, of the official poverty line (referred to in such section) for a family of the size involved and who are not otherwise eligible for medical assistance under the State plan, and

“(II) for the portion of medicare cost-sharing described in section 1905(p)(3)(A)(ii) that is attributable to the operation of the amendments made by (and subsection (e)(3) of) section 4611 of the Balanced Budget Act of 1997 for individuals who would be described in subclause (I) if ‘135 percent’ and ‘175 percent’ were substituted for ‘120 percent’ and ‘135 percent’ respectively; and”.

(b) CONFORMING AMENDMENT.—Section 1905(b) (42 U.S.C. 1396d(b)) is amended by striking “The term” and inserting “Subject to section 1933(d), the term”.

(c) TERMS AND CONDITIONS OF COVERAGE.—Title XIX (42 U.S.C. 1395 et seq.), as amended by section 4701(a), is amended by redesignating section 1933 as section 1934 and by inserting after section 1932 the following new section:

42 USC 1396v.

42 USC 1396u-3.

“STATE COVERAGE OF MEDICARE COST-SHARING FOR ADDITIONAL LOW-INCOME MEDICARE BENEFICIARIES

“SEC. 1933. (a) IN GENERAL.—A State plan under this title shall provide, under section 1902(a)(10)(E)(iv) and subject to the succeeding provisions of this section and through a plan amendment, for medical assistance for payment of the cost of medicare

cost-sharing described in such section on behalf of all individuals described in such section (in this section referred to as ‘qualifying individuals’) who are selected to receive such assistance under subsection (b).

“(b) SELECTION OF QUALIFYING INDIVIDUALS.—A State shall select qualifying individuals, and provide such individuals with assistance, under this section consistent with the following:

“(1) ALL QUALIFYING INDIVIDUALS MAY APPLY.—The State shall permit all qualifying individuals to apply for assistance during a calendar year.

“(2) SELECTION ON FIRST-COME, FIRST-SERVED BASIS.—

“(A) IN GENERAL.—For each calendar year (beginning with 1998), from (and to the extent of) the amount of the allocation under subsection (c) for the State for the fiscal year ending in such calendar year, the State shall select qualifying individuals who apply for the assistance in the order in which they apply.

“(B) CARRYOVER.—For calendar years after 1998, the State shall give preference to individuals who were provided such assistance (or other assistance described in section 1902(a)(10)(E)) in the last month of the previous year and who continue to be (or become) qualifying individuals.

“(3) LIMIT ON NUMBER OF INDIVIDUALS BASED ON ALLOCATION.—The State shall limit the number of qualifying individuals selected with respect to assistance in a calendar year so that the aggregate amount of such assistance provided to such individuals in such year is estimated to be equal to (but not exceed) the State’s allocation under subsection (c) for the fiscal year ending in such calendar year.

“(4) RECEIPT OF ASSISTANCE DURING DURATION OF YEAR.—If a qualifying individual is selected to receive assistance under this section for a month in year, the individual is entitled to receive such assistance for the remainder of the year if the individual continues to be a qualifying individual. The fact that an individual is selected to receive assistance under this section at any time during a year does not entitle the individual to continued assistance for any succeeding year.

“(c) ALLOCATION.—

“(1) TOTAL ALLOCATION.—The total amount available for allocation under this section for—

“(A) fiscal year 1998 is \$200,000,000;

“(B) fiscal year 1999 is \$250,000,000;

“(C) fiscal year 2000 is \$300,000,000;

“(D) fiscal year 2001 is \$350,000,000; and

“(E) fiscal year 2002 is \$400,000,000.

“(2) ALLOCATION TO STATES.—The Secretary shall provide for the allocation of the total amount described in paragraph (1) for a fiscal year, among the States that executed a plan amendment in accordance with subsection (a), based upon the Secretary’s estimate of the ratio of—

“(A) an amount equal to the sum of—

“(i) twice the total number of individuals described in section 1902(a)(10)(E)(iv)(I) in the State, and

“(ii) the total number of individuals described in section 1902(a)(10)(E)(iv)(II) in the State; to

“(B) the sum of the amounts computed under subparagraph (A) for all eligible States.

“(d) **APPLICABLE FMAP.**—With respect to assistance described in section 1902(a)(10)(E)(iv) furnished in a State for calendar quarters in a calendar year —

“(1) to the extent that such assistance does not exceed the State’s allocation under subsection (c) for the fiscal year ending in the calendar year, the Federal medical assistance percentage shall be equal to 100 percent; and

“(2) to the extent that such assistance exceeds such allocation, the Federal medical assistance percentage is 0 percent.

“(e) **LIMITATION ON ENTITLEMENT.**—Except as specifically provided under this section, nothing in this title shall be construed as establishing any entitlement of individuals described in section 1902(a)(10)(E)(iv) to assistance described in such section.

“(f) **COVERAGE OF COSTS THROUGH PART B OF THE MEDICARE PROGRAM.**—For each fiscal year, the Secretary shall provide for the transfer from the Federal Supplementary Medical Insurance Trust Fund under section 1841 to the appropriate account in the Treasury that provides for payments under section 1903(a) with respect to medical assistance provided under this section, of an amount equivalent to the total of the amount of payments made under such section that is attributable to this section and such transfer shall be treated as an expenditure from such Trust Fund for purposes of section 1839.”.

SEC. 4733. STATE OPTION TO PERMIT WORKERS WITH DISABILITIES TO BUY INTO MEDICAID.

Section 1902(a)(10)(A)(ii) (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended—

- (1) in subclause (XI), by striking “or” at the end;
- (2) in subclause (XII), by adding “or” at the end; and
- (3) by adding at the end the following:

“(XIII) who are in families whose income is less than 250 percent of the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved, and who but for earnings in excess of the limit established under section 1905(q)(2)(B), would be considered to be receiving supplemental security income (subject, notwithstanding section 1916, to payment of premiums or other cost-sharing charges (set on a sliding scale based on income) that the State may determine);”.

SEC. 4734. PENALTY FOR FRAUDULENT ELIGIBILITY.

Section 1128B(a) (42 U.S.C. 1320a-7b(a)), as amended by section 217 of the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191; 110 Stat. 2008), is amended—

- (1) by striking paragraph (6) and inserting the following:

“(6) for a fee knowingly and willfully counsels or assists an individual to dispose of assets (including by any transfer in trust) in order for the individual to become eligible for medical assistance under a State plan under title XIX, if disposing of the assets results in the imposition of a period of ineligibility for such assistance under section 1917(c),”; and

- (2) in clause (ii) of the matter following such paragraph, by striking “failure, or conversion by any other person” and

inserting “failure, conversion, or provision of counsel or assistance by any other person”.

SEC. 4735. TREATMENT OF CERTAIN SETTLEMENT PAYMENTS.

(a) **IN GENERAL.**—Notwithstanding any other provision of law, the payments described in subsection (b) shall not be considered income or resources in determining eligibility for, or the amount of benefits under, a State plan of medical assistance approved under title XIX of the Social Security Act.

(b) **PAYMENTS DESCRIBED.**—The payments described in this subsection are—

(1) payments made from any fund established pursuant to a class settlement in the case of *Susan Walker v. Bayer Corporation, et al.*, 96–C–5024 (N.D. Ill.); and

(2) payments made pursuant to a release of all claims in a case—

(A) that is entered into in lieu of the class settlement referred to in paragraph (1); and

(B) that is signed by all affected parties in such case on or before the later of—

(i) December 31, 1997, or

(ii) the date that is 270 days after the date on which such release is first sent to the persons (or the legal representative of such persons) to whom the payment is to be made.

CHAPTER 5—BENEFITS

SEC. 4741. ELIMINATION OF REQUIREMENT TO PAY FOR PRIVATE INSURANCE.

(a) **REPEAL OF STATE PLAN PROVISION.**—Section 1902(a)(25) (42 U.S.C. 1396a(a)(25)) is amended—

(1) by striking subparagraph (G); and

(2) by redesignating subparagraphs (H) and (I) as subparagraphs (G) and (H), respectively.

(b) **MAKING PROVISION OPTIONAL.**—Section 1906 (42 U.S.C. 1396e) is amended—

(1) in subsection (a)—

(A) by striking “For purposes of section 1902(a)(25)(G) and subject to subsection (d), each” and inserting “Each”;

(B) in paragraph (1), by striking “shall” and inserting “may”; and

(C) in paragraph (2), by striking “shall” and inserting “may”; and

(2) by striking subsection (d).

(c) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on the date of the enactment of this Act.

42 USC 1396a
note.

SEC. 4742. PHYSICIAN QUALIFICATION REQUIREMENTS.

(a) **IN GENERAL.**—Section 1903(i) (42 U.S.C. 1396b(i)) is amended by striking paragraph (12).

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to services furnished on or after the date of the enactment of this Act.

42 USC 1396a
note.

SEC. 4743. ELIMINATION OF REQUIREMENT OF PRIOR INSTITUTIONALIZATION WITH RESPECT TO HABILITATION SERVICES FURNISHED UNDER A WAIVER FOR HOME OR COMMUNITY-BASED SERVICES.

(a) **IN GENERAL.**—Section 1915(c)(5) (42 U.S.C. 1396n(c)(5)) is amended, in the matter preceding subparagraph (A), by striking “, with respect to individuals who receive such services after discharge from a nursing facility or intermediate care facility for the mentally retarded”.

42 USC 1396n
note.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) apply to services furnished on or after October 1, 1997.

42 USC 1396d
note.

SEC. 4744. STUDY AND REPORT ON EPSDT BENEFIT.

(a) **STUDY.**—

(1) **IN GENERAL.**—The Secretary of Health and Human Services, in consultation with Governors, directors of State medicaid programs, the American Academy of Actuaries, and representatives of appropriate provider and beneficiary organizations, shall conduct a study of the provision of early and periodic screening, diagnostic, and treatment services under the medicaid program under title XIX of the Social Security Act in accordance with the requirements of section 1905(r) of such Act (42 U.S.C. 1396d(r)).

(2) **REQUIRED CONTENTS.**—The study conducted under paragraph (1) shall include examination of the actuarial value of the provision of such services under the medicaid program and an examination of the portions of such actuarial value that are attributable to paragraph (5) of section 1905(r) of such Act and to the second sentence of such section.

(b) **REPORT.**—Not later than 12 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit a report to Congress on the results of the study conducted under subsection (a).

CHAPTER 6—ADMINISTRATION AND MISCELLANEOUS

SEC. 4751. ELIMINATION OF DUPLICATIVE INSPECTION OF CARE REQUIREMENTS FOR ICFS/MR AND MENTAL HOSPITALS.

(a) **MENTAL HOSPITALS.**—Section 1902(a)(26) (42 U.S.C. 1396a(a)(26)) is amended—

(1) by striking “provide—

“(A) with respect to each patient” and inserting “provide, with respect to each patient”; and

(2) by striking subparagraphs (B) and (C).

(b) **ICFS/MR.**—Section 1902(a)(31) (42 U.S.C. 1396a(a)(31)) is amended—

(1) by striking “provide—

“(A) with respect to each patient” and inserting “provide, with respect to each patient”; and

(2) by striking subparagraphs (B) and (C).

42 USC 1396a
note.

(c) **EFFECTIVE DATE.**—The amendments made by this section take effect on the date of the enactment of this Act.

SEC. 4752. ALTERNATIVE SANCTIONS FOR NONCOMPLIANT ICFS/MR.

(a) **IN GENERAL.**—Section 1902(i)(1)(B) (42 U.S.C. 1396a(i)(1)(B)) is amended by striking “provide” and inserting “establish alternative remedies if the State demonstrates to the

Secretary's satisfaction that the alternative remedies are effective in deterring noncompliance and correcting deficiencies, and may provide".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect on the date of the enactment of this Act.

42 USC 1396a
note.

SEC. 4753. MODIFICATION OF MMIS REQUIREMENTS.

(a) IN GENERAL.—Section 1903(r) (42 U.S.C. 1396b(r)) is amended—

(1) by striking all that precedes paragraph (5) and inserting the following:

"(r)(1) In order to receive payments under subsection (a) for use of automated data systems in administration of the State plan under this title, a State must have in operation mechanized claims processing and information retrieval systems that meet the requirements of this subsection and that the Secretary has found—

"(A) are adequate to provide efficient, economical, and effective administration of such State plan;

"(B) are compatible with the claims processing and information retrieval systems used in the administration of title XVIII, and for this purpose—

"(i) have a uniform identification coding system for providers, other payees, and beneficiaries under this title or title XVIII;

"(ii) provide liaison between States and carriers and intermediaries with agreements under title XVIII to facilitate timely exchange of appropriate data; and

"(iii) provide for exchange of data between the States and the Secretary with respect to persons sanctioned under this title or title XVIII;

"(C) are capable of providing accurate and timely data;

"(D) are complying with the applicable provisions of part C of title XI;

"(E) are designed to receive provider claims in standard formats to the extent specified by the Secretary; and

"(F) effective for claims filed on or after January 1, 1999, provide for electronic transmission of claims data in the format specified by the Secretary and consistent with the Medicaid Statistical Information System (MSIS) (including detailed individual enrollee encounter data and other information that the Secretary may find necessary).";

(2) in paragraph (5)—

(A) by striking subparagraph (B);

(B) by striking all that precedes clause (i) and inserting the following:

"(2) In order to meet the requirements of this paragraph, mechanized claims processing and information retrieval systems must meet the following requirements:";

(C) in clause (iii), by striking "under paragraph (6)";

and

(D) by redesignating clauses (i) through (iii) as paragraphs (A) through (C); and

(3) by striking paragraphs (6), (7), and (8).

(b) CONFORMING AMENDMENTS.—Section 1902(a)(25)(A)(ii) (42 U.S.C. 1396a(a)(25)(A)(ii)) is amended by striking all that follows "shall" and inserting the following: "be integrated with, and be

monitored as a part of the Secretary's review of, the State's mechanized claims processing and information retrieval systems required under section 1903(r);".

42 USC 1396a
note.

(c) EFFECTIVE DATE.—Except as otherwise specifically provided, the amendments made by this section shall take effect on January 1, 1998.

SEC. 4754. FACILITATING IMPOSITION OF STATE ALTERNATIVE REMEDIES ON NONCOMPLIANT NURSING FACILITIES.

(a) IN GENERAL.—Section 1919(h)(3)(D) (42 U.S.C. 1396r(h)(3)(D)) is amended—

(1) by inserting "and" at the end of clause (i);

(2) by striking ", and" at the end of clause (ii) and inserting a period; and

(3) by striking clause (iii).

42 USC 1396r
note.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) take effect on the date of the enactment of this Act.

SEC. 4755. REMOVAL OF NAME FROM NURSE AIDE REGISTRY.

(a) MEDICARE.—Section 1819(g)(1) (42 U.S.C. 1395i-3(g)(1)) is amended—

(1) by redesignating subparagraph (D) as subparagraph (E), and

(2) by inserting after subparagraph (C) the following:

"(D) REMOVAL OF NAME FROM NURSE AIDE REGISTRY.—

Procedures.

"(i) IN GENERAL.—In the case of a finding of neglect under subparagraph (C), the State shall establish a procedure to permit a nurse aide to petition the State to have his or her name removed from the registry upon a determination by the State that—

"(I) the employment and personal history of the nurse aide does not reflect a pattern of abusive behavior or neglect; and

"(II) the neglect involved in the original finding was a singular occurrence.

"(ii) TIMING OF DETERMINATION.—In no case shall a determination on a petition submitted under clause (i) be made prior to the expiration of the 1-year period beginning on the date on which the name of the petitioner was added to the registry under subparagraph (C)."

(b) MEDICAID.—Section 1919(g)(1) (42 U.S.C. 1396r(g)(1)) is amended—

(1) by redesignating subparagraph (D) as subparagraph (E), and

(2) by inserting after subparagraph (C) the following:

"(D) REMOVAL OF NAME FROM NURSE AIDE REGISTRY.—

Procedures.

"(i) IN GENERAL.—In the case of a finding of neglect under subparagraph (C), the State shall establish a procedure to permit a nurse aide to petition the State to have his or her name removed from the registry upon a determination by the State that—

"(I) the employment and personal history of the nurse aide does not reflect a pattern of abusive behavior or neglect; and

"(II) the neglect involved in the original finding was a singular occurrence.

“(ii) TIMING OF DETERMINATION.—In no case shall a determination on a petition submitted under clause (i) be made prior to the expiration of the 1-year period beginning on the date on which the name of the petitioner was added to the registry under subparagraph (C).”.

(c) RETROACTIVE REVIEW.—The procedures developed by a State under the amendments made by subsection (a) and (b) shall permit an individual to petition for a review of any finding made by a State under section 1819(g)(1)(C) or 1919(g)(1)(C) of the Social Security Act (42 U.S.C. 1395i-3(g)(1)(C) or 1396r(g)(1)(C)) after January 1, 1995.

42 USC 1395i-3
note.

SEC. 4756. MEDICALLY ACCEPTED INDICATION.

Section 1927(g)(1)(B)(i) (42 U.S.C. 1396r-8(g)(1)(B)(i)) is amended—

- (1) by striking “and” at the end of subclause (II),
- (2) by redesignating subclause (III) as subclause (IV), and
- (3) by inserting after subclause (II) the following:
 “(III) the DRUGDEX Information System;
 and”.

SEC. 4757. CONTINUATION OF STATE-WIDE SECTION 1115 MEDICAID WAIVERS.

(a) IN GENERAL.—Section 1115 (42 U.S.C. 1315) is amended by adding at the end the following new subsection:

“(e)(1) The provisions of this subsection shall apply to the extension of any State-wide comprehensive demonstration project (in this subsection referred to as ‘waiver project’) for which a waiver of compliance with requirements of title XIX is granted under subsection (a).

Applicability.

“(2) During the 6-month period ending 1 year before the date the waiver under subsection (a) with respect to a waiver project would otherwise expire, the chief executive officer of the State which is operating the project may submit to the Secretary a written request for an extension, of up to 3 years, of the project.

“(3) If the Secretary fails to respond to the request within 6 months after the date it is submitted, the request is deemed to have been granted.

“(4) If such a request is granted, the deadline for submittal of a final report under the waiver project is deemed to have been extended until the date that is 1 year after the date the waiver project would otherwise have expired.

“(5) The Secretary shall release an evaluation of each such project not later than 1 year after the date of receipt of the final report.

Evaluation.

“(6) Subject to paragraphs (4) and (7), the extension of a waiver project under this subsection shall be on the same terms and conditions (including applicable terms and conditions relating to quality and access of services, budget neutrality, data and reporting requirements, and special population protections) that applied to the project before its extension under this subsection.

“(7) If an original condition of approval of a waiver project was that Federal expenditures under the project not exceed the Federal expenditures that would otherwise have been made, the Secretary shall take such steps as may be necessary to ensure that, in the extension of the project under this subsection, such condition continues to be met. In applying the previous sentence,

the Secretary shall take into account the Secretary's best estimate of rates of change in expenditures at the time of the extension.".

42 USC 1315
note. (b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to demonstration projects initially approved before, on, or after the date of the enactment of this Act.

SEC. 4758. EXTENSION OF MORATORIUM.

Section 6408(a)(3) of the Omnibus Budget Reconciliation Act of 1989, as amended by section 13642 of the Omnibus Budget Reconciliation Act of 1993, is amended by striking "December 31, 1995" and inserting "December 31, 2002".

103 Stat. 2267.

42 USC 1396a
note. **SEC. 4759. EXTENSION OF EFFECTIVE DATE FOR STATE LAW AMENDMENT.**

In the case of a State plan under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by a provision of this subtitle, the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of the session is considered to be a separate regular session of the State legislature.

Subtitle I—Programs of All-Inclusive Care for the Elderly (PACE)

SEC. 4801. COVERAGE OF PACE UNDER THE MEDICARE PROGRAM.

Title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) is amended by adding at the end the following new section:

42 USC 1395eee. "PAYMENTS TO, AND COVERAGE OF BENEFITS UNDER, PROGRAMS OF ALL-INCLUSIVE CARE FOR THE ELDERLY (PACE)

"SEC. 1894. (a) RECEIPT OF BENEFITS THROUGH ENROLLMENT IN PACE PROGRAM; DEFINITIONS FOR PACE PROGRAM RELATED TERMS.—

"(1) BENEFITS THROUGH ENROLLMENT IN A PACE PROGRAM.—
In accordance with this section, in the case of an individual who is entitled to benefits under part A or enrolled under part B and who is a PACE program eligible individual (as defined in paragraph (5)) with respect to a PACE program offered by a PACE provider under a PACE program agreement—

"(A) the individual may enroll in the program under this section; and

"(B) so long as the individual is so enrolled and in accordance with regulations—

"(i) the individual shall receive benefits under this title solely through such program; and

"(ii) the PACE provider is entitled to payment under and in accordance with this section and such agreement for provision of such benefits.

“(2) PACE PROGRAM DEFINED.—For purposes of this section, the term ‘PACE program’ means a program of all-inclusive care for the elderly that meets the following requirements:

“(A) OPERATION.—The entity operating the program is a PACE provider (as defined in paragraph (3)).

“(B) COMPREHENSIVE BENEFITS.—The program provides comprehensive health care services to PACE program eligible individuals in accordance with the PACE program agreement and regulations under this section.

“(C) TRANSITION.—In the case of an individual who is enrolled under the program under this section and whose enrollment ceases for any reason (including that the individual no longer qualifies as a PACE program eligible individual, the termination of a PACE program agreement, or otherwise), the program provides assistance to the individual in obtaining necessary transitional care through appropriate referrals and making the individual’s medical records available to new providers.

“(3) PACE PROVIDER DEFINED.—

“(A) IN GENERAL.—For purposes of this section, the term ‘PACE provider’ means an entity that—

“(i) subject to subparagraph (B), is (or is a distinct part of) a public entity or a private, nonprofit entity organized for charitable purposes under section 501(c)(3) of the Internal Revenue Code of 1986; and

“(ii) has entered into a PACE program agreement with respect to its operation of a PACE program.

“(B) TREATMENT OF PRIVATE, FOR-PROFIT PROVIDERS.—Clause (i) of subparagraph (A) shall not apply—

“(i) to entities subject to a demonstration project waiver under subsection (h); and

“(ii) after the date the report under section 4804(b) of the Balanced Budget Act of 1997 is submitted, unless the Secretary determines that any of the findings described in subparagraph (A), (B), (C), or (D) of paragraph (2) of such section are true.

“(4) PACE PROGRAM AGREEMENT DEFINED.—For purposes of this section, the term ‘PACE program agreement’ means, with respect to a PACE provider, an agreement, consistent with this section, section 1934 (if applicable), and regulations promulgated to carry out such sections, between the PACE provider and the Secretary, or an agreement between the PACE provider and a State administering agency for the operation of a PACE program by the provider under such sections.

“(5) PACE PROGRAM ELIGIBLE INDIVIDUAL DEFINED.—For purposes of this section, the term ‘PACE program eligible individual’ means, with respect to a PACE program, an individual who—

“(A) is 55 years of age or older;

“(B) subject to subsection (c)(4), is determined under subsection (c) to require the level of care required under the State medicaid plan for coverage of nursing facility services;

“(C) resides in the service area of the PACE program; and

“(D) meets such other eligibility conditions as may be imposed under the PACE program agreement for the program under subsection (e)(2)(A)(ii).

“(6) PACE PROTOCOL.—For purposes of this section, the term ‘PACE protocol’ means the Protocol for the Program of All-inclusive Care for the Elderly (PACE), as published by On Lok, Inc., as of April 14, 1995, or any successor protocol that may be agreed upon between the Secretary and On Lok, Inc.

“(7) PACE DEMONSTRATION WAIVER PROGRAM DEFINED.—For purposes of this section, the term ‘PACE demonstration waiver program’ means a demonstration program under either of the following sections (as in effect before the date of their repeal):

“(A) Section 603(c) of the Social Security Amendments of 1983 (Public Law 98-21), as extended by section 9220 of the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272).

“(B) Section 9412(b) of the Omnibus Budget Reconciliation Act of 1986 (Public Law 99-509).

“(8) STATE ADMINISTERING AGENCY DEFINED.—For purposes of this section, the term ‘State administering agency’ means, with respect to the operation of a PACE program in a State, the agency of that State (which may be the single agency responsible for administration of the State plan under title XIX in the State) responsible for administering PACE program agreements under this section and section 1934 in the State.

“(9) TRIAL PERIOD DEFINED.—

“(A) IN GENERAL.—For purposes of this section, the term ‘trial period’ means, with respect to a PACE program operated by a PACE provider under a PACE program agreement, the first 3 contract years under such agreement with respect to such program.

“(B) TREATMENT OF ENTITIES PREVIOUSLY OPERATING PACE DEMONSTRATION WAIVER PROGRAMS.—Each contract year (including a year occurring before the effective date of this section) during which an entity has operated a PACE demonstration waiver program shall be counted under subparagraph (A) as a contract year during which the entity operated a PACE program as a PACE provider under a PACE program agreement.

“(10) REGULATIONS.—For purposes of this section, the term ‘regulations’ refers to interim final or final regulations promulgated under subsection (f) to carry out this section and section 1934.

“(b) SCOPE OF BENEFITS; BENEFICIARY SAFEGUARDS.—

“(1) IN GENERAL.—Under a PACE program agreement, a PACE provider shall—

“(A) provide to PACE program eligible individuals enrolled with the provider, regardless of source of payment and directly or under contracts with other entities, at a minimum—

“(i) all items and services covered under this title (for individuals enrolled under this section) and all items and services covered under title XIX, but without any limitation or condition as to amount, duration,

Contracts.

or scope and without application of deductibles, copayments, coinsurance, or other cost-sharing that would otherwise apply under this title or such title, respectively; and

“(ii) all additional items and services specified in regulations, based upon those required under the PACE protocol;

“(B) provide such enrollees access to necessary covered items and services 24 hours per day, every day of the year;

“(C) provide services to such enrollees through a comprehensive, multidisciplinary health and social services delivery system which integrates acute and long-term care services pursuant to regulations; and

“(D) specify the covered items and services that will not be provided directly by the entity, and to arrange for delivery of those items and services through contracts meeting the requirements of regulations.

“(2) QUALITY ASSURANCE; PATIENT SAFEGUARDS.—The PACE program agreement shall require the PACE provider to have in effect at a minimum—

“(A) a written plan of quality assurance and improvement, and procedures implementing such plan, in accordance with regulations; and

“(B) written safeguards of the rights of enrolled participants (including a patient bill of rights and procedures for grievances and appeals) in accordance with regulations and with other requirements of this title and Federal and State law that are designed for the protection of patients.

“(c) ELIGIBILITY DETERMINATIONS.—

“(1) IN GENERAL.—The determination of whether an individual is a PACE program eligible individual—

“(A) shall be made under and in accordance with the PACE program agreement; and

“(B) who is entitled to medical assistance under title XIX, shall be made (or who is not so entitled, may be made) by the State administering agency.

“(2) CONDITION.—An individual is not a PACE program eligible individual (with respect to payment under this section) unless the individual’s health status has been determined by the Secretary or the State administering agency, in accordance with regulations, to be comparable to the health status of individuals who have participated in the PACE demonstration waiver programs. Such determination shall be based upon information on health status and related indicators (such as medical diagnoses and measures of activities of daily living, instrumental activities of daily living, and cognitive impairment) that are part of a uniform minimum data set collected by PACE providers on potential PACE program eligible individuals.

“(3) ANNUAL ELIGIBILITY RECERTIFICATIONS.—

“(A) IN GENERAL.—Subject to subparagraph (B), the determination described in subsection (a)(5)(B) for an individual shall be reevaluated at least annually.

“(B) EXCEPTION.—The requirement of annual reevaluation under subparagraph (A) may be waived during a period in accordance with regulations in those cases where the

State administering agency determines that there is no reasonable expectation of improvement or significant change in an individual's condition during the period because of the severity of chronic condition, or degree of impairment of functional capacity of the individual involved.

“(4) CONTINUATION OF ELIGIBILITY.—An individual who is a PACE program eligible individual may be deemed to continue to be such an individual notwithstanding a determination that the individual no longer meets the requirement of subsection (a)(5)(B) if, in accordance with regulations, in the absence of continued coverage under a PACE program the individual reasonably would be expected to meet such requirement within the succeeding 6-month period.

“(5) ENROLLMENT; DISENROLLMENT.—

“(A) VOLUNTARY DISENROLLMENT AT ANY TIME.—The enrollment and disenrollment of PACE program eligible individuals in a PACE program shall be pursuant to regulations and the PACE program agreement and shall permit enrollees to voluntarily disenroll without cause at any time.

“(B) LIMITATIONS ON DISENROLLMENT.—

“(i) IN GENERAL.—Regulations promulgated by the Secretary under this section and section 1934, and the PACE program agreement, shall provide that the PACE program may not disenroll a PACE program eligible individual except—

“(I) for nonpayment of premiums (if applicable) on a timely basis; or

“(II) for engaging in disruptive or threatening behavior, as defined in such regulations (developed in close consultation with State administering agencies).

“(ii) NO DISENROLLMENT FOR NONCOMPLIANT BEHAVIOR.—Except as allowed under regulations promulgated to carry out clause (i)(II), a PACE program may not disenroll a PACE program eligible individual on the ground that the individual has engaged in noncompliant behavior if such behavior is related to a mental or physical condition of the individual. For purposes of the preceding sentence, the term ‘noncompliant behavior’ includes repeated noncompliance with medical advice and repeated failure to appear for appointments.

“(iii) TIMELY REVIEW OF PROPOSED NONVOLUNTARY DISENROLLMENT.—A proposed disenrollment, other than a voluntary disenrollment, shall be subject to timely review and final determination by the Secretary or by the State administering agency (as applicable), prior to the proposed disenrollment becoming effective.

“(d) PAYMENTS TO PACE PROVIDERS ON A CAPITATED BASIS.—

“(1) IN GENERAL.—In the case of a PACE provider with a PACE program agreement under this section, except as provided in this subsection or by regulations, the Secretary shall make prospective monthly payments of a capitation amount for each PACE program eligible individual enrolled under the agreement under this section in the same manner and from the same sources as payments are made to a Medicare+Choice

organization under section 1853 (or, for periods beginning before January 1, 1999, to an eligible organization under a risk-sharing contract under section 1876). Such payments shall be subject to adjustment in the manner described in section 1853(a)(2) or section 1876(a)(1)(E), as the case may be.

“(2) CAPITATION AMOUNT.—The capitation amount to be applied under this subsection for a provider for a contract year shall be an amount specified in the PACE program agreement for the year. Such amount shall be based upon payment rates established for purposes of payment under section 1853 (or, for periods before January 1, 1999, for purposes of risk-sharing contracts under section 1876) and shall be adjusted to take into account the comparative frailty of PACE enrollees and such other factors as the Secretary determines to be appropriate. Such amount under such an agreement shall be computed in a manner so that the total payment level for all PACE program eligible individuals enrolled under a program is less than the projected payment under this title for a comparable population not enrolled under a PACE program.

“(e) PACE PROGRAM AGREEMENT.—

“(1) REQUIREMENT.—

“(A) IN GENERAL.—The Secretary, in close cooperation with the State administering agency, shall establish procedures for entering into, extending, and terminating PACE program agreements for the operation of PACE programs by entities that meet the requirements for a PACE provider under this section, section 1934, and regulations.

Procedures.

“(B) NUMERICAL LIMITATION.—

“(i) IN GENERAL.—The Secretary shall not permit the number of PACE providers with which agreements are in effect under this section or under section 9412(b) of the Omnibus Budget Reconciliation Act of 1986 to exceed—

“(I) 40 as of the date of the enactment of this section; or

“(II) as of each succeeding anniversary of such date, the numerical limitation under this subparagraph for the preceding year plus 20.

Subclause (II) shall apply without regard to the actual number of agreements in effect as of a previous anniversary date.

Applicability.

“(ii) TREATMENT OF CERTAIN PRIVATE, FOR-PROFIT PROVIDERS.—The numerical limitation in clause (i) shall not apply to a PACE provider that—

“(I) is operating under a demonstration project waiver under subsection (h); or

“(II) was operating under such a waiver and subsequently qualifies for PACE provider status pursuant to subsection (a)(3)(B)(ii).

“(2) SERVICE AREA AND ELIGIBILITY.—

“(A) IN GENERAL.—A PACE program agreement for a PACE program—

“(i) shall designate the service area of the program;

“(ii) may provide additional requirements for individuals to qualify as PACE program eligible individuals with respect to the program;

“(iii) shall be effective for a contract year, but may be extended for additional contract years in the absence of a notice by a party to terminate and is subject to termination by the Secretary and the State administering agency at any time for cause (as provided under the agreement);

“(iv) shall require a PACE provider to meet all applicable State and local laws and requirements; and

“(v) shall contain such additional terms and conditions as the parties may agree to, so long as such terms and conditions are consistent with this section and regulations.

“(B) SERVICE AREA OVERLAP.—In designating a service area under a PACE program agreement under subparagraph (A)(i), the Secretary (in consultation with the State administering agency) may exclude from designation an area that is already covered under another PACE program agreement, in order to avoid unnecessary duplication of services and avoid impairing the financial and service viability of an existing program.

Records.

“(3) DATA COLLECTION; DEVELOPMENT OF OUTCOME MEASURES.—

“(A) DATA COLLECTION.—

“(i) IN GENERAL.—Under a PACE program agreement, the PACE provider shall—

“(I) collect data;

“(II) maintain, and afford the Secretary and the State administering agency access to, the records relating to the program, including pertinent financial, medical, and personnel records; and

Reports.

“(III) make available to the Secretary and the State administering agency reports that the Secretary finds (in consultation with State administering agencies) necessary to monitor the operation, cost, and effectiveness of the PACE program under this section and section 1934 .

“(ii) REQUIREMENTS DURING TRIAL PERIOD.—During the first 3 years of operation of a PACE program (either under this section or under a PACE demonstration waiver program), the PACE provider shall provide such additional data as the Secretary specifies in regulations in order to perform the oversight required under paragraph (4)(A).

“(B) DEVELOPMENT OF OUTCOME MEASURES.—Under a PACE program agreement, the PACE provider, the Secretary, and the State administering agency shall jointly cooperate in the development and implementation of health status and quality of life outcome measures with respect to PACE program eligible individuals.

“(4) OVERSIGHT.—

“(A) ANNUAL, CLOSE OVERSIGHT DURING TRIAL PERIOD.—During the trial period (as defined in subsection (a)(9)) with respect to a PACE program operated by a PACE provider, the Secretary (in cooperation with the State administering agency) shall conduct a comprehensive annual review of the operation of the PACE program by

the provider in order to assure compliance with the requirements of this section and regulations. Such a review shall include—

- “(i) an on-site visit to the program site;
- “(ii) comprehensive assessment of a provider’s fiscal soundness;
- “(iii) comprehensive assessment of the provider’s capacity to provide all PACE services to all enrolled participants;
- “(iv) detailed analysis of the entity’s substantial compliance with all significant requirements of this section and regulations; and
- “(v) any other elements the Secretary or State administering agency considers necessary or appropriate.

“(B) CONTINUING OVERSIGHT.—After the trial period, the Secretary (in cooperation with the State administering agency) shall continue to conduct such review of the operation of PACE providers and PACE programs as may be appropriate, taking into account the performance level of a provider and compliance of a provider with all significant requirements of this section and regulations.

“(C) DISCLOSURE.—The results of reviews under this paragraph shall be reported promptly to the PACE provider, along with any recommendations for changes to the provider’s program, and shall be made available to the public upon request.

Public
information.

“(5) TERMINATION OF PACE PROVIDER AGREEMENTS.—

“(A) IN GENERAL.—Under regulations—

“(i) the Secretary or a State administering agency may terminate a PACE program agreement for cause; and

“(ii) a PACE provider may terminate an agreement after appropriate notice to the Secretary, the State agency, and enrollees.

“(B) CAUSES FOR TERMINATION.—In accordance with regulations establishing procedures for termination of PACE program agreements, the Secretary or a State administering agency may terminate a PACE program agreement with a PACE provider for, among other reasons, the fact that—

“(i) the Secretary or State administering agency determines that—

“(I) there are significant deficiencies in the quality of care provided to enrolled participants; or

“(II) the provider has failed to comply substantially with conditions for a program or provider under this section or section 1934; and

“(ii) the entity has failed to develop and successfully initiate, within 30 days of the date of the receipt of written notice of such a determination, a plan to correct the deficiencies, or has failed to continue implementation of such a plan.

“(C) TERMINATION AND TRANSITION PROCEDURES.—An entity whose PACE provider agreement is terminated

under this paragraph shall implement the transition procedures required under subsection (a)(2)(C).

“(6) SECRETARY’S OVERSIGHT; ENFORCEMENT AUTHORITY.—

“(A) IN GENERAL.—Under regulations, if the Secretary determines (after consultation with the State administering agency) that a PACE provider is failing substantially to comply with the requirements of this section and regulations, the Secretary (and the State administering agency) may take any or all of the following actions:

“(i) Condition the continuation of the PACE program agreement upon timely execution of a corrective action plan.

“(ii) Withhold some or all further payments under the PACE program agreement under this section or section 1934 with respect to PACE program services furnished by such provider until the deficiencies have been corrected.

“(iii) Terminate such agreement.

“(B) APPLICATION OF INTERMEDIATE SANCTIONS.—Under regulations, the Secretary may provide for the application against a PACE provider of remedies described in section 1857(g)(2) (or, for periods before January 1, 1999, section 1876(i)(6)(B)) or 1903(m)(5)(B) in the case of violations by the provider of the type described in section 1857(g)(1) (or section 1876(i)(6)(A) for such periods) or 1903(m)(5)(A), respectively (in relation to agreements, enrollees, and requirements under this section or section 1934, respectively).

Applicability.

“(7) PROCEDURES FOR TERMINATION OR IMPOSITION OF SANCTIONS.—Under regulations, the provisions of section 1857(h) (or for periods before January 1, 1999, section 1876(i)(9)) shall apply to termination and sanctions respecting a PACE program agreement and PACE provider under this subsection in the same manner as they apply to a termination and sanctions with respect to a contract and a Medicare+Choice organization under part C (or for such periods an eligible organization under section 1876).

“(8) TIMELY CONSIDERATION OF APPLICATIONS FOR PACE PROGRAM PROVIDER STATUS.—In considering an application for PACE provider program status, the application shall be deemed approved unless the Secretary, within 90 days after the date of the submission of the application to the Secretary, either denies such request in writing or informs the applicant in writing with respect to any additional information that is needed in order to make a final determination with respect to the application. After the date the Secretary receives such additional information, the application shall be deemed approved unless the Secretary, within 90 days of such date, denies such request.

“(f) REGULATIONS.—

“(1) IN GENERAL.—The Secretary shall issue interim final or final regulations to carry out this section and section 1934.

“(2) USE OF PACE PROTOCOL.—

“(A) IN GENERAL.—In issuing such regulations, the Secretary shall, to the extent consistent with the provisions of this section, incorporate the requirements applied to

PACE demonstration waiver programs under the PACE protocol.

“(B) FLEXIBILITY.—In order to provide for reasonable flexibility in adapting the PACE service delivery model to the needs of particular organizations (such as those in rural areas or those that may determine it appropriate to use nonstaff physicians according to State licensing law requirements) under this section and section 1934, the Secretary (in close consultation with State administering agencies) may modify or waive provisions of the PACE protocol so long as any such modification or waiver is not inconsistent with and would not impair the essential elements, objectives, and requirements of this section, but may not modify or waive any of the following provisions:

“(i) The focus on frail elderly qualifying individuals who require the level of care provided in a nursing facility.

“(ii) The delivery of comprehensive, integrated acute and long-term care services.

“(iii) The interdisciplinary team approach to care management and service delivery.

“(iv) Capitated, integrated financing that allows the provider to pool payments received from public and private programs and individuals.

“(v) The assumption by the provider of full financial risk.

“(3) APPLICATION OF CERTAIN ADDITIONAL BENEFICIARY AND PROGRAM PROTECTIONS.—

“(A) IN GENERAL.—In issuing such regulations and subject to subparagraph (B), the Secretary may apply with respect to PACE programs, providers, and agreements such requirements of part C (or, for periods before January 1, 1999, section 1876) and sections 1903(m) and 1932 relating to protection of beneficiaries and program integrity as would apply to Medicare+Choice organizations under part C (or for such periods eligible organizations under risk-sharing contracts under section 1876) and to medicaid managed care organizations under prepaid capitation agreements under section 1903(m).

“(B) CONSIDERATIONS.—In issuing such regulations, the Secretary shall—

“(i) take into account the differences between populations served and benefits provided under this section and under part C (or, for periods before January 1, 1999, section 1876) and section 1903(m);

“(ii) not include any requirement that conflicts with carrying out PACE programs under this section; and

“(iii) not include any requirement restricting the proportion of enrollees who are eligible for benefits under this title or title XIX.

“(4) CONSTRUCTION.—Nothing in this subsection shall be construed as preventing the Secretary from including in regulations provisions to ensure the health and safety of individuals enrolled in a PACE program under this section that are in addition to those otherwise provided under paragraphs (2) and (3).

“(g) **WAIVERS OF REQUIREMENTS.**—With respect to carrying out a PACE program under this section, the following requirements of this title (and regulations relating to such requirements) are waived and shall not apply:

“(1) Section 1812, insofar as it limits coverage of institutional services.

“(2) Sections 1813, 1814, 1833, and 1886, insofar as such sections relate to rules for payment for benefits.

“(3) Sections 1814(a)(2)(B), 1814(a)(2)(C), and 1835(a)(2)(A), insofar as they limit coverage of extended care services or home health services.

“(4) Section 1861(i), insofar as it imposes a 3-day prior hospitalization requirement for coverage of extended care services.

“(5) Paragraphs (1) and (9) of section 1862(a), insofar as they may prevent payment for PACE program services to individuals enrolled under PACE programs.

“(h) **DEMONSTRATION PROJECT FOR FOR-PROFIT ENTITIES.**—

“(1) **IN GENERAL.**—In order to demonstrate the operation of a PACE program by a private, for-profit entity, the Secretary (in close consultation with State administering agencies) shall grant waivers from the requirement under subsection (a)(3) that a PACE provider may not be a for-profit, private entity.

“(2) **SIMILAR TERMS AND CONDITIONS.**—

“(A) **IN GENERAL.**—Except as provided under subparagraph (B), and paragraph (1), the terms and conditions for operation of a PACE program by a provider under this subsection shall be the same as those for PACE providers that are nonprofit, private organizations.

“(B) **NUMERICAL LIMITATION.**—The number of programs for which waivers are granted under this subsection shall not exceed 10. Programs with waivers granted under this subsection shall not be counted against the numerical limitation specified in subsection (e)(1)(B).

“(i) **MISCELLANEOUS PROVISIONS.**—Nothing in this section or section 1934 shall be construed as preventing a PACE provider from entering into contracts with other governmental or nongovernmental payers for the care of PACE program eligible individuals who are not eligible for benefits under part A, or enrolled under part B, or eligible for medical assistance under title XIX.”

SEC. 4802. ESTABLISHMENT OF PACE PROGRAM AS MEDICAID STATE OPTION.

(a) **IN GENERAL.**—Title XIX is amended—

(1) in section 1905(a) (42 U.S.C. 1396d(a)), as amended by section 4702(a)(1)—

(A) by striking “and” at the end of paragraph (25);

(B) by redesignating paragraph (26) as paragraph (27);

and

(C) by inserting after paragraph (25) the following new paragraph:

“(26) services furnished under a PACE program under section 1934 to PACE program eligible individuals enrolled under the program under such section; and”;

(2) by redesignating section 1934, as redesignated by section 4732, as section 1935; and

(3) by inserting after section 1933, as added by such section, the following new section:

“PROGRAM OF ALL-INCLUSIVE CARE FOR THE ELDERLY (PACE)

42 USC 1396u-4.

“SEC. 1934. (a) STATE OPTION.—

“(1) IN GENERAL.—A State may elect to provide medical assistance under this section with respect to PACE program services to PACE program eligible individuals who are eligible for medical assistance under the State plan and who are enrolled in a PACE program under a PACE program agreement. Such individuals need not be eligible for benefits under part A, or enrolled under part B, of title XVIII to be eligible to enroll under this section. In the case of an individual enrolled with a PACE program pursuant to such an election—

“(A) the individual shall receive benefits under the plan solely through such program, and

“(B) the PACE provider shall receive payment in accordance with the PACE program agreement for provision of such benefits.

A State may establish a numerical limit on the number of individuals who may be enrolled in a PACE program under a PACE program agreement.

“(2) PACE PROGRAM DEFINED.—For purposes of this section, the term ‘PACE program’ means a program of all-inclusive care for the elderly that meets the following requirements:

“(A) OPERATION.—The entity operating the program is a PACE provider (as defined in paragraph (3)).

“(B) COMPREHENSIVE BENEFITS.—The program provides comprehensive health care services to PACE program eligible individuals in accordance with the PACE program agreement and regulations under this section.

“(C) TRANSITION.—In the case of an individual who is enrolled under the program under this section and whose enrollment ceases for any reason (including that the individual no longer qualifies as a PACE program eligible individual, the termination of a PACE program agreement, or otherwise), the program provides assistance to the individual in obtaining necessary transitional care through appropriate referrals and making the individual’s medical records available to new providers.

“(3) PACE PROVIDER DEFINED.—

“(A) IN GENERAL.—For purposes of this section, the term ‘PACE provider’ means an entity that—

“(i) subject to subparagraph (B), is (or is a distinct part of) a public entity or a private, nonprofit entity organized for charitable purposes under section 501(c)(3) of the Internal Revenue Code of 1986, and

“(ii) has entered into a PACE program agreement with respect to its operation of a PACE program.

“(B) TREATMENT OF PRIVATE, FOR-PROFIT PROVIDERS.—Clause (i) of subparagraph (A) shall not apply—

“(i) to entities subject to a demonstration project waiver under subsection (h); and

“(ii) after the date the report under section 4804(b) of the Balanced Budget Act of 1997 is submitted, unless the Secretary determines that any of the findings

described in subparagraph (A), (B), (C), or (D) of paragraph (2) of such section are true.

“(4) PACE PROGRAM AGREEMENT DEFINED.—For purposes of this section, the term ‘PACE program agreement’ means, with respect to a PACE provider, an agreement, consistent with this section, section 1894 (if applicable), and regulations promulgated to carry out such sections, among the PACE provider, the Secretary, and a State administering agency for the operation of a PACE program by the provider under such sections.

“(5) PACE PROGRAM ELIGIBLE INDIVIDUAL DEFINED.—For purposes of this section, the term ‘PACE program eligible individual’ means, with respect to a PACE program, an individual who—

“(A) is 55 years of age or older;

“(B) subject to subsection (c)(4), is determined under subsection (c) to require the level of care required under the State medicaid plan for coverage of nursing facility services;

“(C) resides in the service area of the PACE program; and

“(D) meets such other eligibility conditions as may be imposed under the PACE program agreement for the program under subsection (e)(2)(A)(ii).

“(6) PACE PROTOCOL.—For purposes of this section, the term ‘PACE protocol’ means the Protocol for the Program of All-inclusive Care for the Elderly (PACE), as published by On Lok, Inc., as of April 14, 1995, or any successor protocol that may be agreed upon between the Secretary and On Lok, Inc.

“(7) PACE DEMONSTRATION WAIVER PROGRAM DEFINED.—For purposes of this section, the term ‘PACE demonstration waiver program’ means a demonstration program under either of the following sections (as in effect before the date of their repeal):

“(A) Section 603(c) of the Social Security Amendments of 1983 (Public Law 98-21), as extended by section 9220 of the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272).

“(B) Section 9412(b) of the Omnibus Budget Reconciliation Act of 1986 (Public Law 99-509).

“(8) STATE ADMINISTERING AGENCY DEFINED.—For purposes of this section, the term ‘State administering agency’ means, with respect to the operation of a PACE program in a State, the agency of that State (which may be the single agency responsible for administration of the State plan under this title in the State) responsible for administering PACE program agreements under this section and section 1894 in the State.

“(9) TRIAL PERIOD DEFINED.—

“(A) IN GENERAL.—For purposes of this section, the term ‘trial period’ means, with respect to a PACE program operated by a PACE provider under a PACE program agreement, the first 3 contract years under such agreement with respect to such program.

“(B) TREATMENT OF ENTITIES PREVIOUSLY OPERATING PACE DEMONSTRATION WAIVER PROGRAMS.—Each contract year (including a year occurring before the effective date

of this section) during which an entity has operated a PACE demonstration waiver program shall be counted under subparagraph (A) as a contract year during which the entity operated a PACE program as a PACE provider under a PACE program agreement.

“(10) REGULATIONS.—For purposes of this section, the term ‘regulations’ refers to interim final or final regulations promulgated under subsection (f) to carry out this section and section 1894.

“(b) SCOPE OF BENEFITS; BENEFICIARY SAFEGUARDS.—

“(1) IN GENERAL.—Under a PACE program agreement, a PACE provider shall—

“(A) provide to PACE program eligible individuals, regardless of source of payment and directly or under contracts with other entities, at a minimum—

“(i) all items and services covered under title XVIII (for individuals enrolled under section 1894) and all items and services covered under this title, but without any limitation or condition as to amount, duration, or scope and without application of deductibles, copayments, coinsurance, or other cost-sharing that would otherwise apply under such title or this title, respectively; and

“(ii) all additional items and services specified in regulations, based upon those required under the PACE protocol;

“(B) provide such enrollees access to necessary covered items and services 24 hours per day, every day of the year;

“(C) provide services to such enrollees through a comprehensive, multidisciplinary health and social services delivery system which integrates acute and long-term care services pursuant to regulations; and

“(D) specify the covered items and services that will not be provided directly by the entity, and to arrange for delivery of those items and services through contracts meeting the requirements of regulations.

“(2) QUALITY ASSURANCE; PATIENT SAFEGUARDS.—The PACE program agreement shall require the PACE provider to have in effect at a minimum—

“(A) a written plan of quality assurance and improvement, and procedures implementing such plan, in accordance with regulations, and

“(B) written safeguards of the rights of enrolled participants (including a patient bill of rights and procedures for grievances and appeals) in accordance with regulations and with other requirements of this title and Federal and State law designed for the protection of patients.

“(c) ELIGIBILITY DETERMINATIONS.—

“(1) IN GENERAL.—The determination of—

“(A) whether an individual is a PACE program eligible individual shall be made under and in accordance with the PACE program agreement, and

“(B) who is entitled to medical assistance under this title shall be made (or who is not so entitled, may be made) by the State administering agency.

“(2) CONDITION.—An individual is not a PACE program eligible individual (with respect to payment under this section) unless the individual’s health status has been determined by the Secretary or the State administering agency, in accordance with regulations, to be comparable to the health status of individuals who have participated in the PACE demonstration waiver programs. Such determination shall be based upon information on health status and related indicators (such as medical diagnoses and measures of activities of daily living, instrumental activities of daily living, and cognitive impairment) that are part of a uniform minimum data set collected by PACE providers on potential eligible individuals.

“(3) ANNUAL ELIGIBILITY RECERTIFICATIONS.—

“(A) IN GENERAL.—Subject to subparagraph (B), the determination described in subsection (a)(5)(B) for an individual shall be reevaluated at least annually.

“(B) EXCEPTION.—The requirement of annual reevaluation under subparagraph (A) may be waived during a period in accordance with regulations in those cases in which the State administering agency determines that there is no reasonable expectation of improvement or significant change in an individual’s condition during the period because of the severity of chronic condition, or degree of impairment of functional capacity of the individual involved.

“(4) CONTINUATION OF ELIGIBILITY.—An individual who is a PACE program eligible individual may be deemed to continue to be such an individual notwithstanding a determination that the individual no longer meets the requirement of subsection (a)(5)(B) if, in accordance with regulations, in the absence of continued coverage under a PACE program the individual reasonably would be expected to meet such requirement within the succeeding 6-month period.

“(5) ENROLLMENT; DISENROLLMENT.—

“(A) VOLUNTARY DISENROLLMENT AT ANY TIME.—The enrollment and disenrollment of PACE program eligible individuals in a PACE program shall be pursuant to regulations and the PACE program agreement and shall permit enrollees to voluntarily disenroll without cause at any time.

“(B) LIMITATIONS ON DISENROLLMENT.—

“(i) IN GENERAL.—Regulations promulgated by the Secretary under this section and section 1894, and the PACE program agreement, shall provide that the PACE program may not disenroll a PACE program eligible individual except—

“(I) for nonpayment of premiums (if applicable) on a timely basis; or

“(II) for engaging in disruptive or threatening behavior, as defined in such regulations (developed in close consultation with State administering agencies).

“(ii) NO DISENROLLMENT FOR NONCOMPLIANT BEHAVIOR.—Except as allowed under regulations promulgated to carry out clause (i)(II), a PACE program may not disenroll a PACE program eligible individual on the ground that the individual has engaged in noncompliant behavior if such behavior

is related to a mental or physical condition of the individual. For purposes of the preceding sentence, the term ‘noncompliant behavior’ includes repeated noncompliance with medical advice and repeated failure to appear for appointments.

“(iii) TIMELY REVIEW OF PROPOSED NONVOLUNTARY DISENROLLMENT.—A proposed disenrollment, other than a voluntary disenrollment, shall be subject to timely review and final determination by the Secretary or by the State administering agency (as applicable), prior to the proposed disenrollment becoming effective.

“(d) PAYMENTS TO PACE PROVIDERS ON A CAPITATED BASIS.—

“(1) IN GENERAL.—In the case of a PACE provider with a PACE program agreement under this section, except as provided in this subsection or by regulations, the State shall make prospective monthly payments of a capitation amount for each PACE program eligible individual enrolled under the agreement under this section.

“(2) CAPITATION AMOUNT.—The capitation amount to be applied under this subsection for a provider for a contract year shall be an amount specified in the PACE program agreement for the year. Such amount shall be an amount, specified under the PACE agreement, which is less than the amount that would otherwise have been made under the State plan if the individuals were not so enrolled and shall be adjusted to take into account the comparative frailty of PACE enrollees and such other factors as the Secretary determines to be appropriate. The payment under this section shall be in addition to any payment made under section 1894 for individuals who are enrolled in a PACE program under such section.

“(e) PACE PROGRAM AGREEMENT.—

“(1) REQUIREMENT.—

“(A) IN GENERAL.—The Secretary, in close cooperation with the State administering agency, shall establish procedures for entering into, extending, and terminating PACE program agreements for the operation of PACE programs by entities that meet the requirements for a PACE provider under this section, section 1894, and regulations.

Procedures.

“(B) NUMERICAL LIMITATION.—

“(i) IN GENERAL.—The Secretary shall not permit the number of PACE providers with which agreements are in effect under this section or under section 9412(b) of the Omnibus Budget Reconciliation Act of 1986 to exceed—

“(I) 40 as of the date of the enactment of this section, or

“(II) as of each succeeding anniversary of such date, the numerical limitation under this subparagraph for the preceding year plus 20.

Subclause (II) shall apply without regard to the actual number of agreements in effect as of a previous anniversary date.

Applicability.

“(ii) TREATMENT OF CERTAIN PRIVATE, FOR-PROFIT PROVIDERS.—The numerical limitation in clause (i) shall not apply to a PACE provider that—

“(I) is operating under a demonstration project waiver under subsection (h), or

“(II) was operating under such a waiver and subsequently qualifies for PACE provider status pursuant to subsection (a)(3)(B)(ii).

“(2) SERVICE AREA AND ELIGIBILITY.—

“(A) IN GENERAL.—A PACE program agreement for a PACE program—

“(i) shall designate the service area of the program;

“(ii) may provide additional requirements for individuals to qualify as PACE program eligible individuals with respect to the program;

“(iii) shall be effective for a contract year, but may be extended for additional contract years in the absence of a notice by a party to terminate, and is subject to termination by the Secretary and the State administering agency at any time for cause (as provided under the agreement);

“(iv) shall require a PACE provider to meet all applicable State and local laws and requirements; and

“(v) shall contain such additional terms and conditions as the parties may agree to, so long as such terms and conditions are consistent with this section and regulations.

“(B) SERVICE AREA OVERLAP.—In designating a service area under a PACE program agreement under subparagraph (A)(i), the Secretary (in consultation with the State administering agency) may exclude from designation an area that is already covered under another PACE program agreement, in order to avoid unnecessary duplication of services and avoid impairing the financial and service viability of an existing program.

Records.

“(3) DATA COLLECTION; DEVELOPMENT OF OUTCOME MEASURES.—

“(A) DATA COLLECTION.—

“(i) IN GENERAL.—Under a PACE program agreement, the PACE provider shall—

“(I) collect data;

“(II) maintain, and afford the Secretary and the State administering agency access to, the records relating to the program, including pertinent financial, medical, and personnel records; and

Reports.

“(III) submit to the Secretary and the State administering agency such reports as the Secretary finds (in consultation with State administering agencies) necessary to monitor the operation, cost, and effectiveness of the PACE program.

“(ii) REQUIREMENTS DURING TRIAL PERIOD.—During the first 3 years of operation of a PACE program (either under this section or under a PACE demonstration waiver program), the PACE provider shall provide such additional data as the Secretary specifies in regulations in order to perform the oversight required under paragraph (4)(A).

“(B) DEVELOPMENT OF OUTCOME MEASURES.—Under a PACE program agreement, the PACE provider, the Secretary, and the State administering agency shall jointly cooperate in the development and implementation of health

status and quality of life outcome measures with respect to PACE program eligible individuals.

“(4) OVERSIGHT.—

“(A) ANNUAL, CLOSE OVERSIGHT DURING TRIAL PERIOD.—During the trial period (as defined in subsection (a)(9)) with respect to a PACE program operated by a PACE provider, the Secretary (in cooperation with the State administering agency) shall conduct a comprehensive annual review of the operation of the PACE program by the provider in order to assure compliance with the requirements of this section and regulations. Such a review shall include—

“(i) an onsite visit to the program site;

“(ii) comprehensive assessment of a provider’s fiscal soundness;

“(iii) comprehensive assessment of the provider’s capacity to provide all PACE services to all enrolled participants;

“(iv) detailed analysis of the entity’s substantial compliance with all significant requirements of this section and regulations; and

“(v) any other elements the Secretary or the State administering agency considers necessary or appropriate.

“(B) CONTINUING OVERSIGHT.—After the trial period, the Secretary (in cooperation with the State administering agency) shall continue to conduct such review of the operation of PACE providers and PACE programs as may be appropriate, taking into account the performance level of a provider and compliance of a provider with all significant requirements of this section and regulations.

“(C) DISCLOSURE.—The results of reviews under this paragraph shall be reported promptly to the PACE provider, along with any recommendations for changes to the provider’s program, and shall be made available to the public upon request.

Public
information.

“(5) TERMINATION OF PACE PROVIDER AGREEMENTS.—

“(A) IN GENERAL.—Under regulations—

“(i) the Secretary or a State administering agency may terminate a PACE program agreement for cause, and

“(ii) a PACE provider may terminate such an agreement after appropriate notice to the Secretary, the State administering agency, and enrollees.

“(B) CAUSES FOR TERMINATION.—In accordance with regulations establishing procedures for termination of PACE program agreements, the Secretary or a State administering agency may terminate a PACE program agreement with a PACE provider for, among other reasons, the fact that—

“(i) the Secretary or State administering agency determines that—

“(I) there are significant deficiencies in the quality of care provided to enrolled participants;
or

“(II) the provider has failed to comply substantially with conditions for a program or provider under this section or section 1894; and

“(ii) the entity has failed to develop and successfully initiate, within 30 days of the date of the receipt of written notice of such a determination, a plan to correct the deficiencies, or has failed to continue implementation of such a plan.

“(C) TERMINATION AND TRANSITION PROCEDURES.—An entity whose PACE provider agreement is terminated under this paragraph shall implement the transition procedures required under subsection (a)(2)(C).

“(6) SECRETARY’S OVERSIGHT; ENFORCEMENT AUTHORITY.—

“(A) IN GENERAL.—Under regulations, if the Secretary determines (after consultation with the State administering agency) that a PACE provider is failing substantially to comply with the requirements of this section and regulations, the Secretary (and the State administering agency) may take any or all of the following actions:

“(i) Condition the continuation of the PACE program agreement upon timely execution of a corrective action plan.

“(ii) Withhold some or all further payments under the PACE program agreement under this section or section 1894 with respect to PACE program services furnished by such provider until the deficiencies have been corrected.

“(iii) Terminate such agreement.

“(B) APPLICATION OF INTERMEDIATE SANCTIONS.—Under regulations, the Secretary may provide for the application against a PACE provider of remedies described in section 1857(g)(2) (or, for periods before January 1, 1999, section 1876(i)(6)(B)) or 1903(m)(5)(B) in the case of violations by the provider of the type described in section 1857(g)(1) (or 1876(i)(6)(A) for such periods) or 1903(m)(5)(A), respectively (in relation to agreements, enrollees, and requirements under section 1894 or this section, respectively).

“(7) PROCEDURES FOR TERMINATION OR IMPOSITION OF SANCTIONS.—Under regulations, the provisions of section 1857(h) (or for periods before January 1, 1999, section 1876(i)(9)) shall apply to termination and sanctions respecting a PACE program agreement and PACE provider under this subsection in the same manner as they apply to a termination and sanctions with respect to a contract and a Medicare+Choice organization under part C of title XVIII (or for such periods an eligible organization under section 1876).

“(8) TIMELY CONSIDERATION OF APPLICATIONS FOR PACE PROGRAM PROVIDER STATUS.—In considering an application for PACE provider program status, the application shall be deemed approved unless the Secretary, within 90 days after the date of the submission of the application to the Secretary, either denies such request in writing or informs the applicant in writing with respect to any additional information that is needed in order to make a final determination with respect to the application. After the date the Secretary receives such additional information, the application shall be deemed

Applicability.

approved unless the Secretary, within 90 days of such date, denies such request.

“(f) REGULATIONS.—

“(1) IN GENERAL.—The Secretary shall issue interim final or final regulations to carry out this section and section 1894.

“(2) USE OF PACE PROTOCOL.—

“(A) IN GENERAL.—In issuing such regulations, the Secretary shall, to the extent consistent with the provisions of this section, incorporate the requirements applied to PACE demonstration waiver programs under the PACE protocol.

“(B) FLEXIBILITY.—In order to provide for reasonable flexibility in adapting the PACE service delivery model to the needs of particular organizations (such as those in rural areas or those that may determine it appropriate to use nonstaff physicians according to State licensing law requirements) under this section and section 1894, the Secretary (in close consultation with State administering agencies) may modify or waive provisions of the PACE protocol so long as any such modification or waiver is not inconsistent with and would not impair the essential elements, objectives, and requirements of this section, but may not modify or waive any of the following provisions:

“(i) The focus on frail elderly qualifying individuals who require the level of care provided in a nursing facility.

“(ii) The delivery of comprehensive, integrated acute and long-term care services.

“(iii) The interdisciplinary team approach to care management and service delivery.

“(iv) Capitated, integrated financing that allows the provider to pool payments received from public and private programs and individuals.

“(v) The assumption by the provider of full financial risk.

“(3) APPLICATION OF CERTAIN ADDITIONAL BENEFICIARY AND PROGRAM PROTECTIONS.—

“(A) IN GENERAL.—In issuing such regulations and subject to subparagraph (B), the Secretary may apply with respect to PACE programs, providers, and agreements such requirements of part C of title XVIII (or, for periods before January 1, 1999, section 1876) and sections 1903(m) and 1932 relating to protection of beneficiaries and program integrity as would apply to Medicare+Choice organizations under such part C (or for such periods eligible organizations under risk-sharing contracts under section 1876) and to medicaid managed care organizations under prepaid capitation agreements under section 1903(m).

“(B) CONSIDERATIONS.—In issuing such regulations, the Secretary shall—

“(i) take into account the differences between populations served and benefits provided under this section and under part C of title XVIII (or, for periods before January 1, 1999, section 1876) and section 1903(m);

“(ii) not include any requirement that conflicts with carrying out PACE programs under this section; and

“(iii) not include any requirement restricting the proportion of enrollees who are eligible for benefits under this title or title XVIII.

“(4) CONSTRUCTION.—Nothing in this subsection shall be construed as preventing the Secretary from including in regulations provisions to ensure the health and safety of individuals enrolled in a PACE program under this section that are in addition to those otherwise provided under paragraphs (2) and (3).

“(g) WAIVERS OF REQUIREMENTS.—With respect to carrying out a PACE program under this section, the following requirements of this title (and regulations relating to such requirements) shall not apply:

“(1) Section 1902(a)(1), relating to any requirement that PACE programs or PACE program services be provided in all areas of a State.

“(2) Section 1902(a)(10), insofar as such section relates to comparability of services among different population groups.

“(3) Sections 1902(a)(23) and 1915(b)(4), relating to freedom of choice of providers under a PACE program.

“(4) Section 1903(m)(2)(A), insofar as it restricts a PACE provider from receiving prepaid capitation payments.

“(5) Such other provisions of this title that, as added or amended by the Balanced Budget Act of 1997, the Secretary determines are inapplicable to carrying out a PACE program under this section.

“(h) DEMONSTRATION PROJECT FOR FOR-PROFIT ENTITIES.—

“(1) IN GENERAL.—In order to demonstrate the operation of a PACE program by a private, for-profit entity, the Secretary (in close consultation with State administering agencies) shall grant waivers from the requirement under subsection (a)(3) that a PACE provider may not be a for-profit, private entity.

“(2) SIMILAR TERMS AND CONDITIONS.—

“(A) IN GENERAL.—Except as provided under subparagraph (B), and paragraph (1), the terms and conditions for operation of a PACE program by a provider under this subsection shall be the same as those for PACE providers that are nonprofit, private organizations.

“(B) NUMERICAL LIMITATION.—The number of programs for which waivers are granted under this subsection shall not exceed 10. Programs with waivers granted under this subsection shall not be counted against the numerical limitation specified in subsection (e)(1)(B).

“(i) POST-ELIGIBILITY TREATMENT OF INCOME.—A State may provide for post-eligibility treatment of income for individuals enrolled in PACE programs under this section in the same manner as a State treats post-eligibility income for individuals receiving services under a waiver under section 1915(c).

“(j) MISCELLANEOUS PROVISIONS.—Nothing in this section or section 1894 shall be construed as preventing a PACE provider from entering into contracts with other governmental or nongovernmental payers for the care of PACE program eligible individuals who are not eligible for benefits under part A, or enrolled under part B, of title XVIII or eligible for medical assistance under this title.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 1924(a)(5) (42 U.S.C. 1396r-5(a)(5)) is amended—

(A) in the heading, by striking “FROM ORGANIZATIONS RECEIVING CERTAIN WAIVERS” and inserting “UNDER PACE PROGRAMS”; and

(B) by striking “from any organization” and all that follows and inserting “under a PACE demonstration waiver program (as defined in section 1934(a)(7)) or under a PACE program under section 1934 or 1894.”.

(2) Section 1903(f)(4)(C) (42 U.S.C. 1396b(f)(4)(C)) is amended by inserting “or who is a PACE program eligible individual enrolled in a PACE program under section 1934,” after “section 1902(a)(10)(A),”.

SEC. 4803. EFFECTIVE DATE; TRANSITION.

42 USC 1395eee
note.

(a) **TIMELY ISSUANCE OF REGULATIONS; EFFECTIVE DATE.**—The Secretary of Health and Human Services shall promulgate regulations to carry out this subtitle in a timely manner. Such regulations shall be designed so that entities may establish and operate PACE programs under sections 1894 and 1934 of the Social Security Act (as added by sections 4801 and 4802 of this subtitle) for periods beginning not later than 1 year after the date of the enactment of this Act.

(b) **EXPANSION AND TRANSITION FOR PACE DEMONSTRATION PROJECT WAIVERS.**—

(1) **EXPANSION IN CURRENT NUMBER AND EXTENSION OF DEMONSTRATION PROJECTS.**—Section 9412(b) of the Omnibus Budget Reconciliation Act of 1986, as amended by section 4118(g) of the Omnibus Budget Reconciliation Act of 1987, is amended—

100 Stat. 2062.

(A) in paragraph (1), by inserting before the period at the end the following: “, except that the Secretary shall grant waivers of such requirements to up to the applicable numerical limitation specified in sections 1894(e)(1)(B) and 1934(e)(1)(B) of the Social Security Act”; and

(B) in paragraph (2)—

(i) in subparagraph (A), by striking “, including permitting the organization to assume progressively (over the initial 3-year period of the waiver) the full financial risk”; and

(ii) in subparagraph (C), by adding at the end the following: “In granting further extensions, an organization shall not be required to provide for reporting of information which is only required because of the demonstration nature of the project.”.

(2) **ELIMINATION OF REPLICATION REQUIREMENT.**—Section 9412(b)(2)(B) of such Act, as so amended, shall not apply to waivers granted under such section after the date of the enactment of this Act.

(3) **TIMELY CONSIDERATION OF APPLICATIONS.**—In considering an application for waivers under such section before the effective date of the repeals under subsection (d), subject to the numerical limitation under the amendment made by paragraph (1), the application shall be deemed approved unless the Secretary of Health and Human Services, within 90 days after the date of its submission to the Secretary, either denies such request in writing or informs the applicant in writing

with respect to any additional information which is needed in order to make a final determination with respect to the application. After the date the Secretary receives such additional information, the application shall be deemed approved unless the Secretary, within 90 days of such date, denies such request.

(c) PRIORITY AND SPECIAL CONSIDERATION IN APPLICATION.—During the 3-year period beginning on the date of the enactment of this Act:

(1) PROVIDER STATUS.—The Secretary of Health and Human Services shall give priority in processing applications of entities to qualify as PACE programs under section 1894 or 1934 of the Social Security Act—

(A) first, to entities that are operating a PACE demonstration waiver program (as defined in sections 1894(a)(7) and 1934(a)(7) of such Act); and

(B) then to entities that have applied to operate such a program as of May 1, 1997.

(2) NEW WAIVERS.—The Secretary shall give priority, in the awarding of additional waivers under section 9412(b) of the Omnibus Budget Reconciliation Act of 1986—

(A) to any entities that have applied for such waivers under such section as of May 1, 1997; and

(B) to any entity that, as of May 1, 1997, has formally contracted with a State to provide services for which payment is made on a capitated basis with an understanding that the entity was seeking to become a PACE provider.

(3) SPECIAL CONSIDERATION.—The Secretary shall give special consideration, in the processing of applications described in paragraph (1) and the awarding of waivers described in paragraph (2), to an entity which as of May 1, 1997, through formal activities (such as entering into contracts for feasibility studies) has indicated a specific intent to become a PACE provider.

(d) REPEAL OF CURRENT PACE DEMONSTRATION PROJECT WAIVER AUTHORITY.—

(1) IN GENERAL.—Subject to paragraph (2), the following provisions of law are repealed:

(A) Section 603(c) of the Social Security Amendments of 1983 (Public Law 98-21).

(B) Section 9220 of the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272).

(C) Section 9412(b) of the Omnibus Budget Reconciliation Act of 1986 (Public Law 99-509).

(2) DELAY IN APPLICATION TO CURRENT WAIVERS.—

(A) IN GENERAL.—Subject to subparagraph (B), in the case of waivers granted with respect to a PACE program before the initial effective date of regulations described in subsection (a), the repeals made by paragraph (1) shall not apply until the end of a transition period (of up to 24 months) that begins on the initial effective date of such regulations, and that allows sufficient time for an orderly transition from demonstration project authority to general authority provided under the amendments made by this subtitle.

97 Stat. 166.

100 Stat. 183.

100 Stat. 2062.

(B) STATE OPTION TO SEEK EXTENSION OF CURRENT PERIOD.—A State may elect to maintain the PACE programs which (as of the date of the enactment of this Act) were operating in the State under the authority described in paragraph (1) until a date (specified by the State) that is not later than 3 years after the initial effective date of regulations described in subsection (a). If a State makes such an election, the repeals made by paragraph (1) shall not apply to the programs until the date so specified, but only so long as such programs continue to operate under the same terms and conditions as apply to such programs as of the date of the enactment of this Act, and subparagraph (A) shall not apply to such programs.

SEC. 4804. STUDY AND REPORTS.

(a) STUDY.—

(1) IN GENERAL.—The Secretary of Health and Human Services (in close consultation with State administering agencies, as defined in sections 1894(a)(8) and 1934(a)(8) of the Social Security Act) shall conduct a study of the quality and cost of providing PACE program services under the medicare and medicaid programs under the amendments made by this subtitle.

42 USC 1395eee
note.

(2) STUDY OF PRIVATE, FOR-PROFIT PROVIDERS.—Such study shall specifically compare the costs, quality, and access to services by entities that are private, for-profit entities operating under demonstration projects waivers granted under sections 1894(h) and 1934(h) of the Social Security Act with the costs, quality, and access to services of other PACE providers.

(b) REPORT.—

(1) IN GENERAL.—Not later than 4 years after the date of the enactment of this Act, the Secretary shall provide for a report to Congress on the impact of such amendments on quality and cost of services. The Secretary shall include in such report such recommendations for changes in the operation of such amendments as the Secretary deems appropriate.

42 USC 1395eee
note.

(2) TREATMENT OF PRIVATE, FOR-PROFIT PROVIDERS.—The report shall include specific findings on whether any of the following findings is true:

(A) The number of covered lives enrolled with entities operating under demonstration project waivers under sections 1894(h) and 1934(h) of the Social Security Act is fewer than 800 (or such lesser number as the Secretary may find statistically sufficient to make determinations respecting findings described in the succeeding subparagraphs).

(B) The population enrolled with such entities is less frail than the population enrolled with other PACE providers.

(C) Access to or quality of care for individuals enrolled with such entities is lower than such access or quality for individuals enrolled with other PACE providers.

(D) The application of such section has resulted in an increase in expenditures under the medicare or medicaid programs above the expenditures that would have been made if such section did not apply.

42 USC 1395b–6
note.

(c) INFORMATION INCLUDED IN ANNUAL RECOMMENDATIONS.—The Medicare Payment Advisory Commission shall include in its annual report under section 1805(b)(1)(B) of the Social Security Act recommendations on the methodology and level of payments made to PACE providers under sections 1894(d) and 1934(d) of such Act and on the treatment of private, for-profit entities as PACE providers.

Subtitle J—State Children’s Health Insurance Program

CHAPTER 1—STATE CHILDREN’S HEALTH INSURANCE PROGRAM

SEC. 4901. ESTABLISHMENT OF PROGRAM.

(a) ESTABLISHMENT.—The Social Security Act is amended by adding at the end the following new title:

“TITLE XXI—STATE CHILDREN’S HEALTH INSURANCE PROGRAM

42 USC 1397aa.

“SEC. 2101. PURPOSE; STATE CHILD HEALTH PLANS.

“(a) PURPOSE.—The purpose of this title is to provide funds to States to enable them to initiate and expand the provision of child health assistance to uninsured, low-income children in an effective and efficient manner that is coordinated with other sources of health benefits coverage for children. Such assistance shall be provided primarily for obtaining health benefits coverage through—

“(1) obtaining coverage that meets the requirements of section 2103, or

“(2) providing benefits under the State’s medicaid plan under title XIX,
or a combination of both.

“(b) STATE CHILD HEALTH PLAN REQUIRED.—A State is not eligible for payment under section 2105 unless the State has submitted to the Secretary under section 2106 a plan that—

“(1) sets forth how the State intends to use the funds provided under this title to provide child health assistance to needy children consistent with the provisions of this title, and

“(2) has been approved under section 2106.

“(c) STATE ENTITLEMENT.—This title constitutes budget authority in advance of appropriations Acts and represents the obligation of the Federal Government to provide for the payment to States of amounts provided under section 2104.

“(d) EFFECTIVE DATE.—No State is eligible for payments under section 2105 for child health assistance for coverage provided for periods beginning before October 1, 1997.

42 USC 1397bb.

“SEC. 2102. GENERAL CONTENTS OF STATE CHILD HEALTH PLAN; ELIGIBILITY; OUTREACH.

“(a) GENERAL BACKGROUND AND DESCRIPTION.—A State child health plan shall include a description, consistent with the requirements of this title, of—

“(1) the extent to which, and manner in which, children in the State, including targeted low-income children and other classes of children classified by income and other relevant factors, currently have creditable health coverage (as defined in section 2110(c)(2));

“(2) current State efforts to provide or obtain creditable health coverage for uncovered children, including the steps the State is taking to identify and enroll all uncovered children who are eligible to participate in public health insurance programs and health insurance programs that involve public-private partnerships;

“(3) how the plan is designed to be coordinated with such efforts to increase coverage of children under creditable health coverage;

“(4) the child health assistance provided under the plan for targeted low-income children, including the proposed methods of delivery, and utilization control systems;

“(5) eligibility standards consistent with subsection (b);

“(6) outreach activities consistent with subsection (c); and

“(7) methods (including monitoring) used—

“(A) to assure the quality and appropriateness of care, particularly with respect to well-baby care, well-child care, and immunizations provided under the plan, and

“(B) to assure access to covered services, including emergency services.

“(b) GENERAL DESCRIPTION OF ELIGIBILITY STANDARDS AND METHODOLOGY.—

“(1) ELIGIBILITY STANDARDS.—

“(A) IN GENERAL.—The plan shall include a description of the standards used to determine the eligibility of targeted low-income children for child health assistance under the plan. Such standards may include (to the extent consistent with this title) those relating to the geographic areas to be served by the plan, age, income and resources (including any standards relating to spenddowns and disposition of resources), residency, disability status (so long as any standard relating to such status does not restrict eligibility), access to or coverage under other health coverage, and duration of eligibility. Such standards may not discriminate on the basis of diagnosis.

“(B) LIMITATIONS ON ELIGIBILITY STANDARDS.—Such eligibility standards—

“(i) shall, within any defined group of covered targeted low-income children, not cover such children with higher family income without covering children with a lower family income, and

“(ii) may not deny eligibility based on a child having a preexisting medical condition.

“(2) METHODOLOGY.—The plan shall include a description of methods of establishing and continuing eligibility and enrollment.

“(3) ELIGIBILITY SCREENING; COORDINATION WITH OTHER HEALTH COVERAGE PROGRAMS.—The plan shall include a description of procedures to be used to ensure—

“(A) through both intake and followup screening, that only targeted low-income children are furnished child health assistance under the State child health plan;

“(B) that children found through the screening to be eligible for medical assistance under the State medicaid plan under title XIX are enrolled for such assistance under such plan;

“(C) that the insurance provided under the State child health plan does not substitute for coverage under group health plans;

“(D) the provision of child health assistance to targeted low-income children in the State who are Indians (as defined in section 4(c) of the Indian Health Care Improvement Act, 25 U.S.C. 1603(c)); and

“(E) coordination with other public and private programs providing creditable coverage for low-income children.

“(4) NONENTITLEMENT.—Nothing in this title shall be construed as providing an individual with an entitlement to child health assistance under a State child health plan.

“(c) OUTREACH AND COORDINATION.—A State child health plan shall include a description of the procedures to be used by the State to accomplish the following:

“(1) OUTREACH.—Outreach to families of children likely to be eligible for child health assistance under the plan or under other public or private health coverage programs to inform these families of the availability of, and to assist them in enrolling their children in, such a program.

“(2) COORDINATION WITH OTHER HEALTH INSURANCE PROGRAMS.—Coordination of the administration of the State program under this title with other public and private health insurance programs.

42 USC 1397cc.

“SEC. 2103. COVERAGE REQUIREMENTS FOR CHILDREN’S HEALTH INSURANCE.

“(a) REQUIRED SCOPE OF HEALTH INSURANCE COVERAGE.—The child health assistance provided to a targeted low-income child under the plan in the form described in paragraph (1) of section 2101(a) shall consist, consistent with subsection (c)(5), of any of the following:

“(1) BENCHMARK COVERAGE.—Health benefits coverage that is equivalent to the benefits coverage in a benchmark benefit package described in subsection (b).

“(2) BENCHMARK-EQUIVALENT COVERAGE.—Health benefits coverage that meets the following requirements:

“(A) INCLUSION OF BASIC SERVICES.—The coverage includes benefits for items and services within each of the categories of basic services described in subsection (c)(1).

“(B) AGGREGATE ACTUARIAL VALUE EQUIVALENT TO BENCHMARK PACKAGE.—The coverage has an aggregate actuarial value that is at least actuarially equivalent to one of the benchmark benefit packages.

“(C) SUBSTANTIAL ACTUARIAL VALUE FOR ADDITIONAL SERVICES INCLUDED IN BENCHMARK PACKAGE.—With respect to each of the categories of additional services described in subsection (c)(2) for which coverage is provided under the benchmark benefit package used under subparagraph (B), the coverage has an actuarial value that is equal

to at least 75 percent of the actuarial value of the coverage of that category of services in such package.

“(3) EXISTING COMPREHENSIVE STATE-BASED COVERAGE.—Health benefits coverage under an existing comprehensive State-based program, described in subsection (d)(1).

“(4) SECRETARY-APPROVED COVERAGE.—Any other health benefits coverage that the Secretary determines, upon application by a State, provides appropriate coverage for the population of targeted low-income children proposed to be provided such coverage.

“(b) BENCHMARK BENEFIT PACKAGES.—The benchmark benefit packages are as follows:

“(1) FEHBP-EQUIVALENT CHILDREN’S HEALTH INSURANCE COVERAGE.—The standard Blue Cross/Blue Shield preferred provider option service benefit plan, described in and offered under section 8903(1) of title 5, United States Code.

“(2) STATE EMPLOYEE COVERAGE.—A health benefits coverage plan that is offered and generally available to State employees in the State involved.

“(3) COVERAGE OFFERED THROUGH HMO.—The health insurance coverage plan that—

“(A) is offered by a health maintenance organization (as defined in section 2791(b)(3) of the Public Health Service Act), and

“(B) has the largest insured commercial, non-medicaid enrollment of covered lives of such coverage plans offered by such a health maintenance organization in the State involved.

“(c) CATEGORIES OF SERVICES; DETERMINATION OF ACTUARIAL VALUE OF COVERAGE.—

“(1) CATEGORIES OF BASIC SERVICES.—For purposes of this section, the categories of basic services described in this paragraph are as follows:

“(A) Inpatient and outpatient hospital services.

“(B) Physicians’ surgical and medical services.

“(C) Laboratory and x-ray services.

“(D) Well-baby and well-child care, including age-appropriate immunizations.

“(2) CATEGORIES OF ADDITIONAL SERVICES.—For purposes of this section, the categories of additional services described in this paragraph are as follows:

“(A) Coverage of prescription drugs.

“(B) Mental health services.

“(C) Vision services.

“(D) Hearing services.

“(3) TREATMENT OF OTHER CATEGORIES.—Nothing in this subsection shall be construed as preventing a State child health plan from providing coverage of benefits that are not within a category of services described in paragraph (1) or (2).

“(4) DETERMINATION OF ACTUARIAL VALUE.—The actuarial value of coverage of benchmark benefit packages, coverage offered under the State child health plan, and coverage of any categories of additional services under benchmark benefit packages and under coverage offered by such a plan, shall be set forth in an actuarial opinion in an actuarial report that has been prepared—

“(A) by an individual who is a member of the American Academy of Actuaries;

“(B) using generally accepted actuarial principles and methodologies;

“(C) using a standardized set of utilization and price factors;

“(D) using a standardized population that is representative of privately insured children of the age of children who are expected to be covered under the State child health plan;

“(E) applying the same principles and factors in comparing the value of different coverage (or categories of services);

“(F) without taking into account any differences in coverage based on the method of delivery or means of cost control or utilization used; and

“(G) taking into account the ability of a State to reduce benefits by taking into account the increase in actuarial value of benefits coverage offered under the State child health plan that results from the limitations on cost sharing under such coverage.

The actuary preparing the opinion shall select and specify in the memorandum the standardized set and population to be used under subparagraphs (C) and (D).

“(5) CONSTRUCTION ON PROHIBITED COVERAGE.—Nothing in this section shall be construed as requiring any health benefits coverage offered under the plan to provide coverage for items or services for which payment is prohibited under this title, notwithstanding that any benchmark benefit package includes coverage for such an item or service.

“(d) DESCRIPTION OF EXISTING COMPREHENSIVE STATE-BASED COVERAGE.—

“(1) IN GENERAL.—A program described in this paragraph is a child health coverage program that—

“(A) includes coverage of a range of benefits;

“(B) is administered or overseen by the State and receives funds from the State;

“(C) is offered in New York, Florida, or Pennsylvania; and

“(D) was offered as of the date of the enactment of this title.

“(2) MODIFICATIONS.—A State may modify a program described in paragraph (1) from time to time so long as it continues to meet the requirement of subparagraph (A) and does not reduce the actuarial value of the coverage under the program below the lower of—

“(A) the actuarial value of the coverage under the program as of the date of the enactment of this title, or

“(B) the actuarial value described in subsection (a)(2)(B), evaluated as of the time of the modification.

“(e) COST-SHARING.—

“(1) DESCRIPTION; GENERAL CONDITIONS.—

“(A) DESCRIPTION.—A State child health plan shall include a description, consistent with this subsection, of the amount (if any) of premiums, deductibles, coinsurance,

and other cost sharing imposed. Any such charges shall be imposed pursuant to a public schedule.

“(B) PROTECTION FOR LOWER INCOME CHILDREN.—The State child health plan may only vary premiums, deductibles, coinsurance, and other cost sharing based on the family income of targeted low-income children in a manner that does not favor children from families with higher income over children from families with lower income.

“(2) NO COST SHARING ON BENEFITS FOR PREVENTIVE SERVICES.—The State child health plan may not impose deductibles, coinsurance, or other cost sharing with respect to benefits for services within the category of services described in subsection (c)(1)(D).

“(3) LIMITATIONS ON PREMIUMS AND COST-SHARING.—

“(A) CHILDREN IN FAMILIES WITH INCOME BELOW 150 PERCENT OF POVERTY LINE.—In the case of a targeted low-income child whose family income is at or below 150 percent of the poverty line, the State child health plan may not impose—

“(i) an enrollment fee, premium, or similar charge that exceeds the maximum monthly charge permitted consistent with standards established to carry out section 1916(b)(1) (with respect to individuals described in such section); and

“(ii) a deductible, cost sharing, or similar charge that exceeds an amount that is nominal (as determined consistent with regulations referred to in section 1916(a)(3), with such appropriate adjustment for inflation or other reasons as the Secretary determines to be reasonable).

“(B) OTHER CHILDREN.—For children not described in subparagraph (A), subject to paragraphs (1)(B) and (2), any premiums, deductibles, cost sharing or similar charges imposed under the State child health plan may be imposed on a sliding scale related to income, except that the total annual aggregate cost-sharing with respect to all targeted low-income children in a family under this title may not exceed 5 percent of such family’s income for the year involved.

“(4) RELATION TO MEDICAID REQUIREMENTS.—Nothing in this subsection shall be construed as affecting the rules relating to the use of enrollment fees, premiums, deductions, cost sharing, and similar charges in the case of targeted low-income children who are provided child health assistance in the form of coverage under a medicaid program under section 2101(a)(2).

“(f) APPLICATION OF CERTAIN REQUIREMENTS.—

“(1) RESTRICTION ON APPLICATION OF PREEXISTING CONDITION EXCLUSIONS.—

“(A) IN GENERAL.—Subject to subparagraph (B), the State child health plan shall not permit the imposition of any preexisting condition exclusion for covered benefits under the plan.

“(B) GROUP HEALTH PLANS AND GROUP HEALTH INSURANCE COVERAGE.—If the State child health plan provides for benefits through payment for, or a contract with, a group health plan or group health insurance coverage, the

plan may permit the imposition of a preexisting condition exclusion but only insofar as it is permitted under the applicable provisions of part 7 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 and title XXVII of the Public Health Service Act.

“(2) COMPLIANCE WITH OTHER REQUIREMENTS.—Coverage offered under this section shall comply with the requirements of subpart 2 of part A of title XXVII of the Public Health Service Act insofar as such requirements apply with respect to a health insurance issuer that offers group health insurance coverage.

42 USC 1397dd.

“SEC. 2104. ALLOTMENTS.

“(a) APPROPRIATION; TOTAL ALLOTMENT.—For the purpose of providing allotments to States under this section, there is appropriated, out of any money in the Treasury not otherwise appropriated—

- “(1) for fiscal year 1998, \$4,275,000,000;
- “(2) for fiscal year 1999, \$4,275,000,000;
- “(3) for fiscal year 2000, \$4,275,000,000;
- “(4) for fiscal year 2001, \$4,275,000,000;
- “(5) for fiscal year 2002, \$3,150,000,000;
- “(6) for fiscal year 2003, \$3,150,000,000;
- “(7) for fiscal year 2004, \$3,150,000,000;
- “(8) for fiscal year 2005, \$4,050,000,000;
- “(9) for fiscal year 2006, \$4,050,000,000; and
- “(10) for fiscal year 2007, \$5,000,000,000.

“(b) ALLOTMENTS TO 50 STATES AND DISTRICT OF COLUMBIA.—

“(1) IN GENERAL.—Subject to paragraph (4) and subsection (d), of the amount available for allotment under subsection (a) for a fiscal year, reduced by the amount of allotments made under subsection (c) for the fiscal year, the Secretary shall allot to each State (other than a State described in such subsection) with a State child health plan approved under this title the same proportion as the ratio of—

“(A) the product of (i) the number of children described in paragraph (2) for the State for the fiscal year and (ii) the State cost factor for that State (established under paragraph (3)); to

“(B) the sum of the products computed under subparagraph (A).

“(2) NUMBER OF CHILDREN.—

“(A) IN GENERAL.—The number of children described in this paragraph for a State for—

“(i) each of fiscal years 1998 through 2000 is equal to the number of low-income children in the State with no health insurance coverage for the fiscal year;

“(ii) fiscal year 2001 is equal to—

“(I) 75 percent of the number of low-income children in the State for the fiscal year with no health insurance coverage, plus

“(II) 25 percent of the number of low-income children in the State for the fiscal year; and

“(iii) each succeeding fiscal year is equal to—

“(I) 50 percent of the number of low-income children in the State for the fiscal year with no health insurance coverage, plus

“(II) 50 percent of the number of low-income children in the State for the fiscal year.

“(B) DETERMINATION OF NUMBER OF CHILDREN.—For purposes of subparagraph (A), a determination of the number of low-income children (and of such children who have no health insurance coverage) for a State for a fiscal year shall be made on the basis of the arithmetic average of the number of such children, as reported and defined in the 3 most recent March supplements to the Current Population Survey of the Bureau of the Census before the beginning of the fiscal year.

“(3) ADJUSTMENT FOR GEOGRAPHIC VARIATIONS IN HEALTH COSTS.—

“(A) IN GENERAL.—For purposes of paragraph (1)(A)(ii), the ‘State cost factor’ for a State for a fiscal year equal to the sum of—

“(i) 0.15, and

“(ii) 0.85 multiplied by the ratio of—

“(I) the annual average wages per employee for the State for such year (as determined under subparagraph (B)), to

“(II) the annual average wages per employee for the 50 States and the District of Columbia.

“(B) ANNUAL AVERAGE WAGES PER EMPLOYEE.—For purposes of subparagraph (A), the ‘annual average wages per employee’ for a State, or for all the States, for a fiscal year is equal to the average of the annual wages per employee for the State or for the 50 States and the District of Columbia for employees in the health services industry (SIC code 8000), as reported by the Bureau of Labor Statistics of the Department of Labor for each of the most recent 3 years before the beginning of the fiscal year involved.

“(4) FLOOR FOR STATES.—Subject to paragraph (5), in no case shall the amount of the allotment under this subsection for one of the 50 States or the District of Columbia for a year be less than \$2,000,000. To the extent that the application of the previous sentence results in an increase in the allotment to a State above the amount otherwise provided, the allotments for the other States and the District of Columbia under this subsection shall be reduced in a pro rata manner (but not below \$2,000,000) so that the total of such allotments in a fiscal year does not exceed the amount otherwise provided for allotment under paragraph (1) for that fiscal year.

“(c) ALLOTMENTS TO TERRITORIES.—

“(1) IN GENERAL.—Of the amount available for allotment under subsection (a) for a fiscal year, subject to subsection (d), the Secretary shall allot 0.25 percent among each of the commonwealths and territories described in paragraph (3) in the same proportion as the percentage specified in paragraph (2) for such commonwealth or territory bears to the sum of such percentages for all such commonwealths or territories so described.

“(2) PERCENTAGE.—The percentage specified in this paragraph for—

“(A) Puerto Rico is 91.6 percent,

“(B) Guam is 3.5 percent,

“(C) Virgin Islands is 2.6 percent,

“(D) American Samoa is 1.2 percent, and

“(E) the Northern Mariana Islands is 1.1 percent.

“(3) COMMONWEALTHS AND TERRITORIES.—A commonwealth or territory described in this paragraph is any of the following if it has a State child health plan approved under this title:

“(A) Puerto Rico.

“(B) Guam.

“(C) the Virgin Islands.

“(D) American Samoa.

“(E) the Northern Mariana Islands.

“(d) CERTAIN MEDICAID EXPENDITURES COUNTED AGAINST INDIVIDUAL STATE ALLOTMENTS.—The amount of the allotment otherwise provided to a State under subsection (b) or (c) for a fiscal year shall be reduced by the sum of—

“(1) the amount (if any) of the payments made to that State under section 1903(a) for calendar quarters during such fiscal year that is attributable to the provision of medical assistance to a child during a presumptive eligibility period under section 1920A, and

“(2) the amount of payments under such section during such period that is attributable to the provision of medical assistance to a child for which payment is made under section 1903(a)(1) on the basis of an enhanced FMAP under section 1905(b).

“(e) 3-YEAR AVAILABILITY OF AMOUNTS ALLOTTED.—Amounts allotted to a State pursuant to this section for a fiscal year shall remain available for expenditure by the State through the end of the second succeeding fiscal year; except that amounts reallocated to a State under subsection (f) shall be available for expenditure by the State through the end of the fiscal year in which they are reallocated.

“(f) PROCEDURE FOR REDISTRIBUTION OF UNUSED ALLOTMENTS.—The Secretary shall determine an appropriate procedure for redistribution of allotments from States that were provided allotments under this section for a fiscal year but that do not expend all of the amount of such allotments during the period in which such allotments are available for expenditure under subsection (e), to States that have fully expended the amount of their allotments under this section.

42 USC 1397ee.

“SEC. 2105. PAYMENTS TO STATES.

“(a) IN GENERAL.—Subject to the succeeding provisions of this section, the Secretary shall pay to each State with a plan approved under this title, from its allotment under section 2104 (taking into account any adjustment under section 2104(d)), an amount for each quarter equal to the enhanced FMAP of expenditures in the quarter—

“(1) for child health assistance under the plan for targeted low-income children in the form of providing health benefits coverage that meets the requirements of section 2103; and

“(2) only to the extent permitted consistent with subsection (c)—

“(A) for payment for other child health assistance for targeted low-income children;

“(B) for expenditures for health services initiatives under the plan for improving the health of children (including targeted low-income children and other low-income children);

“(C) for expenditures for outreach activities as provided in section 2102(c)(1) under the plan; and

“(D) for other reasonable costs incurred by the State to administer the plan.

“(b) ENHANCED FMAP.—For purposes of subsection (a), the ‘enhanced FMAP’, for a State for a fiscal year, is equal to the Federal medical assistance percentage (as defined in the first sentence of section 1905(b)) for the State increased by a number of percentage points equal to 30 percent of the number of percentage points by which (1) such Federal medical assistance percentage for the State, is less than (2) 100 percent; but in no case shall the enhanced FMAP for a State exceed 85 percent.

“(c) LIMITATION ON CERTAIN PAYMENTS FOR CERTAIN EXPENDITURES.—

“(1) GENERAL LIMITATIONS.—Funds provided to a State under this title shall only be used to carry out the purposes of this title (as described in section 2101), and any health insurance coverage provided with such funds may include coverage of abortion only if necessary to save the life of the mother or if the pregnancy is the result of an act of rape or incest.

“(2) LIMITATION ON EXPENDITURES NOT USED FOR MEDICAID OR HEALTH INSURANCE ASSISTANCE.—

“(A) IN GENERAL.—Except as provided in this paragraph, payment shall not be made under subsection (a) for expenditures for items described in subsection (a) (other than paragraph (1)) for a quarter in a fiscal year to the extent the total of such expenditures exceeds 10 percent of the sum of—

“(i) the total Federal payments made under subsection (a) for such quarter in the fiscal year, and

“(ii) the total Federal payments made under section 1903(a)(1) based on an enhanced FMAP described in section 1905(u)(2) for such quarter.

“(B) WAIVER AUTHORIZED FOR COST-EFFECTIVE ALTERNATIVE.—The limitation under subparagraph (A) on expenditures for items described in subsection (a)(2) shall not apply to the extent that a State establishes to the satisfaction of the Secretary that—

“(i) coverage provided to targeted low-income children through such expenditures meets the requirements of section 2103;

“(ii) the cost of such coverage is not greater, on an average per child basis, than the cost of coverage that would otherwise be provided under section 2103; and

“(iii) such coverage is provided through the use of a community-based health delivery system, such as through contracts with health centers receiving funds under section 330 of the Public Health Service Act or with hospitals such as those that receive disproportionate share payment adjustments under section 1886(d)(5)(F) or 1923.

“(3) WAIVER FOR PURCHASE OF FAMILY COVERAGE.—Payment may be made to a State under subsection (a)(1) for the purchase of family coverage under a group health plan or health insurance coverage that includes coverage of targeted low-income children only if the State establishes to the satisfaction of the Secretary that—

“(A) purchase of such coverage is cost-effective relative to the amounts that the State would have paid to obtain comparable coverage only of the targeted low-income children involved, and

“(B) such coverage shall not be provided if it would otherwise substitute for health insurance coverage that would be provided to such children but for the purchase of family coverage.

“(4) USE OF NON-FEDERAL FUNDS FOR STATE MATCHING REQUIREMENT.—Amounts provided by the Federal Government, or services assisted or subsidized to any significant extent by the Federal Government, may not be included in determining the amount of non-Federal contributions required under subsection (a).

“(5) OFFSET OF RECEIPTS ATTRIBUTABLE TO PREMIUMS AND OTHER COST-SHARING.—For purposes of subsection (a), the amount of the expenditures under the plan shall be reduced by the amount of any premiums and other cost-sharing received by the State.

“(6) PREVENTION OF DUPLICATIVE PAYMENTS.—

“(A) OTHER HEALTH PLANS.—No payment shall be made to a State under this section for expenditures for child health assistance provided for a targeted low-income child under its plan to the extent that a private insurer (as defined by the Secretary by regulation and including a group health plan (as defined in section 607(1) of the Employee Retirement Income Security Act of 1974), a service benefit plan, and a health maintenance organization) would have been obligated to provide such assistance but for a provision of its insurance contract which has the effect of limiting or excluding such obligation because the individual is eligible for or is provided child health assistance under the plan.

“(B) OTHER FEDERAL GOVERNMENTAL PROGRAMS.—Except as otherwise provided by law, no payment shall be made to a State under this section for expenditures for child health assistance provided for a targeted low-income child under its plan to the extent that payment has been made or can reasonably be expected to be made promptly (as determined in accordance with regulations) under any other federally operated or financed health care insurance program, other than an insurance program operated or financed by the Indian Health Service, as identified by the Secretary. For purposes of this paragraph, rules similar to the rules for overpayments under section 1903(d)(2) shall apply.

“(7) LIMITATION ON PAYMENT FOR ABORTIONS.—

“(A) IN GENERAL.—Payment shall not be made to a State under this section for any amount expended under the State plan to pay for any abortion or to assist in

the purchase, in whole or in part, of health benefit coverage that includes coverage of abortion.

“(B) EXCEPTION.—Subparagraph (A) shall not apply to an abortion only if necessary to save the life of the mother or if the pregnancy is the result of an act of rape or incest.

“(C) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as affecting the expenditure by a State, locality, or private person or entity of State, local, or private funds (other than funds expended under the State plan) for any abortion or for health benefits coverage that includes coverage of abortion.

“(d) MAINTENANCE OF EFFORT.—

“(1) IN MEDICAID ELIGIBILITY STANDARDS.—No payment may be made under subsection (a) with respect to child health assistance provided under a State child health plan if the State adopts income and resource standards and methodologies for purposes of determining a child’s eligibility for medical assistance under the State plan under title XIX that are more restrictive than those applied as of June 1, 1997.

“(2) IN AMOUNTS OF PAYMENT EXPENDED FOR CERTAIN STATE-FUNDED HEALTH INSURANCE PROGRAMS FOR CHILDREN.—

“(A) IN GENERAL.—The amount of the allotment for a State in a fiscal year (beginning with fiscal year 1999) shall be reduced by the amount by which—

“(i) the total of the State children’s health insurance expenditures in the preceding fiscal year, is less than

“(ii) the total of such expenditures in fiscal year 1996.

“(B) STATE CHILDREN’S HEALTH INSURANCE EXPENDITURES.—The term ‘State children’s health insurance expenditures’ means the following:

“(i) The State share of expenditures under this title.

“(ii) The State share of expenditures under title XIX that are attributable to an enhanced FMAP under section 1905(u).

“(iii) State expenditures under health benefits coverage under an existing comprehensive State-based program, described section 2103(d).

“(e) ADVANCE PAYMENT; RETROSPECTIVE ADJUSTMENT.—The Secretary may make payments under this section for each quarter on the basis of advance estimates of expenditures submitted by the State and such other investigation as the Secretary may find necessary, and may reduce or increase the payments as necessary to adjust for any overpayment or underpayment for prior quarters.

“SEC. 2106. PROCESS FOR SUBMISSION, APPROVAL, AND AMENDMENT OF STATE CHILD HEALTH PLANS. 42 USC 1397ff.

“(a) INITIAL PLAN.—

“(1) IN GENERAL.—As a condition of receiving payment under section 2105, a State shall submit to the Secretary a State child health plan that meets the applicable requirements of this title.

“(2) APPROVAL.—Except as the Secretary may provide under subsection (e), a State plan submitted under paragraph (1)—

Effective date.

“(A) shall be approved for purposes of this title, and

“(B) shall be effective beginning with a calendar quarter that is specified in the plan, but in no case earlier than October 1, 1997.

“(b) PLAN AMENDMENTS.—

“(1) IN GENERAL.—A State may amend, in whole or in part, its State child health plan at any time through transmittal of a plan amendment.

“(2) APPROVAL.—Except as the Secretary may provide under subsection (e), an amendment to a State plan submitted under paragraph (1)—

“(A) shall be approved for purposes of this title, and

“(B) shall be effective as provided in paragraph (3).

“(3) EFFECTIVE DATES FOR AMENDMENTS.—

“(A) IN GENERAL.—Subject to the succeeding provisions of this paragraph, an amendment to a State plan shall take effect on one or more effective dates specified in the amendment.

“(B) AMENDMENTS RELATING TO ELIGIBILITY OR BENEFITS.—

“(i) NOTICE REQUIREMENT.—Any plan amendment that eliminates or restricts eligibility or benefits under the plan may not take effect unless the State certifies that it has provided prior public notice of the change, in a form and manner provided under applicable State law.

“(ii) TIMELY TRANSMITTAL.—Any plan amendment that eliminates or restricts eligibility or benefits under the plan shall not be effective for longer than a 60-day period unless the amendment has been transmitted to the Secretary before the end of such period.

“(C) OTHER AMENDMENTS.—Any plan amendment that is not described in subparagraph (B) and that becomes effective in a State fiscal year may not remain in effect after the end of such fiscal year (or, if later, the end of the 90-day period on which it becomes effective) unless the amendment has been transmitted to the Secretary.

“(c) DISAPPROVAL OF PLANS AND PLAN AMENDMENTS.—

“(1) PROMPT REVIEW OF PLAN SUBMITTALS.—The Secretary shall promptly review State plans and plan amendments submitted under this section to determine if they substantially comply with the requirements of this title.

“(2) 90-DAY APPROVAL DEADLINES.—A State plan or plan amendment is considered approved unless the Secretary notifies the State in writing, within 90 days after receipt of the plan or amendment, that the plan or amendment is disapproved (and the reasons for disapproval) or that specified additional information is needed.

“(3) CORRECTION.—In the case of a disapproval of a plan or plan amendment, the Secretary shall provide a State with a reasonable opportunity for correction before taking financial sanctions against the State on the basis of such disapproval.

“(d) PROGRAM OPERATION.—

“(1) IN GENERAL.—The State shall conduct the program in accordance with the plan (and any amendments) approved under subsection (c) and with the requirements of this title.

“(2) VIOLATIONS.—The Secretary shall establish a process for enforcing requirements under this title. Such process shall provide for the withholding of funds in the case of substantial noncompliance with such requirements. In the case of an enforcement action against a State under this paragraph, the Secretary shall provide a State with a reasonable opportunity for correction before taking financial sanctions against the State on the basis of such an action.

“(e) CONTINUED APPROVAL.—An approved State child health plan shall continue in effect unless and until the State amends the plan under subsection (b) or the Secretary finds, under subsection (d), substantial noncompliance of the plan with the requirements of this title.

“SEC. 2107. STRATEGIC OBJECTIVES AND PERFORMANCE GOALS; PLAN ADMINISTRATION. 42 USC 1397gg.

“(a) STRATEGIC OBJECTIVES AND PERFORMANCE GOALS.—

“(1) DESCRIPTION.—A State child health plan shall include a description of—

- “(A) the strategic objectives,
- “(B) the performance goals, and
- “(C) the performance measures,

the State has established for providing child health assistance to targeted low-income children under the plan and otherwise for maximizing health benefits coverage for other low-income children and children generally in the State.

“(2) STRATEGIC OBJECTIVES.—Such plan shall identify specific strategic objectives relating to increasing the extent of creditable health coverage among targeted low-income children and other low-income children.

“(3) PERFORMANCE GOALS.—Such plan shall specify one or more performance goals for each such strategic objective so identified.

“(4) PERFORMANCE MEASURES.—Such plan shall describe how performance under the plan will be—

- “(A) measured through objective, independently verifiable means, and
- “(B) compared against performance goals, in order to determine the State’s performance under this title.

“(b) RECORDS, REPORTS, AUDITS, AND EVALUATION.—

“(1) DATA COLLECTION, RECORDS, AND REPORTS.—A State child health plan shall include an assurance that the State will collect the data, maintain the records, and furnish the reports to the Secretary, at the times and in the standardized format the Secretary may require in order to enable the Secretary to monitor State program administration and compliance and to evaluate and compare the effectiveness of State plans under this title.

“(2) STATE ASSESSMENT AND STUDY.—A State child health plan shall include a description of the State’s plan for the annual assessments and reports under section 2108(a) and the evaluation required by section 2108(b).

“(3) AUDITS.—A State child health plan shall include an assurance that the State will afford the Secretary access to any records or information relating to the plan for the purposes of review or audit.

“(c) PROGRAM DEVELOPMENT PROCESS.—A State child health plan shall include a description of the process used to involve the public in the design and implementation of the plan and the method for ensuring ongoing public involvement.

“(d) PROGRAM BUDGET.—A State child health plan shall include a description of the budget for the plan. The description shall be updated periodically as necessary and shall include details on the planned use of funds and the sources of the non-Federal share of plan expenditures, including any requirements for cost-sharing by beneficiaries.

“(e) APPLICATION OF CERTAIN GENERAL PROVISIONS.—The following sections of this Act shall apply to States under this title in the same manner as they apply to a State under title XIX:

“(1) TITLE XIX PROVISIONS.—

“(A) Section 1902(a)(4)(C) (relating to conflict of interest standards).

“(B) Paragraphs (2), (16), and (17) of section 1903(i) (relating to limitations on payment).

“(C) Section 1903(w) (relating to limitations on provider taxes and donations).

“(2) TITLE XI PROVISIONS.—

“(A) Section 1115 (relating to waiver authority).

“(B) Section 1116 (relating to administrative and judicial review), but only insofar as consistent with this title.

“(C) Section 1124 (relating to disclosure of ownership and related information).

“(D) Section 1126 (relating to disclosure of information about certain convicted individuals).

“(E) Section 1128A (relating to civil monetary penalties).

“(F) Section 1128B(d) (relating to criminal penalties for certain additional charges).

“(G) Section 1132 (relating to periods within which claims must be filed).

42 USC 1397hh. **“SEC. 2108. ANNUAL REPORTS; EVALUATIONS.**

“(a) ANNUAL REPORT.—The State shall—

“(1) assess the operation of the State plan under this title in each fiscal year, including the progress made in reducing the number of uncovered low-income children; and

“(2) report to the Secretary, by January 1 following the end of the fiscal year, on the result of the assessment.

“(b) STATE EVALUATIONS.—

“(1) IN GENERAL.—By March 31, 2000, each State that has a State child health plan shall submit to the Secretary an evaluation that includes each of the following:

“(A) An assessment of the effectiveness of the State plan in increasing the number of children with creditable health coverage.

“(B) A description and analysis of the effectiveness of elements of the State plan, including—

“(i) the characteristics of the children and families assisted under the State plan including age of the children, family income, and the assisted child’s access to or coverage by other health insurance prior to the State plan and after eligibility for the State plan ends,

“(ii) the quality of health coverage provided including the types of benefits provided,

“(iii) the amount and level (including payment of part or all of any premium) of assistance provided by the State,

“(iv) the service area of the State plan,

“(v) the time limits for coverage of a child under the State plan,

“(vi) the State’s choice of health benefits coverage and other methods used for providing child health assistance, and

“(vii) the sources of non-Federal funding used in the State plan.

“(C) An assessment of the effectiveness of other public and private programs in the State in increasing the availability of affordable quality individual and family health insurance for children.

“(D) A review and assessment of State activities to coordinate the plan under this title with other public and private programs providing health care and health care financing, including medicaid and maternal and child health services.

“(E) An analysis of changes and trends in the State that affect the provision of accessible, affordable, quality health insurance and health care to children.

“(F) A description of any plans the State has for improving the availability of health insurance and health care for children.

“(G) Recommendations for improving the program under this title.

“(H) Any other matters the State and the Secretary consider appropriate.

“(2) REPORT OF THE SECRETARY.—The Secretary shall submit to Congress and make available to the public by December 31, 2001, a report based on the evaluations submitted by States under paragraph (1), containing any conclusions and recommendations the Secretary considers appropriate.

Public
information.

“SEC. 2109. MISCELLANEOUS PROVISIONS.

42 USC 1397ii.

“(a) RELATION TO OTHER LAWS.—

“(1) HIPAA.—Health benefits coverage provided under section 2101(a)(1) (and coverage provided under a waiver under section 2105(c)(2)(B)) shall be treated as creditable coverage for purposes of part 7 of subtitle B of title II of the Employee Retirement Income Security Act of 1974, title XXVII of the Public Health Service Act, and subtitle K of the Internal Revenue Code of 1986.

“(2) ERISA.—Nothing in this title shall be construed as affecting or modifying section 514 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1144) with respect to a group health plan (as defined in section 2791(a)(1) of the Public Health Service Act (42 U.S.C. 300gg-91(a)(1))).

“SEC. 2110. DEFINITIONS.

42 USC 1397jj.

“(a) CHILD HEALTH ASSISTANCE.—For purposes of this title, the term ‘child health assistance’ means payment for part or all of the cost of health benefits coverage for targeted low-income children that includes any of the following (and includes, in the

case described in section 2105(a)(2)(A), payment for part or all of the cost of providing any of the following), as specified under the State plan:

- “(1) Inpatient hospital services.
- “(2) Outpatient hospital services.
- “(3) Physician services.
- “(4) Surgical services.
- “(5) Clinic services (including health center services) and other ambulatory health care services.
- “(6) Prescription drugs and biologicals and the administration of such drugs and biologicals, only if such drugs and biologicals are not furnished for the purpose of causing, or assisting in causing, the death, suicide, euthanasia, or mercy killing of a person.
- “(7) Over-the-counter medications.
- “(8) Laboratory and radiological services.
- “(9) Prenatal care and prepregnancy family planning services and supplies.
- “(10) Inpatient mental health services, other than services described in paragraph (18) but including services furnished in a State-operated mental hospital and including residential or other 24-hour therapeutically planned structured services.
- “(11) Outpatient mental health services, other than services described in paragraph (19) but including services furnished in a State-operated mental hospital and including community-based services.
- “(12) Durable medical equipment and other medically-related or remedial devices (such as prosthetic devices, implants, eyeglasses, hearing aids, dental devices, and adaptive devices).
- “(13) Disposable medical supplies.
- “(14) Home and community-based health care services and related supportive services (such as home health nursing services, home health aide services, personal care, assistance with activities of daily living, chore services, day care services, respite care services, training for family members, and minor modifications to the home).
- “(15) Nursing care services (such as nurse practitioner services, nurse midwife services, advanced practice nurse services, private duty nursing care, pediatric nurse services, and respiratory care services) in a home, school, or other setting.
- “(16) Abortion only if necessary to save the life of the mother or if the pregnancy is the result of an act of rape or incest.
- “(17) Dental services.
- “(18) Inpatient substance abuse treatment services and residential substance abuse treatment services.
- “(19) Outpatient substance abuse treatment services.
- “(20) Case management services.
- “(21) Care coordination services.
- “(22) Physical therapy, occupational therapy, and services for individuals with speech, hearing, and language disorders.
- “(23) Hospice care.
- “(24) Any other medical, diagnostic, screening, preventive, restorative, remedial, therapeutic, or rehabilitative services (whether in a facility, home, school, or other setting) if recognized by State law and only if the service is—

“(A) prescribed by or furnished by a physician or other licensed or registered practitioner within the scope of practice as defined by State law,

“(B) performed under the general supervision or at the direction of a physician, or

“(C) furnished by a health care facility that is operated by a State or local government or is licensed under State law and operating within the scope of the license.

“(25) Premiums for private health care insurance coverage.

“(26) Medical transportation.

“(27) Enabling services (such as transportation, translation, and outreach services) only if designed to increase the accessibility of primary and preventive health care services for eligible low-income individuals.

“(28) Any other health care services or items specified by the Secretary and not excluded under this section.

“(b) TARGETED LOW-INCOME CHILD DEFINED.—For purposes of this title—

“(1) IN GENERAL.—Subject to paragraph (2), the term ‘targeted low-income child’ means a child—

“(A) who has been determined eligible by the State for child health assistance under the State plan;

“(B)(i) who is a low-income child, or

“(ii) is a child whose family income (as determined under the State child health plan) exceeds the medicaid applicable income level (as defined in paragraph (4)), but does not exceed 50 percentage points above the medicaid applicable income level; and

“(C) who is not found to be eligible for medical assistance under title XIX or covered under a group health plan or under health insurance coverage (as such terms are defined in section 2791 of the Public Health Service Act).

“(2) CHILDREN EXCLUDED.—Such term does not include—

“(A) a child who is an inmate of a public institution or a patient in an institution for mental diseases; or

“(B) a child who is a member of a family that is eligible for health benefits coverage under a State health benefits plan on the basis of a family member’s employment with a public agency in the State.

“(3) SPECIAL RULE.—A child shall not be considered to be described in paragraph (1)(C) notwithstanding that the child is covered under a health insurance coverage program that has been in operation since before July 1, 1997, and that is offered by a State which receives no Federal funds for the program’s operation.

“(4) MEDICAID APPLICABLE INCOME LEVEL.—The term ‘medicaid applicable income level’ means, with respect to a child, the effective income level (expressed as a percent of the poverty line) that has been specified under the State plan under title XIX (including under a waiver authorized by the Secretary or under section 1902(r)(2)), as of June 1, 1997, for the child to be eligible for medical assistance under section 1902(l)(2) for the age of such child.

“(c) ADDITIONAL DEFINITIONS.—For purposes of this title:

“(1) CHILD.—The term ‘child’ means an individual under 19 years of age.

“(2) CREDITABLE HEALTH COVERAGE.—The term ‘creditable health coverage’ has the meaning given the term ‘creditable coverage’ under section 2701(c) of the Public Health Service Act (42 U.S.C. 300gg(c)) and includes coverage that meets the requirements of section 2103 provided to a targeted low-income child under this title or under a waiver approved under section 2105(c)(2)(B) (relating to a direct service waiver).

“(3) GROUP HEALTH PLAN; HEALTH INSURANCE COVERAGE; ETC.—The terms ‘group health plan’, ‘group health insurance coverage’, and ‘health insurance coverage’ have the meanings given such terms in section 2191 of the Public Health Service Act.

“(4) LOW-INCOME.—The term ‘low-income child’ means a child whose family income is at or below 200 percent of the poverty line for a family of the size involved.

“(5) POVERTY LINE DEFINED.—The term ‘poverty line’ has the meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by such section.

“(6) PREEXISTING CONDITION EXCLUSION.—The term ‘preexisting condition exclusion’ has the meaning given such term in section 2701(b)(1)(A) of the Public Health Service Act (42 U.S.C. 300gg(b)(1)(A)).

“(7) STATE CHILD HEALTH PLAN; PLAN.—Unless the context otherwise requires, the terms ‘State child health plan’ and ‘plan’ mean a State child health plan approved under section 2106.

“(8) UNCOVERED CHILD.—The term ‘uncovered child’ means a child that does not have creditable health coverage.”.

(b) CONFORMING AMENDMENTS.—

(1) DEFINITION OF STATE.—Section 1101(a)(1) is amended—

(A) by striking “and XIX” and inserting “XIX, and XXI”, and

(B) by striking “title XIX” and inserting “titles XIX and XXI”.

(2) TREATMENT AS STATE HEALTH CARE PROGRAM.—Section 1128(h) (42 U.S.C. 1320a-7(h)) is amended by—

(A) in paragraph (2), by striking “or” at the end;

(B) in paragraph (3), by striking the period and inserting “; or”; and

(C) by adding at the end the following:

“(4) a State child health plan approved under title XXI.”.

42 USC 1301.

CHAPTER 2—EXPANDED COVERAGE OF CHILDREN UNDER MEDICAID

SEC. 4911. OPTIONAL USE OF STATE CHILD HEALTH ASSISTANCE FUNDS FOR ENHANCED MEDICAID MATCH FOR EXPANDED MEDICAID ELIGIBILITY.

(a) INCREASED FMAP FOR MEDICAL ASSISTANCE FOR EXPANDED COVERAGE OF TARGETED LOW-INCOME CHILDREN.—Section 1905 of the Social Security Act (42 U.S.C. 1396d), as amended by section 4702(a)(2), is amended—

(1) in subsection (b), by adding at the end the following new sentence: “Notwithstanding the first sentence of this subsection, in the case of a State plan that meets the condition described in subsection (u)(1), with respect to expenditures

described in subsection (u)(2)(A) or subsection (u)(3) the Federal medical assistance percentage is equal to the enhanced FMAP described in section 2105(b).”; and

(2) by adding at the end the following new subsection:

“(u)(1) The conditions described in this paragraph for a State plan are as follows:

“(A) The State is complying with the requirement of section 2105(d)(1).

“(B) The plan provides for such reporting of information about expenditures and payments attributable to the operation of this subsection as the Secretary deems necessary in order to carry out paragraph (2) and section 2104(d).

“(2)(A) For purposes of subsection (b), the expenditures described in this subparagraph are expenditures for medical assistance for optional targeted low-income children described in subparagraph (C), but not in excess, for a State for a fiscal year, of the amount described in subparagraph (B) for the State and fiscal year.

“(B) The amount described in this subparagraph, for a State for a fiscal year, is the amount of the State’s allotment under section 2104 (not taking into account reductions under section 2104(d)(2)) for the fiscal year reduced by the amount of any payments made under section 2105 to the State from such allotment for such fiscal year.

“(C) For purposes of this paragraph, the term ‘optional targeted low-income child’ means a targeted low-income child as defined in section 2110(b)(1) who would not qualify for medical assistance under the State plan under this title based on such plan as in effect on April 15, 1997 (but taking into account the expansion of age of eligibility effected through the operation of section 1902(l)(2)(D)).

“(3) For purposes of subsection (b), the expenditures described in this subparagraph are expenditures for medical assistance for children who are born before October 1, 1983, and who would be described in section 1902(l)(1)(D) if they had been born on or after such date, and who are not eligible for such assistance under the State plan under this title based on such State plan as in effect as of April 15, 1997.”.

(b) ESTABLISHMENT OF OPTIONAL ELIGIBILITY CATEGORY.—Section 1902(a)(10)(A)(ii) (42 U.S.C. 1396a(a)(10)(A)(ii)), as amended by section 4733, is amended—

(1) in subclause (XII), by striking “or” at the end;

(2) in subclause (XIII), by adding “or” at the end; and

(3) by adding at the end the following:

“(XIV) who are optional targeted low-income children described in section 1905(u)(2)(C);”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to medical assistance for items and services furnished on or after October 1, 1997.

42 USC 1396a
note.

SEC. 4912. MEDICAID PRESUMPTIVE ELIGIBILITY FOR LOW-INCOME CHILDREN.

(a) IN GENERAL.—Title XIX of the Social Security Act is amended by inserting after section 1920 the following new section:

“PRESUMPTIVE ELIGIBILITY FOR CHILDREN

42 USC
1396r-1a.

“SEC. 1920A. (a) A State plan approved under section 1902 may provide for making medical assistance with respect to health care items and services covered under the State plan available to a child during a presumptive eligibility period.

“ (b) For purposes of this section:

“ (1) The term ‘child’ means an individual under 19 years of age.

“ (2) The term ‘presumptive eligibility period’ means, with respect to a child, the period that—

“ (A) begins with the date on which a qualified entity determines, on the basis of preliminary information, that the family income of the child does not exceed the applicable income level of eligibility under the State plan, and

“ (B) ends with (and includes) the earlier of—

“ (i) the day on which a determination is made with respect to the eligibility of the child for medical assistance under the State plan, or

“ (ii) in the case of a child on whose behalf an application is not filed by the last day of the month following the month during which the entity makes the determination referred to in subparagraph (A), such last day.

“ (3) (A) Subject to subparagraph (B), the term ‘qualified entity’ means any entity that—

“ (i) (I) is eligible for payments under a State plan approved under this title and provides items and services described in subsection (a) or (II) is authorized to determine eligibility of a child to participate in a Head Start program under the Head Start Act (42 U.S.C. 9821 et seq.), eligibility of a child to receive child care services for which financial assistance is provided under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.), eligibility of an infant or child to receive assistance under the special supplemental nutrition program for women, infants, and children (WIC) under section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786); and

“ (ii) is determined by the State agency to be capable of making determinations of the type described in paragraph (1) (A).

“ (B) The Secretary may issue regulations further limiting those entities that may become qualified entities in order to prevent fraud and abuse and for other reasons.

“ (C) Nothing in this section shall be construed as preventing a State from limiting the classes of entities that may become qualified entities, consistent with any limitations imposed under subparagraph (B).

“ (c) (1) The State agency shall provide qualified entities with—

“ (A) such forms as are necessary for an application to be made on behalf of a child for medical assistance under the State plan, and

“ (B) information on how to assist parents, guardians, and other persons in completing and filing such forms.

“(2) A qualified entity that determines under subsection (b)(1)(A) that a child is presumptively eligible for medical assistance under a State plan shall—

“(A) notify the State agency of the determination within 5 working days after the date on which determination is made, and

Notification.

“(B) inform the parent or custodian of the child at the time the determination is made that an application for medical assistance under the State plan is required to be made by not later than the last day of the month following the month during which the determination is made.

“(3) In the case of a child who is determined by a qualified entity to be presumptively eligible for medical assistance under a State plan, the parent, guardian, or other person shall make application on behalf of the child for medical assistance under such plan by not later than the last day of the month following the month during which the determination is made, which application may be the application used for the receipt of medical assistance by individuals described in section 1902(l)(1).

“(d) Notwithstanding any other provision of this title, medical assistance for items and services described in subsection (a) that—

“(1) are furnished to a child—

“(A) during a presumptive eligibility period,

“(B) by a entity that is eligible for payments under the State plan; and

“(2) are included in the care and services covered by a State plan;

shall be treated as medical assistance provided by such plan for purposes of section 1903.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 1902(a)(47) (42 U.S.C. 1396a(a)(47)) is amended by inserting before the semicolon at the end the following: “and provide for making medical assistance for items and services described in subsection (a) of section 1920A available to children during a presumptive eligibility period in accordance with such section”.

(2) Section 1903(u)(1)(D)(v) (42 U.S.C. 1396b(u)(1)(D)(v)) is amended by inserting before the period at the end the following: “or for items and services described in subsection (a) of section 1920A provided to a child during a presumptive eligibility period under such section”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

42 USC 1396a
note.

SEC. 4913. CONTINUATION OF MEDICAID ELIGIBILITY FOR DISABLED CHILDREN WHO LOSE SSI BENEFITS.

(a) IN GENERAL.—Section 1902(a)(10)(A)(i)(II) (42 U.S.C. 1396a(a)(10)(A)(i)(II)) is amended by inserting “(or were being paid as of the date of the enactment of section 211(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193)) and would continue to be paid but for the enactment of that section” after “title XVI”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies to medical assistance furnished on or after July 1, 1997.

42 USC 1396a
note.

CHAPTER 3—DIABETES GRANT PROGRAMS**SEC. 4921. SPECIAL DIABETES PROGRAMS FOR CHILDREN WITH TYPE I DIABETES.**

Subpart I of part D of title III of the Public Health Service Act (42 U.S.C. 254b et seq.) is amended by adding at the end the following section:

42 USC 254c-2. **“SEC. 330B. SPECIAL DIABETES PROGRAMS FOR CHILDREN WITH TYPE I DIABETES.**

“(a) TYPE I DIABETES IN CHILDREN.—The Secretary shall make grants for services for the prevention and treatment of type I diabetes in children, and for research in innovative approaches to such services. Such grants may be made to children’s hospitals; grantees under section 330 and other federally qualified health centers; State and local health departments; and other appropriate public or nonprofit private entities.

“(b) FUNDING.—Notwithstanding section 2104(a) of the Social Security Act, from the amounts appropriated in such section for each of fiscal years 1998 through 2002, \$30,000,000 is hereby transferred and made available in such fiscal year for grants under this section.”.

SEC. 4922. SPECIAL DIABETES PROGRAMS FOR INDIANS.

Subpart I of part D of title III of the Public Health Service Act (42 U.S.C. 254b et seq.), as amended by section 4921, is further amended by adding at the end the following section:

42 USC 254c-3. **“SEC. 330C. SPECIAL DIABETES PROGRAMS FOR INDIANS.**

“(a) IN GENERAL.—The Secretary shall make grants for providing services for the prevention and treatment of diabetes in accordance with subsection (b).

“(b) SERVICES THROUGH INDIAN HEALTH FACILITIES.—For purposes of subsection (a), services under such subsection are provided in accordance with this subsection if the services are provided through any of the following entities:

“(1) The Indian Health Service.

“(2) An Indian health program operated by an Indian tribe or tribal organization pursuant to a contract, grant, cooperative agreement, or compact with the Indian Health Service pursuant to the Indian Self-Determination Act.

“(3) An urban Indian health program operated by an urban Indian organization pursuant to a grant or contract with the Indian Health Service pursuant to title V of the Indian Health Care Improvement Act.

“(c) FUNDING.—Notwithstanding section 2104(a) of the Social Security Act, from the amounts appropriated in such section for each of fiscal years 1998 through 2002, \$30,000,000 is hereby transferred and made available in such fiscal year for grants under this section.”.

42 USC 1254c-2
note.

SEC. 4923. REPORT ON DIABETES GRANT PROGRAMS.

(a) EVALUATION.—The Secretary of Health and Human Services shall conduct an evaluation of the diabetes grant programs established under the amendments made by this chapter.

(b) REPORTS.—The Secretary shall submit to the appropriate committees of Congress—

- (1) an interim report on the evaluation conducted under subsection (a) not later than January 1, 2000, and
- (2) a final report on such evaluation not later than January 1, 2002.

TITLE V—WELFARE AND RELATED PROVISIONS

SEC. 5000. TABLE OF CONTENTS; REFERENCES.

(a) TABLE OF CONTENTS.—The table of contents of this title is as follows:

Sec. 5000. Table of contents; references.

Subtitle A—TANF Block Grant

- Sec. 5001. Welfare-to-work grants.
- Sec. 5002. Limitation on amount of Federal funds transferable to title XX programs.
- Sec. 5003. Limitation on number of persons who may be treated as engaged in work by reason of participation in educational activities.
- Sec. 5004. Penalty for failure of State to reduce assistance for recipients refusing without good cause to work.

Subtitle B—Supplemental Security Income

- Sec. 5101. Extension of deadline to perform childhood disability redeterminations.
- Sec. 5102. Fees for Federal administration of State supplementary payments.

Subtitle C—Child Support Enforcement

- Sec. 5201. Clarification of authority to permit certain redisclosures of wage and claim information.

Subtitle D—Restricting Welfare and Public Benefits for Aliens

- Sec. 5301. SSI eligibility for aliens receiving SSI on August 22, 1996, and disabled aliens lawfully residing in the United States on August 22, 1996.
- Sec. 5302. Extension of eligibility period for refugees and certain other qualified aliens from 5 to 7 years for SSI and medicaid; status of Cuban and Haitian entrants.
- Sec. 5303. Exceptions for certain Indians from limitation on eligibility for supplemental security income and medicaid benefits.
- Sec. 5304. Exemption from restriction on supplemental security income program participation by certain recipients eligible on the basis of very old applications.
- Sec. 5305. Reinstatement of eligibility for benefits.
- Sec. 5306. Treatment of certain Amerasian immigrants as refugees.
- Sec. 5307. Verification of eligibility for State and local public benefits.
- Sec. 5308. Effective date.

Subtitle E—Unemployment Compensation

- Sec. 5401. Clarifying provision relating to base periods.
- Sec. 5402. Increase in Federal unemployment account ceiling.
- Sec. 5403. Special distribution to States from Unemployment Trust Fund.
- Sec. 5404. Interest-free advances to State accounts in Unemployment Trust Fund restricted to States which meet funding goals.
- Sec. 5405. Exemption of service performed by election workers from the Federal unemployment tax.
- Sec. 5406. Treatment of certain services performed by inmates.
- Sec. 5407. Exemption of service performed for an elementary or secondary school operated primarily for religious purposes from the Federal unemployment tax.
- Sec. 5408. State program integrity activities for unemployment compensation.

Subtitle F—Welfare Reform Technical Corrections

CHAPTER 1—BLOCK GRANTS FOR TEMPORARY ASSISTANCE TO NEEDY FAMILIES

- Sec. 5501. Eligible States; State plan.
- Sec. 5502. Grants to States.

- Sec. 5503. Use of grants.
- Sec. 5504. Mandatory work requirements.
- Sec. 5505. Prohibitions; requirements.
- Sec. 5506. Penalties.
- Sec. 5507. Data collection and reporting.
- Sec. 5508. Direct funding and administration by Indian Tribes.
- Sec. 5509. Research, evaluations, and national studies.
- Sec. 5510. Report on data processing.
- Sec. 5511. Study on alternative outcomes measures.
- Sec. 5512. Limitation on payments to the territories.
- Sec. 5513. Conforming amendments to the Social Security Act.
- Sec. 5514. Other conforming amendments.
- Sec. 5515. Modifications to the job opportunities for certain low-income individuals program.
- Sec. 5516. Denial of assistance and benefits for drug-related convictions.
- Sec. 5517. Transition rule.
- Sec. 5518. Effective dates.

CHAPTER 2—SUPPLEMENTAL SECURITY INCOME

- Sec. 5521. Conforming and technical amendments relating to eligibility restrictions.
- Sec. 5522. Conforming and technical amendments relating to benefits for disabled children.
- Sec. 5523. Additional technical amendments to title XVI.
- Sec. 5524. Additional technical amendments relating to title XVI.
- Sec. 5525. Technical amendments relating to drug addicts and alcoholics.
- Sec. 5526. Advisory board personnel.
- Sec. 5527. Timing of delivery of October 1, 2000, SSI benefit payments.
- Sec. 5528. Effective dates.

CHAPTER 3—CHILD SUPPORT

- Sec. 5531. State obligation to provide child support enforcement services.
- Sec. 5532. Distribution of collected support.
- Sec. 5533. Civil penalties relating to State Directory of New Hires.
- Sec. 5534. Federal Parent Locator Service.
- Sec. 5535. Access to registry data for research purposes.
- Sec. 5536. Collection and use of social security numbers for use in child support enforcement.
- Sec. 5537. Adoption of uniform State laws.
- Sec. 5538. State laws providing expedited procedures.
- Sec. 5539. Voluntary paternity acknowledgement.
- Sec. 5540. Calculation of paternity establishment percentage.
- Sec. 5541. Means available for provision of technical assistance and operation of Federal Parent Locator Service.
- Sec. 5542. Authority to collect support from Federal employees.
- Sec. 5543. Definition of support order.
- Sec. 5544. State law authorizing suspension of licenses.
- Sec. 5545. International support enforcement.
- Sec. 5546. Child support enforcement for Indian tribes.
- Sec. 5547. Continuation of rules for distribution of support in the case of a title IV-E child.
- Sec. 5548. Good cause in foster care and food stamp cases.
- Sec. 5549. Date of collection of support.
- Sec. 5550. Administrative enforcement in interstate cases.
- Sec. 5551. Work orders for arrearages.
- Sec. 5552. Additional technical State plan amendments.
- Sec. 5553. Federal Case Registry of Child Support Orders.
- Sec. 5554. Full faith and credit for child support orders.
- Sec. 5555. Development costs of automated systems.
- Sec. 5556. Additional technical amendments.
- Sec. 5557. Effective date.

CHAPTER 4—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

SUBCHAPTER A—ELIGIBILITY FOR FEDERAL BENEFITS

- Sec. 5561. Alien eligibility for Federal benefits: limited application to medicare and benefits under the Railroad Retirement Act.
- Sec. 5562. Exceptions to benefit limitations: corrections to reference concerning aliens whose deportation is withheld.
- Sec. 5563. Veterans exception: application of minimum active duty service requirement; extension to unremarried surviving spouse; expanded definition of veteran.

- Sec. 5564. Notification concerning aliens not lawfully present: correction of terminology.
- Sec. 5565. Freely associated States: contracts and licenses.
- Sec. 5566. Congressional statement regarding benefits for Hmong and other Highland Lao veterans.

SUBCHAPTER B—GENERAL PROVISIONS

- Sec. 5571. Determination of treatment of battered aliens as qualified aliens; inclusion of alien child of battered parent as qualified alien.
- Sec. 5572. Verification of eligibility for benefits.
- Sec. 5573. Qualifying quarters: disclosure of quarters of coverage information; correction to assure that crediting applies to all quarters earned by parents before child is 18.
- Sec. 5574. Statutory construction: benefit eligibility limitations applicable only with respect to aliens present in the United States.

SUBCHAPTER C—MISCELLANEOUS CLERICAL AND TECHNICAL AMENDMENTS; EFFECTIVE DATE

- Sec. 5581. Correcting miscellaneous clerical and technical errors.
- Sec. 5582. Effective date.

CHAPTER 5—CHILD PROTECTION

- Sec. 5591. Conforming and technical amendments relating to child protection.
- Sec. 5592. Additional technical amendments relating to child protection.
- Sec. 5593. Effective date.

CHAPTER 6—CHILD CARE

- Sec. 5601. Conforming and technical amendments relating to child care.
- Sec. 5602. Additional conforming and technical amendments.
- Sec. 5603. Effective dates.

CHAPTER 7—ERISA AMENDMENTS RELATING TO MEDICAL CHILD SUPPORT ORDERS

- Sec. 5611. Amendments relating to section 303 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.
- Sec. 5612. Amendment relating to section 381 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.
- Sec. 5613. Amendments relating to section 382 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Subtitle G—Miscellaneous

- Sec. 5701. Increase in public debt limit.
- Sec. 5702. Authorization of appropriations for enforcement initiatives related to the earned income tax credit.

(b) REFERENCES.—Except as otherwise expressly provided, wherever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of a section or other provision, the reference shall be considered to be made to a section or other provision of the Social Security Act.

Subtitle A—TANF Block Grant

SEC. 5001. WELFARE-TO-WORK GRANTS.

(a) GRANTS TO STATES.—

(1) IN GENERAL.—Section 403(a) (42 U.S.C. 603(a)) is amended by adding at the end the following:

“(5) WELFARE-TO-WORK GRANTS.—

“(A) FORMULA GRANTS.—

“(i) ENTITLEMENT.—A State shall be entitled to receive from the Secretary of Labor a grant for each fiscal year specified in subparagraph (I) of this paragraph for which the State is a welfare-to-work State, in an amount that does not exceed the lesser of—

“(I) 2 times the total of the expenditures by the State (excluding qualified State expenditures

(as defined in section 409(a)(7)(B)(i)) and any expenditure described in subclause (I), (II), or (IV) of section 409(a)(7)(B)(iv)) during the fiscal year for activities described in subparagraph (C)(i) of this paragraph; or

“(II) the allotment of the State under clause (iii) of this subparagraph for the fiscal year.

“(ii) WELFARE-TO-WORK STATE.—A State shall be considered a welfare-to-work State for a fiscal year for purposes of this paragraph if the Secretary of Labor determines that the State meets the following requirements:

“(I) The State has submitted to the Secretary of Labor and the Secretary of Health and Human Services (in the form of an addendum to the State plan submitted under section 402) a plan which—

“(aa) describes how, consistent with this subparagraph, the State will use any funds provided under this subparagraph during the fiscal year;

“(bb) specifies the formula to be used pursuant to clause (vi) to distribute funds in the State, and describes the process by which the formula was developed;

“(cc) contains evidence that the plan was developed in consultation and coordination with appropriate entities in sub-State areas;

“(dd) contains assurances by the Governor of the State that the private industry council (and any alternate agency designated by the Governor under item (ee)) for a service delivery area in the State will coordinate the expenditure of any funds provided under this subparagraph for the benefit of the service delivery area with the expenditure of the funds provided to the State under section 403(a)(1); and

“(ee) if the Governor of the State desires to have an agency other than a private industry council administer the funds provided under this subparagraph for the benefit of 1 or more service delivery areas in the State, contains an application to the Secretary of Labor for a waiver of clause (vii)(I) with respect to the area or areas in order to permit an alternate agency designated by the Governor to so administer the funds.

“(II) The State has provided to the Secretary of Labor an estimate of the amount that the State intends to expend during the fiscal year (excluding expenditures described in section 409(a)(7)(B)(iv) (other than subclause (III) thereof)) pursuant to this paragraph.

“(III) The State has agreed to negotiate in good faith with the Secretary of Health and Human Services with respect to the substance and funding of any evaluation under section 413(j),

and to cooperate with the conduct of any such evaluation.

“(IV) The State is an eligible State for the fiscal year.

“(V) The State certifies that qualified State expenditures (within the meaning of section 409(a)(7)) for the fiscal year will be not less than the applicable percentage of historic State expenditures (within the meaning of section 409(a)(7)) with respect to the fiscal year.

“(iii) ALLOTMENTS TO WELFARE-TO-WORK STATES.—

“(I) IN GENERAL.—Subject to this clause, the allotment of a welfare-to-work State for a fiscal year shall be the available amount for the fiscal year, multiplied by the State percentage for the fiscal year.

“(II) MINIMUM ALLOTMENT.—The allotment of a welfare-to-work State (other than Guam, the Virgin Islands, or American Samoa) for a fiscal year shall not be less than 0.25 percent of the available amount for the fiscal year.

“(III) PRO RATA REDUCTION.—Subject to subclause (II), the Secretary of Labor shall make pro rata reductions in the allotments to States under this clause for a fiscal year as necessary to ensure that the total of the allotments does not exceed the available amount for the fiscal year.

“(iv) AVAILABLE AMOUNT.—As used in this subparagraph, the term ‘available amount’ means, for a fiscal year, the sum of—

“(I) 75 percent of the sum of—

“(aa) the amount specified in subparagraph (I) for the fiscal year, minus the total of the amounts reserved pursuant to subparagraphs (E), (F), (G), and (H) for the fiscal year; and

“(bb) any amount reserved pursuant to subparagraph (F) for the immediately preceding fiscal year that has not been obligated; and

“(II) any available amount for the immediately preceding fiscal year that has not been obligated by a State or sub-State entity.

“(v) STATE PERCENTAGE.—As used in clause (iii), the term ‘State percentage’ means, with respect to a fiscal year, $\frac{1}{2}$ of the sum of—

“(I) the percentage represented by the number of individuals in the State whose income is less than the poverty line divided by the number of such individuals in the United States; and

“(II) the percentage represented by the number of adults who are recipients of assistance under the State program funded under this part divided by the number of adults in the United States who are recipients of assistance under any State program funded under this part.

“(vi) PROCEDURE FOR DISTRIBUTION OF FUNDS WITHIN STATES.—

“(I) ALLOCATION FORMULA.—A State to which a grant is made under this subparagraph shall devise a formula for allocating not less than 85 percent of the amount of the grant among the service delivery areas in the State, which—

“(aa) determines the amount to be allocated for the benefit of a service delivery area in proportion to the number (if any) by which the population of the area with an income that is less than the poverty line exceeds 7.5 percent of the total population of the area, relative to such number for all such areas in the State with such an excess, and accords a weight of not less than 50 percent to this factor;

“(bb) may determine the amount to be allocated for the benefit of such an area in proportion to the number of adults residing in the area who have been recipients of assistance under the State program funded under this part (whether in effect before or after the amendments made by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 first applied to the State) for at least 30 months (whether or not consecutive) relative to the number of such adults residing in the State; and

“(cc) may determine the amount to be allocated for the benefit of such an area in proportion to the number of unemployed individuals residing in the area relative to the number of such individuals residing in the State.

“(II) DISTRIBUTION OF FUNDS.—

“(aa) IN GENERAL.—If the amount allocated by the formula to a service delivery area is at least \$100,000, the State shall distribute the amount to the entity administering the grant in the area.

“(bb) SPECIAL RULE.—If the amount allocated by the formula to a service delivery area is less than \$100,000, the sum shall be available for distribution in the State under subclause (III) during the fiscal year.

“(III) PROJECTS TO HELP LONG-TERM RECIPIENTS OF ASSISTANCE ENTER UNSUBSIDIZED JOBS.—The Governor of a State to which a grant is made under this subparagraph may distribute not more than 15 percent of the grant funds (plus any amount required to be distributed under this subclause by reason of subclause (II)(bb)) to projects that appear likely to help long-term recipients of assistance under the State program funded under this part (whether in effect before or after the

amendments made by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 first applied to the State) enter unsubsidized employment.

“(vii) ADMINISTRATION.—

“(I) PRIVATE INDUSTRY COUNCILS.—The private industry council for a service delivery area in a State shall have sole authority, in coordination with the chief elected official (as described in section 103(c) of the Job Training Partnership Act) of the area, to expend the amounts distributed under clause (vi)(II)(aa) for the benefit of the service delivery area, in accordance with the assurances described in clause (ii)(I)(dd) provided by the Governor of the State.

“(II) ENFORCEMENT OF COORDINATION OF EXPENDITURES WITH OTHER EXPENDITURES UNDER THIS PART.—Notwithstanding subclause (I) of this clause, on a determination by the Governor of a State that a private industry council (or an alternate agency described in clause (ii)(I)(dd)) has used funds provided under this subparagraph in a manner inconsistent with the assurances described in clause (ii)(I)(dd)—

“(aa) the private industry council (or such alternate agency) shall remit the funds to the Governor; and

“(bb) the Governor shall apply to the Secretary of Labor for a waiver of subclause (I) of this clause with respect to the service delivery area or areas involved in order to permit an alternate agency designated by the Governor to administer the funds in accordance with the assurances.

“(III) AUTHORITY TO PERMIT USE OF ALTERNATE ADMINISTERING AGENCY.—The Secretary of Labor shall approve an application submitted under clause (ii)(I)(ee) or subclause (II)(bb) of this clause to waive subclause (I) of this clause with respect to 1 or more service delivery areas if the Secretary determines that the alternate agency designated in the application would improve the effectiveness or efficiency of the administration of amounts distributed under clause (vi)(II)(aa) for the benefit of the area or areas.

“(viii) DATA TO BE USED IN DETERMINING THE NUMBER OF ADULT TANF RECIPIENTS.—For purposes of this subparagraph, the number of adult recipients of assistance under a State program funded under this part for a fiscal year shall be determined using data for the most recent 12-month period for which such data is available before the beginning of the fiscal year.

“(B) COMPETITIVE GRANTS.—

“(i) IN GENERAL.—The Secretary of Labor shall award grants in accordance with this subparagraph, in fiscal years 1998 and 1999, for projects proposed by eligible applicants, based on the following:

“(I) The effectiveness of the proposal in—

“(aa) expanding the base of knowledge about programs aimed at moving recipients of assistance under State programs funded under this part who are least job ready into unsubsidized employment.

“(bb) moving recipients of assistance under State programs funded under this part who are least job ready into unsubsidized employment; and

“(cc) moving recipients of assistance under State programs funded under this part who are least job ready into unsubsidized employment, even in labor markets that have a shortage of low-skill jobs.

“(II) At the discretion of the Secretary of Labor, any of the following:

“(aa) The history of success of the applicant in moving individuals with multiple barriers into work.

“(bb) Evidence of the applicant’s ability to leverage private, State, and local resources.

“(cc) Use by the applicant of State and local resources beyond those required by subparagraph (A).

“(dd) Plans of the applicant to coordinate with other organizations at the local and State level.

“(ee) Use by the applicant of current or former recipients of assistance under a State program funded under this part as mentors, case managers, or service providers.

“(ii) ELIGIBLE APPLICANTS.—As used in clause (i), the term ‘eligible applicant’ means a private industry council for a service delivery area in a State, a political subdivision of a State, or a private entity applying in conjunction with the private industry council for such a service delivery area or with such a political subdivision, that submits a proposal developed in consultation with the Governor of the State.

“(iii) DETERMINATION OF GRANT AMOUNT.—In determining the amount of a grant to be made under this subparagraph for a project proposed by an applicant, the Secretary of Labor shall provide the applicant with an amount sufficient to ensure that the project has a reasonable opportunity to be successful, taking into account the number of long-term recipients of assistance under a State program funded under this part, the level of unemployment, the job opportunities and job growth, the poverty rate, and such other factors as the Secretary of Labor deems appropriate, in the area to be served by the project.

“(iv) CONSIDERATION OF NEEDS OF RURAL AREAS AND CITIES WITH LARGE CONCENTRATIONS OF POVERTY.—In making grants under this subparagraph, the Secretary of Labor shall consider the needs of rural

areas and cities with large concentrations of residents with an income that is less than the poverty line.

“(v) FUNDING.—For grants under this subparagraph for each fiscal year specified in subparagraph (I), there shall be available to the Secretary of Labor an amount equal to the sum of—

“(I) 25 percent of the sum of—

“(aa) the amount specified in subparagraph (I) for the fiscal year, minus the total of the amounts reserved pursuant to subparagraphs (E), (F), (G), and (H) for the fiscal year; and

“(bb) any amount reserved pursuant to subparagraph (F) for the immediately preceding fiscal year that has not been obligated; and

“(II) any amount available for grants under this subparagraph for the immediately preceding fiscal year that has not been obligated.

“(C) LIMITATIONS ON USE OF FUNDS.—

“(i) ALLOWABLE ACTIVITIES.—An entity to which funds are provided under this paragraph shall use the funds to move individuals into and keep individuals in lasting unsubsidized employment by means of any of the following:

“(I) The conduct and administration of community service or work experience programs.

“(II) Job creation through public or private sector employment wage subsidies.

“(III) On-the-job training.

“(IV) Contracts with public or private providers of readiness, placement, and post-employment services.

“(V) Job vouchers for placement, readiness, and postemployment services.

“(VI) Job retention or support services if such services are not otherwise available.

Contracts or vouchers for job placement services supported by such funds must require that at least $\frac{1}{2}$ of the payment occur after an eligible individual placed into the workforce has been in the workforce for 6 months.

“(ii) REQUIRED BENEFICIARIES.—An entity that operates a project with funds provided under this paragraph shall expend at least 70 percent of all funds provided to the project for the benefit of recipients of assistance under the program funded under this part of the State in which the entity is located, or for the benefit of noncustodial parents of minors whose custodial parent is such a recipient, who meet the requirements of each of the following subclauses:

“(I) At least 2 of the following apply to the recipient:

“(aa) The individual has not completed secondary school or obtained a certificate of general equivalency, and has low skills in reading or mathematics.

“(bb) The individual requires substance abuse treatment for employment.

“(cc) The individual has a poor work history.

“(II) The individual—

“(aa) has received assistance under the State program funded under this part (whether in effect before or after the amendments made by section 103 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 first apply to the State) for at least 30 months (whether or not consecutive); or

“(bb) within 12 months, will become ineligible for assistance under the State program funded under this part by reason of a durational limit on such assistance, without regard to any exemption provided pursuant to section 408(a)(7)(C) that may apply to the individual.

“(iii) TARGETING OF INDIVIDUALS WITH CHARACTERISTICS ASSOCIATED WITH LONG-TERM WELFARE DEPENDENCE.—An entity that operates a project with funds provided under this paragraph may expend not more than 30 percent of all funds provided to the project for programs that provide assistance in a form described in clause (i)—

“(I) to recipients of assistance under the program funded under this part of the State in which the entity is located who have characteristics associated with long-term welfare dependence (such as school dropout, teen pregnancy, or poor work history), including, at the option of the State, by providing assistance in such form as a condition of receiving assistance under the State program funded under this part; or

“(II) to individuals—

“(aa) who are noncustodial parents of minors whose custodial parent is such a recipient; and

“(bb) who have such characteristics.

To the extent that the entity does not expend such funds in accordance with the preceding sentence, the entity shall expend such funds in accordance with clause (ii).

“(iv) AUTHORITY TO PROVIDE WORK-RELATED SERVICES TO INDIVIDUALS WHO HAVE REACHED THE 5 YEAR LIMIT.—An entity that operates a project with funds provided under this paragraph may use the funds to provide assistance in a form described in clause (i) of this subparagraph to, or for the benefit of, individuals who (but for section 408(a)(7)) would be eligible for assistance under the program funded under this part of the State in which the entity is located.

“(v) RELATIONSHIP TO OTHER PROVISIONS OF THIS PART.—

“(I) RULES GOVERNING USE OF FUNDS.—The rules of section 404, other than subsections (b), (f), and (h) of section 404, shall not apply to a grant made under this paragraph.

“(II) RULES GOVERNING PAYMENTS TO STATES.—The Secretary of Labor shall carry out the functions otherwise assigned by section 405 to the Secretary of Health and Human Services with respect to the grants payable under this paragraph.

“(III) ADMINISTRATION.—Section 416 shall not apply to the programs under this paragraph.

“(vi) PROHIBITION AGAINST USE OF GRANT FUNDS FOR ANY OTHER FUND MATCHING REQUIREMENT.—An entity to which funds are provided under this paragraph shall not use any part of the funds, nor any part of State expenditures made to match the funds, to fulfill any obligation of any State, political subdivision, or private industry council to contribute funds under section 403(b) or 418 or any other provision of this Act or other Federal law.

“(vii) DEADLINE FOR EXPENDITURE.—An entity to which funds are provided under this paragraph shall remit to the Secretary of Labor any part of the funds that are not expended within 3 years after the date the funds are so provided.

“(viii) REGULATIONS.—Within 90 days after the date of the enactment of this paragraph, the Secretary of Labor, after consultation with the Secretary of Health and Human Services and the Secretary of Housing and Urban Development, shall prescribe such regulations as may be necessary to implement this paragraph.

“(D) DEFINITIONS.—

“(i) INDIVIDUALS WITH INCOME LESS THAN THE POVERTY LINE.—For purposes of this paragraph, the number of individuals with an income that is less than the poverty line shall be determined for a fiscal year—

“(I) based on the methodology used by the Bureau of the Census to produce and publish intercensal poverty data for States and counties (or, in the case of Puerto Rico, the Virgin Islands, Guam, and American Samoa, other poverty data selected by the Secretary of Labor); and

“(II) using data for the most recent year for which such data is available before the beginning of the fiscal year.

“(ii) PRIVATE INDUSTRY COUNCIL.—As used in this paragraph, the term ‘private industry council’ means, with respect to a service delivery area, the private industry council (or successor entity) established for the service delivery area pursuant to the Job Training Partnership Act.

“(iii) SERVICE DELIVERY AREA.—As used in this paragraph, the term ‘service delivery area’ shall have the meaning given such term (or the successor to such

term) for purposes of the Job Training Partnership Act.

“(E) SET-ASIDE FOR SUCCESSFUL PERFORMANCE BONUS.—

“(i) IN GENERAL.—The Secretary of Labor shall make a grant in accordance with this subparagraph to each successful performance State in fiscal year 2000.

“(ii) AMOUNT OF GRANT.—The Secretary of Labor shall determine the amount of the grant payable under this subparagraph to a successful performance State, which shall be based on the score assigned to the State under clause (iv)(I)(aa) for such prior period as the Secretary of Labor deems appropriate.

“(iii) FORMULA FOR MEASURING STATE PERFORMANCE.—Not later than 1 year after the date of the enactment of this paragraph, the Secretary of Labor, in consultation with the Secretary of Health and Human Services, the National Governors’ Association, and the American Public Welfare Association, shall develop a formula for measuring—

“(I) the success of States in placing individuals in private sector employment or in any kind of employment, through programs operated with funds provided under subparagraph (A);

“(II) the duration of such placements;

“(III) any increase in the earnings of such individuals; and

“(IV) such other factors as the Secretary of Labor deems appropriate concerning the activities of the States with respect to such individuals.

The formula may take into account general economic conditions on a State-by-State basis.

“(iv) SCORING OF STATE PERFORMANCE; SETTING OF PERFORMANCE THRESHOLDS.—

“(I) IN GENERAL.—The Secretary of Labor shall—

“(aa) use the formula developed under clause (iii) to assign a score to each State that was a welfare-to-work State for fiscal years 1998 and 1999; and

“(bb) prescribe a performance threshold in such a manner so as to ensure that the total amount of grants to be made under this paragraph equals \$100,000,000.

“(II) AVAILABILITY OF WELFARE-TO-WORK DATA SUBMITTED TO THE SECRETARY OF HHS.—The Secretary of Health and Human Services shall provide the Secretary of Labor with the data reported by States under this part with respect to programs operated with funds provided under subparagraph (A).

“(v) SUCCESSFUL PERFORMANCE STATE DEFINED.—As used in this subparagraph, the term ‘successful performance State’ means a State whose score assigned pursuant to clause (iv)(I)(aa) equals or exceeds the

performance threshold prescribed under clause (iv)(I)(bb).

“(vi) SET-ASIDE.—\$100,000,000 of the amount specified in subparagraph (I) for fiscal year 1999 shall be reserved for grants under this subparagraph.

“(F) FUNDING FOR INDIAN TRIBES.—1 percent of the amount specified in subparagraph (I) for fiscal year 1998 and of the amount so specified for fiscal year 1999 shall be reserved for grants to Indian tribes under section 412(a)(3).

“(G) FUNDING FOR EVALUATIONS OF WELFARE-TO-WORK PROGRAMS.—0.6 percent of the amount specified in subparagraph (I) for fiscal year 1998 and of the amount so specified for fiscal year 1999 shall be reserved for use by the Secretary to carry out section 413(j).

“(H) FUNDING FOR EVALUATION OF ABSTINENCE EDUCATION PROGRAMS.—

“(i) IN GENERAL.—0.2 percent of the amount specified in subparagraph (I) for fiscal year 1998 and of the amount so specified for fiscal year 1999 shall be reserved for use by the Secretary to evaluate programs under section 510, directly or through grants, contracts, or interagency agreements.

“(ii) AUTHORITY TO USE FUNDS FOR EVALUATIONS OF WELFARE-TO-WORK PROGRAMS.—Any such amount not required for such evaluations shall be available for use by the Secretary to carry out section 413(j).

“(iii) DEADLINE FOR OUTLAYS.—Outlays from funds used pursuant to clause (i) for evaluation of programs under section 510 shall not be made after fiscal year 2001.

“(I) APPROPRIATIONS.—

“(i) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated \$1,500,000,000 for each of fiscal years 1998 and 1999 for grants under this paragraph.

“(ii) AVAILABILITY.—The amounts made available pursuant to clause (i) shall remain available for such period as is necessary to make the grants provided for in this paragraph.

“(J) WORKER PROTECTIONS.—

“(i) NONDISPLACEMENT IN WORK ACTIVITIES.—

“(I) GENERAL PROHIBITION.—Subject to this clause, an adult in a family receiving assistance attributable to funds provided under this paragraph may fill a vacant employment position in order to engage in a work activity.

“(II) PROHIBITION AGAINST VIOLATION OF CONTRACTS.—A work activity engaged in under a program operated with funds provided under this paragraph shall not violate an existing contract for services or a collective bargaining agreement, and such a work activity that would violate a collective bargaining agreement shall not be undertaken without the written concurrence of the labor organization and employer concerned.

“(III) OTHER PROHIBITIONS.—An adult participant in a work activity engaged in under a program operated with funds provided under this paragraph shall not be employed or assigned—

“(aa) when any other individual is on lay-off from the same or any substantially equivalent job;

“(bb) if the employer has terminated the employment of any regular employee or otherwise caused an involuntary reduction in its workforce with the intention of filling the vacancy so created with the participant; or

“(cc) if the employer has caused an involuntary reduction to less than full time in hours of any employee in the same or a substantially equivalent job.

“(ii) HEALTH AND SAFETY.—Health and safety standards established under Federal and State law otherwise applicable to working conditions of employees shall be equally applicable to working conditions of other participants engaged in a work activity under a program operated with funds provided under this paragraph.

“(iii) NONDISCRIMINATION.—In addition to the protections provided under the provisions of law specified in section 408(c), an individual may not be discriminated against by reason of gender with respect to participation in work activities engaged in under a program operated with funds provided under this paragraph.

“(iv) GRIEVANCE PROCEDURE.—

“(I) IN GENERAL.—Each State to which a grant is made under this paragraph shall establish and maintain a procedure for grievances or complaints from employees alleging violations of clause (i) and participants in work activities alleging violations of clause (i), (ii), or (iii).

“(II) HEARING.—The procedure shall include an opportunity for a hearing.

“(III) REMEDIES.—The procedure shall include remedies for violation of clause (i), (ii), or (iii), which may continue during the pendency of the procedure, and which may include—

“(aa) suspension or termination of payments from funds provided under this paragraph;

“(bb) prohibition of placement of a participant with an employer that has violated clause (i), (ii), or (iii);

“(cc) where applicable, reinstatement of an employee, payment of lost wages and benefits, and reestablishment of other relevant terms, conditions and privileges of employment; and

“(dd) where appropriate, other equitable relief.

“(IV) APPEALS.—

“(aa) FILING.—Not later than 30 days after a grievant or complainant receives an adverse decision under the procedure established pursuant to subclause (I), the grievant or complainant may appeal the decision to a State agency designated by the State which shall be independent of the State or local agency that is administering the programs operated with funds provided under this paragraph and the State agency administering, or supervising the administration of, the State program funded under this part.

“(bb) FINAL DETERMINATION.—Not later than 120 days after the State agency designated under item (aa) receives a grievance or complaint made under the procedure established by a State pursuant to subclause (I), the State agency shall make a final determination on the appeal.

“(v) RULE OF INTERPRETATION.—This subparagraph shall not be construed to affect the authority of a State to provide or require workers’ compensation.

“(vi) NONPREEMPTION OF STATE LAW.—The provisions of this subparagraph shall not be construed to preempt any provision of State law that affords greater protections to employees or to other participants engaged in work activities under a program funded under this part than is afforded by such provisions of this subparagraph.”.

(2) CONFORMING AMENDMENT.—Section 409(a)(7)(B)(iv) of such Act (42 U.S.C. 609(a)(7)(B)(iv)) is amended to read as follows:

“(iv) EXPENDITURES BY THE STATE.—The term ‘expenditures by the State’ does not include—

“(I) any expenditure from amounts made available by the Federal Government;

“(II) any State funds expended for the medic-aid program under title XIX;

“(III) any State funds which are used to match Federal funds provided under section 403(a)(5); or

“(IV) any State funds which are expended as a condition of receiving Federal funds other than under this part.

Notwithstanding subclause (IV) of the preceding sentence, such term includes expenditures by a State for child care in a fiscal year to the extent that the total amount of the expenditures does not exceed the amount of State expenditures in fiscal year 1994 or 1995 (whichever is the greater) that equal the non-Federal share for the programs described in section 418(a)(1)(A).”.

(b) GRANTS TO OUTLYING AREAS.—Section 1108(a)(2) (42 U.S.C. 1308(a)(2)), as amended by section 5512(a) of this Act, is amended by inserting “403(a)(5),” after “403(a)(4),”.

(c) GRANTS TO INDIAN TRIBES.—Section 412(a) (42 U.S.C. 612(a)) is amended by adding at the end the following:

“(3) WELFARE-TO-WORK GRANTS.—

“(A) IN GENERAL.—The Secretary of Labor shall award a grant in accordance with this paragraph to an Indian tribe for each fiscal year specified in section 403(a)(5)(I) for which the Indian tribe is a welfare-to-work tribe, in such amount as the Secretary of Labor deems appropriate, subject to subparagraph (B) of this paragraph.

“(B) WELFARE-TO-WORK TRIBE.—An Indian tribe shall be considered a welfare-to-work tribe for a fiscal year for purposes of this paragraph if the Indian tribe meets the following requirements:

“(i) The Indian tribe has submitted to the Secretary of Labor a plan which describes how, consistent with section 403(a)(5), the Indian tribe will use any funds provided under this paragraph during the fiscal year. If the Indian tribe has a tribal family assistance plan, the plan referred to in the preceding sentence shall be in the form of an addendum to the tribal family assistance plan.

“(ii) The Indian tribe is operating a program under a tribal family assistance plan approved by the Secretary of Health and Human Services, a program described in paragraph (2)(C), or an employment program funded through other sources under which substantial services are provided to recipients of assistance under a program funded under this part.

“(iii) The Indian tribe has provided the Secretary of Labor with an estimate of the amount that the Indian tribe intends to expend during the fiscal year (excluding tribal expenditures described in section 409(a)(7)(B)(iv) (other than subclause (III) thereof) pursuant to this paragraph.

“(iv) The Indian tribe has agreed to negotiate in good faith with the Secretary of Health and Human Services with respect to the substance and funding of any evaluation under section 413(j), and to cooperate with the conduct of any such evaluation.

“(C) LIMITATIONS ON USE OF FUNDS.—

“(i) IN GENERAL.—Section 403(a)(5)(C) shall apply to funds provided to Indian tribes under this paragraph in the same manner in which such section applies to funds provided under section 403(a)(5).

“(ii) WAIVER AUTHORITY.—The Secretary of Labor may waive or modify the application of a provision of section 403(a)(5)(C) (other than clause (vii) thereof) with respect to an Indian tribe to the extent necessary to enable the Indian tribe to operate a more efficient or effective program with the funds provided under this paragraph.

“(iii) REGULATIONS.—Within 90 days after the date of the enactment of this paragraph, the Secretary of Labor, after consultation with the Secretary of Health and Human Services and the Secretary of Housing and Urban Development, shall prescribe such regulations as may be necessary to implement this paragraph.”.

Applicability.

(d) FUNDS RECEIVED FROM GRANTS TO BE DISREGARDED IN APPLYING DURATIONAL LIMIT ON ASSISTANCE.—Section 408(a)(7) (42 U.S.C. 608(a)(7)) is amended by adding at the end the following:

“(G) INAPPLICABILITY TO WELFARE-TO-WORK GRANTS AND ASSISTANCE.—For purposes of subparagraph (A) of this paragraph, a grant made under section 403(a)(5) shall not be considered a grant made under section 403, and noncash assistance from funds provided under section 403(a)(5) shall not be considered assistance.”.

(e) DATA COLLECTION AND REPORTING.—Section 411(a) (42 U.S.C. 611(a)(1)(A)), as amended by section 5507 of this Act, is amended—

(1) in paragraph (1)(A), by adding at the end the following:

“(xviii) With respect to families participating in a program operated with funds provided under section 403(a)(5)—

“(I) any activity described in section 403(a)(5)(C)(i) engaged in by a family member;

“(II) the total amount expended during the month on the family member for each such activity;

“(III) if the family member is engaged in subsidized employment or on-the-job training under the program, the wage paid to the family member and the amount of any wage subsidy provided to the family member from Federal or State funds; and

“(IV) if the participation of a family member in the program was ended during a month due to the family member obtaining employment, the wage of the family member in the employment and whether the participation was ended due to the family member obtaining unsubsidized employment, obtaining subsidized employment, receiving an increased wage, engaging in a work training activity funded under a program funded other than under section 403(a)(5), or for other reasons.”;

(2) in paragraph (2), by inserting “, with a separate statement of the percentage of such funds that are used to cover administrative costs or overhead incurred for programs operated with funds provided under section 403(a)(5)” before the period;

(3) in paragraph (3), by inserting “, with a separate statement of the total amount expended by the State during the quarter on programs operated with funds provided under section 403(a)(5)” before the period;

(4) in paragraph (4), by inserting “, with a separate statement of the number of such parents who participated in programs operated with funds provided under section 403(a)(5)” before the period;

(5) in paragraph (6)—

(A) by striking “and” at the end of subparagraph (A);

(B) by striking the period at the end of subparagraph

(B) and inserting “; and”; and

(C) by adding at the end the following:

“(C) with respect to families and individuals participating in a program operated with funds provided under section 403(a)(5)—

“(i) the total number of such families and individuals; and

“(ii) the number of such families and individuals whose participation in such a program was terminated during a month.” and

(6) in paragraph (7), by inserting “, and shall consult with the Secretary of Labor in defining the data elements with respect to programs operated with funds provided under section 403(a)(5)” before the period.

(f) EVALUATIONS.—Section 413 (42 U.S.C. 613) is amended by adding at the end the following:

“(j) EVALUATION OF WELFARE-TO-WORK PROGRAMS.—

“(1) EVALUATION.—The Secretary, in consultation with the Secretary of Labor and the Secretary of Housing and Urban Development—

“(A) shall develop a plan to evaluate how grants made under sections 403(a)(5) and 412(a)(3) have been used;

“(B) may evaluate the use of such grants by such grantees as the Secretary deems appropriate, in accordance with an agreement entered into with the grantees after good-faith negotiations; and

“(C) is urged to include the following outcome measures in the plan developed under subparagraph (A):

“(i) Placements in unsubsidized employment, and placements in unsubsidized employment that last for at least 6 months.

“(ii) Placements in the private and public sectors.

“(iii) Earnings of individuals who obtain employment.

“(iv) Average expenditures per placement.

“(2) REPORTS TO THE CONGRESS.—

“(A) IN GENERAL.—Subject to subparagraphs (B) and (C), the Secretary, in consultation with the Secretary of Labor and the Secretary of Housing and Urban Development, shall submit to the Congress reports on the projects funded under section 403(a)(5) and 412(a)(3) and on the evaluations of the projects.

“(B) INTERIM REPORT.—Not later than January 1, 1999, the Secretary shall submit an interim report on the matter described in subparagraph (A).

“(C) FINAL REPORT.—Not later than January 1, 2001, (or at a later date, if the Secretary informs the Committees of the Congress with jurisdiction over the subject matter of the report) the Secretary shall submit a final report on the matter described in subparagraph (A).”.

(g) PENALTIES.—

(1) PENALTY FOR FAILURE OF STATE TO MAINTAIN HISTORIC EFFORT DURING YEAR IN WHICH WELFARE-TO-WORK GRANT IS RECEIVED.—

(A) IN GENERAL.—Section 409(a) (42 U.S.C. 609(a)) is amended by adding at the end the following:

“(13) PENALTY FOR FAILURE OF STATE TO MAINTAIN HISTORIC EFFORT DURING YEAR IN WHICH WELFARE-TO-WORK GRANT IS RECEIVED.—If a grant is made to a State under section 403(a)(5)(A) for a fiscal year and paragraph (7) of this subsection requires the grant payable to the State under section 403(a)(1) to be reduced for the immediately succeeding fiscal

year, then the Secretary shall reduce the grant payable to the State under section 403(a)(1) for such succeeding fiscal year by the amount of the grant made to the State under section 403(a)(5)(A) for the fiscal year.”.

(B) INAPPLICABILITY OF GOOD CAUSE EXCEPTION.—Section 409(b)(2) of such Act (42 U.S.C. 609(b)(2)), as amended by section 5506(k) of this Act, is amended by striking “or (12)” and inserting “(12), or (13)”.

(C) INAPPLICABILITY OF CORRECTIVE COMPLIANCE PLAN.—Section 409(c)(4) of such Act (42 U.S.C. 609(c)(4)), as amended by section 5506(m) of this Act, is amended by striking “or (12)” and inserting “(12), or (13)”.

(2) PENALTY FOR MISUSE OF COMPETITIVE WELFARE-TO-WORK FUNDS.—Section 409(a)(1) of such Act (42 U.S.C. 609(a)(1)) is amended by adding at the end the following:

“(C) PENALTY FOR MISUSE OF COMPETITIVE WELFARE-TO-WORK FUNDS.—If the Secretary of Labor finds that an amount paid to an entity under section 403(a)(5)(B) has been used in violation of subparagraph (B) or (C) of section 403(a)(5), the entity shall remit to the Secretary of Labor an amount equal to the amount so used.”.

(h) CLARIFICATION THAT SANCTIONS AGAINST RECIPIENTS UNDER TANF PROGRAM ARE NOT WAGE REDUCTIONS.—

(1) IN GENERAL.—Section 408 (42 U.S.C. 608) is amended—

(A) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(B) by inserting after subsection (b) the following:

“(c) SANCTIONS AGAINST RECIPIENTS NOT CONSIDERED WAGE REDUCTIONS.—A penalty imposed by a State against the family of an individual by reason of the failure of the individual to comply with a requirement under the State program funded under this part shall not be construed to be a reduction in any wage paid to the individual.”.

(2) RETROACTIVITY.—The amendments made by paragraph (1) shall take effect as if included in the enactment of section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. 42 USC 608 note.

(i) GAO STUDY OF EFFECT OF FAMILY VIOLENCE ON NEED FOR PUBLIC ASSISTANCE.— 42 USC 613 note.

(1) STUDY.—The Comptroller General shall conduct a study of the effect of family violence on the use of public assistance programs, and in particular the extent to which family violence prolongs or increases the need for public assistance.

(2) REPORT.—Within 1 year after the date of the enactment of this Act, the Comptroller General shall submit to the Committees on Ways and Means and Education and the Workforce of the House of Representatives and the Committee on Finance of the Senate a report that contains the findings of the study required by paragraph (1).

SEC. 5002. LIMITATION ON AMOUNT OF FEDERAL FUNDS TRANSFERABLE TO TITLE XX PROGRAMS.

(a) IN GENERAL.—Section 404(d) (42 U.S.C. 604(d)) is amended—

(1) in paragraph (1), by striking “A State may” and inserting “Subject to paragraph (2), a State may”; and

(2) by amending paragraph (2) to read as follows:

“(2) LIMITATION ON AMOUNT TRANSFERABLE TO TITLE XX PROGRAMS.—A State may use not more than 10 percent of the amount of any grant made to the State under section 403(a) for a fiscal year to carry out State programs pursuant to title XX.”.

42 USC 604 note.

(b) RETROACTIVITY.—The amendments made by subsection (a) of this section shall take effect as if included in the enactment of section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

SEC. 5003. LIMITATION ON NUMBER OF PERSONS WHO MAY BE TREATED AS ENGAGED IN WORK BY REASON OF PARTICIPATION IN EDUCATIONAL ACTIVITIES.

(a) IN GENERAL.—Section 407(c)(2)(D) (42 U.S.C. 607(c)(2)(D)) is amended to read as follows:

“(D) LIMITATION ON NUMBER OF PERSONS WHO MAY BE TREATED AS ENGAGED IN WORK BY REASON OF PARTICIPATION IN EDUCATIONAL ACTIVITIES.—For purposes of determining monthly participation rates under paragraphs (1)(B)(i) and (2)(B) of subsection (b), not more than 30 percent of the number of individuals in all families and in 2-parent families, respectively, in a State who are treated as engaged in work for a month may consist of individuals who are determined to be engaged in work for the month by reason of participation in vocational educational training, or (if the month is in fiscal year 2000 or thereafter) deemed to be engaged in work for the month by reason of subparagraph (C) of this paragraph.”.

42 USC 607 note.

(b) RETROACTIVITY.—The amendment made by subsection (a) of this section shall take effect as if included in the enactment of section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

SEC. 5004. PENALTY FOR FAILURE OF STATE TO REDUCE ASSISTANCE FOR RECIPIENTS REFUSING WITHOUT GOOD CAUSE TO WORK.

(a) IN GENERAL.—Section 409(a) (42 U.S.C. 609(a)), as amended by section 5001(f)(1)(A) of this Act, is amended by adding at the end the following:

“(14) PENALTY FOR FAILURE TO REDUCE ASSISTANCE FOR RECIPIENTS REFUSING WITHOUT GOOD CAUSE TO WORK.—

“(A) IN GENERAL.—If the Secretary determines that a State to which a grant is made under section 403 in a fiscal year has violated section 407(e) during the fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to not less than 1 percent and not more than 5 percent of the State family assistance grant.

“(B) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) with respect to a fiscal year based on the degree of non-compliance.”.

42 USC 609 note.

(b) RETROACTIVITY.—The amendment made by subsection (a) of this section shall take effect as if included in the enactment of section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Subtitle B—Supplemental Security Income

SEC. 5101. EXTENSION OF DEADLINE TO PERFORM CHILDHOOD DISABILITY REDETERMINATIONS.

Section 211(d)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2190) is amended—

(1) in subparagraph (A)—

(A) in the 1st sentence, by striking “1 year” and inserting “18 months”; and

(B) by inserting after the 1st sentence the following: “Any redetermination required by the preceding sentence that is not performed before the end of the period described in the preceding sentence shall be performed as soon as is practicable thereafter.”; and

(2) in subparagraph (C), by adding at the end the following: “Before commencing a redetermination under the 2nd sentence of subparagraph (A), in any case in which the individual involved has not already been notified of the provisions of this paragraph, the Commissioner of Social Security shall notify the individual involved of the provisions of this paragraph.”.

42 USC 1382c note.

Notification.

SEC. 5102. FEES FOR FEDERAL ADMINISTRATION OF STATE SUPPLEMENTARY PAYMENTS.

(a) FEE SCHEDULE.—

(1) OPTIONAL STATE SUPPLEMENTARY PAYMENTS.—

(A) IN GENERAL.—Section 1616(d)(2)(B) (42 U.S.C. 1382e(d)(2)(B)) is amended—

(i) by striking “and” at the end of clause (iii);

and

(ii) by striking clause (iv) and inserting the following:

“(iv) for fiscal year 1997, \$5.00;

“(v) for fiscal year 1998, \$6.20;

“(vi) for fiscal year 1999, \$7.60;

“(vii) for fiscal year 2000, \$7.80;

“(viii) for fiscal year 2001, \$8.10;

“(ix) for fiscal year 2002, \$8.50; and

“(x) for fiscal year 2003 and each succeeding fiscal year—
“(I) the applicable rate in the preceding fiscal year, increased by the percentage, if any, by which the Consumer Price Index for the month of June of the calendar year of the increase exceeds the Consumer Price Index for the month of June of the calendar year preceding the calendar year of the increase, and rounded to the nearest whole cent; or

“(II) such different rate as the Commissioner determines is appropriate for the State.”.

(B) CONFORMING AMENDMENT.—Section 1616(d)(2)(C) of such Act (42 U.S.C. 1382e(d)(2)(C)) is amended by striking “(B)(iv)” and inserting “(B)(x)(II)”.

(2) MANDATORY STATE SUPPLEMENTARY PAYMENTS.—

(A) IN GENERAL.—Section 212(b)(3)(B)(ii) of Public Law 93-66 (42 U.S.C. 1382 note) is amended—

(i) by striking “and” at the end of subclause (III);

and

(ii) by striking subclause (IV) and inserting the following:

“(IV) for fiscal year 1997, \$5.00;

“(V) for fiscal year 1998, \$6.20;

“(VI) for fiscal year 1999, \$7.60;

“(VII) for fiscal year 2000, \$7.80;

“(VIII) for fiscal year 2001, \$8.10;

“(IX) for fiscal year 2002, \$8.50; and

“(X) for fiscal year 2003 and each succeeding fiscal year—

“(aa) the applicable rate in the preceding fiscal year, increased by the percentage, if any, by which the Consumer Price Index for the month of June of the calendar year of the increase exceeds the Consumer Price Index for the month of June of the calendar year preceding the calendar year of the increase, and rounded to the nearest whole cent; or

“(bb) such different rate as the Commissioner determines is appropriate for the State.”.

(B) CONFORMING AMENDMENT.—Section 212(b)(3)(B)(iii) of such Act (42 U.S.C. 1382 note) is amended by striking “(ii)(IV)” and inserting “(ii)(X)(bb)”.

(b) USE OF NEW FEES TO DEFRAY THE SOCIAL SECURITY ADMINISTRATION’S ADMINISTRATIVE EXPENSES.—

(1) CREDIT TO SPECIAL FUND FOR FISCAL YEAR 1998 AND SUBSEQUENT YEARS.—

(A) OPTIONAL STATE SUPPLEMENTARY PAYMENT FEES.—

Section 1616(d)(4) (42 U.S.C. 1382e(d)(4)) is amended to read as follows:

“(4)(A) The first \$5 of each administration fee assessed pursuant to paragraph (2), upon collection, shall be deposited in the general fund of the Treasury of the United States as miscellaneous receipts.

“(B) That portion of each administration fee in excess of \$5, and 100 percent of each additional services fee charged pursuant to paragraph (3), upon collection for fiscal year 1998 and each subsequent fiscal year, shall be credited to a special fund established in the Treasury of the United States for State supplementary payment fees. The amounts so credited, to the extent and in the amounts provided in advance in appropriations Acts, shall be available to defray expenses incurred in carrying out this title and related laws. The amounts so credited shall not be scored as receipts under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985, and the amounts so credited shall be credited as a discretionary offset to discretionary spending to the extent that the amounts so credited are made available for expenditure in appropriations Acts.”.

(B) MANDATORY STATE SUPPLEMENTARY PAYMENT FEES.—Section 212(b)(3)(D) of Public Law 93-66 (42 U.S.C. 1382 note) is amended to read as follows:

“(D)(i) The first \$5 of each administration fee assessed pursuant to subparagraph (B), upon collection, shall be deposited in the general fund of the Treasury of the United States as miscellaneous receipts.

“(ii) The portion of each administration fee in excess of \$5, and 100 percent of each additional services fee charged pursuant to subparagraph (C), upon collection for fiscal year 1998 and each subsequent fiscal year, shall be credited to a special fund established

in the Treasury of the United States for State supplementary payment fees. The amounts so credited, to the extent and in the amounts provided in advance in appropriations Acts, shall be available to defray expenses incurred in carrying out this section and title XVI of the Social Security Act and related laws. The amounts so credited shall not be scored as receipts under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985, and the amounts so credited shall be credited as a discretionary offset to discretionary spending to the extent that the amounts so credited are made available for expenditure in appropriations Acts.”.

(2) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—

From amounts credited pursuant to section 1616(d)(4)(B) of the Social Security Act and section 212(b)(3)(D)(ii) of Public Law 93–66 to the special fund established in the Treasury of the United States for State supplementary payment fees, there is authorized to be appropriated an amount not to exceed \$35,000,000 for fiscal year 1998, and such sums as may be necessary for each fiscal year thereafter.

42 USC 1382e
note.

Subtitle C—Child Support Enforcement

SEC. 5201. CLARIFICATION OF AUTHORITY TO PERMIT CERTAIN RE- DISCLOSURES OF WAGE AND CLAIM INFORMATION.

Section 303(h)(1)(C) (42 U.S.C. 503(h)(1)(C)) is amended by striking “section 453(i)(1) in carrying out the child support enforcement program under title IV” and inserting “subsections (i)(1), (i)(3), and (j) of section 453”.

Subtitle D—Restricting Welfare and Public Benefits for Aliens

SEC. 5301. SSI ELIGIBILITY FOR ALIENS RECEIVING SSI ON AUGUST 22, 1996, AND DISABLED ALIENS LAWFULLY RESIDING IN THE UNITED STATES ON AUGUST 22, 1996.

(a) SSI ELIGIBILITY FOR ALIENS RECEIVING SSI ON AUGUST 22, 1996.—Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended by adding after subparagraph (D) the following new subparagraph:

“(E) ALIENS RECEIVING SSI ON AUGUST 22, 1996.—With respect to eligibility for benefits for the program defined in paragraph (3)(A) (relating to the supplemental security income program), paragraph (1) shall not apply to an alien who is lawfully residing in the United States and who was receiving such benefits on August 22, 1996.”.

(b) SSI ELIGIBILITY FOR DISABLED ALIENS LAWFULLY RESIDING IN THE UNITED STATES ON AUGUST 22, 1996.—Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended by adding at the end the following:

“(F) DISABLED ALIENS LAWFULLY RESIDING IN THE UNITED STATES ON AUGUST 22, 1996.—With respect to eligibility for benefits for the program defined in paragraph

(3)(A) (relating to the supplemental security income program), paragraph (1) shall not apply to an alien who—

“(i) was lawfully residing in the United States on August 22, 1996; and

“(ii) is blind or disabled, as defined in section 1614(a)(2) or 1614(a)(3) of the Social Security Act (42 U.S.C. 1382c(a)(3)).”.

(c) **EXTENSION OF GRANDFATHER PROVISION RELATING TO SSI ELIGIBILITY.**—Section 402(a)(2)(D)(i) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(D)(i)) is amended—

(1) in subclause (I), by striking “September 30, 1997,” and inserting “September 30, 1998,”; and

(2) in subclause (III), by striking “September 30, 1997,” and inserting “September 30, 1998”.

SEC. 5302. EXTENSION OF ELIGIBILITY PERIOD FOR REFUGEES AND CERTAIN OTHER QUALIFIED ALIENS FROM 5 TO 7 YEARS FOR SSI AND MEDICAID; STATUS OF CUBAN AND HAITIAN ENTRANTS.

(a) **SSI.**—Section 402(a)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(A)) is amended to read as follows:

“(A) **TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.**—

“(i) **SSI.**—With respect to the specified Federal program described in paragraph (3)(A), paragraph (1) shall not apply to an alien until 7 years after the date—

“(I) an alien is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

“(II) an alien is granted asylum under section 208 of such Act;

“(III) an alien’s deportation is withheld under section 243(h) of such Act; or

“(IV) an alien is granted status as a Cuban and Haitian entrant (as defined in section 501(e) of the Refugee Education Assistance Act of 1980).

“(ii) **FOOD STAMPS.**—With respect to the specified Federal program described in paragraph (3)(B), paragraph (1) shall not apply to an alien until 5 years after the date—

“(I) an alien is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

“(II) an alien is granted asylum under section 208 of such Act;

“(III) an alien’s deportation is withheld under section 243(h) of such Act; or

“(IV) an alien is granted status as a Cuban and Haitian entrant (as defined in section 501(e) of the Refugee Education Assistance Act of 1980).”.

(b) **MEDICAID.**—Section 402(b)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(b)(2)(A)) is amended to read as follows:

“(A) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—

“(i) MEDICAID.—With respect to the designated Federal program described in paragraph (3)(C), paragraph (1) shall not apply to an alien until 7 years after the date—

“(I) an alien is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

“(II) an alien is granted asylum under section 208 of such Act;

“(III) an alien’s deportation is withheld under section 243(h) of such Act; or

“(IV) an alien is granted status as a Cuban and Haitian entrant (as defined in section 501(e) of the Refugee Education Assistance Act of 1980).

“(ii) OTHER DESIGNATED FEDERAL PROGRAMS.—With respect to the designated Federal programs under paragraph (3) (other than subparagraph (C)), paragraph (1) shall not apply to an alien until 5 years after the date—

“(I) an alien is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

“(II) an alien is granted asylum under section 208 of such Act;

“(III) an alien’s deportation is withheld under section 243(h) of such Act; or

“(IV) an alien is granted status as a Cuban and Haitian entrant (as defined in section 501(e) of the Refugee Education Assistance Act of 1980).”.

(c) STATUS OF CUBAN AND HAITIAN ENTRANTS.—

(1) FEDERAL MEANS-TESTED PUBLIC BENEFITS.—

(A) Section 403(b)(1) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613(b)(1)) is amended by adding at the end the following new subparagraph:

“(D) An alien who is a Cuban and Haitian entrant as defined in section 501(e) of the Refugee Education Assistance Act of 1980.”.

(B) Section 403 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613) is amended by striking subsection (d).

(2) STATE PUBLIC BENEFITS.—Section 412(b)(1) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1622(b)(1)) is amended by adding at the end the following new subparagraph:

“(D) An alien who is a Cuban and Haitian entrant as defined in section 501(e) of the Refugee Education Assistance Act of 1980 until 5 years after the alien is granted such status.”.

(3) QUALIFIED ALIEN DEFINED.—Section 431(b) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641(b)) is amended—

(A) in paragraph (5) by striking “or”;

(B) in paragraph (6) by striking the period and inserting “; or”; and

(C) by adding at the end the following new paragraph:
“(7) an alien who is a Cuban and Haitian entrant (as defined in section 501(e) of the Refugee Education Assistance Act of 1980).”.

SEC. 5303. EXCEPTIONS FOR CERTAIN INDIANS FROM LIMITATION ON ELIGIBILITY FOR SUPPLEMENTAL SECURITY INCOME AND MEDICAID BENEFITS.

(a) **EXCEPTION FROM LIMITATION ON SSI ELIGIBILITY.**—Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended by adding at the end the following:

“(G) **SSI EXCEPTION FOR CERTAIN INDIANS.**—With respect to eligibility for benefits for the program defined in paragraph (3)(A) (relating to the supplemental security income program), section 401(a) and paragraph (1) shall not apply to any individual—

“(i) who is an American Indian born in Canada to whom the provisions of section 289 of the Immigration and Nationality Act (8 U.S.C. 1359) apply; or

“(ii) who is a member of an Indian tribe (as defined in section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e))).”.

(b) **EXCEPTION FROM LIMITATION ON MEDICAID ELIGIBILITY.**—Section 402(b)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(b)(2)) is amended by inserting at the end the following:

“(E) **MEDICAID EXCEPTION FOR CERTAIN INDIANS.**—With respect to eligibility for benefits for the program defined in paragraph (3)(C) (relating to the medicaid program), section 401(a) and paragraph (1) shall not apply to any individual described in subsection (a)(2)(G).”.

(c) **SSI AND MEDICAID EXCEPTIONS FROM LIMITATION ON ELIGIBILITY OF NEW ENTRANTS.**—Section 403 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613) is amended by adding after subsection (c) the following new subsection:

“(d) **SSI AND MEDICAID BENEFITS FOR CERTAIN INDIANS.**—Notwithstanding any other provision of law, the limitations under section 401(a) and subsection (a) shall not apply to an individual described in section 402(a)(2)(G), but only with respect to the programs specified in subsections (a)(3)(A) and (b)(3)(C) of section 402.”.

SEC. 5304. EXEMPTION FROM RESTRICTION ON SUPPLEMENTAL SECURITY INCOME PROGRAM PARTICIPATION BY CERTAIN RECIPIENTS ELIGIBLE ON THE BASIS OF VERY OLD APPLICATIONS.

Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended by adding at the end the following:

“(H) **SSI EXCEPTION FOR CERTAIN RECIPIENTS ON THE BASIS OF VERY OLD APPLICATIONS.**—With respect to eligibility for benefits for the program defined in paragraph (3)(A) (relating to the supplemental security income program), paragraph (1) shall not apply to any individual—

“(i) who is receiving benefits under such program for months after July 1996 on the basis of an application filed before January 1, 1979; and

“(ii) with respect to whom the Commissioner of Social Security lacks clear and convincing evidence that such individual is an alien ineligible for such benefits as a result of the application of this section.”.

SEC. 5305. REINSTATEMENT OF ELIGIBILITY FOR BENEFITS.

(a) **FOOD STAMPS.**—The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by adding after section 435 the following new section:

“SEC. 436. DERIVATIVE ELIGIBILITY FOR BENEFITS.

8 USC 1646.

“Notwithstanding any other provision of law, an alien who under the provisions of this title is ineligible for benefits under the food stamp program (as defined in section 402(a)(3)(B)) shall not be eligible for such benefits because the alien receives benefits under the supplemental security income program (as defined in section 402(a)(3)(A)).”.

(b) **MEDICAID.**—Section 402(b)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(b)(2)) is amended by adding at the end the following:

“(F) **MEDICAID EXCEPTION FOR ALIENS RECEIVING SSI.**—

An alien who is receiving benefits under the program defined in subsection (a)(3)(A) (relating to the supplemental security income program) shall be eligible for medical assistance under a State plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) under the same terms and conditions that apply to other recipients of benefits under the program defined in such subsection.”.

(c) **CLERICAL AMENDMENT.**—The table of sections as contained in section 2 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by adding after the item relating to section 435 the following:

“Sec. 436. Derivative eligibility for benefits.”.

SEC. 5306. TREATMENT OF CERTAIN AMERASIAN IMMIGRANTS AS REFUGEES.

(a) **FOR PURPOSES OF SSI AND FOOD STAMPS.**—Section 402(a)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(A)) as amended by section 5302 is amended—

(1) in clause (i)—

(A) by striking “or” at the end of subclause (III);

(B) by striking the period at the end of subclause

(IV) and inserting “; or”; and

(C) by adding at the end the following:

“(V) an alien is admitted to the United States as an Amerasian immigrant pursuant to section 584 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1988 (as contained in section 101(e) of Public Law 100-202 and amended by the 9th proviso under MIGRATION AND REFUGEE ASSISTANCE in title II of the Foreign Operations, Export Financing, and Related

Programs Appropriations Act, 1989, Public Law 100-461, as amended).”; and

(2) in clause (ii)—

(A) by striking “or” at the end of subclause (III);

(B) by striking the period at the end of subclause

(IV) and inserting “; or”; and

(C) by adding at the end the following:

“(V) an alien is admitted to the United States as an Amerasian immigrant as described in clause (i)(V).”.

(b) FOR PURPOSES OF TANF, SSBG, AND MEDICAID.—Section 402(b)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(b)(2)(A)) as amended by section 5302 is amended—

(1) in clause (i)—

(A) by striking “or” at the end of subclause (III);

(B) by striking the period at the end of subclause

(IV) and inserting “; or”; and

(C) by adding at the end the following:

“(V) an alien admitted to the United States as an Amerasian immigrant as described in subsection (a)(2)(A)(i)(V) until 5 years after the date of such alien’s entry into the United States.”; and

(2) in clause (ii)—

(A) by striking “or” at the end of subclause (III);

(B) by striking the period at the end of subclause

(IV) and inserting “; or”; and

(C) by adding at the end the following:

“(V) an alien admitted to the United States as an Amerasian immigrant as described in subsection (a)(2)(A)(i)(V) until 5 years after the date of such alien’s entry into the United States.”.

(c) FOR PURPOSES OF EXCEPTION FROM 5-YEAR LIMITED ELIGIBILITY OF QUALIFIED ALIENS.—Section 403(b)(1) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613(b)(1)) is amended by adding at the end the following:

“(E) An alien admitted to the United States as an Amerasian immigrant as described in section 402(a)(2)(A)(i)(V).”.

(d) FOR PURPOSES OF CERTAIN STATE PROGRAMS.—Section 412(b)(1) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1622(b)(1)) is amended by adding at the end the following new subparagraph:

“(E) An alien admitted to the United States as an Amerasian immigrant as described in section 402(a)(2)(A)(i)(V).”.

SEC. 5307. VERIFICATION OF ELIGIBILITY FOR STATE AND LOCAL PUBLIC BENEFITS.

(a) IN GENERAL.—The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by adding after section 412 the following new section:

“SEC. 413. AUTHORIZATION FOR VERIFICATION OF ELIGIBILITY FOR STATE AND LOCAL PUBLIC BENEFITS.

“A State or political subdivision of a State is authorized to require an applicant for State and local public benefits (as defined in section 411(c)) to provide proof of eligibility.”.

(b) CLERICAL AMENDMENT.—The table of sections as contained in section 2 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by adding after the item relating to section 412 the following:

“Sec. 413. Authorization for verification of eligibility for state and local public benefits.”.

SEC. 5308. EFFECTIVE DATE.

8 USC 1612 note.

Except as otherwise provided, the amendments made by this subtitle shall be effective as if included in the enactment of title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Subtitle E—Unemployment Compensation

SEC. 5401. CLARIFYING PROVISION RELATING TO BASE PERIODS.

42 USC 503 note.

(a) IN GENERAL.—No provision of a State law under which the base period for such State is defined or otherwise determined shall, for purposes of section 303(a)(1) of the Social Security Act (42 U.S.C. 503(a)(1)), be considered a provision for a method of administration.

(b) DEFINITIONS.—For purposes of this section, the terms “State law”, “base period”, and “State” shall have the meanings given them under section 205 of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note).

(c) EFFECTIVE DATE.—This section shall apply for purposes of any period beginning before, on, or after the date of the enactment of this Act.

SEC. 5402. INCREASE IN FEDERAL UNEMPLOYMENT ACCOUNT CEILING.

(a) IN GENERAL.—Section 902(a)(2) (42 U.S.C. 1102(a)(2)) is amended by striking “0.25 percent” and inserting “0.5 percent”.

(b) EFFECTIVE DATE.—This section and the amendment made by this section—

42 USC 1102 note.

(1) shall take effect on October 1, 2001, and

(2) shall apply to fiscal years beginning on or after that date.

SEC. 5403. SPECIAL DISTRIBUTION TO STATES FROM UNEMPLOYMENT TRUST FUND.

(a) IN GENERAL.—Subsection (a) of section 903 (42 U.S.C. 1103(a)) is amended by adding at the end the following new paragraph:

“(3)(A) Notwithstanding any other provision of this section, for purposes of carrying out this subsection with respect to any excess amount (referred to in paragraph (1)) remaining in the employment security administration account as of the close of fiscal year 1999, 2000, or 2001, such amount shall—

“(i) to the extent of any amounts not in excess of \$100,000,000, be subject to subparagraph (B), and

“(ii) to the extent of any amounts in excess of \$100,000,000, be subject to subparagraph (C).

“(B) Paragraphs (1) and (2) shall apply with respect to any amounts described in subparagraph (A)(i), except that—

Applicability.

“(i) in carrying out the provisions of paragraph (2)(B) with respect to such amounts (to determine the portion of such

amounts which is to be allocated to a State for a succeeding fiscal year), the ratio to be applied under such provisions shall be the same as the ratio that—

“(I) the amount of funds to be allocated to such State for such fiscal year pursuant to the base allocation formula under title III, bears to

“(II) the total amount of funds to be allocated to all States for such fiscal year pursuant to the base allocation formula under title III,

as determined by the Secretary of Labor, and

“(ii) the amounts allocated to a State pursuant to this subparagraph shall be available to such State, subject to the last sentence of subsection (c)(2).

Nothing in this paragraph shall preclude the application of subsection (b) with respect to any allocation determined under this subparagraph.

“(C) Any amounts described in clause (ii) of subparagraph (A) (remaining in the employment security administration account as of the close of any fiscal year specified in such subparagraph) shall, as of the beginning of the succeeding fiscal year, accrue to the Federal unemployment account, without regard to the limit provided in section 902(a).”.

42 USC 1103.

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 903(c) of the Social Security Act is amended by adding at the end, as a flush left sentence, the following:

“Any amount allocated to a State under this section for fiscal year 2000, 2001, or 2002 may be used by such State only to pay expenses incurred by it for the administration of its unemployment compensation law, and may be so used by it without regard to any of the conditions prescribed in any of the preceding provisions of this paragraph.”.

SEC. 5404. INTEREST-FREE ADVANCES TO STATE ACCOUNTS IN UNEMPLOYMENT TRUST FUND RESTRICTED TO STATES WHICH MEET FUNDING GOALS.

(a) IN GENERAL.—Paragraph (2) of section 1202(b) (42 U.S.C. 1322(b)) is amended—

(1) by striking “and” at the end of subparagraph (A),

(2) by striking the period at the end of subparagraph (B) and inserting “, and”, and

(3) by adding at the end the following new subparagraph:

“(C) such State meets funding goals, established under regulations issued by the Secretary of Labor, relating to the accounts of the States in the Unemployment Trust Fund.”.

42 USC 1322
note.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years beginning after the date of the enactment of this Act.

SEC. 5405. EXEMPTION OF SERVICE PERFORMED BY ELECTION WORKERS FROM THE FEDERAL UNEMPLOYMENT TAX.

26 USC 3309.

(a) IN GENERAL.—Paragraph (3) of section 3309(b) of the Internal Revenue Code of 1986 (relating to exemption for certain services) is amended—

(1) by striking “or” at the end of subparagraph (D),

(2) by adding “or” at the end of subparagraph (E), and

(3) by inserting after subparagraph (E) the following new subparagraph:

“(F) as an election official or election worker if the amount of remuneration received by the individual during the calendar year for services as an election official or election worker is less than \$1,000;”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply with respect to service performed after the date of the enactment of this Act. 26 USC 3309 note.

SEC. 5406. TREATMENT OF CERTAIN SERVICES PERFORMED BY INMATES.

(a) **IN GENERAL.**—Subsection (c) of section 3306 of the Internal Revenue Code of 1986 (defining employment) is amended— 26 USC 3306.

(1) by striking “or” at the end of paragraph (19),

(2) by striking the period at the end of paragraph (20) and inserting “; or”, and

(3) by adding at the end the following new paragraph:

“(21) service performed by a person committed to a penal institution.”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply with respect to service performed after January 1, 1994. 26 USC 3306 note.

SEC. 5407. EXEMPTION OF SERVICE PERFORMED FOR AN ELEMENTARY OR SECONDARY SCHOOL OPERATED PRIMARILY FOR RELIGIOUS PURPOSES FROM THE FEDERAL UNEMPLOYMENT TAX.

(a) **IN GENERAL.**—Paragraph (1) of section 3309(b) of the Internal Revenue Code of 1986 (relating to exemption for certain services) is amended— 26 USC 3309.

(1) by striking “or” at the end of subparagraph (A), and

(2) by inserting before the semicolon at the end the following: “; or (C) an elementary or secondary school which is operated primarily for religious purposes, which is described in section 501(c)(3), and which is exempt from tax under section 501(a)”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply with respect to service performed after the date of the enactment of this Act. 26 USC 3309 note.

SEC. 5408. STATE PROGRAM INTEGRITY ACTIVITIES FOR UNEMPLOYMENT COMPENSATION.

Section 901(c) (42 U.S.C. 1101(c)) is amended by adding at the end the following new paragraph:

“(5)(A) There are authorized to be appropriated out of the employment security administration account to carry out program integrity activities, in addition to any amounts available under paragraph (1)(A)(i)— Appropriation authorization.

“(i) \$89,000,000 for fiscal year 1998;

“(ii) \$91,000,000 for fiscal year 1999;

“(iii) \$93,000,000 fiscal year 2000;

“(iv) \$96,000,000 for fiscal year 2001; and

“(v) \$98,000,000 for fiscal year 2002.

“(B) In any fiscal year in which a State receives funds appropriated pursuant to this paragraph, the State shall expend a proportion of the funds appropriated pursuant to paragraph (1)(A)(i) to carry out program integrity activities that is not less than the proportion of the funds appropriated under such paragraph that

was expended by the State to carry out program integrity activities in fiscal year 1997.

“(C) For purposes of this paragraph, the term ‘program integrity activities’ means initial claims review activities, eligibility review activities, benefit payments control activities, and employer liability auditing activities.”.

Subtitle F—Welfare Reform Technical Corrections

CHAPTER 1—BLOCK GRANTS FOR TEMPORARY ASSISTANCE TO NEEDY FAMILIES

SEC. 5501. ELIGIBLE STATES; STATE PLAN.

(a) LATER DEADLINE FOR SUBMISSION OF STATE PLANS.—Section 402(a) (42 U.S.C. 602(a)) is amended by striking “2-year period immediately preceding” and inserting “27-month period ending with the close of the 1st quarter of”.

(b) CLARIFICATION OF SCOPE OF WORK PROVISIONS.—Section 402(a)(1)(A)(ii) (42 U.S.C. 602(a)(1)(A)(ii)) is amended by inserting “, consistent with section 407(e)(2)” before the period.

(c) CORRECTION OF CROSS-REFERENCE.—Section 402(a)(1)(A)(v) (42 U.S.C. 602(a)(1)(A)(v)) is amended by striking “403(a)(2)(B)” and inserting “403(a)(2)(C)(iii)”.

(d) NOTIFICATION OF PLAN AMENDMENTS.—Section 402 (42 U.S.C. 602) is amended—

(1) by redesignating subsection (b) as subsection (c) and inserting after subsection (a) the following:

“(b) PLAN AMENDMENTS.—Within 30 days after a State amends a plan submitted pursuant to subsection (a), the State shall notify the Secretary of the amendment.”; and

(2) in subsection (c) (as so redesignated), by inserting “or plan amendment” after “plan”.

SEC. 5502. GRANTS TO STATES.

(a) BONUS FOR DECREASE IN ILLEGITIMACY MODIFIED TO TAKE ACCOUNT OF CERTAIN TERRITORIES.—

(1) IN GENERAL.—Section 403(a)(2)(B) (42 U.S.C. 603(a)(2)(B)) is amended to read as follows:

“(B) AMOUNT OF GRANT.—

“(i) IN GENERAL.—If, for a bonus year, none of the eligible States is Guam, the Virgin Islands, or American Samoa, then the amount of the grant shall be—

“(I) \$20,000,000 if there are 5 eligible States;

or

“(II) \$25,000,000 if there are fewer than 5 eligible States.

“(ii) AMOUNT IF CERTAIN TERRITORIES ARE ELIGIBLE.—If, for a bonus year, Guam, the Virgin Islands, or American Samoa is an eligible State, then the amount of the grant shall be—

“(I) in the case of such a territory, 25 percent of the mandatory ceiling amount (as defined in section 1108(c)(4)) with respect to the territory; and

“(II) in the case of a State that is not such a territory—

“(aa) if there are 5 eligible States other than such territories, \$20,000,000, minus $\frac{1}{5}$ of the total amount of the grants payable under this paragraph to such territories for the bonus year; or

“(bb) if there are fewer than 5 such eligible States, \$25,000,000, or such lesser amount as may be necessary to ensure that the total amount of grants payable under this paragraph for the bonus year does not exceed \$100,000,000.”.

(2) CERTAIN TERRITORIES TO BE IGNORED IN RANKING OTHER STATES.—Section 403(a)(2)(C)(i)(I)(aa) (42 U.S.C. 603(a)(2)(C)(i)(I)(aa)) is amended by adding at the end the following: “In the case of a State that is not a territory specified in subparagraph (B), the comparative magnitude of the decrease for the State shall be determined without regard to the magnitude of the corresponding decrease for any such territory.”.

(b) COMPUTATION OF BONUS BASED ON RATIOS OF OUT-OF-WEDLOCK BIRTHS TO ALL BIRTHS INSTEAD OF NUMBERS OF OUT-OF-WEDLOCK BIRTHS.—Section 403(a)(2) (42 U.S.C. 603(a)(2)) is amended—

(1) in the paragraph heading, by inserting “RATIO” before the period;

(2) in subparagraph (A), by striking all that follows “bonus year” and inserting a period; and

(3) in subparagraph (C)—

(A) in clause (i)—

(i) in subclause (I)(aa)—

(I) by striking “number of out-of-wedlock births that occurred in the State during” and inserting “illegitimacy ratio of the State for”; and

(II) by striking “number of such births that occurred during” and inserting “illegitimacy ratio of the State for”; and

(ii) in subclause (II)(aa)—

(I) by striking “number of out-of-wedlock births that occurred in” each place such term appears and inserting “illegitimacy ratio of”; and

(II) by striking “calculate the number of out-of-wedlock births” and inserting “calculate the illegitimacy ratio”; and

(B) by adding at the end the following:

“(iii) ILLEGITIMACY RATIO.—The term ‘illegitimacy ratio’ means, with respect to a State and a period—

“(I) the number of out-of-wedlock births to mothers residing in the State that occurred during the period; divided by

“(II) the number of births to mothers residing in the State that occurred during the period.”.

(c) USE OF CALENDAR YEAR DATA INSTEAD OF FISCAL YEAR DATA IN CALCULATING BONUS FOR DECREASE IN ILLEGITIMACY RATIO.—Section 403(a)(2)(C) (42 U.S.C. 603(a)(2)(C)) is amended—

(1) in clause (i)—

(A) in subclause (I)(bb)—

(i) by striking “the fiscal year” and inserting “the calendar year for which the most recent data are available”; and

(ii) by striking “fiscal year 1995” and inserting “calendar year 1995”;

(B) in subclause (II), by striking “fiscal” each place such term appears and inserting “calendar”; and

(2) in clause (ii), by striking “fiscal years” and inserting “calendar years”.

(d) CORRECTION OF HEADING.—Section 403(a)(3)(C)(ii) (42 U.S.C. 603(a)(3)(C)(ii)) is amended in the heading by striking “1997” and inserting “1998”.

(e) CLARIFICATION OF CONTINGENCY FUND PROVISION.—Section 403(b) (42 U.S.C. 603(b)) is amended—

(1) in paragraph (6), by striking “(5)” and inserting “(4)”;

(2) by striking paragraph (4) and redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively; and

(3) by inserting after paragraph (5) the following:

“(6) ANNUAL RECONCILIATION.—

“(A) IN GENERAL.—Notwithstanding paragraph (3), if the Secretary makes a payment to a State under this subsection in a fiscal year, then the State shall remit to the Secretary, within 1 year after the end of the first subsequent period of 3 consecutive months for which the State is not a needy State, an amount equal to the amount (if any) by which—

“(i) the total amount paid to the State under paragraph (3) of this subsection in the fiscal year; exceeds

“(ii) the product of—

“(I) the Federal medical assistance percentage for the State (as defined in section 1905(b), as such section was in effect on September 30, 1995);

“(II) the State’s reimbursable expenditures for the fiscal year; and

“(III) $\frac{1}{12}$ times the number of months during the fiscal year for which the Secretary made a payment to the State under such paragraph (3).

“(B) DEFINITIONS.—As used in subparagraph (A):

“(i) REIMBURSABLE EXPENDITURES.—The term ‘reimbursable expenditures’ means, with respect to a State and a fiscal year, the amount (if any) by which—

“(I) countable State expenditures for the fiscal year; exceeds

“(II) historic State expenditures (as defined in section 409(a)(7)(B)(iii)), excluding any amount expended by the State for child care under subsection (g) or (i) of section 402 (as in effect during fiscal year 1994) for fiscal year 1994.

“(ii) COUNTABLE STATE EXPENDITURES.—The term ‘countable expenditures’ means, with respect to a State and a fiscal year—

“(I) the qualified State expenditures (as defined in section 409(a)(7)(B)(i) (other than the expenditures described in subclause (I)(bb) of such section)) under the State program funded under this part for the fiscal year; plus

“(II) any amount paid to the State under paragraph (3) during the fiscal year that is expended by the State under the State program funded under this part.”.

(f) ADMINISTRATION OF CONTINGENCY FUND TRANSFERRED TO THE SECRETARY OF HHS.—Section 403(b)(7) (42 U.S.C. 603(b)(7)) is amended to read as follows:

“(7) STATE DEFINED.—As used in this subsection, the term ‘State’ means each of the 50 States and the District of Columbia.”.

SEC. 5503. USE OF GRANTS.

Section 404(a)(2) (42 U.S.C. 604(a)(2)) is amended by inserting “, or (at the option of the State) August 21, 1996” before the period.

SEC. 5504. MANDATORY WORK REQUIREMENTS.

(a) FAMILY WITH A DISABLED PARENT NOT TREATED AS A 2-PARENT FAMILY.—Section 407(b)(2) (42 U.S.C. 607(b)(2)) is amended by adding at the end the following:

“(C) FAMILY WITH A DISABLED PARENT NOT TREATED AS A 2-PARENT FAMILY.—A family that includes a disabled parent shall not be considered a 2-parent family for purposes of subsections (a) and (b) of this section.”.

(b) CORRECTION OF HEADING.—Section 407(b)(3) (42 U.S.C. 607(b)(3)) is amended in the heading by inserting “AND NOT RESULTING FROM CHANGES IN STATE ELIGIBILITY CRITERIA” before the period.

(c) STATE OPTION TO INCLUDE INDIVIDUALS RECEIVING ASSISTANCE UNDER A TRIBAL WORK PROGRAM IN PARTICIPATION RATE CALCULATION.—Section 407(b)(4) (42 U.S.C. 607(b)(4)) is amended—

(1) in the heading, by inserting “OR TRIBAL WORK PROGRAM” before the period; and

(2) by inserting “or under a tribal work program to which funds are provided under this part” before the period.

(d) SHARING OF 35-HOUR WORK REQUIREMENT BETWEEN PARENTS IN 2-PARENT FAMILIES.—Section 407(c)(1)(B) (42 U.S.C. 607(c)(1)(B)) is amended—

(1) in clause (i)—

(A) by striking “is” and inserting “and the other parent in the family are”; and

(B) by inserting “a total of” before “at least”; and

(2) in clause (ii)—

(A) by striking “individual’s spouse is” and inserting “individual and the other parent in the family are”;

(B) by inserting “for a total of at least 55 hours per week” before “during the month”;

(C) by striking “20” and inserting “50”; and

(D) by striking “or (7)” and inserting “(6), (7), (8), or (12)”.

(e) CLARIFICATION OF EFFORT REQUIRED IN WORK ACTIVITIES.—Section 407(c)(1)(B) (42 U.S.C. 607(c)(1)(B)) is amended by striking “making progress” each place such term appears and inserting “participating”.

(f) ADDITIONAL CONDITION UNDER WHICH 12 WEEKS OF JOB SEARCH MAY COUNT AS WORK.—Section 407(c)(2)(A)(i) (42 U.S.C. 607(c)(2)(A)(i)) is amended by inserting “or the State is a needy State (within the meaning of section 403(b)(6))” after “United States”.

(g) CARETAKER RELATIVE OF CHILD UNDER AGE 6 DEEMED TO BE MEETING WORK REQUIREMENTS IF ENGAGED IN WORK FOR 20 HOURS PER WEEK.—Section 407(c)(2)(B) (42 U.S.C. 607(c)(2)(B)) is amended—

(1) in the heading, by inserting “OR RELATIVE” after “PARENT” each place such term appears; and

(2) by striking “in a 1-parent family who is the parent” and inserting “who is the only parent or caretaker relative in the family”.

(h) EXTENSION TO MARRIED TEENS OF RULE THAT RECEIPT OF SUFFICIENT EDUCATION IS ENOUGH TO MEET WORK PARTICIPATION REQUIREMENTS.—Section 407(c)(2)(C) (42 U.S.C. 607(c)(2)(C)) is amended—

(1) in the heading, by striking “TEEN HEAD OF HOUSEHOLD” and inserting “SINGLE TEEN HEAD OF HOUSEHOLD OR MARRIED TEEN”;

(2) by striking “a single” and inserting “married or a”; and

(3) by striking “, subject to subparagraph (D) of this paragraph.”.

(i) CLARIFICATION OF NUMBER OF HOURS OF PARTICIPATION IN EDUCATION DIRECTLY RELATED TO EMPLOYMENT THAT ARE REQUIRED IN ORDER FOR SINGLE TEEN HEAD OF HOUSEHOLD OR MARRIED TEEN TO BE DEEMED TO BE ENGAGED IN WORK.—Section 407(c)(2)(C)(ii) (42 U.S.C. 607(c)(2)(C)(ii)) is amended by striking “at least” and all that follows through “subsection” and inserting “an average of at least 20 hours per week during the month”.

(j) CLARIFICATION OF REFUSAL TO WORK FOR PURPOSES OF WORK PENALTIES FOR INDIVIDUALS.—Section 407(e)(2) (42 U.S.C. 607(e)(2)) is amended by striking “work” and inserting “engage in work required in accordance with this section”.

SEC. 5505. PROHIBITIONS; REQUIREMENTS.

(a) ELIMINATION OF REDUNDANT LANGUAGE; CLARIFICATION OF HOME RESIDENCE REQUIREMENT.—Section 408(a)(1) (42 U.S.C. 608(a)(1)) is amended to read as follows:

“(1) NO ASSISTANCE FOR FAMILIES WITHOUT A MINOR CHILD.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to a family, unless the family includes a minor child who resides with the family (consistent with paragraph (10)) or a pregnant individual.”.

(b) CLARIFICATION OF TERMINOLOGY.—Section 408(a)(3) (42 U.S.C. 608(a)(3)) is amended—

(1) by striking “leaves” the 1st, 3rd, and 4th places such term appears and inserting “ceases to receive assistance under”; and

(2) by striking “the date the family leaves the program” the 2nd place such term appears and inserting “such date”.

(c) ELIMINATION OF SPACE.—Section 408(a)(5)(A)(ii) (42 U.S.C. 608(a)(5)(A)(ii)) is amended by striking “DESCRIBED.— For” and inserting “DESCRIBED.—For”.

(d) CORRECTIONS TO 5-YEAR LIMIT ON ASSISTANCE.—

(1) CLARIFICATION OF LIMITATION ON HARDSHIP EXEMPTION.—Section 408(a)(7)(C)(ii) (42 U.S.C. 608(a)(7)(C)(ii)) is amended—

(A) by striking “The number” and inserting “The average monthly number”; and

(B) by inserting “during the fiscal year or the immediately preceding fiscal year (but not both), as the State may elect” before the period.

(2) RESIDENCE EXCEPTION MADE MORE UNIFORM AND EASIER TO ADMINISTER.—Section 408(a)(7)(D) (42 U.S.C. 608(a)(7)(D)) is amended to read as follows:

“(D) DISREGARD OF MONTHS OF ASSISTANCE RECEIVED BY ADULT WHILE LIVING IN INDIAN COUNTRY OR AN ALASKAN NATIVE VILLAGE WITH 50 PERCENT UNEMPLOYMENT.—

“(i) IN GENERAL.—In determining the number of months for which an adult has received assistance under a State or tribal program funded under this part, the State or tribe shall disregard any month during which the adult lived in Indian country or an Alaskan Native village if the most reliable data available with respect to the month (or a period including the month) indicate that at least 50 percent of the adults living in Indian country or in the village were not employed.

“(ii) INDIAN COUNTRY DEFINED.—As used in clause (i), the term ‘Indian country’ has the meaning given such term in section 1151 of title 18, United States Code.”.

(e) REINSTATEMENT OF DEEMING AND OTHER RULES APPLICABLE TO ALIENS WHO ENTERED THE UNITED STATES UNDER AFFIDAVITS OF SUPPORT FORMERLY USED.—Section 408 (42 U.S.C. 608), as amended by section 5001(h)(1) of this Act, is amended by striking subsection (e) and inserting the following:

“(e) SPECIAL RULES RELATING TO TREATMENT OF CERTAIN ALIENS.—For special rules relating to the treatment of certain aliens, see title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

“(f) SPECIAL RULES RELATING TO THE TREATMENT OF NON-213A ALIENS.—The following rules shall apply if a State elects to take the income or resources of any sponsor of a non-213A alien into account in determining whether the alien is eligible for assistance under the State program funded under this part, or in determining the amount or types of such assistance to be provided to the alien:

Applicability.

“(1) DEEMING OF SPONSOR’S INCOME AND RESOURCES.—For a period of 3 years after a non-213A alien enters the United States:

“(A) INCOME DEEMING RULE.—The income of any sponsor of the alien and of any spouse of the sponsor is deemed to be income of the alien, to the extent that the total amount of the income exceeds the sum of—

“(i) the lesser of—

“(I) 20 percent of the total of any amounts received by the sponsor or any such spouse in the month as wages or salary or as net earnings from self-employment, plus the full amount of any costs incurred by the sponsor and any such spouse in producing self-employment income in such month; or

“(II) \$175;

“(ii) the cash needs standard established by the State for purposes of determining eligibility for assistance under the State program funded under this part for a family of the same size and composition as the sponsor and any other individuals living in the same household as the sponsor who are claimed by the sponsor as dependents for purposes of determining the sponsor’s Federal personal income tax liability but whose needs are not taken into account in determining whether the sponsor’s family has met the cash needs standard;

“(iii) any amounts paid by the sponsor or any such spouse to individuals not living in the household who are claimed by the sponsor as dependents for purposes of determining the sponsor’s Federal personal income tax liability; and

“(iv) any payments of alimony or child support with respect to individuals not living in the household.

“(B) RESOURCE DEEMING RULE.—The resources of a sponsor of the alien and of any spouse of the sponsor are deemed to be resources of the alien to the extent that the aggregate value of the resources exceeds \$1,500.

“(C) SPONSORS OF MULTIPLE NON-213A ALIENS.—If a person is a sponsor of 2 or more non-213A aliens who are living in the same home, the income and resources of the sponsor and any spouse of the sponsor that would be deemed income and resources of any such alien under subparagraph (A) shall be divided into a number of equal shares equal to the number of such aliens, and the State shall deem the income and resources of each such alien to include 1 such share.

“(2) INELIGIBILITY OF NON-213A ALIENS SPONSORED BY AGENCIES; EXCEPTION.—A non-213A alien whose sponsor is or was a public or private agency shall be ineligible for assistance under a State program funded under this part, during a period of 3 years after the alien enters the United States, unless the State agency administering the program determines that the sponsor either no longer exists or has become unable to meet the alien’s needs.

“(3) INFORMATION PROVISIONS.—

“(A) DUTIES OF NON-213A ALIENS.—A non-213A alien, as a condition of eligibility for assistance under a State program funded under this part during the period of 3 years after the alien enters the United States, shall be required to provide to the State agency administering the program—

“(i) such information and documentation with respect to the alien’s sponsor as may be necessary in order for the State agency to make any determination required under this subsection, and to obtain any cooperation from the sponsor necessary for any such determination; and

“(ii) such information and documentation as the State agency may request and which the alien or the alien’s sponsor provided in support of the alien’s immigration application.

“(B) DUTIES OF FEDERAL AGENCIES.—The Secretary shall enter into agreements with the Secretary of State and the Attorney General under which any information available to them and required in order to make any determination under this subsection will be provided by them to the Secretary (who may, in turn, make the information available, upon request, to a concerned State agency). Contracts.

“(4) NON-213A ALIEN DEFINED.—An alien is a non-213A alien for purposes of this subsection if the affidavit of support or similar agreement with respect to the alien that was executed by the sponsor of the alien’s entry into the United States was executed other than pursuant to section 213A of the Immigration and Nationality Act.

“(5) INAPPLICABILITY TO ALIEN MINOR SPONSORED BY A PARENT.—This subsection shall not apply to an alien who is a minor child if the sponsor of the alien or any spouse of the sponsor is a parent of the alien.

“(6) INAPPLICABILITY TO CERTAIN CATEGORIES OF ALIENS.—This subsection shall not apply to an alien who is—

“(A) admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

“(B) paroled into the United States under section 212(d)(5) of such Act for a period of at least 1 year; or

“(C) granted political asylum by the Attorney General under section 208 of such Act.”.

SEC. 5506. PENALTIES.

(a) STATES GIVEN MORE TIME TO FILE QUARTERLY REPORTS.—Section 409(a)(2)(A) (42 U.S.C. 609(a)(2)(A)) is amended by striking “1 month” and inserting “45 days”.

(b) TREATMENT OF SUPPORT PAYMENTS PASSED THROUGH TO FAMILIES AS QUALIFIED STATE EXPENDITURES.—Section 409(a)(7)(B)(i)(I)(aa) (42 U.S.C. 609(a)(7)(B)(i)(I)(aa)) is amended by inserting “, including any amount collected by the State as support pursuant to a plan approved under part D, on behalf of a family receiving assistance under the State program funded under this part, that is distributed to the family under section 457(a)(1)(B) and disregarded in determining the eligibility of the family for, and the amount of, such assistance” before the period.

(c) DISREGARD OF EXPENDITURES MADE TO REPLACE PENALTY GRANT REDUCTIONS.—Section 409(a)(7)(B)(i) (42 U.S.C. 609(a)(7)(B)(i)) is amended by redesignating subclause (III) as subclause (IV) and by inserting after subclause (II) the following:

“(III) EXCLUSION OF AMOUNTS EXPENDED TO REPLACE PENALTY GRANT REDUCTIONS.—Such term does not include any amount expended in order to comply with paragraph (12).”.

(d) TREATMENT OF FAMILIES OF CERTAIN ALIENS AS ELIGIBLE FAMILIES.—Section 409(a)(7)(B)(i)(IV) (42 U.S.C. 609(a)(7)(B)(i)(IV)), as so redesignated by subsection (c) of this section, is amended—

(1) by striking “and families” and inserting “families”; and

(2) by striking “Act or section 402” and inserting “Act, and families of aliens lawfully present in the United States that would be eligible for such assistance but for the application of title IV”.

(e) **ELIMINATION OF MEANINGLESS LANGUAGE.**—Section 409(a)(7)(B)(ii) (42 U.S.C. 609(a)(7)(B)(ii)) is amended by striking “reduced (if appropriate) in accordance with subparagraph (C)(ii)”.

(f) **CLARIFICATION OF SOURCE OF DATA TO BE USED IN DETERMINING HISTORIC STATE EXPENDITURES.**—Section 409(a)(7)(B) (42 U.S.C. 609(a)(7)(B)) is amended by adding at the end the following:

“(v) **SOURCE OF DATA.**—In determining expenditures by a State for fiscal years 1994 and 1995, the Secretary shall use information which was reported by the State on ACF Form 231 or (in the case of expenditures under part F) ACF Form 331, available as of the dates specified in clauses (ii) and (iii) of section 403(a)(1)(D).”.

(g) **CONFORMING TITLE IV—A PENALTIES TO TITLE IV—D PERFORMANCE-BASED STANDARDS.**—Section 409(a)(8) (42 U.S.C. 609(a)(8)) is amended to read as follows:

“(8) **NONCOMPLIANCE OF STATE CHILD SUPPORT ENFORCEMENT PROGRAM WITH REQUIREMENTS OF PART D.**—

“(A) **IN GENERAL.**—If the Secretary finds, with respect to a State’s program under part D, in a fiscal year beginning on or after October 1, 1997—

“(i)(I) on the basis of data submitted by a State pursuant to section 454(15)(B), or on the basis of the results of a review conducted under section 452(a)(4), that the State program failed to achieve the paternity establishment percentages (as defined in section 452(g)(2)), or to meet other performance measures that may be established by the Secretary;

“(II) on the basis of the results of an audit or audits conducted under section 452(a)(4)(C)(i) that the State data submitted pursuant to section 454(15)(B) is incomplete or unreliable; or

“(III) on the basis of the results of an audit or audits conducted under section 452(a)(4)(C) that a State failed to substantially comply with 1 or more of the requirements of part D; and

“(ii) that, with respect to the succeeding fiscal year—

“(I) the State failed to take sufficient corrective action to achieve the appropriate performance levels or compliance as described in subparagraph (A)(i); or

“(II) the data submitted by the State pursuant to section 454(15)(B) is incomplete or unreliable; the amounts otherwise payable to the State under this part for quarters following the end of such succeeding fiscal year, prior to quarters following the end of the first quarter throughout which the State program has achieved the paternity establishment percentages or other performance measures as described in subparagraph (A)(i)(I), or is in substantial compliance with 1 or more of the requirements of part D as described in subparagraph (A)(i)(III), as appropriate, shall be reduced by the percentage specified in subparagraph (B).

“(B) **AMOUNT OF REDUCTIONS.**—The reductions required under subparagraph (A) shall be—

“(i) not less than 1 nor more than 2 percent;

“(ii) not less than 2 nor more than 3 percent, if the finding is the 2nd consecutive finding made pursuant to subparagraph (A); or

“(iii) not less than 3 nor more than 5 percent, if the finding is the 3rd or a subsequent consecutive such finding.

“(C) DISREGARD OF NONCOMPLIANCE WHICH IS OF A TECHNICAL NATURE.—For purposes of this section and section 452(a)(4), a State determined as a result of an audit—

“(i) to have failed to have substantially complied with 1 or more of the requirements of part D shall be determined to have achieved substantial compliance only if the Secretary determines that the extent of the noncompliance is of a technical nature which does not adversely affect the performance of the State’s program under part D; or

“(ii) to have submitted incomplete or unreliable data pursuant to section 454(15)(B) shall be determined to have submitted adequate data only if the Secretary determines that the extent of the incompleteness or unreliability of the data is of a technical nature which does not adversely affect the determination of the level of the State’s paternity establishment percentages (as defined under section 452(g)(2)) or other performance measures that may be established by the Secretary.”.

(h) CORRECTION OF REFERENCE TO 5-YEAR LIMIT ON ASSISTANCE.—Section 409(a)(9) (42 U.S.C. 609(a)(9)) is amended by striking “408(a)(1)(B)” and inserting “408(a)(7)”.

(i) CORRECTION OF ERRORS IN PENALTY FOR FAILURE TO MEET MAINTENANCE OF EFFORT REQUIREMENT APPLICABLE TO THE CONTINGENCY FUND.—Section 409(a)(10) (42 U.S.C. 609(a)(10)) is amended—

(1) by striking “the expenditures under the State program funded under this part for the fiscal year (excluding any amounts made available by the Federal Government)” and inserting “the qualified State expenditures (as defined in paragraph (7)(B)(i) (other than the expenditures described in subclause (I)(bb) of that paragraph)) under the State program funded under this part for the fiscal year”;

(2) by inserting “excluding any amount expended by the State for child care under subsection (g) or (i) of section 402 (as in effect during fiscal year 1994) for fiscal year 1994,” after “(as defined in paragraph (7)(B)(iii) of this subsection),”; and

(3) by inserting “that the State has not remitted under section 403(b)(6)” before the period.

(j) PENALTY FOR STATE FAILURE TO EXPEND ADDITIONAL STATE FUNDS TO REPLACE GRANT REDUCTIONS.—Section 409(a)(12) (42 U.S.C. 609(a)(12)) is amended—

(1) in the heading—

(A) by striking “FAILURE” and inserting “REQUIREMENT”; and

(B) by striking “REDUCTIONS” and inserting “REDUCTIONS; PENALTY FOR FAILURE TO DO SO”; and

(2) by adding at the end the following: “If the State fails during such succeeding fiscal year to make the expenditure

required by the preceding sentence from its own funds, the Secretary may reduce the grant payable to the State under section 403(a)(1) for the fiscal year that follows such succeeding fiscal year by an amount equal to the sum of—

“(A) not more than 2 percent of the State family assistance grant; and

“(B) the amount of the expenditure required by the preceding sentence.”.

(k) **ELIMINATION OF CERTAIN REASONABLE CAUSE EXCEPTIONS.**—Section 409(b)(2) (42 U.S.C. 609(b)(2)) is amended by striking “(7) or (8)” and inserting “(6), (7), (8), (10), or (12)”.

(l) **CLARIFICATION OF WHAT IT MEANS TO CORRECT A VIOLATION.**—Section 409(c) (42 U.S.C. 609(c)) is amended—

(1) in each of subparagraphs (A) and (B) of paragraph (1), by inserting “or discontinue, as appropriate,” after “correct”;

(2) in paragraph (2)—

(A) in the heading, by inserting “OR DISCONTINUING” after “CORRECTING”; and

(B) by inserting “or discontinues, as appropriate” after “corrects”; and

(3) in paragraph (3)—

(A) in the heading, by inserting “OR DISCONTINUE” after “CORRECT”; and

(B) by inserting “or discontinue, as appropriate,” before “the violation”.

(m) **CERTAIN PENALTIES NOT AVOIDABLE THROUGH CORRECTIVE COMPLIANCE PLANS.**—Section 409(c)(4) (42 U.S.C. 609(c)(4)) is amended to read as follows:

“(4) **INAPPLICABILITY TO CERTAIN PENALTIES.**—This subsection shall not apply to the imposition of a penalty against a State under paragraph (6), (7), (8), (10), or (12) of subsection (a).”.

(n) **FAILURE TO SATISFY MINIMUM PARTICIPATION RATES.**—Section 409(a)(3) (42 U.S.C. 609(a)(3)) is amended—

(1) in subparagraph (A), by striking “not more than”; and

(2) in subparagraph (C), by inserting before the period the following: “or if the noncompliance is due to extraordinary circumstances such as a natural disaster or regional recession. The Secretary shall provide a written report to Congress to justify any waiver or penalty reduction due to such extraordinary circumstances”.

Reports.

SEC. 5507. DATA COLLECTION AND REPORTING.

Section 411(a) (42 U.S.C. 611(a)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking clause (ii) and inserting the following:

“(ii) Whether a child receiving such assistance or an adult in the family is receiving—

“(I) Federal disability insurance benefits;

“(II) benefits based on Federal disability status;

“(III) aid under a State plan approved under title XIV (as in effect without regard to the amendment made by section 301 of the Social Security Amendments of 1972));

“(IV) aid or assistance under a State plan approved under title XVI (as in effect without regard to such amendment) by reason of being permanently and totally disabled; or

“(V) supplemental security income benefits under title XVI (as in effect pursuant to such amendment) by reason of disability.”;

(ii) in clause (iv), by striking “youngest child in” and inserting “head of”;

(iii) in each of clauses (vii) and (viii), by striking “status” and inserting “level”; and

(iv) by adding at the end the following:

“(xvii) With respect to each individual in the family who has not attained 20 years of age, whether the individual is a parent of a child in the family.”; and
(B) in subparagraph (B)—

(i) in the heading, by striking “ESTIMATES” and inserting “SAMPLES”; and

(ii) in clause (i), by striking “an estimate which is obtained” and inserting “disaggregated case record information on a sample of families selected”; and

(2) by redesignating paragraph (6) as paragraph (7) and inserting after paragraph (5) the following:

“(6) REPORT ON FAMILIES RECEIVING ASSISTANCE.—The report required by paragraph (1) for a fiscal quarter shall include for each month in the quarter—

“(A) the number of families and individuals receiving assistance under the State program funded under this part (including the number of 2-parent and 1-parent families); and

“(B) the total dollar value of such assistance received by all families.”.

SEC. 5508. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES.

(a) PRORATING OF TRIBAL FAMILY ASSISTANCE GRANTS.—Section 412(a)(1)(A) (42 U.S.C. 612(a)(1)(A)) is amended by inserting “which shall be reduced for a fiscal year, on a pro rata basis for each quarter, in the case of a tribal family assistance plan approved during a fiscal year for which the plan is to be in effect,” before “and shall”.

(b) TRIBAL OPTION TO OPERATE WORK ACTIVITIES PROGRAM.—Section 412(a)(2)(A) (42 U.S.C. 612(a)(2)(A)) is amended by striking “The Secretary” and all that follows through “2002” and inserting “For each of fiscal years 1997, 1998, 1999, 2000, 2001, and 2002, the Secretary shall pay to each eligible Indian tribe that proposes to operate a program described in subparagraph (C)”.

(c) DISCRETION OF TRIBES TO SELECT POPULATION TO BE SERVED BY TRIBAL WORK ACTIVITIES PROGRAM.—Section 412(a)(2)(C) (42 U.S.C. 612(a)(2)(C)) is amended by striking “members of the Indian tribe” and inserting “such population and such service area or areas as the tribe specifies”.

(d) REDUCTION OF APPROPRIATION FOR TRIBAL WORK ACTIVITIES PROGRAMS.—Section 412(a)(2)(D) (42 U.S.C. 612(a)(2)(D)) is amended by striking “\$7,638,474” and inserting “\$7,633,287”.

(e) AVAILABILITY OF CORRECTIVE COMPLIANCE PLANS TO INDIAN TRIBES.—Section 412(f)(1) (42 U.S.C. 612(f)(1)) is amended by striking “and (b)” and inserting “(b), and (c)”.

Applicability.

(f) ELIGIBILITY OF TRIBES FOR FEDERAL LOANS FOR WELFARE PROGRAMS.—Section 412 (42 U.S.C. 612) is amended by redesignating subsections (f), (g), and (h) as subsections (g), (h), and (i), respectively, and by inserting after subsection (e) the following: “(f) ELIGIBILITY FOR FEDERAL LOANS.—Section 406 shall apply to an Indian tribe with an approved tribal assistance plan in the same manner as such section applies to a State, except that section 406(c) shall be applied by substituting ‘section 412(a)’ for ‘section 403(a)’.”.

SEC. 5509. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.

(a) RESEARCH.—

(1) METHODS.—Section 413(a) (42 U.S.C. 613(a)) is amended by inserting “, directly or through grants, contracts, or interagency agreements,” before “shall conduct”.

(2) CORRECTION OF CROSS REFERENCE.—Section 413(a) (42 U.S.C. 613(a)) is amended by striking “409” and inserting “407”.

(b) CORRECTION OF ERRONEOUSLY INDENTED PARAGRAPH.—Section 413(e)(1) (42 U.S.C. 613(e)(1)) is amended to read as follows:

“(1) IN GENERAL.—The Secretary shall annually rank States to which grants are made under section 403 based on the following ranking factors:

“(A) ABSOLUTE OUT-OF-WEDLOCK RATIOS.—The ratio represented by—

“(i) the total number of out-of-wedlock births in families receiving assistance under the State program under this part in the State for the most recent year for which information is available; over

“(ii) the total number of births in families receiving assistance under the State program under this part in the State for the year.

“(B) NET CHANGES IN THE OUT-OF-WEDLOCK RATIO.—

The difference between the ratio described in subparagraph (A) with respect to a State for the most recent year for which such information is available and the ratio with respect to the State for the immediately preceding year.”.

(c) FUNDING OF PRIOR AUTHORIZED DEMONSTRATIONS.—Section 413(h)(1)(D) (42 U.S.C. 613(h)(1)(D)) is amended by striking “September 30, 1995” and inserting “August 22, 1996”.

(d) CHILD POVERTY REPORTS.—

(1) DELAYED DUE DATE FOR INITIAL REPORT.—Section 413(i)(1) (42 U.S.C. 613(i)(1)) is amended by striking “90 days after the date of the enactment of this part” and inserting “May 31, 1998”.

(2) MODIFICATION OF FACTORS TO BE USED IN ESTABLISHING METHODOLOGY FOR USE IN DETERMINING CHILD POVERTY RATES.—Section 413(i)(5) (42 U.S.C. 613(i)(5)) is amended by striking “the county-by-county” and inserting “, to the extent available, county-by-county”.

SEC. 5510. REPORT ON DATA PROCESSING.

Section 106(a)(1) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2164) is amended by striking “(whether in effect before or after October 1, 1995)”.

SEC. 5511. STUDY ON ALTERNATIVE OUTCOMES MEASURES.

Section 107(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2164) is amended by striking “409(a)(7)(C)” and inserting “408(a)(7)(C)”. 42 USC 613 note.

SEC. 5512. LIMITATION ON PAYMENTS TO THE TERRITORIES.

(a) CERTAIN PAYMENTS TO BE DISREGARDED IN DETERMINING LIMITATION.—Section 1108(a) (42 U.S.C. 1308) is amended to read as follows:

“(a) LIMITATION ON TOTAL PAYMENTS TO EACH TERRITORY.—

“(1) IN GENERAL.—Notwithstanding any other provision of this Act (except for paragraph (2) of this subsection), the total amount certified by the Secretary of Health and Human Services under titles I, X, XIV, and XVI, under parts A and E of title IV, and under subsection (b) of this section, for payment to any territory for a fiscal year shall not exceed the ceiling amount for the territory for the fiscal year.

“(2) CERTAIN PAYMENTS DISREGARDED.—Paragraph (1) of this subsection shall be applied without regard to any payment made under section 403(a)(2), 403(a)(4), 406, or 413(f).”.

(b) CERTAIN CHILD CARE AND SOCIAL SERVICES EXPENDITURES BY TERRITORIES TREATED AS IV—A EXPENDITURES FOR PURPOSES OF MATCHING GRANT.—Section 1108(b)(1)(A) (42 U.S.C. 1308(b)(1)(A)) is amended by inserting “, including any amount paid to the State under part A of title IV that is transferred in accordance with section 404(d) and expended under the program to which transferred” before the semicolon.

(c) ELIMINATION OF DUPLICATIVE MAINTENANCE OF EFFORT REQUIREMENT.—Section 1108 (42 U.S.C. 1308) is amended by striking subsection (e).

SEC. 5513. CONFORMING AMENDMENTS TO THE SOCIAL SECURITY ACT.

(a) AMENDMENTS TO PART D OF TITLE IV.—

(1) CORRECTIONS TO DETERMINATION OF PATERNITY ESTABLISHMENT PERCENTAGES.—Section 452 (42 U.S.C. 652) is amended—

(A) in subsection (d)(3)(A), by striking all that follows “for purposes of” and inserting “section 409(a)(8), to achieve the paternity establishment percentages (as defined under section 452(g)(2)) and other performance measures that may be established by the Secretary, and to submit data under section 454(15)(B) that is complete and reliable, and to substantially comply with the requirements of this part; and”; and

(B) in subsection (g)(1), by striking “section 403(h)” and inserting “section 409(a)(8)”.

(2) ELIMINATION OF OBSOLETE LANGUAGE.—Section 108(c)(8)(C) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2165) is amended by inserting “and all that follows through ‘the best interests of such child to do so’” before “and inserting”. 42 USC 652.

(3) INSERTION OF LANGUAGE INADVERTENTLY OMITTED.—Section 108(c)(13) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193;

42 USC 656.

110 Stat. 2166) is amended by inserting “and inserting ‘pursuant to section 408(a)(3)’” before the period.

(4) ELIMINATION OF OBSOLETE CROSS REFERENCE.—Section 464(a)(1) (42 U.S.C. 664(a)(1)) is amended by striking “section 402(a)(26)” and inserting “section 408(a)(3)”.

(b) AMENDMENTS TO PART E OF TITLE IV.—Each of the following is amended by striking “June 1, 1995” each place such term appears and inserting “July 16, 1996”:

(1) Section 472(a) (42 U.S.C. 672(a)).

(2) Section 472(h) (42 U.S.C. 672(h)).

(3) Section 473(a)(2) (42 U.S.C. 673(a)(2)).

(4) Section 473(b) (42 U.S.C. 673(b)).

SEC. 5514. OTHER CONFORMING AMENDMENTS.

(a) ELIMINATION OF AMENDMENTS INCLUDED INADVERTENTLY.—Section 110(l) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2173) is amended—

26 USC 51, 6103,
6402.
26 USC 3304,
6103, 6334, 7523.
26 USC 6334.

(1) by striking paragraphs (1), (4), (5), and (7);

(2) by redesignating paragraphs (2), (3), (6), and (8) as paragraphs (1), (2), (3), and (4), respectively; and

(3) by adding “and” at the end of paragraph (3), as so redesignated.

7 USC 612c note.

(b) CORRECTION OF CITATION.—Section 109(f) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2177) is amended by striking “93-186” and inserting “93-86”.

42 USC 601
et seq.

(c) CORRECTION OF INTERNAL CROSS REFERENCE.—Section 103(a)(1) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2112) is amended by striking “603(b)(2)” and inserting “603(b)”.

(d) CORRECTION OF REFERENCES.—Section 416 (42 U.S.C. 616) is amended by striking “amendment made by section 2103 of the Personal Responsibility and Work Opportunity” and inserting “amendments made by section 103 of the Personal Responsibility and Work Opportunity Reconciliation”.

SEC. 5515. MODIFICATIONS TO THE JOB OPPORTUNITIES FOR CERTAIN LOW-INCOME INDIVIDUALS PROGRAM.

42 USC 1315
note.

Section 112(5) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2177) is amended in each of subparagraphs (A) and (B) by inserting “under” after “funded”.

SEC. 5516. DENIAL OF ASSISTANCE AND BENEFITS FOR DRUG-RELATED CONVICTIONS.

21 USC 862a.

(a) EXTENSION OF CERTAIN REQUIREMENTS COORDINATED WITH DELAYED EFFECTIVE DATE FOR SUCCESSOR PROVISIONS.—Section 115(d)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2181) is amended by striking “convictions” and inserting “a conviction if the conviction is for conduct”.

42 USC 601 note.

(b) IMMEDIATE EFFECTIVENESS OF PROVISIONS RELATING TO RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.—Section 116(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2181) is amended by adding at the end the following:

“(6) RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.—Section 413 of the Social Security Act, as added by the amendment made by section 103(a) of this Act, shall take effect on the date of the enactment of this Act.”.

SEC. 5517. TRANSITION RULE.

Section 116 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2181) is amended—

42 USC 601 note.

(1) in subsection (a)(2), by inserting “(but subject to subsection (b)(1)(A)(ii))” after “this section”; and

(2) in subsection (b)(1)(A)(ii), by striking “June 30, 1997” and inserting “the later of June 30, 1997, or the day before the date described in subsection (a)(2)(B) of this section”.

SEC. 5518. EFFECTIVE DATES.

(a) AMENDMENTS TO PART A OF TITLE IV OF THE SOCIAL SECURITY ACT.—The amendments made by this chapter to a provision of part A of title IV of the Social Security Act shall take effect as if the amendments had been included in section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 at the time such section became law.

42 USC 602 note.

(b) AMENDMENTS TO PARTS D AND E OF TITLE IV OF THE SOCIAL SECURITY ACT.—The amendments made by section 5513 of this Act shall take effect as if the amendments had been included in section 108 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 at the time such section 108 became law.

42 USC 652 note.

(c) AMENDMENTS TO OTHER AMENDATORY PROVISIONS.—The amendments made by section 5514(a) of this Act shall take effect as if the amendments had been included in section 110 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 at the time such section 110 became law.

26 USC 51 note.

(d) AMENDMENTS TO FREESTANDING PROVISIONS OF THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996.—The amendments made by this chapter to a provision of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 that have not become part of another statute shall take effect as if the amendments had been included in the provision at the time the provision became law.

21 USC 862a note.

CHAPTER 2—SUPPLEMENTAL SECURITY INCOME

SEC. 5521. CONFORMING AND TECHNICAL AMENDMENTS RELATING TO ELIGIBILITY RESTRICTIONS.

(a) DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.—Section 1611(e)(6) (42 U.S.C. 1382(e)(6)) is amended by inserting “and section 1106(c) of this Act” after “of 1986”.

(b) TREATMENT OF PRISONERS.—Section 1611(e)(1)(I)(i)(II) (42 U.S.C. 1382(e)(1)(I)(i)(II)) is amended by striking “inmate of the institution” and all that follows through “this subparagraph” and inserting “individual who receives in the month preceding the first month throughout which such individual is an inmate of the jail, prison, penal institution, or correctional facility that furnishes information respecting such individual pursuant to subclause (I), or is confined in the institution (that so furnishes such information) as described in section 202(x)(1)(A)(ii), a benefit under this title

for such preceding month, and who is determined by the Commissioner to be ineligible for benefits under this title by reason of confinement based on the information provided by such institution”.

(c) CORRECTION OF REFERENCE.—Section 1611(e)(1)(I)(i)(I) (42 U.S.C. 1382(e)(1)(I)(i)(I)) is amended by striking “paragraph (1)” and inserting “this paragraph”.

SEC. 5522. CONFORMING AND TECHNICAL AMENDMENTS RELATING TO BENEFITS FOR DISABLED CHILDREN.

(a) ELIGIBILITY REDETERMINATIONS AND CONTINUING DISABILITY REVIEWS.—

(1) DISABILITY ELIGIBILITY REDETERMINATIONS REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS OF AGE.—Section 1614(a)(3)(H)(iii) (42 U.S.C. 1382c(a)(3)(H)(iii)) is amended by striking subclauses (I) and (II) and all that follows and inserting the following:

“(I) by applying the criteria used in determining initial eligibility for individuals who are age 18 or older; and

“(II) either during the 1-year period beginning on the individual’s 18th birthday or, in lieu of a continuing disability review, whenever the Commissioner determines that an individual’s case is subject to a redetermination under this clause.

With respect to any redetermination under this clause, paragraph (4) shall not apply.”.

(2) CONTINUING DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H)(iv) (42 U.S.C. 1382c(a)(3)(H)(iv)) is amended—

(A) in subclause (I), by striking “Not” and inserting “Except as provided in subclause (VI), not”; and

(B) by adding at the end the following:

“(VI) Subclause (I) shall not apply in the case of an individual described in that subclause who, at the time of the individual’s initial disability determination, the Commissioner determines has an impairment that is not expected to improve within 12 months after the birth of that individual, and who the Commissioner schedules for a continuing disability review at a date that is after the individual attains 1 year of age.”.

(b) ADDITIONAL ACCOUNTABILITY REQUIREMENTS.—Section 1631(a)(2)(F) (42 U.S.C. 1383(a)(2)(F)) is amended—

(1) in clause (ii)(III)(bb), by striking “the total amount” and all that follows through “1613(c)” and inserting “in any case in which the individual knowingly misapplies benefits from such an account, the Commissioner shall reduce future benefits payable to such individual (or to such individual and his spouse) by an amount equal to the total amount of such benefits so misapplied”; and

(2) by striking clause (iii) and inserting the following:

“(iii) The representative payee may deposit into the account established under clause (i) any other funds representing past due benefits under this title to the eligible individual, provided that the amount of such past due benefits is equal to or exceeds the maximum monthly benefit payable under this title to an eligible individual (including State supplementary payments made by the Commissioner pursuant to an agreement under section 1616 or section 212(b) of Public Law 93-66).”.

(c) REDUCTION IN CASH BENEFITS PAYABLE TO INSTITUTIONALIZED INDIVIDUALS WHOSE MEDICAL COSTS ARE COVERED BY PRIVATE INSURANCE.—Section 1611(e) (42 U.S.C. 1382(e)) is amended—

(1) in paragraph (1)(B)—

(A) in the matter preceding clause (i), by striking “hospital, extended care facility, nursing home, or intermediate care facility” and inserting “medical treatment facility”;

(B) in clause (ii)—

(i) in the matter preceding subclause (I), by striking “hospital, home or”; and

(ii) in subclause (I), by striking “hospital, home, or”;

(C) in clause (iii), by striking “hospital, home, or”; and

(D) in the matter following clause (iii), by striking “hospital, extended care facility, nursing home, or intermediate care facility which is a ‘medical institution or nursing facility’ within the meaning of section 1917(c)” and inserting “medical treatment facility that provides services described in section 1917(c)(1)(C)”;

(2) in paragraph (1)(E)—

(A) in clause (i)(II), by striking “hospital, extended care facility, nursing home, or intermediate care facility” and inserting “medical treatment facility”; and

(B) in clause (iii), by striking “hospital, extended care facility, nursing home, or intermediate care facility” and inserting “medical treatment facility”;

(3) in paragraph (1)(G), in the matter preceding clause (i)—

(A) by striking “or which is a hospital, extended care facility, nursing home, or intermediate care” and inserting “or is in a medical treatment”; and

(B) by inserting “or, in the case of an individual who is a child under the age of 18, under any health insurance policy issued by a private provider of such insurance” after “title XIX”; and

(4) in paragraph (3)—

(A) by striking “same hospital, home, or facility” and inserting “same medical treatment facility”; and

(B) by striking “same such hospital, home, or facility” and inserting “same such facility”.

(d) CORRECTION OF U.S.C. CITATION.—Section 211(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2189) is amended by striking “1382(a)(4)” and inserting “1382c(a)(4)”. 42 USC 1382c.

SEC. 5523. ADDITIONAL TECHNICAL AMENDMENTS TO TITLE XVI.

Section 1615(d) (42 U.S.C. 1382d(d)) is amended—

(1) in the first sentence, by inserting a comma after “subsection (a)(1)”; and

(2) in the last sentence, by striking “him” and inserting “the Commissioner”.

SEC. 5524. ADDITIONAL TECHNICAL AMENDMENTS RELATING TO TITLE XVI.

Section 1110(a)(3) (42 U.S.C. 1310(a)(3)) is amended—

(1) by inserting “(or the Commissioner, with respect to any jointly financed cooperative agreement or grant concerning title XVI)” after “Secretary” the first place it appears; and

(2) by inserting “(or the Commissioner, as applicable)” after “Secretary” the second place it appears.

SEC. 5525. TECHNICAL AMENDMENTS RELATING TO DRUG ADDICTS AND ALCOHOLICS.

(a) CLARIFICATION RELATING TO THE EFFECTIVE DATE OF THE DENIAL OF SSI DISABILITY BENEFITS TO DRUG ADDICTS AND ALCOHOLICS.—Section 105(b)(5) of the Contract with America Advancement Act of 1996 (Public Law 104-121; 110 Stat. 853) is amended—

42 USC 1382
note.

(1) in subparagraph (A), by striking “by the Commissioner of Social Security” and “by the Commissioner”; and

(2) by redesignating subparagraph (D) as subparagraph (F) and by inserting after subparagraph (C) the following new subparagraphs:

“(D) For purposes of this paragraph, an individual’s claim, with respect to supplemental security income benefits under title XVI of the Social Security Act based on disability, which has been denied in whole before the date of the enactment of this Act, may not be considered to be finally adjudicated before such date if, on or after such date—

“(i) there is pending a request for either administrative or judicial review with respect to such claim, or

“(ii) there is pending, with respect to such claim, a readjudication by the Commissioner of Social Security pursuant to relief in a class action or implementation by the Commissioner of a court remand order.

“(E) Notwithstanding the provisions of this paragraph, with respect to any individual for whom the Commissioner does not perform the eligibility redetermination before the date prescribed in subparagraph (C), the Commissioner shall perform such eligibility redetermination in lieu of a continuing disability review whenever the Commissioner determines that the individual’s eligibility is subject to redetermination based on the preceding provisions of this paragraph, and the provisions of section 1614(a)(4) of the Social Security Act shall not apply to such redetermination.”.

(b) CORRECTIONS TO EFFECTIVE DATE OF PROVISIONS CONCERNING REPRESENTATIVE PAYEES AND TREATMENT REFERRALS OF SSI BENEFICIARIES WHO ARE DRUG ADDICTS AND ALCOHOLICS.—Section 105(b)(5)(B) of such Act (Public Law 104-121; 110 Stat. 853) is amended to read as follows:

“(B) The amendments made by paragraphs (2) and (3) shall take effect on July 1, 1996, with respect to any individual—

“(i) whose claim for benefits is finally adjudicated on or after the date of the enactment of this Act, or

“(ii) whose eligibility for benefits is based upon an eligibility redetermination made pursuant to subparagraph (C).”.

(c) **REPEAL OF OBSOLETE REPORTING REQUIREMENTS.**—Subsections (a)(3)(B) and (b)(3)(B)(ii) of section 201 of the Social Security Independence and Program Improvements Act of 1994 (Public Law 103-296; 108 Stat. 1497, 1504) are repealed.

42 USC 925 note,
1382 note.

SEC. 5526. ADVISORY BOARD PERSONNEL.

Section 703(i) (42 U.S.C. 903(i)) is amended—

- (1) in the first sentence, by striking “, and three” and all that follows through “Board,”; and
- (2) in the last sentence, by striking “clerical”.

SEC. 5527. TIMING OF DELIVERY OF OCTOBER 1, 2000, SSI BENEFIT PAYMENTS.

42 USC 909 note.

Notwithstanding the provisions of section 708(a) of the Social Security Act (42 U.S.C. 908(a)), the day designated for delivery of benefit payments under title XVI of such Act for October 2000 shall be the second day of such month.

SEC. 5528. EFFECTIVE DATES.

42 USC 903 note.

(a) **IN GENERAL.**—Except as provided in this section, the amendments made by this chapter shall take effect as if included in the enactment of title II of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2185).

(b) **SECTION 5524 AMENDMENTS.**—The amendments made by section 5524 of this Act shall take effect as if included in the enactment of the Social Security Independence and Program Improvements Act of 1994 (Public Law 103-296; 108 Stat. 1464).

(c) **SECTION 5525 AMENDMENTS.**—

(1) **IN GENERAL.**—The amendments made by subsections (a) and (b) of section 5525 of this Act shall take effect as if included in the enactment of section 105 of the Contract with America Advancement Act of 1996 (Public Law 104-121; 110 Stat. 852 et seq.).

(2) **REPEALS.**—The repeals made by section 5525(c) shall take effect on the date of the enactment of this Act.

(d) **SECTION 5526 AMENDMENTS.**—The amendments made by section 5526 of this Act shall take effect as if included in the enactment of section 108 of the Contract with America Advancement Act of 1996 (Public Law 104-121; 110 Stat. 857).

(e) **SECTION 5227.**—Section 5227 shall take effect on the date of the enactment of this Act.

CHAPTER 3—CHILD SUPPORT

SEC. 5531. STATE OBLIGATION TO PROVIDE CHILD SUPPORT ENFORCEMENT SERVICES.

(a) **INDIVIDUALS SUBJECT TO FEE FOR CHILD SUPPORT ENFORCEMENT SERVICES.**—Section 454(6)(B) (42 U.S.C. 654(6)(B)) is amended by striking “individuals not receiving assistance under any State program funded under part A, which” and inserting “an individual, other than an individual receiving assistance under a State program funded under part A or E, or under a State plan approved under title XIX, or who is required by the State to cooperate with the State agency administering the program under this part pursuant to subsection (l) or (m) of section 6 of the Food Stamp Act of 1977, and”.

42 USC 664. (b) CORRECTION OF REFERENCE.—Section 464(a)(2)(A) (42 U.S.C. 654(a)(2)(A)) is amended in the first sentence by striking “section 454(6)” and inserting “section 454(4)(A)(ii)”.

SEC. 5532. DISTRIBUTION OF COLLECTED SUPPORT.

(a) CONTINUATION OF ASSIGNMENTS.—Section 457(b) (42 U.S.C. 657(b)) is amended—

(1) by striking “which were assigned” and inserting “assigned”; and

(2) by striking “and which were in effect” and all that follows and inserting “and in effect on September 30, 1997 (or such earlier date, on or after August 22, 1996, as the State may choose), shall remain assigned after such date.”.

(b) STATE OPTION FOR APPLICABILITY.—

(1) IN GENERAL.—Section 457(a) (42 U.S.C. 657(a)) is amended by adding at the end the following:

“(6) STATE OPTION FOR APPLICABILITY.—Notwithstanding any other provision of this subsection, a State may elect to apply the rules described in clauses (i)(II), (ii)(II), and (v) of paragraph (2)(B) to support arrearages collected on and after October 1, 1998, and, if the State makes such an election, shall apply the provisions of this section, as in effect and applied on the day before the date of enactment of section 302 of the Personal Responsibility and Work Opportunity Act of 1996 (Public Law 104-193, 110 Stat. 2200), other than subsection (b)(1) (as so in effect), to amounts collected before October 1, 1998.”.

(2) CONFORMING AMENDMENTS.—Section 408(a)(3)(A) (42 U.S.C. 608(a)(3)(A)) is amended—

(A) in clause (i), by inserting “(I)” after “(i)”; and

(B) in clause (ii)—

(i) by striking “(ii)” and inserting “(II)”; and

(ii) by striking the period and inserting “; or”; and

and

(C) by adding at the end the following:

“(ii) if the State elects to distribute collections under section 457(a)(6), the date the family ceases to receive assistance under the program, if the assignment is executed on or after October 1, 1998.”.

(c) DISTRIBUTION OF COLLECTIONS WITH RESPECT TO FAMILIES RECEIVING ASSISTANCE.—Section 457(a)(1) (42 U.S.C. 657(a)(1)) is amended by adding at the end the following flush language:

“In no event shall the total of the amounts paid to the Federal Government and retained by the State exceed the total of the amounts that have been paid to the family as assistance by the State.”.

(d) FAMILIES UNDER CERTAIN AGREEMENTS.—Section 457(a)(4) (42 U.S.C. 657(a)(4)) is amended to read as follows:

“(4) FAMILIES UNDER CERTAIN AGREEMENTS.—In the case of an amount collected for a family in accordance with a cooperative agreement under section 454(33), distribute the amount so collected pursuant to the terms of the agreement.”.

(e) STUDY AND REPORT.—Section 457(a)(5) (42 U.S.C. 657(a)(5)) is amended by striking “1998” and inserting “1999”.

(f) CORRECTIONS OF REFERENCES.—Section 457(a)(2)(B) (42 U.S.C. 657(a)(2)(B)) is amended—

(1) in clauses (i)(I) and (ii)(I)—

(A) by striking “(other than subsection (b)(1))” each place it appears; and

(B) by inserting “(other than subsection (b)(1) (as so in effect))” after “1996” each place it appears; and

(2) in clause (ii)(II), by striking “paragraph (4)” and inserting “paragraph (5)”.

(g) CORRECTION OF TERRITORIAL MATCH.—Section 457(c)(3)(A) (42 U.S.C. 657(c)(3)(A)) is amended by striking “the Federal medical assistance percentage (as defined in section 1118)” and inserting “75 percent”.

(h) DEFINITIONS.—

(1) FEDERAL SHARE.—Section 457(c)(2) (42 U.S.C. 657(c)(2)) is amended by striking “collected” the second place it appears and inserting “distributed”.

(2) FEDERAL MEDICAL ASSISTANCE PERCENTAGE.—Section 457(c)(3)(B) (42 U.S.C. 657(c)(3)(B)) is amended by striking “as in effect on September 30, 1996” and inserting “as such section was in effect on September 30, 1995”.

(i) CONFORMING AMENDMENTS.—

(1) Section 464(a)(2)(A) (42 U.S.C. 664(a)(2)(A)) is amended, in the penultimate sentence, by inserting “in accordance with section 457” after “owed”.

(2) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking “457(b)(4) or (d)(3)” and inserting “457”.

SEC. 5533. CIVIL PENALTIES RELATING TO STATE DIRECTORY OF NEW HIRES.

Section 453A (42 U.S.C. 653a) is amended—

(1) in subsection (d)—

(A) in the matter preceding paragraph (1), by striking “shall be less than” and inserting “shall not exceed”; and

(B) in paragraph (1), by striking “\$25” and inserting “\$25 per failure to meet the requirements of this section with respect to a newly hired employee”; and

(2) in subsection (g)(2)(B), by striking “extracts” and all that follows through “Labor” and inserting “information”.

SEC. 5534. FEDERAL PARENT LOCATOR SERVICE.

(a) IN GENERAL.—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (a)—

(A) by inserting “(1)” after “(a)”; and

(B) by striking “to obtain” and all that follows through the period and inserting “for the purposes specified in paragraphs (2) and (3).”

“(2) For the purpose of establishing parentage, establishing, setting the amount of, modifying, or enforcing child support obligations, the Federal Parent Locator Service shall obtain and transmit to any authorized person specified in subsection (c)—

“(A) information on, or facilitating the discovery of, the location of any individual—

“(i) who is under an obligation to pay child support;

“(ii) against whom such an obligation is sought; or

“(iii) to whom such an obligation is owed,

including the individual’s social security number (or numbers), most recent address, and the name, address, and employer identification number of the individual’s employer;

“(B) information on the individual’s wages (or other income) from, and benefits of, employment (including rights to or enrollment in group health care coverage); and

“(C) information on the type, status, location, and amount of any assets of, or debts owed by or to, any such individual.

“(3) For the purpose of enforcing any Federal or State law with respect to the unlawful taking or restraint of a child, or making or enforcing a child custody or visitation determination, as defined in section 463(d)(1), the Federal Parent Locator Service shall be used to obtain and transmit the information specified in section 463(c) to the authorized persons specified in section 463(d)(2).”;

(2) by striking subsection (b) and inserting the following:

“(b)(1) Upon request, filed in accordance with subsection (d), of any authorized person, as defined in subsection (c) for the information described in subsection (a)(2), or of any authorized person, as defined in section 463(d)(2) for the information described in section 463(c), the Secretary shall, notwithstanding any other provision of law, provide through the Federal Parent Locator Service such information to such person, if such information—

“(A) is contained in any files or records maintained by the Secretary or by the Department of Health and Human Services; or

“(B) is not contained in such files or records, but can be obtained by the Secretary, under the authority conferred by subsection (e), from any other department, agency, or instrumentality of the United States or of any State, and is not prohibited from disclosure under paragraph (2).

“(2) No information shall be disclosed to any person if the disclosure of such information would contravene the national policy or security interests of the United States or the confidentiality of census data. The Secretary shall give priority to requests made by any authorized person described in subsection (c)(1). No information shall be disclosed to any person if the State has notified the Secretary that the State has reasonable evidence of domestic violence or child abuse and the disclosure of such information could be harmful to the custodial parent or the child of such parent, provided that—

“(A) in response to a request from an authorized person (as defined in subsection (c) of this section and section 463(d)(2)), the Secretary shall advise the authorized person that the Secretary has been notified that there is reasonable evidence of domestic violence or child abuse and that information can only be disclosed to a court or an agent of a court pursuant to subparagraph (B); and

“(B) information may be disclosed to a court or an agent of a court described in subsection (c)(2) of this section or section 463(d)(2)(B), if—

“(i) upon receipt of information from the Secretary, the court determines whether disclosure to any other person of that information could be harmful to the parent or the child; and

“(ii) if the court determines that disclosure of such information to any other person could be harmful, the court and its agents shall not make any such disclosure.

“(3) Information received or transmitted pursuant to this section shall be subject to the safeguard provisions contained in section 454(26).”; and

(3) in subsection (c)—

(A) in paragraph (1), by striking “or to seek to enforce orders providing child custody or visitation rights”; and

(B) in paragraph (2)—

(i) by inserting “or to serve as the initiating court in an action to seek an order” after “issue an order”; and

(ii) by striking “or to issue an order against a resident parent for child custody or visitation rights”.

(b) **USE OF THE FEDERAL PARENT LOCATOR SERVICE.**—Section 463 (42 U.S.C. 663) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1)—

(i) by striking “any State which is able and willing to do so,” and inserting “every State”; and

(ii) by striking “such State” and inserting “each State”; and

(B) in paragraph (2), by inserting “or visitation” after “custody”; and

(2) in subsection (b)(2), by inserting “or visitation” after “custody”; and

(3) in subsection (d)—

(A) in paragraph (1), by inserting “or visitation” after “custody”; and

(B) in subparagraphs (A) and (B) of paragraph (2), by inserting “or visitation” after “custody” each place it appears; and

(4) in subsection (f)(2), by inserting “or visitation” after “custody”; and

(5) by striking “noncustodial” each place it appears.

SEC. 5535. ACCESS TO REGISTRY DATA FOR RESEARCH PURPOSES.

(a) **IN GENERAL.**—Section 453(j)(5) (42 U.S.C. 653(j)(5)) is amended by inserting “data in each component of the Federal Parent Locator Service maintained under this section and to” before “information”.

(b) **CONFORMING AMENDMENTS.**—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (j)(3)(B), by striking “registries” and inserting “components”; and

(2) in subsection (k)(2), by striking “subsection (j)(3)” and inserting “section 453A(g)(2)”.

SEC. 5536. COLLECTION AND USE OF SOCIAL SECURITY NUMBERS FOR USE IN CHILD SUPPORT ENFORCEMENT.

Section 466(a)(13) (42 U.S.C. 666(a)(13)) is amended—

(1) in subparagraph (A)—

(A) by striking “commercial”; and

(B) by inserting “recreational license,” after “occupational license,”; and

(2) in the matter following subparagraph (C), by inserting “to be used on the face of the document while the social security number is kept on file at the agency” after “other than the social security number”.

SEC. 5537. ADOPTION OF UNIFORM STATE LAWS.

Section 466(f) (42 U.S.C. 666(f)) is amended by striking “together” and all that follows and inserting “and as in effect on August 22, 1996, including any amendments officially adopted as of such date by the National Conference of Commissioners on Uniform State Laws.”.

SEC. 5538. STATE LAWS PROVIDING EXPEDITED PROCEDURES.

Section 466(c) (42 U.S.C. 666(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (E), by inserting “, part E,” after “part A”; and

(B) in subparagraph (G), by inserting “any current support obligation and” after “to satisfy”; and

(2) in paragraph (2)(A)—

(A) in clause (i), by striking “the tribunal and”; and

(B) in clause (ii)—

(i) by striking “tribunal may” and inserting “court or administrative agency of competent jurisdiction shall”; and

(ii) by striking “filed with the tribunal” and inserting “filed with the State case registry”.

SEC. 5539. VOLUNTARY PATERNITY ACKNOWLEDGEMENT.

Section 466(a)(5)(C)(i) (42 U.S.C. 666(a)(5)(C)(i)) is amended by inserting “, or through the use of video or audio equipment,” after “orally”.

SEC. 5540. CALCULATION OF PATERNITY ESTABLISHMENT PERCENTAGE.

Section 452(g)(2) (42 U.S.C. 652(g)(2)) is amended, in the matter following subparagraph (C), by striking “subparagraph (A)” and inserting “subparagraphs (A) and (B)”.

SEC. 5541. MEANS AVAILABLE FOR PROVISION OF TECHNICAL ASSISTANCE AND OPERATION OF FEDERAL PARENT LOCATOR SERVICE.

(a) TECHNICAL ASSISTANCE.—Section 452(j) (42 U.S.C. 652(j)) is amended, in the matter preceding paragraph (1), by striking “to cover costs incurred by the Secretary” and inserting “which shall be available for use by the Secretary, either directly or through grants, contracts, or interagency agreements,”.

(b) OPERATION OF FEDERAL PARENT LOCATOR SERVICE.—

(1) MEANS AVAILABLE.—Section 453(o) (42 U.S.C. 653(o)) is amended—

(A) in the heading, by striking “RECOVERY OF COSTS” and inserting “USE OF SET-ASIDE FUNDS”; and

(B) by striking “to cover costs incurred by the Secretary” and inserting “which shall be available for use by the Secretary, either directly or through grants, contracts, or interagency agreements,”.

(2) AVAILABILITY OF FUNDS.—Section 453(o) (42 U.S.C. 653(o)) is amended by adding at the end the following: “Amounts appropriated under this subsection for each of fiscal years 1997 through 2001 shall remain available until expended.”.

SEC. 5542. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES.

(a) RESPONSE TO NOTICE OR PROCESS.—Section 459(c)(2)(C) (42 U.S.C. 659(c)(2)(C)) is amended by striking “respond to the order, process, or interrogatory” and inserting “withhold available sums in response to the order or process, or answer the interrogatory”.

(b) MONEYS SUBJECT TO PROCESS.—Section 459(h)(1) (42 U.S.C. 659(h)(1)) is amended—

(1) in the matter preceding subparagraph (A) and in subparagraph (A)(i), by striking “paid or” each place it appears;

(2) in subparagraph (A)—

(A) in clause (ii)(V), by striking “and” at the end;

(B) in clause (iii)—

(i) by inserting “or payable” after “paid”; and

(ii) by striking “but” and inserting “; and”; and

(C) by inserting after clause (iii), the following:

“(iv) benefits paid or payable under the Railroad Retirement System, but”; and

(3) in subparagraph (B)—

(A) in clause (i), by striking “or” at the end;

(B) in clause (ii), by striking the period and inserting “; or”; and

(C) by adding at the end the following:

“(iii) of periodic benefits under title 38, United States Code, except as provided in subparagraph (A)(ii)(V).”.

(c) CONFORMING AMENDMENT.—Section 454(19)(B)(ii) (42 U.S.C. 654(19)(B)(ii)) is amended by striking “section 462(e)” and inserting “section 459(i)(5)”.

SEC. 5543. DEFINITION OF SUPPORT ORDER.

Section 453(p) (42 U.S.C. 653(p)), is amended by striking “a child and” and inserting “of”.

SEC. 5544. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a)(16) (42 U.S.C. 666(a)(16)) is amended by inserting “and sporting” after “recreational”.

SEC. 5545. INTERNATIONAL SUPPORT ENFORCEMENT.

Section 454(32)(A) (42 U.S.C. 654(32)(A)) is amended by striking “section 459A(d)(2)” and inserting “section 459A(d)”.

SEC. 5546. CHILD SUPPORT ENFORCEMENT FOR INDIAN TRIBES.

(a) COOPERATIVE AGREEMENTS BY INDIAN TRIBES AND STATES FOR CHILD SUPPORT ENFORCEMENT.—Section 454(33) (42 U.S.C. 654(33)) is amended—

(1) by striking “and enforce support orders, and” and inserting “or enforce support orders, or”; and

(2) by striking “guidelines established by such tribe or organization” and inserting “guidelines established or adopted by such tribe or organization”; and

(3) by striking “funding collected” and inserting “collections”; and

(4) by striking “such funding” and inserting “such collections”.

(b) CORRECTION OF SUBSECTION DESIGNATION.—Section 455 (42 U.S.C. 655) is amended by redesignating subsection (b), as added

by section 375(b) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193, 110 Stat. 2256), as subsection (f).

(c) DIRECT GRANTS TO TRIBES.—Section 455(f) (42 U.S.C. 655(f)), as so redesignated by subsection (b) of this section, is amended to read as follows:

Regulations.

“(f) The Secretary may make direct payments under this part to an Indian tribe or tribal organization that demonstrates to the satisfaction of the Secretary that it has the capacity to operate a child support enforcement program meeting the objectives of this part, including establishment of paternity, establishment, modification, and enforcement of support orders, and location of absent parents. The Secretary shall promulgate regulations establishing the requirements which must be met by an Indian tribe or tribal organization to be eligible for a grant under this subsection.”.

SEC. 5547. CONTINUATION OF RULES FOR DISTRIBUTION OF SUPPORT IN THE CASE OF A TITLE IV-E CHILD.

Section 457 (42 U.S.C. 657) is amended—

(1) in subsection (a), in the matter preceding paragraph (1), by striking “subsection (e)” and inserting “subsections (e) and (f)”; and

(2) by adding at the end the following:

“(f) Notwithstanding the preceding provisions of this section, amounts collected by a State as child support for months in any period on behalf of a child for whom a public agency is making foster care maintenance payments under part E—

“(1) shall be retained by the State to the extent necessary to reimburse it for the foster care maintenance payments made with respect to the child during such period (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);

“(2) shall be paid to the public agency responsible for supervising the placement of the child to the extent that the amounts collected exceed the foster care maintenance payments made with respect to the child during such period but not the amounts required by a court or administrative order to be paid as support on behalf of the child during such period; and the responsible agency may use the payments in the manner it determines will serve the best interests of the child, including setting such payments aside for the child’s future needs or making all or a part thereof available to the person responsible for meeting the child’s day-to-day needs; and

“(3) shall be retained by the State, if any portion of the amounts collected remains after making the payments required under paragraphs (1) and (2), to the extent that such portion is necessary to reimburse the State (with appropriate reimbursement to the Federal Government to the extent of its participation in the financing) for any past foster care maintenance payments (or payments of assistance under the State program funded under part A) which were made with respect to the child (and with respect to which past collections have not previously been retained);

and any balance shall be paid to the State agency responsible for supervising the placement of the child, for use by such agency in accordance with paragraph (2).”.

SEC. 5548. GOOD CAUSE IN FOSTER CARE AND FOOD STAMP CASES.

(a) STATE PLAN.—Section 454(4)(A)(i) (42 U.S.C. 654(4)(A)(i)) is amended—

(1) by striking “or” before “(III)”; and

(2) by inserting “or (IV) cooperation is required pursuant to section 6(l)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(l)(1)),” after “title XIX,”.

(b) CONFORMING AMENDMENTS.—Section 454(29) (42 U.S.C. 654(29)) is amended—

(1) in subparagraph (A)—

(A) in the matter preceding clause (i), by striking “part A of this title or the State program under title XIX” and inserting “part A, the State program under part E, the State program under title XIX, or the food stamp program, as defined under section 3(h) of the Food Stamp Act of 1977 (7 U.S.C. 2012(h)),”; and

(B) by striking clauses (i) and (ii) and all that follows through the semicolon and inserting the following:

“(i) in the case of the State program funded under part A, the State program under part E, or the State program under title XIX shall, at the option of the State, be defined, taking into account the best interests of the child, and applied in each case, by the State agency administering such program; and

“(ii) in the case of the food stamp program, as defined under section 3(h) of the Food Stamp Act of 1977 (7 U.S.C. 2012(h)), shall be defined and applied in each case under that program in accordance with section 6(l)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2015(l)(2));”;

(2) in subparagraph (D), by striking “or the State program under title XIX” and inserting “the State program under part E, the State program under title XIX, or the food stamp program, as defined under section 3(h) of the Food Stamp Act of 1977 (7 U.S.C. 2012(h));” and

(3) in subparagraph (E), by striking “individual,” and all that follows through “XIX,” and inserting “individual and the State agency administering the State program funded under part A, the State agency administering the State program under part E, the State agency administering the State program under title XIX, or the State agency administering the food stamp program, as defined under section 3(h) of the Food Stamp Act of 1977 (7 U.S.C. 2012(h)).”.

SEC. 5549. DATE OF COLLECTION OF SUPPORT.

Section 454B(c)(1) (42 U.S.C. 654B(c)(1)) is amended by adding at the end the following: “The date of collection for amounts collected and distributed under this part is the date of receipt by the State disbursement unit, except that if current support is withheld by an employer in the month when due and is received by the State disbursement unit in a month other than the month when due, the date of withholding may be deemed to be the date of collection.”. 42 USC 654b.

SEC. 5550. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.

(a) PROCEDURES.—Section 466(a)(14) (42 U.S.C. 666(a)(14)) is amended to read as follows:

“(14) HIGH-VOLUME, AUTOMATED ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.—

“(A) IN GENERAL.—Procedures under which—

“(i) the State shall use high-volume automated administrative enforcement, to the same extent as used for intrastate cases, in response to a request made by another State to enforce support orders, and shall promptly report the results of such enforcement procedure to the requesting State;

“(ii) the State may, by electronic or other means, transmit to another State a request for assistance in enforcing support orders through high-volume, automated administrative enforcement, which request—

“(I) shall include such information as will enable the State to which the request is transmitted to compare the information about the cases to the information in the data bases of the State; and

“(II) shall constitute a certification by the requesting State—

“(aa) of the amount of support under an order the payment of which is in arrears; and

“(bb) that the requesting State has complied with all procedural due process requirements applicable to each case;

“(iii) if the State provides assistance to another State pursuant to this paragraph with respect to a case, neither State shall consider the case to be transferred to the caseload of such other State; and

“(iv) the State shall maintain records of—

“(I) the number of such requests for assistance received by the State;

“(II) the number of cases for which the State collected support in response to such a request; and

“(III) the amount of such collected support.

“(B) HIGH-VOLUME AUTOMATED ADMINISTRATIVE ENFORCEMENT.—In this part, the term ‘high-volume automated administrative enforcement’ means the use of automatic data processing to search various State data bases, including license records, employment service data, and State new hire registries, to determine whether information is available regarding a parent who owes a child support obligation.”.

(b) INCENTIVE PAYMENTS.—Section 458(d) (42 U.S.C. 658(d)) is amended by inserting “, including amounts collected under section 466(a)(14),” after “another State”.

SEC. 5551. WORK ORDERS FOR ARREARAGES.

Section 466(a)(15) (42 U.S.C. 666(a)(15)) is amended to read as follows:

“(15) PROCEDURES TO ENSURE THAT PERSONS OWING OVERDUE SUPPORT WORK OR HAVE A PLAN FOR PAYMENT OF SUCH SUPPORT.—Procedures under which the State has the authority, in any case in which an individual owes overdue support with respect to a child receiving assistance under a State program funded under part A, to issue an order or to request that

Records.

a court or an administrative process established pursuant to State law issue an order that requires the individual to—

“(A) pay such support in accordance with a plan approved by the court, or, at the option of the State, a plan approved by the State agency administering the State program under this part; or

“(B) if the individual is subject to such a plan and is not incapacitated, participate in such work activities (as defined in section 407(d)) as the court, or, at the option of the State, the State agency administering the State program under this part, deems appropriate.”.

SEC. 5552. ADDITIONAL TECHNICAL STATE PLAN AMENDMENTS.

Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (8)—

(A) in the matter preceding subparagraph (A)—

(i) by striking “noncustodial”; and

(ii) by inserting “, for the purpose of establishing parentage, establishing, setting the amount of, modifying, or enforcing child support obligations, or making or enforcing a child custody or visitation determination, as defined in section 463(d)(1)” after “provide that”;

(B) in subparagraph (A), by striking the comma and inserting a semicolon;

(C) in subparagraph (B), by striking the semicolon and inserting a comma; and

(D) by inserting after subparagraph (B), the following flush language:

“and shall, subject to the privacy safeguards required under paragraph (26), disclose only the information described in sections 453 and 463 to the authorized persons specified in such sections for the purposes specified in such sections;”;

(2) in paragraph (17)—

(A) by striking “in the case of a State which has” and inserting “provide that the State will have”; and

(B) by inserting “and” after “section 453,”; and

(3) in paragraph (26)—

(A) in the matter preceding subparagraph (A), by striking “will”;

(B) in subparagraph (A)—

(i) by inserting “, modify,” after “establish”, the second place it appears; and

(ii) by inserting “, or to make or enforce a child custody determination” after “support”;

(C) in subparagraph (B)—

(i) by inserting “or the child” after “1 party”;

(ii) by inserting “or the child” after “former party”;

and

(iii) by striking “and” at the end;

(D) in subparagraph (C)—

(i) by inserting “or the child” after “1 party”;

(ii) by striking “another party” and inserting “another person”;

(iii) by inserting “to that person” after “release of the information”; and

(iv) by striking “former party” and inserting “party or the child”; and

(E) by adding at the end the following:

“(D) in cases in which the prohibitions under subparagraphs (B) and (C) apply, the requirement to notify the Secretary, for purposes of section 453(b)(2), that the State has reasonable evidence of domestic violence or child abuse against a party or the child and that the disclosure of such information could be harmful to the party or the child; and

Courts.

“(E) procedures providing that when the Secretary discloses information about a parent or child to a State court or an agent of a State court described in section 453(c)(2) or 463(d)(2)(B), and advises that court or agent that the Secretary has been notified that there is reasonable evidence of domestic violence or child abuse pursuant to section 453(b)(2), the court shall determine whether disclosure to any other person of information received from the Secretary could be harmful to the parent or child and, if the court determines that disclosure to any other person could be harmful, the court and its agents shall not make any such disclosure.”.

SEC. 5553. FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.

Section 453(h) (42 U.S.C. 653(h)) is amended—

(1) in paragraph (1), by inserting “and order” after “with respect to each case”; and

(2) in paragraph (2)—

(A) in the heading, by inserting “AND ORDER” after “CASE”;

(B) by inserting “or an order” after “with respect to a case” and

(C) by inserting “or order” after “and the State or States which have the case”.

SEC. 5554. FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.

Section 1738B(f) of title 28, United States Code, is amended—

(1) in paragraph (4), by striking “a court may” and all that follows and inserting “a court having jurisdiction over the parties shall issue a child support order, which must be recognized.”; and

(2) in paragraph (5), by inserting “under subsection (d)” after “jurisdiction”.

SEC. 5555. DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.

(a) DEFINITION OF STATE.—Section 455(a)(3)(B) (42 U.S.C. 655(a)(3)(B)) is amended—

(1) in clause (i)—

(A) by inserting “or system described in clause (iii)” after “each State”; and

(B) by inserting “or system” after “the State”; and

(2) by adding at the end the following:

“(iii) For purposes of clause (i), a system described in this clause is a system that has been approved by the Secretary to receive enhanced funding pursuant to the Family Support Act of 1988 (Public Law 100-485; 102 Stat. 2343) for the purpose of developing a system that meets the requirements of sections 454(16) (as in effect on and after September 30, 1995) and 454A, including systems that have received funding for such purpose pursuant to a waiver under section 1115(a).”.

(b) TEMPORARY LIMITATION ON PAYMENTS.—Section 344(b)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (42 U.S.C. 655 note) is amended—

(1) in subparagraph (B)—

(A) by inserting “or a system described in subparagraph (C)” after “to a State”; and

(B) by inserting “or system” after “for the State”; and

(2) in subparagraph (C), by striking “Act,” and all that follows and inserting “Act, and among systems that have been approved by the Secretary to receive enhanced funding pursuant to the Family Support Act of 1988 (Public Law 100-485; 102 Stat. 2343) for the purpose of developing a system that meets the requirements of sections 454(16) (as in effect on and after September 30, 1995) and 454A, including systems that have received funding for such purpose pursuant to a waiver under section 1115(a), which shall take into account—

“(i) the relative size of such State and system caseloads under part D of title IV of the Social Security Act; and

“(ii) the level of automation needed to meet the automated data processing requirements of such part.”.

SEC. 5556. ADDITIONAL TECHNICAL AMENDMENTS.

(a) ELIMINATION OF SURPLUSAGE.—Section 466(c)(1)(F) (42 U.S.C. 666(c)(1)(F)) is amended by striking “of section 466”.

(b) CORRECTION OF AMBIGUOUS AMENDMENT.—Section 344(a)(1)(F) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2234) is amended by inserting “the first place such term appears” before “and all that follows”.

42 USC 654.

(c) CORRECTION OF ERRONEOUSLY DRAFTED PROVISION.—Section 215 of the Department of Health and Human Services Appropriations Act, 1997, (as contained in section 101(e) of the Omnibus Consolidated Appropriations Act, 1997) is amended to read as follows:

42 USC 652, 653.

“SEC. 215. Sections 452(j) and 453(o) of the Social Security Act (42 U.S.C. 652(j) and 653(o)), as amended by section 345 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2237) are each amended by striking ‘section 457(a)’ and inserting ‘a plan approved under this part’. Amounts available under such sections 452(j) and 453(o) shall be calculated as though the amendments made by this section were effective October 1, 1995.”.

Effective date.
42 USC 652 note.

(d) ELIMINATION OF SURPLUSAGE.—Section 456(a)(2)(B) (42 U.S.C. 656(a)(2)(B)) is amended by striking “, and” and inserting a period.

(e) CORRECTION OF DATE.—Section 466(a)(1)(B) (42 U.S.C. 666(a)(1)(B)) is amended by striking “October 1, 1996” and inserting “January 1, 1994”.

SEC. 5557. EFFECTIVE DATE.

42 USC 608 note.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this chapter shall take effect as if included in the enactment of title III of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2105).

(b) EXCEPTION.—The amendments made by section 5532(b)(2) of this Act shall take effect as if the amendments had been included

in the enactment of section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2112).

CHAPTER 4—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

Subchapter A—Eligibility for Federal Benefits

SEC. 5561. ALIEN ELIGIBILITY FOR FEDERAL BENEFITS: LIMITED APPLICATION TO MEDICARE AND BENEFITS UNDER THE RAILROAD RETIREMENT ACT.

(a) LIMITED APPLICATION TO MEDICARE.—Section 401(b) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1611(b)) is amended by adding at the end the following:

“(3) Subsection (a) shall not apply to any benefit payable under title XVIII of the Social Security Act (relating to the medicare program) to an alien who is lawfully present in the United States as determined by the Attorney General and, with respect to benefits payable under part A of such title, who was authorized to be employed with respect to any wages attributable to employment which are counted for purposes of eligibility for such benefits.”.

(b) LIMITED APPLICATION TO BENEFITS UNDER THE RAILROAD RETIREMENT ACT.—Section 401(b) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1611(b)) (as amended by subsection (a)) is amended by inserting at the end the following:

“(4) Subsection (a) shall not apply to any benefit payable under the Railroad Retirement Act of 1974 or the Railroad Unemployment Insurance Act to an alien who is lawfully present in the United States as determined by the Attorney General or to an alien residing outside the United States.”.

SEC. 5562. EXCEPTIONS TO BENEFIT LIMITATIONS: CORRECTIONS TO REFERENCE CONCERNING ALIENS WHOSE DEPORTATION IS WITHHELD.

Sections 402(a)(2)(A), 402(b)(2)(A), 403(b)(1)(C), 412(b)(1)(C), and 431(b)(5) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(A), 1612(b)(2)(A), 1613(b)(1)(C), 1622(b)(1)(C), and 1641(b)(5)) as amended by this Act are each amended by striking “section 243(h) of such Act” each place it appears and inserting “section 243(h) of such Act (as in effect immediately before the effective date of section 307 of division C of Public Law 104-208) or section 241(b)(3) of such Act (as amended by section 305(a) of division C of Public Law 104-208)”.

SEC. 5563. VETERANS EXCEPTION: APPLICATION OF MINIMUM ACTIVE DUTY SERVICE REQUIREMENT; EXTENSION TO UNREMARIED SURVIVING SPOUSE; EXPANDED DEFINITION OF VETERAN.

(a) APPLICATION OF MINIMUM ACTIVE DUTY SERVICE REQUIREMENT.—Sections 402(a)(2)(C)(i), 402(b)(2)(C)(i), 403(b)(2)(A), and 412(b)(3)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(C)(i), 1612(b)(2)(C)(i), 1613(b)(2)(A), and 1622(b)(3)(A)) are each amended by inserting

“and who fulfills the minimum active-duty service requirements of section 5303A(d) of title 38, United States Code” after “alienage”.

(b) **EXCEPTION APPLICABLE TO UNREMARIED SURVIVING SPOUSE.**—Sections 402(a)(2)(C)(iii), 402(b)(2)(C)(iii), 403(b)(2)(C), and 412(b)(3)(C) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(C)(iii), 1612(b)(2)(C)(iii), 1613(b)(2)(C), and 1622(b)(3)(C)) are each amended by inserting before the period “or the unremarried surviving spouse of an individual described in clause (i) or (ii) who is deceased if the marriage fulfills the requirements of section 1304 of title 38, United States Code”.

(c) **EXPANDED DEFINITION OF VETERAN.**—Sections 402(a)(2)(C)(i), 402(b)(2)(C)(i), 403(b)(2)(A), and 412(b)(3)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(C)(i), 1612(b)(2)(C)(i), 1613(b)(2)(A), and 1622(b)(3)(A)) are each amended by inserting “, 1101, or 1301, or as described in section 107” after “section 101”.

SEC. 5564. NOTIFICATION CONCERNING ALIENS NOT LAWFULLY PRESENT: CORRECTION OF TERMINOLOGY.

Section 1631(e)(9) of the Social Security Act (42 U.S.C. 1383(e)(9)) and section 27 of the United States Housing Act of 1937, as added by section 404 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, are each amended by striking “unlawfully in the United States” each place it appears and inserting “not lawfully present in the United States”.

42 USC 1437y.

SEC. 5565. FREELY ASSOCIATED STATES: CONTRACTS AND LICENSES.

Sections 401(c)(2)(A) and 411(c)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1611(c)(2)(A) and 1621(c)(2)(A)) are each amended by inserting before the semicolon at the end “, or to a citizen of a freely associated state, if section 141 of the applicable compact of free association approved in Public Law 99-239 or 99-658 (or a successor provision) is in effect”.

SEC. 5566. CONGRESSIONAL STATEMENT REGARDING BENEFITS FOR HMONG AND OTHER HIGHLAND LAO VETERANS.

(a) **FINDINGS.**—The Congress makes the following findings:

(1) Hmong and other Highland Lao tribal peoples were recruited, armed, trained, and funded for military operations by the United States Department of Defense, Central Intelligence Agency, Department of State, and Agency for International Development to further United States national security interests during the Vietnam conflict.

(2) Hmong and other Highland Lao tribal forces sacrificed their own lives and saved the lives of American military personnel by rescuing downed American pilots and aircrews and by engaging and successfully fighting North Vietnamese troops.

(3) Thousands of Hmong and other Highland Lao veterans who fought in special guerilla units on behalf of the United States during the Vietnam conflict, along with their families, have been lawfully admitted to the United States in recent years.

(4) The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193), the new national welfare reform law, restricts certain welfare benefits for noncitizens of the United States and the exceptions for noncitizen

veterans of the Armed Forces of the United States do not extend to Hmong veterans of the Vietnam conflict era, making Hmong veterans and their families receiving certain welfare benefits subject to restrictions despite their military service on behalf of the United States.

(b) CONGRESSIONAL STATEMENT.—It is the sense of the Congress that Hmong and other Highland Lao veterans who fought on behalf of the Armed Forces of the United States during the Vietnam conflict and have lawfully been admitted to the United States for permanent residence should be considered veterans for purposes of continuing certain welfare benefits consistent with the exceptions provided other noncitizen veterans under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Subchapter B—General Provisions

SEC. 5571. DETERMINATION OF TREATMENT OF BATTERED ALIENS AS QUALIFIED ALIENS; INCLUSION OF ALIEN CHILD OF BATTERED PARENT AS QUALIFIED ALIEN.

(a) DETERMINATION OF STATUS BY AGENCY PROVIDING BENEFITS.—Section 431 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641) is amended in subsections (c)(1)(A) and (c)(2)(A) by striking “Attorney General, which opinion is not subject to review by any court)” each place it appears and inserting “agency providing such benefits”.

(b) GUIDANCE ISSUED BY ATTORNEY GENERAL.—Section 431(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641(c)) is amended by adding at the end the following new undesignated paragraph:

“After consultation with the Secretaries of Health and Human Services, Agriculture, and Housing and Urban Development, the Commissioner of Social Security, and with the heads of such Federal agencies administering benefits as the Attorney General considers appropriate, the Attorney General shall issue guidance (in the Attorney General’s sole and unreviewable discretion) for purposes of this subsection and section 421(f), concerning the meaning of the terms ‘battery’ and ‘extreme cruelty’, and the standards and methods to be used for determining whether a substantial connection exists between battery or cruelty suffered and an individual’s need for benefits under a specific Federal, State, or local program.”.

(c) INCLUSION OF ALIEN CHILD OF BATTERED PARENT AS QUALIFIED ALIEN.—Section 431(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641(c)) is amended—

(1) at the end of paragraph (1)(B)(iv) by striking “or”;

(2) at the end of paragraph (2)(B) by striking the period and inserting “; or”; and

(3) by inserting after paragraph (2)(B) and before the last sentence of such subsection the following new paragraph:

“(3) an alien child who—

“(A) resides in the same household as a parent who has been battered or subjected to extreme cruelty in the United States by that parent’s spouse or by a member of the spouse’s family residing in the same household as the parent and the spouse consented or acquiesced to such battery or cruelty, but only if (in the opinion of the agency providing such benefits) there is a substantial connection

between such battery or cruelty and the need for the benefits to be provided; and

“(B) who meets the requirement of subparagraph (B) of paragraph (1).”.

(d) INCLUSION OF ALIEN CHILD OF BATTERED PARENT UNDER SPECIAL RULE FOR ATTRIBUTION OF INCOME.—Section 421(f)(1)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1631(f)(1)(A)) is amended—

(1) at the end of clause (i) by striking “or”; and

(2) by striking “and the battery or cruelty described in clause (i) or (ii)” and inserting “or (iii) the alien is a child whose parent (who resides in the same household as the alien child) has been battered or subjected to extreme cruelty in the United States by that parent’s spouse, or by a member of the spouse’s family residing in the same household as the parent and the spouse consented to, or acquiesced in, such battery or cruelty, and the battery or cruelty described in clause (i), (ii), or (iii)”.

SEC. 5572. VERIFICATION OF ELIGIBILITY FOR BENEFITS.

(a) REGULATIONS AND GUIDANCE.—Section 432(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1642(a)) is amended—

(1) by inserting at the end of paragraph (1) the following: “Not later than 90 days after the date of the enactment of the Balanced Budget Act of 1997, the Attorney General of the United States, after consultation with the Secretary of Health and Human Services, shall issue interim verification guidance.”; and

(2) by adding after paragraph (2) the following new paragraph:

“(3) Not later than 90 days after the date of the enactment of the Balanced Budget Act of 1997, the Attorney General shall promulgate regulations which set forth the procedures by which a State or local government can verify whether an alien applying for a State or local public benefit is a qualified alien, a non-immigrant under the Immigration and Nationality Act, or an alien paroled into the United States under section 212(d)(5) of the Immigration and Nationality Act for less than 1 year, for purposes of determining whether the alien is ineligible for benefits under section 411 of this Act.”.

(b) DISCLOSURE OF INFORMATION FOR VERIFICATION.—Section 384(b) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (division C of Public Law 104-208) is amended by adding after paragraph (4) the following new paragraph:

8 USC 1367.

“(5) The Attorney General is authorized to disclose information, to Federal, State, and local public and private agencies providing benefits, to be used solely in making determinations of eligibility for benefits pursuant to section 431(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.”.

SEC. 5573. QUALIFYING QUARTERS: DISCLOSURE OF QUARTERS OF COVERAGE INFORMATION; CORRECTION TO ASSURE THAT CREDITING APPLIES TO ALL QUARTERS EARNED BY PARENTS BEFORE CHILD IS 18.

(a) DISCLOSURE OF QUARTERS OF COVERAGE INFORMATION.—Section 435 of the Personal Responsibility and Work Opportunity

Reconciliation Act of 1996 (8 U.S.C. 1645) is amended by adding at the end the following: “Notwithstanding section 6103 of the Internal Revenue Code of 1986, the Commissioner of Social Security is authorized to disclose quarters of coverage information concerning an alien and an alien’s spouse or parents to a government agency for the purposes of this title.”.

(b) CORRECTION TO ASSURE THAT CREDITING APPLIES TO ALL QUARTERS EARNED BY PARENTS BEFORE CHILD IS 18.—Section 435(1) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1645(1)) is amended by striking “while the alien was under age 18,” and inserting “before the date on which the alien attains age 18,”.

SEC. 5574. STATUTORY CONSTRUCTION: BENEFIT ELIGIBILITY LIMITATIONS APPLICABLE ONLY WITH RESPECT TO ALIENS PRESENT IN THE UNITED STATES.

Section 433 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1643) is amended—

(1) by redesignating subsections (b) and (c) as subsections (c) and (d); and

(2) by adding after subsection (a) the following new subsection:

“(b) BENEFIT ELIGIBILITY LIMITATIONS APPLICABLE ONLY WITH RESPECT TO ALIENS PRESENT IN THE UNITED STATES.—Notwithstanding any other provision of this title, the limitations on eligibility for benefits under this title shall not apply to eligibility for benefits of aliens who are not residing, or present, in the United States with respect to—

“(1) wages, pensions, annuities, and other earned payments to which an alien is entitled resulting from employment by, or on behalf of, a Federal, State, or local government agency which was not prohibited during the period of such employment or service under section 274A or other applicable provision of the Immigration and Nationality Act; or

“(2) benefits under laws administered by the Secretary of Veterans Affairs.”.

Subchapter C—Miscellaneous Clerical and Technical Amendments; Effective Date

SEC. 5581. CORRECTING MISCELLANEOUS CLERICAL AND TECHNICAL ERRORS.

Effective date.

(a) INFORMATION REPORTING UNDER TITLE IV OF THE SOCIAL SECURITY ACT.—Effective July 1, 1997, section 408 (42 U.S.C. 608), as amended by sections 5001(h)(1) and 5505(e) of this Act, is amended by adding at the end the following new subsection:

“(g) STATE REQUIRED TO PROVIDE CERTAIN INFORMATION.—Each State to which a grant is made under section 403 shall, at least 4 times annually and upon request of the Immigration and Naturalization Service, furnish the Immigration and Naturalization Service with the name and address of, and other identifying information on, any individual who the State knows is not lawfully present in the United States.”.

(b) MISCELLANEOUS CLERICAL AND TECHNICAL CORRECTIONS.—

(1) Section 411(c)(3) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C.

1621(c)(3)) is amended by striking “4001(c)” and inserting “401(c)”.

(2) Section 422(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1632(a)) is amended by striking “benefits (as defined in section 412(c)),” and inserting “benefits,”.

(3) Section 412(b)(1)(C) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1622(b)(1)(C)) is amended by striking “with-holding” and inserting “withholding”.

(4) The subtitle heading for subtitle D of title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended to read as follows:

“Subtitle D—General Provisions”.

(5) The subtitle heading for subtitle F of title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended to read as follows:

“Subtitle F—Earned Income Credit Denied to Unauthorized Employees”.

(6) Section 431(c)(2)(B) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641(c)(2)(B)) is amended by striking “clause (ii) of subparagraph (A)” and inserting “subparagraph (B) of paragraph (1)”.

(7) Section 431(c)(1)(B) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641(c)(1)(B)) is amended—

(A) in clause (iii) by striking “, or” and inserting “(as in effect prior to April 1, 1997),”; and

(B) by adding after clause (iv) the following new clause:
“(v) cancellation of removal pursuant to section 240A(b)(2) of such Act;”.

SEC. 5582. EFFECTIVE DATE.

8 USC 1367.

Except as otherwise provided, the amendments made by this chapter shall be effective as if included in the enactment of title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

CHAPTER 5—CHILD PROTECTION

SEC. 5591. CONFORMING AND TECHNICAL AMENDMENTS RELATING TO CHILD PROTECTION.

(a) **METHODS PERMITTED FOR CONDUCT OF STUDY OF CHILD WELFARE.**—Section 429A(a) (42 U.S.C. 628b(a)) is amended by inserting “(directly, or by grant, contract, or interagency agreement)” after “conduct”.

(b) **REDESIGNATION OF PARAGRAPH.**—Section 471(a) (42 U.S.C. 671(a)) is amended—

(1) by striking “and” at the end of paragraph (17);

(2) by striking the period at the end of paragraph (18) (as added by section 1808(a) of the Small Business Job Protection Act of 1996 (Public Law 104-188; 110 Stat. 1903)) and inserting “; and”; and

(3) by redesignating paragraph (18) (as added by section 505(3) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2278)) as paragraph (19).

SEC. 5592. ADDITIONAL TECHNICAL AMENDMENTS RELATING TO CHILD PROTECTION.

(a) PART B AMENDMENTS.—

(1) IN GENERAL.—Part B of title IV (42 U.S.C. 620-635) is amended—

42 USC 622.

(A) in section 422(b)—

(i) by striking the period at the end of the paragraph (9) (as added by section 554(3) of the Improving America’s Schools Act of 1994 (Public Law 103-382; 108 Stat. 4057)) and inserting a semicolon;

(ii) by redesignating paragraph (10) as paragraph (11); and

(iii) by redesignating paragraph (9), as added by section 202(a)(3) of the Social Security Act Amendments of 1994 (Public Law 103-432, 108 Stat. 4453), as paragraph (10);

42 USC 624, 625.

(B) in sections 424(b) and 425(a), by striking “422(b)(9)” each place it appears and inserting “422(b)(10)”; and

(C) by transferring section 429A (as added by section 503 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2277)) to the end of subpart 1.

42 USC 628b.

(2) CLARIFICATION OF CONFLICTING AMENDMENTS.—Section 204(a)(2) of the Social Security Act Amendments of 1994 (Public Law 103-432; 108 Stat. 4456) is amended by inserting “(as added by such section 202(a))” before “and inserting”.

42 USC 622.

(b) PART E AMENDMENTS.—Section 472(d) (42 U.S.C. 672(d)) is amended by striking “422(b)(9)” and inserting “422(b)(10)”.

42 USC 622 note.

SEC. 5593. EFFECTIVE DATE.

The amendments made by this chapter shall take effect as if included in the enactment of title V of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2277).

CHAPTER 6—CHILD CARE

SEC. 5601. CONFORMING AND TECHNICAL AMENDMENTS RELATING TO CHILD CARE.

(a) FUNDING.—Section 418(a) (42 U.S.C. 618(a)) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by inserting “the greater of” after “equal to”;

(B) in subparagraph (A)—

(i) by striking “the sum of”;

(ii) by striking “amounts expended” and inserting “expenditures”; and

(iii) by striking “section—” and all that follows and inserting “subsections (g) and (i) of section 402 (as in effect before October 1, 1995); or”;

(C) in subparagraph (B)—

(i) by striking “sections” and inserting “subsections”; and

(ii) by striking the semicolon at the end and inserting a period; and

(D) in the matter following subparagraph (B), by striking “whichever is greater.”; and
(2) in paragraph (2)—

(A) by striking subparagraph (B) and inserting the following:

“(B) ALLOTMENTS TO STATES.—The total amount available for payments to States under this paragraph, as determined under subparagraph (A), shall be allotted among the States based on the formula used for determining the amount of Federal payments to each State under section 403(n) (as in effect before October 1, 1995).”;

(B) by striking subparagraph (C) and inserting the following:

“(C) FEDERAL MATCHING OF STATE EXPENDITURES EXCEEDING HISTORICAL EXPENDITURES.—The Secretary shall pay to each eligible State for a fiscal year an amount equal to the lesser of the State’s allotment under subparagraph (B) or the Federal medical assistance percentage for the State for the fiscal year (as defined in section 1905(b), as such section was in effect on September 30, 1995) of so much of the State’s expenditures for child care in that fiscal year as exceed the total amount of expenditures by the State (including expenditures from amounts made available from Federal funds) in fiscal year 1994 or 1995 (whichever is greater) for the programs described in paragraph (1)(A).”; and

(C) in subparagraph (D)(i)—

(i) by striking “amounts under any grant awarded” and inserting “any amounts allotted”; and

(ii) by striking “the grant is made” and inserting “such amounts are allotted”.

(b) DATA USED TO DETERMINE HISTORIC STATE EXPENDITURES.—Section 418(a) (42 U.S.C. 618(a)) is amended by adding at the end the following:

“(5) DATA USED TO DETERMINE STATE AND FEDERAL SHARES OF EXPENDITURES.—In making the determinations concerning expenditures required under paragraphs (1) and (2)(C), the Secretary shall use information that was reported by the State on ACF Form 231 and available as of the applicable dates specified in clauses (i)(I), (ii), and (iii)(III) of section 403(a)(1)(D).”.

(c) DEFINITION OF STATE.—Section 418(d) (42 U.S.C. 618(d)) is amended by striking “or” and inserting “and”.

SEC. 5602. ADDITIONAL CONFORMING AND TECHNICAL AMENDMENTS.

The Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) is amended—

(1) in section 658E(c)(2)(E)(ii), by striking “tribal organization” and inserting “tribal organizations”; 42 USC 9858c.

42 USC 9858i.

- (2) in section 658K(a)—
 (A) in paragraph (1)—
 (i) in subparagraph (B)—
 (I) by striking clause (iv) and inserting the following:
 “(iv) whether the head of the family unit is a single parent;”;

- (II) in clause (v)—
 (aa) in the matter preceding subclause (I), by striking “including the amount obtained from (and separately identified)—” and inserting “including—”; and
 (bb) by striking subclause (II) and inserting the following:

“(II) cash or other assistance under—
 “(aa) the temporary assistance for needy families program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

“(bb) a State program for which State spending is counted toward the maintenance of effort requirement under section 409(a)(7) of the Social Security Act (42 U.S.C. 609(a)(7));”;

- (III) in clause (x), by striking “week” and inserting “month”; and

- (ii) by striking subparagraph (D) and inserting the following:

“(D) USE OF SAMPLES.—

“(i) AUTHORITY.—A State may comply with the requirement to collect the information described in subparagraph (B) through the use of disaggregated case record information on a sample of families selected through the use of scientifically acceptable sampling methods approved by the Secretary.

“(ii) SAMPLING AND OTHER METHODS.—The Secretary shall provide the States with such case sampling plans and data collection procedures as the Secretary deems necessary to produce statistically valid samples of the information described in subparagraph (B). The Secretary may develop and implement procedures for verifying the quality of data submitted by the States.”; and

- (B) in paragraph (2)—

- (i) in the heading, by striking “BIANNUAL” and inserting “ANNUAL”; and

- (ii) by striking “6” and inserting “12”;

42 USC 9858j.

- (3) in section 658L, by striking “1997” and inserting “1998”;

42 USC 9858m.

- (4) in section 658O(c)(6)(C), by striking “(A)” and inserting “(B)”;

42 USC 9858n.

- (5) in section 658P(13), by striking “or” and inserting “and”.

42 USC 618 note.

SEC. 5603. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), this chapter and the amendments made by this chapter shall take effect as if included in the enactment of title VI of the Personal

Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2278).

(b) EXCEPTIONS.—The amendment made by section 5601(a)(2)(B) shall take effect on October 1, 1997.

CHAPTER 7—ERISA AMENDMENTS RELATING TO MEDICAL CHILD SUPPORT ORDERS

SEC. 5611. AMENDMENTS RELATING TO SECTION 303 OF THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996.

(a) PRIVACY SAFEGUARDS FOR MEDICAL CHILD SUPPORT ORDERS.—Section 609(a)(3)(A) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(3)(A)) is amended by adding at the end the following: “except that, to the extent provided in the order, the name and mailing address of an official of a State or a political subdivision thereof may be substituted for the mailing address of any such alternate recipient.”.

(b) PAYMENT TO STATE OFFICIAL TREATED AS SATISFACTION OF PLAN’S OBLIGATION.—Section 609(a) of such Act (29 U.S.C. 1169(a)) is amended by adding at the end the following new paragraph:

“(9) PAYMENT TO STATE OFFICIAL TREATED AS SATISFACTION OF PLAN’S OBLIGATION TO MAKE PAYMENT TO ALTERNATE RECIPIENT.—Payment of benefits by a group health plan to an official of a State or a political subdivision thereof whose name and address have been substituted for the name and address of an alternate recipient in a qualified medical child support order, pursuant to paragraph (3)(A), shall be treated, for purposes of this title, as payment of benefits to the alternate recipient.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to medical child support orders issued on or after the date of the enactment of this Act.

29 USC 1169
note.

SEC. 5612. AMENDMENT RELATING TO SECTION 381 OF THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996.

(a) CLARIFICATION OF EFFECT OF ADMINISTRATIVE NOTICES.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended by adding at the end the following new sentence: “For purposes of this subparagraph, an administrative notice which is issued pursuant to an administrative process referred to in subclause (II) of the preceding sentence and which has the effect of an order described in clause (i) or (ii) of the preceding sentence shall be treated as such an order.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall be effective as if included in the enactment of section 381 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2257).

29 USC 1169
note.

SEC. 5613. AMENDMENTS RELATING TO SECTION 382 OF THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996.

(a) ELIMINATION OF REQUIREMENT THAT ORDERS SPECIFY AFFECTED PLANS.—Section 609(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(3)) is amended—

(1) in subparagraph (B), by striking “by the plan”;

(2) by adding “and” at the end of subparagraph (B);
 (3) in subparagraph (C), by striking “, and” and inserting a period; and

(4) by striking subparagraph (D).

(b) **CLARIFICATION OF APPLICABILITY OF ORDERS.**—Section 609(a)(1) of such Act (29 U.S.C. 1169(a)(1)) is amended by adding at the end the following new sentence: “A qualified medical child support order with respect to any participant or beneficiary shall be deemed to apply to each group health plan which has received such order, from which the participant or beneficiary is eligible to receive benefits, and with respect to which the requirements of paragraph (4) are met.”.

29 USC 1169
note.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply with respect to medical child support orders issued on or after the date of the enactment of this Act.

Subtitle G—Miscellaneous

31 USC 3101.

SEC. 5701. INCREASE IN PUBLIC DEBT LIMIT.

Subsection (b) of section 3101 of title 31, United States Code, is amended by striking the dollar amount contained therein and inserting “\$5,950,000,000,000”.

SEC. 5702. AUTHORIZATION OF APPROPRIATIONS FOR ENFORCEMENT INITIATIVES RELATED TO THE EARNED INCOME TAX CREDIT.

In addition to any other funds available therefor, there are authorized to be appropriated to the Secretary of the Treasury, for improved application of the earned income credit under section 32 of the Internal Revenue Code of 1986, not more than—

- (1) \$138,000,000 for fiscal year 1998;
- (2) \$143,000,000 for fiscal year 1999;
- (3) \$144,000,000 for fiscal year 2000;
- (4) \$145,000,000 for fiscal year 2001; and
- (5) \$146,000,000 for fiscal year 2002.

TITLE VI—EDUCATION AND RELATED PROVISIONS

Subtitle A—Higher Education

SEC. 6101. MANAGEMENT AND RECOVERY OF RESERVES.

(a) **AMENDMENT.**—Section 422 of the Higher Education Act of 1965 (20 U.S.C. 1072) is amended by adding after subsection (g) the following new subsection:

“(h) **RECALL OF RESERVES; LIMITATIONS ON USE OF RESERVE FUNDS AND ASSETS.**—

“(1) **IN GENERAL.**—Notwithstanding any other provision of law, the Secretary shall, except as otherwise provided in this subsection, recall \$1,000,000,000 from the reserve funds held by guaranty agencies on September 1, 2002.

“(2) **DEPOSIT.**—Funds recalled by the Secretary under this subsection shall be deposited in the Treasury.

“(3) **REQUIRED SHARE.**—The Secretary shall require each guaranty agency to return reserve funds under paragraph (1)

based on the agency's required share of recalled reserve funds held by guaranty agencies as of September 30, 1996. For purposes of this paragraph, a guaranty agency's required share of recalled reserve funds shall be determined as follows:

"(A) The Secretary shall compute each guaranty agency's reserve ratio by dividing (i) the amount held in the agency's reserve funds as of September 30, 1996 (but reflecting later accounting or auditing adjustments approved by the Secretary), by (ii) the original principal amount of all loans for which the agency has an outstanding insurance obligation as of such date, including amounts of outstanding loans transferred to the agency from another guaranty agency.

"(B) If the reserve ratio of any guaranty agency as computed under subparagraph (A) exceeds 2.0 percent, the agency's required share shall include so much of the amounts held in the agency's reserve funds as exceed a reserve ratio of 2.0 percent.

"(C) If any additional amount is required to be recalled under paragraph (1) (after deducting the total of the required shares calculated under subparagraph (B)), such additional amount shall be obtained by imposing on each guaranty agency an equal percentage reduction in the amount of the agency's reserve funds remaining after deduction of the amount recalled under subparagraph (B), except that such percentage reduction under this subparagraph shall not result in the agency's reserve ratio being reduced below 0.58 percent. The equal percentage reduction shall be the percentage obtained by dividing—

"(i) the additional amount required to be recalled (after deducting the total of the required shares calculated under subparagraph (B)), by

"(ii) the total amount of all such agencies' reserve funds remaining (after deduction of the required shares calculated under such subparagraph).

"(D) If any additional amount is required to be recalled under paragraph (1) (after deducting the total of the required shares calculated under subparagraphs (B) and (C)), such additional amount shall be obtained by imposing on each guaranty agency with a reserve ratio (after deducting the required shares calculated under such subparagraphs) in excess of 0.58 percent an equal percentage reduction in the amount of the agency's reserve funds remaining (after such deduction) that exceed a reserve ratio of 0.58 percent. The equal percentage reduction shall be the percentage obtained by dividing—

"(i) the additional amount to be recalled under paragraph (1) (after deducting the amount recalled under subparagraphs (B) and (C)), by

"(ii) the total amount of all such agencies' reserve funds remaining (after deduction of the required shares calculated under such subparagraphs) that exceed a reserve ratio of 0.58 percent.

"(4) RESTRICTED ACCOUNTS REQUIRED.—

"(A) IN GENERAL.—Within 90 days after the beginning of each of the fiscal years 1998 through 2002, each guaranty agency shall transfer a portion of the agency's required

share determined under paragraph (3) to a restricted account established by the agency that is of a type selected by the agency with the approval of the Secretary. Funds transferred to such restricted accounts shall be invested in obligations issued or guaranteed by the United States or in other similarly low-risk securities.

“(B) REQUIREMENT.—A guaranty agency shall not use the funds in such a restricted account for any purpose without the express written permission of the Secretary, except that a guaranty agency may use the earnings from such restricted account for default reduction activities.

“(C) INSTALLMENTS.—In each of fiscal years 1998 through 2002, each guaranty agency shall transfer the agency’s required share to such restricted account in 5 equal annual installments, except that—

“(i) a guaranty agency that has a reserve ratio (as computed under subparagraph (3)(A)) equal to or less than 1.10 percent may transfer the agency’s required share to such account in 4 equal installments beginning in fiscal year 1999; and

“(ii) a guaranty agency may transfer such required share to such account in accordance with such other payment schedules as are approved by the Secretary.

“(5) SHORTAGE.—If, on September 1, 2002, the total amount in the restricted accounts described in paragraph (4) is less than the amount the Secretary is required to recall under paragraph (1), the Secretary shall require the return of the amount of the shortage from other reserve funds held by guaranty agencies under procedures established by the Secretary. The Secretary shall first attempt to obtain the amount of such shortage from each guaranty agency that failed to transfer the agency’s required share to the agency’s restricted account in accordance with paragraph (4).

“(6) ENFORCEMENT.—

“(A) IN GENERAL.—The Secretary may take such reasonable measures, and require such information, as may be necessary to ensure that guaranty agencies comply with the requirements of this subsection.

“(B) PROHIBITION.—If the Secretary determines that a guaranty agency has failed to transfer to a restricted account any portion of the agency’s required share under this subsection, the agency may not receive any other funds under this part until the Secretary determines that the agency has so transferred the agency’s required share.

“(C) WAIVER.—The Secretary may waive the requirements of subparagraph (B) for a guaranty agency described in such subparagraph if the Secretary determines that there are extenuating circumstances beyond the control of the agency that justify such waiver.

“(7) LIMITATION.—

“(A) RESTRICTION ON OTHER AUTHORITY.—The Secretary shall not have any authority to direct a guaranty agency to return reserve funds under subsection (g)(1)(A) during the period from the date of enactment of the Balanced Budget Act of 1997 through September 30, 2002.

“(B) USE OF TERMINATION COLLECTIONS.—Any reserve funds directed by the Secretary to be returned to the Secretary under subsection (g)(1)(B) during such period that do not exceed a guaranty agency’s required share of recalled reserve funds under paragraph (3)—

“(i) shall be used to satisfy the agency’s required share of recalled reserve funds; and

“(ii) shall be deposited in the restricted account established by the agency under paragraph (4), without regard to whether such funds exceed the next installment required under such paragraph.

“(C) USE OF SANCTIONS COLLECTIONS.—Any reserve funds directed by the Secretary to be returned to the Secretary under subsection (g)(1)(C) during such period that do not exceed a guaranty agency’s next installment under paragraph (4)—

“(i) shall be used to satisfy the agency’s next installment; and

“(ii) shall be deposited in the restricted account established by the agency under paragraph (4).

“(D) BALANCE AVAILABLE TO SECRETARY.—Any reserve funds directed by the Secretary to be returned to the Secretary under subparagraph (B) or (C) of subsection (g)(1) that remain after satisfaction of the requirements of subparagraphs (B) and (C) of this paragraph shall be deposited in the Treasury.

“(8) DEFINITIONS.—For the purposes of this subsection:

“(A) DEFAULT REDUCTION ACTIVITIES.—The term ‘default reduction activities’ means activities to reduce student loan defaults that improve, strengthen, and expand default prevention activities, such as—

“(i) establishing a program of partial loan cancellation to reward disadvantaged borrowers for good repayment histories with their lenders;

“(ii) establishing a financial and debt management counseling program for high-risk borrowers that provides long-term training (beginning prior to the first disbursement of the borrower’s first student loan and continuing through the completion of the borrower’s program of education or training) in budgeting and other aspects of financial management, including debt management;

“(iii) establishing a program of placement counseling to assist high-risk borrowers in identifying employment or additional training opportunities; and

“(iv) developing public service announcements that would detail consequences of student loan default and provide information regarding a toll-free telephone number established by the guaranty agency for use by borrowers seeking assistance in avoiding default.

“(B) RESERVE FUNDS.—The term ‘reserve funds’ when used with respect to a guaranty agency—

“(i) includes any reserve funds in cash or liquid assets held by the guaranty agency, or held by, or under the control of, any other entity; and

“(ii) does not include buildings, equipment, or other nonliquid assets.”.

(b) CONFORMING AMENDMENT.—Section 428(c)(9)(A) of the Higher Education Act of 1965 (20 U.S.C. 1078(c)(9)(A)) is amended—

- (1) in the first sentence, by striking “for the fiscal year of the agency that begins in 1993”; and
- (2) by striking the third sentence.

SEC. 6102. REPEAL OF DIRECT LOAN ORIGINATION FEES TO INSTITUTIONS OF HIGHER EDUCATION.

Section 452 of the Higher Education Act of 1965 (20 U.S.C. 1087b) is amended—

- (1) by striking subsection (b); and
- (2) by redesignating subsections (c) and (d) as subsections (b) and (c), respectively.

SEC. 6103. FUNDS FOR ADMINISTRATIVE EXPENSES.

Subsection (a) of section 458 of the Higher Education Act of 1965 (20 U.S.C. 1087h(a)) is amended to read as follows:

“(a) ADMINISTRATIVE EXPENSES.—

“(1) IN GENERAL.—Each fiscal year, there shall be available to the Secretary from funds not otherwise appropriated, funds to be obligated for—

“(A) administrative costs under this part and part B, including the costs of the direct student loan programs under this part, and

“(B) administrative cost allowances payable to guaranty agencies under part B and calculated in accordance with paragraph (2),

not to exceed (from such funds not otherwise appropriated) \$532,000,000 in fiscal year 1998, \$610,000,000 in fiscal year 1999, \$705,000,000 in fiscal year 2000, \$750,000,000 in fiscal year 2001, and \$750,000,000 in fiscal year 2002. Administrative cost allowances under subparagraph (B) of this paragraph shall be paid quarterly and used in accordance with section 428(f). The Secretary may carry over funds available under this section to a subsequent fiscal year.

“(2) CALCULATION BASIS.—Administrative cost allowances payable to guaranty agencies under paragraph (1)(B) shall be calculated on the basis of 0.85 percent of the total principal amount of loans upon which insurance was issued in excess of \$8,200,000,000 in fiscal year 1997 and upon which insurance is issued on or after October 1, 1997, except that such allowances shall not exceed—

“(A) \$170,000,000 for each of the fiscal years 1998 and 1999; or

“(B) \$150,000,000 for each of the fiscal years 2000, 2001, and 2002.”.

SEC. 6104. EXTENSION OF STUDENT AID PROGRAMS.

Title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.) is amended—

- 20 USC 1074. (1) in section 424(a), by striking “1998.” and “2002.” and inserting “2002.” and “2006.”, respectively;
- 20 USC 1078. (2) in section 428(a)(5), by striking “1998,” and “2002.” and inserting “2002,” and “2006.”, respectively; and
- 20 USC 1078-3. (3) in section 428C(e), by striking “1998.” and inserting “2002.”.

Subtitle B—Repeal of Smith-Hughes Vocational Education Act

SEC. 6201. REPEAL OF SMITH-HUGHES VOCATIONAL EDUCATION ACT.

The Act of February 23, 1917 (39 Stat. 929, chapter 114; 20 U.S.C. 11 et seq.) (commonly known as the “Smith-Hughes Vocational Education Act”), is repealed.

TITLE VII—CIVIL SERVICE RETIREMENT AND RELATED PROVISIONS

SEC. 7001. INCREASED CONTRIBUTIONS TO FEDERAL CIVILIAN RETIREMENT SYSTEMS.

(a) CIVIL SERVICE RETIREMENT SYSTEM.—

(1) AGENCY CONTRIBUTIONS.—

5 USC 8334 note.

(A) IN GENERAL.—Notwithstanding section 8334 (a)(1) or (k)(1) of title 5, United States Code, during the period beginning on October 1, 1997, through September 30, 2002, each employing agency (other than the United States Postal Service or the Metropolitan Washington Airports Authority) shall contribute—

- (i) 8.51 percent of the basic pay of an employee;
- (ii) 9.01 percent of the basic pay of a congressional employee, a law enforcement officer, a member of the Capitol police, or a firefighter; and
- (iii) 9.51 percent of the basic pay of a Member of Congress, a Court of Federal Claims judge, a United States magistrate, a judge of the United States Court of Appeals for the Armed Forces, or a bankruptcy judge;

in lieu of the agency contributions otherwise required under section 8334(a)(1) of title 5, United States Code.

(B) APPLICATION.—For purposes of subparagraph (A) and notwithstanding the amendments made by paragraph (3), during the period beginning on January 1, 1999 through December 31, 2002, with respect to the United States Postal Service and the Metropolitan Washington Airports Authority, the agency contribution shall be determined as though those amendments had not been made.

(2) NO REDUCTION IN AGENCY CONTRIBUTIONS BY THE POSTAL SERVICE.—Contributions by the Treasury of the United States or the United States Postal Service under section 8348 (g), (h), or (m) of title 5, United States Code—

5 USC 8334 note.

(A) shall not be reduced as a result of the amendments made under paragraph (3) of this subsection; and

(B) shall be computed as though such amendments had not been enacted.

(3) INDIVIDUAL DEDUCTIONS, WITHHOLDINGS, AND DEPOSITS.—

(A) DEDUCTIONS.—The first sentence of section 8334(a)(1) of title 5, United States Code, is amended to read as follows: “The employing agency shall deduct and withhold from the basic pay of an employee, Member,

Congressional employee, law enforcement officer, firefighter, bankruptcy judge, judge of the United States Court of Appeals for the Armed Forces, United States magistrate, Court of Federal Claims judge, or member of the Capitol Police, as the case may be, the percentage of basic pay applicable under subsection (c).”.

(B) DEPOSITS.—The table under section 8334(c) of title 5, United States Code, is amended—

(i) in the matter relating to an employee by striking:

“7 After December 31, 1969.”;

and inserting the following:

“7 January 1, 1970, to December 31, 1998.

7.25 January 1, 1999, to December 31, 1999.

7.4 January 1, 2000, to December 31, 2000.

7.5 January 1, 2001, to December 31, 2002.

7 After December 31, 2002.”;

(ii) in the matter relating to a Member or employee for congressional employee service by striking:

“7½ After December 31, 1969.”;

and inserting the following:

“7.5 January 1, 1970, to December 31, 1998.

7.75 January 1, 1999, to December 31, 1999.

7.9 January 1, 2000, to December 31, 2000.

8 January 1, 2001, to December 31, 2002.

7.5 After December 31, 2002.”;

(iii) in the matter relating to a Member for Member service by striking:

“8 After December 31, 1969.”;

and inserting the following:

“8 January 1, 1970, to December 31, 1998.

8.25 January 1, 1999, to December 31, 1999.

8.4 January 1, 2000, to December 31, 2000.

8.5 January 1, 2001, to December 31, 2002.

8 After December 31, 2002.”;

(iv) in the matter relating to a law enforcement officer for law enforcement service and firefighter for firefighter service by striking:

“7½ After December 31, 1974.”;

and inserting the following:

“7.5 January 1, 1975, to December 31, 1998.

7.75 January 1, 1999, to December 31, 1999.

7.9 January 1, 2000, to December 31, 2000.

8 January 1, 2001, to December 31, 2002.

7.5 After December 31, 2002.”;

(v) in the matter relating to a bankruptcy judge by striking:

“8 After December 31, 1983.”;

and inserting the following:

“8 January 1, 1984, to December 31, 1998.

8.25 January 1, 1999, to December 31, 1999.

8.4 January 1, 2000, to December 31, 2000.

8.5 January 1, 2001, to December 31, 2002.

8 After December 31, 2002.”;

(vi) in the matter relating to a judge of the United States Court of Appeals for the Armed Forces for service as a judge of that court by striking:

“8 On and after the date of the enactment of the Department of Defense Authorization Act, 1984.”;

and inserting the following:

“8 The date of enactment of the Department of Defense Authorization Act, 1984, to December 31, 1998.

8.25 January 1, 1999, to December 31, 1999.

8.4 January 1, 2000, to December 31, 2000.

8.5 January 1, 2001, to December 31, 2002.

8 After December 31, 2002.”;

(vii) in the matter relating to a United States magistrate by striking:

“8 After September 30, 1987.”;

and inserting the following:

“8 October 1, 1987, to December 31, 1998.

8.25 January 1, 1999, to December 31, 1999.

8.4 January 1, 2000, to December 31, 2000.

8.5 January 1, 2001, to December 31, 2002.

8 After December 31, 2002.”;

(viii) in the matter relating to a Court of Federal Claims judge by striking:

“8 After September 30, 1988.”;

and insert the following:

“8 October 1, 1988, to December 31, 1998.

8.25 January 1, 1999, to December 31, 1999.

8.4 January 1, 2000, to December 31, 2000.

8.5 January 1, 2001, to December 31, 2002.

8 After December 31, 2002.”;

and

(ix) by inserting after the matter relating to a Court of Federal Claims judge the following:

“Member of the Capitol Police	2.5	August 1, 1920, to June 30, 1926.
	3.5	July 1, 1926, to June 30, 1942.
	5	July 1, 1942, to June 30, 1948.
	6	July 1, 1948, to October 31, 1956.
	6.5	November 1, 1956, to December 31, 1969.
	7.5	January 1, 1970, to December 31, 1998.
	7.75	January 1, 1999, to December 31, 1999.
	7.9	January 1, 2000, to December 31, 2000.
	8	January 1, 2001, to December 31, 2002.

7.5 After December 31, 2002.”.

(4) OTHER SERVICE.—

(A) MILITARY SERVICE.—Section 8334(j) of title 5, United States Code, is amended—

(i) in paragraph (1)(A) by inserting “and subject to paragraph (5),” after “Except as provided in subparagraph (B),”; and

(ii) by adding at the end the following new paragraph:

“(5) Effective with respect to any period of military service after December 31, 1998, the percentage of basic pay under section 204 of title 37 payable under paragraph (1) shall be equal to the same percentage as would be applicable under subsection (c) of this section for that same period for service as an employee, subject to paragraph (1)(B).”.

(B) VOLUNTEER SERVICE.—Section 8334(l) of title 5, United States Code, is amended—

(i) in paragraph (1) by adding at the end the following: “This paragraph shall be subject to paragraph (4).”; and

(ii) by adding at the end the following new paragraph:

“(4) Effective with respect to any period of service after December 31, 1998, the percentage of the readjustment allowance or stipend (as the case may be) payable under paragraph (1) shall be equal to the same percentage as would be applicable under subsection (c) of this section for the same period for service as an employee.”.

(b) FEDERAL EMPLOYEES’ RETIREMENT SYSTEM.—

(1) INDIVIDUAL DEDUCTIONS AND WITHHOLDINGS.—

(A) IN GENERAL.—Section 8422(a) of title 5, United States Code, is amended by striking paragraph (2) and inserting the following:

Effective date.

“(2) The percentage to be deducted and withheld from basic pay for any pay period shall be equal to—

“(A) the applicable percentage under paragraph (3), minus

“(B) the percentage then in effect under section 3101(a) of the Internal Revenue Code of 1986 (relating to rate of tax for old-age, survivors, and disability insurance).

“(3) The applicable percentage under this paragraph for civilian service shall be as follows:

“Employee	7	January 1, 1987, to December 31, 1998.	Effective date.
	7.25	January 1, 1999, to December 31, 1999.	
	7.4	January 1, 2000, to December 31, 2000.	
	7.5	January 1, 2001, to December 31, 2002.	
Congressional employee	7	After December 31, 2002.	
	7.5	January 1, 1987, to December 31, 1998.	
	7.75	January 1, 1999, to December 31, 1999.	
	7.9	January 1, 2000, to December 31, 2000.	
	8	January 1, 2001, to December 31, 2002.	

Member	7.5	After December 31, 2002.
	7.5	January 1, 1987, to December 31, 1998.
	7.75	January 1, 1999, to December 31, 1999.
	7.9	January 1, 2000, to December 31, 2000.
	8	January 1, 2001, to December 31, 2002.
Law enforcement officer, firefighter, member of the Capitol Police, or air traffic controller.	7.5	After December 31, 2002.
	7.5	January 1, 1987, to December 31, 1998.
	7.75	January 1, 1999, to December 31, 1999.
	7.9	January 1, 2000, to December 31, 2000.
	8	January 1, 2001, to December 31, 2002.
	7.5	After December 31, 2002.”.

(B) **MILITARY SERVICE.**—Section 8422(e) of title 5, United States Code, is amended—

(i) in paragraph (1)(A) by inserting “and subject to paragraph (6),” after “Except as provided in subparagraph (B),”; and

(ii) by adding at the end the following:

“(6) The percentage of basic pay under section 204 of title 37 payable under paragraph (1), with respect to any period of military service performed during—

“(A) January 1, 1999, through December 31, 1999, shall be 3.25 percent;

“(B) January 1, 2000, through December 31, 2000, shall be 3.4 percent; and

“(C) January 1, 2001, through December 31, 2002, shall be 3.5 percent.”.

(C) **VOLUNTEER SERVICE.**—Section 8422(f) of title 5, United States Code, is amended—

(i) in paragraph (1) by adding at the end the following: “This paragraph shall be subject to paragraph (4).”; and

(ii) by adding at the end the following:

“(4) The percentage of the readjustment allowance or stipend (as the case may be) payable under paragraph (1), with respect to any period of volunteer service performed during—

“(A) January 1, 1999, through December 31, 1999, shall be 3.25 percent;

“(B) January 1, 2000, through December 31, 2000, shall be 3.4 percent; and

“(C) January 1, 2001, through December 31, 2002, shall be 3.5 percent.”.

(2) **NO REDUCTION IN AGENCY CONTRIBUTIONS.**—Contributions under section 8423 (a) and (b) of title 5, United States Code, shall not be reduced as a result of the amendments made under paragraph (1) of this subsection.

(c) **CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM.**—

(1) **AGENCY CONTRIBUTIONS.**—Notwithstanding section 211(a)(2) of the Central Intelligence Agency Retirement Act (50 U.S.C. 2021(a)(2)), during the period beginning on October 1, 1997, through September 30, 2002, the Central Intelligence Agency shall contribute 8.51 percent of the basic pay of an

employee participating in the Central Intelligence Agency Retirement and Disability System in lieu of the agency contribution otherwise required under section 211(a)(2) of such Act.

(2) INDIVIDUAL DEDUCTIONS, WITHHOLDINGS, AND DEPOSITS.—Notwithstanding section 211(a)(1) of the Central Intelligence Agency Retirement Act (50 U.S.C. 2021(a)(1)) beginning on January 1, 1999, through December 31, 2002, the percentage deducted and withheld from the basic pay of an employee participating in the Central Intelligence Agency Retirement and Disability System shall be as follows:

7.25	January 1, 1999, to December 31, 1999.
7.4	January 1, 2000, to December 31, 2000.
7.5	January 1, 2001, to December 31, 2002.

(3) MILITARY SERVICE.—Section 252(h)(1) of the Central Intelligence Agency Retirement Act (50 U.S.C. 2082(h)(1)), is amended to read as follows:

“(h)(1)(A) Each participant who has performed military service before the date of separation on which entitlement to an annuity under this title is based may pay to the Agency an amount equal to 7 percent of the amount of basic pay paid under section 204 of title 37, United States Code, to the participant for each period of military service after December 1956; except, the amount to be paid for military service performed beginning on January 1, 1999, through December 31, 2002, shall be as follows:

“7.25 percent of basic pay.	January 1, 1999, to December 31, 1999.
7.4 percent of basic pay.	January 1, 2000, to December 31, 2000.
7.5 percent of basic pay.	January 1, 2001, to December 31, 2002.

“(B) The amount of such payments shall be based on such evidence of basic pay for military service as the participant may provide or, if the Director determines sufficient evidence has not been provided to adequately determine basic pay for military service, such payment shall be based upon estimates of such basic pay provided to the Director under paragraph (4).”

(d) FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM.—
(1) AGENCY CONTRIBUTIONS.—Notwithstanding section 805(a) (1) and (2) of the Foreign Service Act of 1980 (22 U.S.C. 4045(a) (1) and (2)), during the period beginning on October 1, 1997, through September 30, 2002, each agency employing a participant in the Foreign Service Retirement and Disability System shall contribute to the Foreign Service Retirement and Disability Fund—

22 USC 4045
note.

(A) 8.51 percent of the basic pay of each participant covered under section 805(a)(1) of such Act participating in the Foreign Service Retirement and Disability System; and

(B) 9.01 percent of the basic pay of each participant covered under section 805(a)(2) of such Act participating in the Foreign Service Retirement and Disability System; in lieu of the agency contribution otherwise required under section 805(a) (1) and (2) of such Act.

(2) INDIVIDUAL DEDUCTIONS, WITHHOLDINGS, AND DEPOSITS.—

22 USC 4045
note.

(A) IN GENERAL.—Notwithstanding section 805(a)(1) of the Foreign Service Act of 1980 (22 U.S.C. 4045(a)(1)), beginning on January 1, 1999, through December 31, 2002, the amount withheld and deducted from the basic pay of a participant in the Foreign Service Retirement and Disability System shall be as follows:

7.25 January 1, 1999, to December 31, 1999.

7.4 January 1, 2000, to December 31, 2000.

7.5 January 1, 2001, to December 31, 2002.

22 USC 4045
note.

(B) FOREIGN SERVICE CRIMINAL INVESTIGATORS/INSPECTORS OF THE OFFICE OF THE INSPECTOR GENERAL, AGENCY FOR INTERNATIONAL DEVELOPMENT.—Notwithstanding section 805(a)(2) of the Foreign Service Act of 1980 (22 U.S.C. 4045(a)(2)), beginning on January 1, 1999, through December 31, 2002, the amount withheld and deducted from the basic pay of an eligible Foreign Service criminal investigator/inspector of the Office of the Inspector General, Agency for International Development participating in the Foreign Service Retirement and Disability System shall be as follows:

7.75 January 1, 1999, to December 31, 1999.

7.9 January 1, 2000, to December 31, 2000.

8 January 1, 2001, to December 31, 2002.

(C) CONFORMING AMENDMENT.—Section 805(d)(1) of the Foreign Service Act of 1980 (22 U.S.C. 4045(d)(1)) is amended in the table in the matter following subparagraph (B) by striking:

“On and after January 1, 1970 7”;
and inserting the following:

“January 1, 1970, through December 31, 1998, inclusive.	7
January 1, 1999, through December 31, 1999, inclusive.	7.25
January 1, 2000, through December 31, 2000, inclusive.	7.4

January 1, 2001, through December 31, 2002, inclu- 7.5
sive.
After December 31, 2002 7”.

(D) **MILITARY SERVICE.**—Section 805(e) of the Foreign Service Act of 1980 (22 U.S.C. 4045(e)) is amended—

- (i) in subsection (e)(1) by striking “Each” and inserting “Subject to paragraph (5), each”; and
- (ii) by adding after paragraph (4) the following new paragraph:

“(5) Effective with respect to any period of military or naval service after December 31, 1998, the percentage of basic pay under section 204 of title 37, United States Code, payable under paragraph (1) shall be equal to the same percentage as would be applicable under section 8334(c) of title 5, United States Code, for that same period for service as an employee.”.

(e) **FOREIGN SERVICE PENSION SYSTEM.**—

(1) **INDIVIDUAL DEDUCTIONS AND WITHHOLDINGS FROM PAY.**—

Effective date.

(A) **IN GENERAL.**—Section 856(a) of the Foreign Service Act of 1980 (22 U.S.C. 4071e(a)) is amended to read as follows:

“(a)(1) The employing agency shall deduct and withhold from the basic pay of each participant the applicable percentage of basic pay specified in paragraph (2) of this subsection minus the percentage then in effect under section 3101(a) of the Internal Revenue Code of 1986 (26 U.S.C. 3101(a)) (relating to the rate of tax for old age, survivors, and disability insurance).

“(2) The applicable percentage under this subsection shall be as follows:

“7.5	Before January 1, 1999.
7.75	January 1, 1999, to December 31, 1999.
7.9	January 1, 2000, to December 31, 2000.
8	January 1, 2001, to December 31, 2002.
7.5	After December 31, 2002.”.

(B) **VOLUNTEER SERVICE.**—Subsection 854(c) of the Foreign Service Act of 1980 (22 U.S.C. 4071c(c)) is amended to read as follows:

“(c)(1) Credit shall be given under this System to a participant for a period of prior satisfactory service as—

“(A) a volunteer or volunteer leader under the Peace Corps Act (22 U.S.C. 2501 et seq.),

“(B) a volunteer under part A of title VIII of the Economic Opportunity Act of 1964, or

“(C) a full-time volunteer for a period of service of at least 1 year’s duration under part A, B, or C of title I of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.),

if the participant makes a payment to the Fund equal to 3 percent of pay received for the volunteer service; except, the amount to be paid for volunteer service beginning on January 1, 1999, through December 31, 2002, shall be as follows:

“3.25 January 1, 1999, to December 31, 1999.
 3.4 January 1, 2000, to December 31, 2000.
 3.5 January 1, 2001, to December 31, 2002.”

Regulations. “(2) The amount of such payments shall be determined in accordance with regulations of the Secretary of State consistent with regulations for making corresponding determinations under chapter 83, title 5, United States Code, together with interest determined under regulations issued by the Secretary of State.”.

22 USC 4071c. (2) NO REDUCTION IN AGENCY CONTRIBUTIONS.—Agency contributions under section 857 of the Foreign Service Act of 1980 (22 U.S.C. 4071f) shall not be reduced as a result of the amendments made under paragraph (1) of this subsection.

5 USC 8334 note. (f) EFFECTIVE DATE.—
 (1) IN GENERAL.—This section shall take effect on—
 (A) October 1, 1997; or
 (B) if later, the date of enactment of this Act.
 (2) SPECIAL RULE.—If the date of enactment of this Act is later than October 1, 1997, then any reference to October 1, 1997, in subsection (a)(1), (c)(1), or (d)(1) shall be treated as a reference to the date of enactment of this Act.

SEC. 7002. GOVERNMENT CONTRIBUTIONS UNDER THE FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM.

(a) IN GENERAL.—Section 8906 of title 5, United States Code, is amended by striking subsection (a) and all that follows through the end of paragraph (1) of subsection (b) and inserting the following:

“(a)(1) Not later than October 1 of each year, the Office of Personnel Management shall determine the weighted average of the subscription charges that will be in effect during the following contract year with respect to—

“(A) enrollments under this chapter for self alone; and

“(B) enrollments under this chapter for self and family.

“(2) In determining each weighted average under paragraph (1), the weight to be given to a particular subscription charge shall, with respect to each plan (and option) to which it is to apply, be commensurate with the number of enrollees enrolled in such plan (and option) as of March 31 of the year in which the determination is being made.

“(3) For purposes of paragraph (2), the term ‘enrollee’ means any individual who, during the contract year for which the weighted average is to be used under this section, will be eligible for a Government contribution for health benefits.

“(b)(1) Except as provided in paragraphs (2) and (3), the biweekly Government contribution for health benefits for an employee or annuitant enrolled in a health benefits plan under this chapter is adjusted to an amount equal to 72 percent of the weighted average under subsection (a)(1) (A) or (B), as applicable. For an employee, the adjustment begins on the first day of the employee’s first pay period of each year. For an annuitant, the adjustment begins on the first day of the first period of each year for which an annuity payment is made.”.

5 USC 8906 note. (b) EFFECTIVE DATE.—This section shall take effect on the first day of the contract year that begins in 1999. Nothing in this subsection shall prevent the Office of Personnel Management

from taking any action, before such first day, which it considers necessary in order to ensure the timely implementation of this section.

SEC. 7003. REPEAL OF AUTHORIZATION OF TRANSITIONAL APPROPRIATIONS FOR THE UNITED STATES POSTAL SERVICE.

(a) REPEAL.—

(1) IN GENERAL.—Section 2004 of title 39, United States Code, is repealed.

(2) TECHNICAL AND CONFORMING AMENDMENTS.—

(A) The table of sections for chapter 20 of such title is amended by repealing the item relating to section 2004.

(B) Section 2003(e)(2) of such title is amended by striking “sections 2401 and 2004” each place it appears and inserting “section 2401”.

(b) CLARIFICATION THAT LIABILITIES FORMERLY PAID PURSUANT TO SECTION 2004 REMAIN LIABILITIES PAYABLE BY THE POSTAL SERVICE.—Section 2003 of title 39, United States Code, is amended by adding at the end the following:

“(h) Liabilities of the former Post Office Department to the Employees’ Compensation Fund (appropriations for which were authorized by former section 2004, as in effect before the effective date of this subsection) shall be liabilities of the Postal Service payable out of the Fund.”.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—This section and the amendments made by this section shall take effect on the date of the enactment of this Act or October 1, 1997, whichever is later.

(2) PROVISIONS RELATING TO PAYMENTS FOR FISCAL YEAR 1998.—

(A) AMOUNTS NOT YET PAID.—No payment may be made to the Postal Service Fund, on or after the date of the enactment of this Act, pursuant to any appropriation for fiscal year 1998 authorized by section 2004 of title 39, United States Code (as in effect before the effective date of this section).

(B) AMOUNTS PAID.—If any payment to the Postal Service Fund is or has been made pursuant to an appropriation for fiscal year 1998 authorized by such section 2004, then, an amount equal to the amount of such payment shall be paid from such Fund into the Treasury as miscellaneous receipts before October 1, 1998.

39 USC 2003
note.

TITLE VIII—VETERANS AND RELATED MATTERS

Veterans
Reconciliation
Act of 1997.

SEC. 8001. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the “Veterans Reconciliation Act of 1997”.

38 USC 101 note.

(b) TABLE OF CONTENTS.—The table of contents for this title is as follows:

Sec. 8001. Short title; table of contents.

Subtitle A—Extension of Temporary Authorities

Sec. 8011. Enhanced loan asset sale authority.

Sec. 8012. Home loan fees.

- Sec. 8013. Procedures applicable to liquidation sales on defaulted home loans guaranteed by the Department of Veterans Affairs.
Sec. 8014. Income verification authority.
Sec. 8015. Limitation on pension for certain recipients of medicaid-covered nursing home care.

Subtitle B—Copayments and Medical Care Cost Recovery

- Sec. 8021. Authority to require that certain veterans make copayments in exchange for receiving health care benefits.
Sec. 8022. Medical care cost recovery authority.
Sec. 8023. Department of Veterans Affairs medical-care receipts.

Subtitle C—Other Matters

- Sec. 8031. Rounding down of cost-of-living adjustments in compensation and DIC rates for fiscal years 1998 through 2002.
Sec. 8032. Increase in amount of home loan fees for the purchase of repossessed homes from the Department of Veterans Affairs.
Sec. 8033. Withholding of payments and benefits.

Subtitle A—Extension of Temporary Authorities

SEC. 8011. ENHANCED LOAN ASSET SALE AUTHORITY.

Section 3720(h)(2) of title 38, United States Code, is amended by striking out “December 31, 1997” and inserting in lieu thereof “December 31, 2002”.

SEC. 8012. HOME LOAN FEES.

Section 3729(a) of title 38, United States Code, is amended—
(1) in paragraph (4), by striking out “October 1, 1998” and inserting in lieu thereof “October 1, 2002”; and
(2) in paragraph (5)(C), by striking out “October 1, 1998” and inserting in lieu thereof “October 1, 2002”.

SEC. 8013. PROCEDURES APPLICABLE TO LIQUIDATION SALES ON DEFAULTED HOME LOANS GUARANTEED BY THE DEPARTMENT OF VETERANS AFFAIRS.

Section 3732(c)(11) of title 38, United States Code, is amended by striking out “October 1, 1998” and inserting in lieu thereof “October 1, 2002”.

SEC. 8014. INCOME VERIFICATION AUTHORITY.

Section 5317(g) of title 38, United States Code, is amended by striking out “September 30, 1998” and inserting in lieu thereof “September 30, 2002”.

SEC. 8015. LIMITATION ON PENSION FOR CERTAIN RECIPIENTS OF MEDICAID-COVERED NURSING HOME CARE.

Section 5503(f)(7) of title 38, United States Code, is amended by striking out “September 30, 1998” and inserting in lieu thereof “September 30, 2002”.

Subtitle B—Copayments and Medical Care Cost Recovery

SEC. 8021. AUTHORITY TO REQUIRE THAT CERTAIN VETERANS MAKE COPAYMENTS IN EXCHANGE FOR RECEIVING HEALTH CARE BENEFITS.

(a) HOSPITAL AND MEDICAL CARE.—

(1) EXTENSION.—Section 1710(f)(2)(B) of title 38, United States Code, is amended by inserting “before September 30, 2002,” after “(B)”.

(2) REPEAL OF SUPERSEDED PROVISION.—Section 8013(e) of the Omnibus Budget Reconciliation Act of 1990 (38 U.S.C. 1710 note) is repealed.

(b) OUTPATIENT MEDICATIONS.—Section 1722A(c) of title 38, United States Code, is amended by striking out “September 30, 1998” and inserting in lieu thereof “September 30, 2002”.

SEC. 8022. MEDICAL CARE COST RECOVERY AUTHORITY.

Section 1729(a)(2)(E) of title 38, United States Code, is amended by striking out “October 1, 1998” and inserting in lieu thereof “October 1, 2002”.

SEC. 8023. DEPARTMENT OF VETERANS AFFAIRS MEDICAL-CARE RECEIPTS.

(a) ALLOCATION OF RECEIPTS.—(1) Chapter 17 of title 38, United States Code, is amended by inserting after section 1729 the following new section:

“§ 1729A. Department of Veterans Affairs Medical Care Collections Fund

“(a) There is in the Treasury a fund to be known as the Department of Veterans Affairs Medical Care Collections Fund.

“(b) Amounts recovered or collected after June 30, 1997, under any of the following provisions of law shall be deposited in the fund:

“(1) Section 1710(f) of this title.

“(2) Section 1710(g) of this title.

“(3) Section 1711 of this title.

“(4) Section 1722A of this title.

“(5) Section 1729 of this title.

“(6) Public Law 87-693, popularly known as the ‘Federal Medical Care Recovery Act’ (42 U.S.C. 2651 et seq.), to the extent that a recovery or collection under that law is based on medical care or services furnished under this chapter.

“(c)(1) Subject to the provisions of appropriations Acts, amounts in the fund shall be available, without fiscal year limitation, to the Secretary for the following purposes:

“(A) Furnishing medical care and services under this chapter, to be available during any fiscal year for the same purposes and subject to the same limitations (other than with respect to the period of availability for obligation) as apply to amounts appropriated from the general fund of the Treasury for that fiscal year for medical care.

“(B) Expenses of the Department for the identification, billing, auditing, and collection of amounts owed the United States by reason of medical care and services furnished under this chapter.

“(2) Amounts available under paragraph (1) may not be used for any purpose other than a purpose set forth in subparagraph (A) or (B) of that paragraph.

“(3)(A) If for fiscal year 1998 the Secretary determines that the total amount to be recovered under the provisions of law specified in subsection (b) will be less than the amount contained in the latest Congressional Budget Office baseline estimate (computed under section 257 of the Balanced Budget and Emergency Deficit

Control Act of 1985) for the amount of such recoveries for fiscal year 1998 by at least \$25,000,000, the Secretary shall promptly certify to the Secretary of the Treasury the amount of the shortfall (as estimated by the Secretary) that is in excess of \$25,000,000. Upon receipt of such a certification, the Secretary of the Treasury shall, not later than 30 days after receiving the certification, deposit in the fund, from any unobligated amounts in the Treasury, an amount equal to the amount certified by the Secretary.

“(B) If for fiscal year 1998 a deposit is made under subparagraph (A) and the Secretary subsequently determines that the actual amount recovered for that fiscal year under the provisions of law specified in subsection (b) is greater than the amount estimated by the Secretary that was used for purposes of the certification by the Secretary under subparagraph (A), the Secretary shall pay into the general fund of the Treasury, from amounts available for medical care, an amount equal to the difference between the amount actually recovered and the amount so estimated (but not in excess of the amount of the deposit under subparagraph (A) pursuant to such certification).

“(C) If for fiscal year 1998 a deposit is made under subparagraph (A) and the Secretary subsequently determines that the actual amount recovered for that fiscal year under the provisions of law specified in subsection (b) is less than the amount estimated by the Secretary that was used for purposes of the certification by the Secretary under subparagraph (A), the Secretary shall promptly certify to the Secretary of the Treasury the amount of the shortfall. Upon receipt of such a certification, the Secretary of the Treasury shall, not later than 30 days after receiving the certification, deposit in the fund, from any unobligated amounts in the Treasury, an amount equal to the amount certified by the Secretary.

“(d)(1) Of the total amount recovered or collected by the Department during a fiscal year under the provisions of law referred to in subsection (b) and made available from the fund, the Secretary shall make available to each designated health care region of the Department an amount that bears the same ratio to the total amount so made available as the amount recovered or collected by such region during that fiscal year under such provisions of law bears to such total amount recovered or collected during that fiscal year. The Secretary shall make available to each region the entirety of the amount specified to be made available to such region by the preceding sentence.

“(2) In this subsection, the term ‘designated health care regions of the Department’ means the geographic areas designated by the Secretary for purposes of the management of, and allocation of resources for, health care services provided by the Department.

Reports.

“(e)(1) The Secretary shall submit to the Committees on Veterans’ Affairs of the Senate and House of Representatives quarterly reports on the operation of this section for fiscal years 1998, 1999, and 2000 and for the first quarter of fiscal year 2001. Each such report shall specify the amount collected under each of the provisions specified in subsection (b) during the preceding quarter and the amount originally estimated to be collected under each such provision during such quarter.

“(2) A report under paragraph (1) for a quarter shall be submitted not later than 45 days after the end of that quarter.

“(f) Amounts recovered or collected under the provisions of law referred to in subsection (b) shall be treated for the purposes of sections 251 and 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901, 902) as offsets to discretionary appropriations (rather than as offsets to direct spending) to the extent that such amounts are made available for expenditure in appropriations Acts for the purposes specified in subsection (c).”.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1729 the following new item:

“1729A. Department of Veterans Affairs Medical Care Collections Fund.”.

(b) CONFORMING AMENDMENTS.—Chapter 17 of such title is amended as follows:

(1) Section 1710(f) is amended by striking out paragraph (4) and redesignating paragraph (5) as paragraph (4).

(2) Section 1710(g) is amended by striking out paragraph (4).

(3) Section 1722A(b) is amended by striking out “Department of Veterans Affairs Medical-Care Cost Recovery Fund” and inserting in lieu thereof “Department of Veterans Affairs Medical Care Collections Fund”.

(4) Section 1729 is amended by striking out subsection (g).

(c) DISPOSITION OF FUNDS IN MEDICAL-CARE COST RECOVERY FUND.—The amount of the unobligated balance remaining in the Department of Veterans Affairs Medical-Care Cost Recovery Fund (established pursuant to section 1729(g)(1) of title 38, United States Code) at the close of June 30, 1997, shall be deposited, not later than December 31, 1997, in the Treasury as miscellaneous receipts, and the Department of Veterans Affairs Medical-Care Cost Recovery Fund shall be terminated when the deposit is made.

38 USC 1729
note.

(d) DETERMINATION OF AMOUNTS SUBJECT TO RECOVERY.—Section 1729 of title 38, United States Code, is amended—

(1) in subsection (a)(1), by striking out “the reasonable cost of” and inserting in lieu thereof “reasonable charges for”; and

(2) in subsection (c)(2)—

(A) by striking out “the reasonable cost of” in the first sentence of subparagraph (A) and in subparagraph (B) and inserting in lieu thereof “reasonable charges for”; and

(B) by striking out “cost” in the second sentence of subparagraph (A) and inserting in lieu thereof “charges”.

(e) TECHNICAL AMENDMENT.—Paragraph (2) of section 712(b) of title 38, United States Code, is amended—

(1) by striking out subparagraph (B); and

(2) by redesignating subparagraph (C) as subparagraph (B).

(f) IMPLEMENTATION.—Not later than January 1, 1999, the Secretary of Veterans Affairs shall submit to the Committees on Veterans’ Affairs of the Senate and House of Representatives a report on the implementation of this section. The report shall describe the collections under each of the provisions specified in section 1729A(b) of title 38, United States Code, as added by subsection (a). Information on such collections shall be shown for each of the health service networks (known as Veterans Integrated Service Networks) and, to the extent practicable for each facility within

Reports.
38 USC 1729A
note.

each such network. The Secretary shall include in the report an analysis of differences among the networks with respect to (A) the market in which the networks operates, (B) the effort expended to achieve collections, (C) the efficiency of such effort, and (D) any other relevant information.

38 USC 712 note.

(g) EFFECTIVE DATE.—(1) Except as provided in paragraph (2), this section and the amendments made by this section shall take effect on October 1, 1997.

(2) The amendments made by subsection (d) shall take effect on the date of the enactment of this Act.

Subtitle C—Other Matters

SEC. 8031. ROUNDING DOWN OF COST-OF-LIVING ADJUSTMENTS IN COMPENSATION AND DIC RATES FOR FISCAL YEARS 1998 THROUGH 2002.

(a) COMPENSATION COLAS.—(1) Chapter 11 of title 38, United States Code, is amended by inserting after section 1102 the following new section:

“§ 1103. Cost-of-living adjustments

“(a) In the computation of cost-of-living adjustments for fiscal years 1998 through 2002 in the rates of, and dollar limitations applicable to, compensation payable under this chapter, such adjustments shall be made by a uniform percentage that is no more than the percentage equal to the social security increase for that fiscal year, with all increased monthly rates and limitations (other than increased rates or limitations equal to a whole dollar amount) rounded down to the next lower whole dollar amount.

“(b) For purposes of this section, the term ‘social security increase’ means the percentage by which benefit amounts payable under title II of the Social Security Act (42 U.S.C. 401 et seq.) are increased for any fiscal year as a result of a determination under section 215(i) of such Act (42 U.S.C. 415(i)).”

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1102 the following new item:

“1103. Cost-of-living adjustments.”

(b) DIC COLAS.—(1) Chapter 13 of title 38, United States Code, is amended by inserting after section 1302 the following new section:

“§ 1303. Cost-of-living adjustments

“(a) In the computation of cost-of-living adjustments for fiscal years 1998 through 2002 in the rates of dependency and indemnity compensation payable under this chapter, such adjustments (except as provided in subsection (b)) shall be made by a uniform percentage that is no more than the percentage equal to the social security increase for that fiscal year, with all increased monthly rates (other than increased rates equal to a whole dollar amount) rounded down to the next lower whole dollar amount.

“(b) For purposes of this section, the term ‘social security increase’ means the percentage by which benefit amounts payable under title II of the Social Security Act (42 U.S.C. 401 et seq.) are increased for any fiscal year as a result of a determination under section 215(i) of such Act (42 U.S.C. 415(i)).”

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1302 the following new item:

“1303. Cost-of-living adjustments.”.

SEC. 8032. INCREASE IN AMOUNT OF HOME LOAN FEES FOR THE PURCHASE OF REPOSSESSED HOMES FROM THE DEPARTMENT OF VETERANS AFFAIRS.

Section 3729(a) of title 38, United States Code, is amended—

(1) in paragraph (2)—

(A) in subparagraph (A), by striking out “or 3733(a)”;

(B) in subparagraph (D), by striking out “and” at the end;

(C) in subparagraph (E), by striking out the period at the end and inserting in lieu thereof “; and”; and

(D) by adding at the end the following:

“(F) in the case of a loan made under section 3733(a) of this title, the amount of such fee shall be 2.25 percent of the total loan amount.”; and

(2) in paragraph (4), as amended by section 8012(1) of this Act, by striking out “or (E)” and inserting in lieu thereof “(E), or (F)”.

SEC. 8033. WITHHOLDING OF PAYMENTS AND BENEFITS.

(a) NOTICE REQUIRED IN LIEU OF CONSENT OR COURT ORDER.—

Section 3726 of title 38, United States Code, is amended—

(1) by inserting “(a)” before “No officer”; and

(2) by striking out “unless” and all that follows and inserting in lieu thereof the following: “unless the Secretary provides such veteran or surviving spouse with notice by certified mail with return receipt requested of the authority of the Secretary to waive the payment of indebtedness under section 5302(b) of this title.”; and

(3) by adding at the end the following new subsections:

“(b) If the Secretary does not waive the entire amount of the liability, the Secretary shall then determine whether the veteran or surviving spouse should be released from liability under section 3713(b) of this title.

“(c) If the Secretary determines that the veteran or surviving spouse should not be released from liability, the Secretary shall notify the veteran or surviving spouse of that determination and provide a notice of the procedure for appealing that determination, unless the Secretary has previously made such determination and notified the veteran or surviving spouse of the procedure for appealing the determination.”.

(b) CONFORMING AMENDMENT.—Section 5302(b) of such title is amended by inserting “with return receipt requested” after “certified mail”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to any indebtedness to the United States arising pursuant to chapter 37 of title 38, United States Code, before, on, or after the date of enactment of this Act.

38 USC 3726
note.

TITLE IX—ASSET SALES, USER FEES, AND MISCELLANEOUS PROVISIONS

SEC. 9000. TABLE OF CONTENTS.

The table of contents for this title is as follows:

TITLE IX—ASSET SALES, USER FEES, AND MISCELLANEOUS PROVISIONS

Sec. 9000. Table of contents.

Subtitle A—Asset Sales

Sec. 9101. Sale of Governors Island, New York.

Sec. 9102. Sale of air rights.

Subtitle B—User Fees

Sec. 9201. Extension of higher vessel tonnage duties.

Subtitle C—Miscellaneous Provisions

Sec. 9301. Temporary Federal share formula adjustment.

Sec. 9302. Increase in excise taxes on tobacco products.

Sec. 9303. Lease of excess strategic petroleum reserve capacity.

Sec. 9304. Identification of limited tax benefits subject to line item veto.

Sec. 9305. Payment of benefits in appropriate fiscal year.

Subtitle A— Asset Sales

SEC. 9101. SALE OF GOVERNORS ISLAND, NEW YORK.

(a) **IN GENERAL.**—Notwithstanding any other provision of law, the Administrator of General Services shall, no earlier than fiscal year 2002, dispose of by sale at fair market value all rights, title, and interests of the United States in and to the land of, and improvements to, Governors Island, New York.

(b) **RIGHT OF FIRST OFFER.**—Before a sale is made under subsection (a) to any other parties, the State of New York and the city of New York shall be given the right of first offer to purchase all or part of Governors Island at fair market value as determined by the Administrator of General Services. Not later than 90 days after notification by the Administrator of General Services, such right may be exercised by either the State of New York or the city of New York or by both parties acting jointly.

(c) **PROCEEDS.**—Proceeds from the disposal of Governors Island under subsection (a) shall be deposited in the general fund of the Treasury and credited as miscellaneous receipts.

40 USC 811 note.

SEC. 9102. SALE OF AIR RIGHTS.

(a) **IN GENERAL.**—Notwithstanding any other provision of law, the Administrator of General Services shall sell, at fair market value and in a manner to be determined by the Administrator, the air rights adjacent to Washington Union Station described in subsection (b), including air rights conveyed to the Administrator under subsection (d). The Administrator shall complete the sale by such date as is necessary to ensure that the proceeds from the sale will be deposited in accordance with subsection (c).

(b) **DESCRIPTION.**—The air rights referred to in subsection (a) total approximately 16.5 acres and are depicted on the plat map of the District of Columbia as follows:

(1) Part of lot 172, square 720.

(2) Part of lots 172 and 823, square 720.

(3) Part of lot 811, square 717.

(c) PROCEEDS.—Before September 30, 2002, proceeds from the sale of air rights under subsection (a) shall be deposited in the general fund of the Treasury and credited as miscellaneous receipts.

(d) CONVEYANCE OF AMTRAK AIR RIGHTS.—

(1) GENERAL RULE.—As a condition of future Federal financial assistance, Amtrak shall convey to the Administrator of General Services on or before December 31, 1997, at no charge, all of the air rights of Amtrak described in subsection (b).

(2) FAILURE TO COMPLY.—If Amtrak does not meet the condition established by paragraph (1), Amtrak shall be prohibited from obligating Federal funds after March 1, 1998.

Subtitle B—User Fees

SEC. 9201. EXTENSION OF HIGHER VESSEL TONNAGE DUTIES.

(a) EXTENSION OF DUTIES.—Section 36 of the Act of August 5, 1909 (36 Stat. 111; 46 U.S.C. App. 121) is amended by striking “for fiscal years 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998,” each place it appears and inserting “for fiscal years 1991 through 2002,”.

(b) CONFORMING AMENDMENT.—The Act entitled “An Act concerning tonnage duties on vessels entering otherwise than by sea”, approved March 8, 1910 (36 Stat. 234; 46 U.S.C. App. 132) is amended by striking “for fiscal years 1991, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998,” and inserting “for fiscal years 1991 through 2002,”.

Subtitle C—Miscellaneous Provisions

SEC. 9301. TEMPORARY FEDERAL SHARE FORMULA ADJUSTMENT.

Minnesota.

The Federal share of the cost of assistance provided under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) for damages suffered in Kittson, Marshall, Polk, Norman, Clay, and Wilkin Counties, Minnesota, as a result of the 1997 floods in the Red River Valley in Minnesota and North Dakota shall be at least 90 percent.

SEC. 9302. INCREASE IN EXCISE TAXES ON TOBACCO PRODUCTS.

(a) CIGARETTES.—Subsection (b) of section 5701 of the Internal Revenue Code of 1986 is amended—

26 USC 5701.

(1) by striking “\$12 per thousand (\$10 per thousand on cigarettes removed during 1991 or 1992)” in paragraph (1) and inserting “\$19.50 per thousand (\$17 per thousand on cigarettes removed during 2000 or 2001)”, and

(2) by striking “\$25.20 per thousand (\$21 per thousand on cigarettes removed during 1991 or 1992)” in paragraph (2) and inserting “\$40.95 per thousand (\$35.70 per thousand on cigarettes removed during 2000 or 2001)”.

(b) CIGARS.—Subsection (a) of section 5701 of such Code is amended—

(1) by striking “\$1.125 cents per thousand (93.75 cents per thousand on cigars removed during 1991 or 1992)” in paragraph (1) and inserting “\$1.828 cents per thousand (\$1.594 cents per thousand on cigars removed during 2000 or 2001)”, and

(2) by striking “equal to” and all that follows in paragraph (2) and inserting “equal to 20.719 percent (18.063 percent on cigars removed during 2000 or 2001) of the price for which sold but not more than \$48.75 per thousand (\$42.50 per thousand on cigars removed during 2000 or 2001).”.

(c) CIGARETTE PAPERS.—Subsection (c) of section 5701 of such Code is amended by striking “0.75 cent (0.625 cent on cigarette papers removed during 1991 or 1992)” and inserting “1.22 cents (1.06 cents on cigarette papers removed during 2000 or 2001)”.

(d) CIGARETTE TUBES.—Subsection (d) of section 5701 of such Code is amended by striking “1.5 cents (1.25 cents on cigarette tubes removed during 1991 or 1992)” and inserting “2.44 cents (2.13 cents on cigarette tubes removed during 2000 or 2001)”.

(e) SMOKELESS TOBACCO.—Subsection (e) of section 5701 of such Code is amended—

(1) by striking “36 cents (30 cents on snuff removed during 1991 or 1992)” in paragraph (1) and inserting “58.5 cents (51 cents on snuff removed during 2000 or 2001)”, and

(2) by striking “12 cents (10 cents on chewing tobacco removed during 1991 or 1992)” in paragraph (2) and inserting “19.5 cents (17 cents on chewing tobacco removed during 2000 or 2001)”.

(f) PIPE TOBACCO.—Subsection (f) of section 5701 of such Code is amended by striking “67.5 cents (56.25 cents on pipe tobacco removed during 1991 or 1992)” and inserting “\$1.0969 cents (95.67 cents on pipe tobacco removed during 2000 or 2001)”.

(g) IMPOSITION OF EXCISE TAX ON MANUFACTURE OR IMPORTATION OF ROLL-YOUR-OWN TOBACCO.—

(1) IN GENERAL.—Section 5701 of such Code (relating to rate of tax) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

“(g) ROLL-YOUR-OWN TOBACCO.—On roll-your-own tobacco, manufactured in or imported into the United States, there shall be imposed a tax of \$1.0969 cents (95.67 cents on roll-your-own tobacco removed during 2000 or 2001) per pound (and a proportionate tax at the like rate on all fractional parts of a pound).”.

(2) ROLL-YOUR-OWN TOBACCO.—Section 5702 of such Code (relating to definitions) is amended by adding at the end the following new subsection:

“(p) ROLL-YOUR-OWN TOBACCO.—The term ‘roll-your-own tobacco’ means any tobacco which, because of its appearance, type, packaging, or labeling, is suitable for use and likely to be offered to, or purchased by, consumers as tobacco for making cigarettes.”.

(3) TECHNICAL AMENDMENTS.—

(A) Subsection (c) of section 5702 of such Code is amended by striking “and pipe tobacco” and inserting “pipe tobacco, and roll-your-own tobacco”.

(B) Subsection (d) of section 5702 of such Code is amended—

(i) in the material preceding paragraph (1), by striking “or pipe tobacco” and inserting “pipe tobacco, or roll-your-own tobacco”, and

(ii) by striking paragraph (1) and inserting the following new paragraph:

“(1) a person who produces cigars, cigarettes, smokeless tobacco, pipe tobacco, or roll-your-own tobacco solely for the person’s own personal consumption or use, and”.

(C) The chapter heading for chapter 52 of such Code is amended to read as follows:

“CHAPTER 52—TOBACCO PRODUCTS AND CIGARETTE PAPERS AND TUBES”.

(D) The table of chapters for subtitle E of such Code is amended by striking the item relating to chapter 52 and inserting the following new item:

“CHAPTER 52. Tobacco products and cigarette papers and tubes.”.

(h) MODIFICATIONS OF CERTAIN TOBACCO TAX PROVISIONS.—

(1) EXEMPTION FOR EXPORTED TOBACCO PRODUCTS AND CIGARETTE PAPERS AND TUBES TO APPLY ONLY TO ARTICLES MARKED FOR EXPORT.—

(A) Subsection (b) of section 5704 of such Code is amended by adding at the end the following new sentence: “Tobacco products and cigarette papers and tubes may not be transferred or removed under this subsection unless such products or papers and tubes bear such marks, labels, or notices as the Secretary shall by regulations prescribe.”.

(B) Section 5761 of such Code is amended by redesignating subsections (c) and (d) as subsections (d) and (e), respectively, and by inserting after subsection (b) the following new subsection:

“(c) SALE OF TOBACCO PRODUCTS AND CIGARETTE PAPERS AND TUBES FOR EXPORT.—Except as provided in subsections (b) and (d) of section 5704—

“(1) every person who sells, relands, or receives within the jurisdiction of the United States any tobacco products or cigarette papers or tubes which have been labeled or shipped for exportation under this chapter,

“(2) every person who sells or receives such relanded tobacco products or cigarette papers or tubes, and

“(3) every person who aids or abets in such selling, relanding, or receiving,

shall, in addition to the tax and any other penalty provided in this title, be liable for a penalty equal to the greater of \$1,000 or 5 times the amount of the tax imposed by this chapter. All tobacco products and cigarette papers and tubes relanded within the jurisdiction of the United States, and all vessels, vehicles, and aircraft used in such relanding or in removing such products, papers, and tubes from the place where relanded, shall be forfeited to the United States.”.

(C) Subsection (a) of section 5761 of such Code is amended by striking “subsection (b)” and inserting “subsection (b) or (c)”.

(D) Subsection (d) of section 5761 of such Code, as redesignated by subparagraph (B), is amended by striking “The penalty imposed by subsection (b)” and inserting “The penalties imposed by subsections (b) and (c)”.

(E)(i) Subpart F of chapter 52 of such Code is amended by adding at the end the following new section:

26 USC 5754.

“SEC. 5754. RESTRICTION ON IMPORTATION OF PREVIOUSLY EXPORTED TOBACCO PRODUCTS.

“(a) IN GENERAL.—Tobacco products and cigarette papers and tubes previously exported from the United States may be imported or brought into the United States only as provided in section 5704(d). For purposes of this section, section 5704(d), section 5761, and such other provisions as the Secretary may specify by regulations, references to exportation shall be treated as including a reference to shipment to the Commonwealth of Puerto Rico.

“(b) CROSS REFERENCE.—

“For penalty for the sale of tobacco products and cigarette papers and tubes in the United States which are labeled for export, see section 5761(c).”

(ii) The table of sections for subpart F of chapter 52 of such Code is amended by adding at the end the following new item:

“Sec. 5754. Restriction on importation of previously exported tobacco products.”.

(2) IMPORTERS REQUIRED TO BE QUALIFIED.—

(A) Sections 5712, 5713(a), 5721, 5722, 5762(a)(1), and 5763 (b) and (c) of such Code are each amended by inserting “or importer” after “manufacturer”.

(B) The heading of subsection (b) of section 5763 of such Code is amended by inserting “QUALIFIED IMPORTERS,” after “MANUFACTURERS,”.

(C) The heading for subchapter B of chapter 52 of such Code is amended by inserting “**and Importers**” after “**Manufacturers**”.

(D) The item relating to subchapter B in the table of subchapters for chapter 52 of such Code is amended by inserting “and importers” after “manufacturers”.

(3) BOOKS OF 25 OR FEWER CIGARETTE PAPERS SUBJECT TO TAX.—Subsection (c) of section 5701 of such Code is amended by striking “On each book or set of cigarette papers containing more than 25 papers,” and inserting “On cigarette papers,”.

(4) STORAGE OF TOBACCO PRODUCTS.—Subsection (k) of section 5702 of such Code is amended by inserting “under section 5704” after “internal revenue bond”.

(5) AUTHORITY TO PRESCRIBE MINIMUM MANUFACTURING ACTIVITY REQUIREMENTS.—Section 5712 of such Code is amended by striking “or” at the end of paragraph (1), by redesignating paragraph (2) as paragraph (3), and by inserting after paragraph (1) the following new paragraph:

“(2) the activity proposed to be carried out at such premises does not meet such minimum capacity or activity requirements as the Secretary may prescribe, or”.

(i) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to articles removed (as defined in section 5702(k) of the Internal Revenue Code of 1986, as amended by this section) after December 31, 1999.

(2) TRANSITIONAL RULE.—Any person who—

(A) on the date of the enactment of this Act is engaged in business as a manufacturer of roll-your-own tobacco or as an importer of tobacco products or cigarette papers and tubes, and

26 USC 5701
note.

(B) before January 1, 2000, submits an application under subchapter B of chapter 52 of such Code to engage in such business, may, notwithstanding such subchapter B, continue to engage in such business pending final action on such application. Pending such final action, all provisions of such chapter 52 shall apply to such applicant in the same manner and to the same extent as if such applicant were a holder of a permit under such chapter 52 to engage in such business.

(j) FLOOR STOCKS TAXES.—

26 USC 5701
note.

(1) IMPOSITION OF TAX.—On tobacco products and cigarette papers and tubes manufactured in or imported into the United States which are removed before any tax increase date, and held on such date for sale by any person, there is hereby imposed a tax in an amount equal to the excess of—

(A) the tax which would be imposed under section 5701 of the Internal Revenue Code of 1986 on the article if the article had been removed on such date, over

(B) the prior tax (if any) imposed under section 5701 of such Code on such article.

(2) AUTHORITY TO EXEMPT CIGARETTES HELD IN VENDING MACHINES.—To the extent provided in regulations prescribed by the Secretary, no tax shall be imposed by paragraph (1) on cigarettes held for retail sale on any tax increase date, by any person in any vending machine. If the Secretary provides such a benefit with respect to any person, the Secretary may reduce the \$500 amount in paragraph (3) with respect to such person.

Regulations.

(3) CREDIT AGAINST TAX.—Each person shall be allowed as a credit against the taxes imposed by paragraph (1) an amount equal to \$500. Such credit shall not exceed the amount of taxes imposed by paragraph (1) on any tax increase date, for which such person is liable.

(4) LIABILITY FOR TAX AND METHOD OF PAYMENT.—

(A) LIABILITY FOR TAX.—A person holding cigarettes on any tax increase date, to which any tax imposed by paragraph (1) applies shall be liable for such tax.

(B) METHOD OF PAYMENT.—The tax imposed by paragraph (1) shall be paid in such manner as the Secretary shall prescribe by regulations.

Regulations.

(C) TIME FOR PAYMENT.—The tax imposed by paragraph (1) shall be paid on or before April 1 following any tax increase date.

(5) ARTICLES IN FOREIGN TRADE ZONES.—Notwithstanding the Act of June 18, 1934 (48 Stat. 998, 19 U.S.C. 81a) and any other provision of law, any article which is located in a foreign trade zone on any tax increase date, shall be subject to the tax imposed by paragraph (1) if—

(A) internal revenue taxes have been determined, or customs duties liquidated, with respect to such article before such date pursuant to a request made under the 1st proviso of section 3(a) of such Act, or

(B) such article is held on such date under the supervision of a customs officer pursuant to the 2d proviso of such section 3(a).

(6) DEFINITIONS.—For purposes of this subsection—

(A) IN GENERAL.—Terms used in this subsection which are also used in section 5702 of the Internal Revenue Code of 1986 shall have the respective meanings such terms have in such section, as amended by this Act.

(B) TAX INCREASE DATE.—The term “tax increase date” means January 1, 2000, and January 1, 2002.

(C) SECRETARY.—The term “Secretary” means the Secretary of the Treasury or the Secretary’s delegate.

Applicability.

(7) CONTROLLED GROUPS.—Rules similar to the rules of section 5061(e)(3) of such Code shall apply for purposes of this subsection.

(8) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, applicable with respect to the taxes imposed by section 5701 of such Code shall, insofar as applicable and not inconsistent with the provisions of this subsection, apply to the floor stocks taxes imposed by paragraph (1), to the same extent as if such taxes were imposed by such section 5701. The Secretary may treat any person who bore the ultimate burden of the tax imposed by paragraph (1) as the person to whom a credit or refund under such provisions may be allowed or made.

SEC. 9303. LEASE OF EXCESS STRATEGIC PETROLEUM RESERVE CAPACITY.

(a) AMENDMENT.—Part B of title I of the Energy Policy and Conservation Act (42 U.S.C. 6231 et seq.) is amended by adding at the end the following:

42 USC 6247a.

“USE OF UNDERUTILIZED FACILITIES

“SEC. 168. (a) AUTHORITY.—Notwithstanding any other provision of this title, the Secretary, by lease or otherwise, for any term and under such other conditions as the Secretary considers necessary or appropriate, may store in underutilized Strategic Petroleum Reserve facilities petroleum product owned by a foreign government or its representative. Petroleum products stored under this section are not part of the Strategic Petroleum Reserve and may be exported without license from the United States.

“(b) PROTECTION OF FACILITIES.—All agreements entered into pursuant to subsection (a) shall contain provisions providing for fees to fully compensate the United States for all related costs of storage and removals of petroleum products (including the proportionate cost of replacement facilities necessitated as a result of any withdrawals) incurred by the United States on behalf of the foreign government or its representative.

“(c) ACCESS TO STORED OIL.—The Secretary shall ensure that agreements to store petroleum products for foreign governments or their representatives do not impair the ability of the United States to withdraw, distribute, or sell petroleum products from the Strategic Petroleum Reserve in response to an energy emergency or to the obligations of the United States under the Agreement on an International Energy Program.

“(d) AVAILABILITY OF FUNDS.—Funds collected through the leasing of Strategic Petroleum Reserve facilities authorized by subsection (a) after September 30, 2007, shall be used by the Secretary of Energy without further appropriation for the purchase of petroleum products for the Strategic Petroleum Reserve.”.

(b) **TABLE OF CONTENTS AMENDMENT.**—The table of contents of part B of title I of the Energy Policy and Conservation Act is amended by adding at the end the following:

“Sec. 168. Use of underutilized facilities.”.

SEC. 9304. IDENTIFICATION OF LIMITED TAX BENEFITS SUBJECT TO LINE ITEM VETO.

Section 1021(a)(3) of the Congressional Budget Act of 1974 shall only apply to 3306(c)(21) of the Internal Revenue Code of 1986 (as added by section 5406 of this Act).

SEC. 9305. PAYMENT OF BENEFITS IN APPROPRIATE FISCAL YEAR.

Section 5120(e) of title 38, United States Code, shall not apply to benefit payments otherwise payable on October 1, 2000.

TITLE X—BUDGET ENFORCEMENT AND PROCESS PROVISIONS

Budget
Enforcement Act
of 1997.
President.

SEC. 10001. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This title may be cited as the “Budget Enforcement Act of 1997”. 2 USC 900 note.

(b) **TABLE OF CONTENTS.**—The table of contents for this title is as follows:

Sec. 10001. Short title; table of contents.

Subtitle A—Amendments to the Congressional Budget and Impoundment Control Act of 1974

- Sec. 10101. Amendment to section 3.
- Sec. 10102. Amendments to section 201.
- Sec. 10103. Amendments to section 202.
- Sec. 10104. Amendment to section 300.
- Sec. 10105. Amendments to section 301.
- Sec. 10106. Amendments to section 302.
- Sec. 10107. Amendments to section 303.
- Sec. 10108. Amendment to section 304.
- Sec. 10109. Amendment to section 305.
- Sec. 10110. Amendments to section 308.
- Sec. 10111. Amendments to section 310.
- Sec. 10112. Amendments to section 311.
- Sec. 10113. Amendment to section 312.
- Sec. 10114. Adjustments.
- Sec. 10115. Effect of adoption of a special order of business in the House of Representatives.
- Sec. 10116. Amendment to section 401 and repeal of section 402.
- Sec. 10117. Amendments to title V.
- Sec. 10118. Repeal of title VI.
- Sec. 10119. Amendments to section 904.
- Sec. 10120. Repeal of sections 905 and 906.
- Sec. 10121. Amendments to sections 1022 and 1024.
- Sec. 10122. Amendment to section 1026.
- Sec. 10123. Senate task force on consideration of budget measures.

Subtitle B—Amendments to the Balanced Budget and Emergency Deficit Control Act of 1985

- Sec. 10201. Purpose.
- Sec. 10202. General statement and definitions.
- Sec. 10203. Enforcing discretionary spending limits.
- Sec. 10204. Violent crime reduction spending.
- Sec. 10205. Enforcing pay-as-you-go.
- Sec. 10206. Reports and orders.
- Sec. 10207. Exempt programs and activities.
- Sec. 10208. General and special sequestration rules.

Sec. 10209. The baseline.
 Sec. 10210. Technical correction.
 Sec. 10211. Judicial review.
 Sec. 10212. Effective date.
 Sec. 10213. Reduction of preexisting balances and exclusion of effects of this Act from paygo scorecard.

Subtitle A—Amendments to the Congressional Budget and Impoundment Control Act of 1974

SEC. 10101. AMENDMENT TO SECTION 3.

2 USC 622. Section 3(9) of the Congressional Budget and Impoundment Control Act of 1974 is amended to read as follows:

“(9) The term ‘entitlement authority’ means—

“(A) the authority to make payments (including loans and grants), the budget authority for which is not provided for in advance by appropriation Acts, to any person or government if, under the provisions of the law containing that authority, the United States is obligated to make such payments to persons or governments who meet the requirements established by that law; and

“(B) the food stamp program.”.

SEC. 10102. AMENDMENTS TO SECTION 201.

2 USC 601. (a) TERM OF OFFICE.—The first sentence of section 201(a)(3) of the Congressional Budget Act of 1974 is amended to read as follows: “The term of office of the Director shall be 4 years and shall expire on January 3 of the year preceding each Presidential election.”.

(b) CONFORMING CHANGE.—Section 201(e) of the Congressional Budget Act of 1974 is amended by inserting “and” before “the Library”, by striking “and the Office of Technology Assessment.”, by inserting “and” before “the Librarian”, and by striking “, and the Technology Assessment Board”.

(c) REDESIGNATION OF EXECUTED PROVISION.—Section 201 of the Congressional Budget Act of 1974 is amended by redesignating subsection (g) (relating to revenue estimates) as subsection (f).

SEC. 10103. AMENDMENTS TO SECTION 202.

2 USC 602. (a) ASSISTANCE TO BUDGET COMMITTEES.—The first sentence of section 202(a) of the Congressional Budget Act of 1974 is amended by inserting “primary” before “duty”.

(b) ELIMINATION OF EXECUTED PROVISION.—Section 202 of the Congressional Budget Act of 1974 is amended by striking subsection (e) and by redesignating subsections (f), (g), and (h) as subsections (e), (f), and (g), respectively.

(c) REPORTING REQUIREMENT.—The first sentence of section 202(e)(1) of the Congressional Budget Act of 1974 (as redesignated) is amended by—

(1) striking “and” before “(B)”; and

(2) inserting before the period the following: “, and (C) a statement of the levels of budget authority and outlays for each program assumed to be extended in the baseline, as provided in section 257(b)(2)(A) and for excise taxes assumed to be extended under section 257(b)(2)(C) of the Balanced Budget and Emergency Deficit Control Act of 1985”.

SEC. 10104. AMENDMENT TO SECTION 300.

(a) **TIMETABLE.**—The item relating to February 25 in the timetable set forth in section 300 of the Congressional Budget Act of 1974 is amended by striking “February 25” and inserting “Not later than 6 weeks after President submits budget”. 2 USC 631.

(b) **CONFORMING AMENDMENTS.**—(1) Clause 4(g) of rule X of the Rules of the House of Representatives is amended by striking “on or before February 25 of each year” and inserting “not later than 6 weeks after the President submits his budget”.

(2) Clause 3(c) of rule XLVIII of the Rules of the House of Representatives is amended by striking “On or before March 15 of each year” and inserting “Within 6 weeks after the President submits a budget under section 1105(a) of title 31, United States Code” and by striking “section 301(c)” and inserting “section 301(d)”.

SEC. 10105. AMENDMENTS TO SECTION 301.

(a) **TERMS OF BUDGET RESOLUTIONS.**—Section 301(a) of the Congressional Budget Act of 1974 is amended by striking “, and planning levels for each of the two ensuing fiscal years,” and inserting “and for at least each of the 4 ensuing fiscal years”. 2 USC 632.

(b) **CONTENTS OF BUDGET RESOLUTIONS.**—Paragraphs (1) and (4) of section 301(a) of the Congressional Budget Act of 1974 are amended by striking “, budget outlays, direct loan obligations, and primary loan guarantee commitments” each place it appears and inserting “and outlays”.

(c) **ADDITIONAL MATTERS.**—Section 301(b) of the Congressional Budget Act of 1974 is amended by—

(1) striking paragraph (7) and inserting the following:

“(7) set forth procedures in the Senate whereby committee allocations, aggregates, and other levels can be revised for legislation if that legislation would not increase the deficit, or would not increase the deficit when taken with other legislation enacted after the adoption of the resolution, for the first fiscal year or the total period of fiscal years covered by the resolution;”;

(2) in paragraph 8, striking the period and inserting “; and”; and

(3) adding the following new paragraph:

“(9) set forth direct loan obligation and primary loan guarantee commitment levels.”.

(d) **VIEWS AND ESTIMATES.**—The first sentence of section 301(d) of the Congressional Budget Act of 1974 is amended by inserting “or at such time as may be requested by the Committee on the Budget,” after “Code,”.

(e) **HEARINGS AND REPORT.**—Section 301(e) of the Congressional Budget Act of 1974 is amended—

(1) by striking “In developing” and inserting the following:

“(1) **IN GENERAL.**—In developing”; and

(2) by striking the sentence beginning with “The report accompanying” and all that follows through the end of the subsection and inserting the following:

“(2) **REQUIRED CONTENTS OF REPORT.**—The report accompanying the resolution shall include—

“(A) a comparison of the levels of total new budget authority, total outlays, total revenues, and the surplus or deficit for each fiscal year set forth in the resolution

with those requested in the budget submitted by the President;

“(B) with respect to each major functional category, an estimate of total new budget authority and total outlays, with the estimates divided between discretionary and mandatory amounts;

“(C) the economic assumptions that underlie each of the matters set forth in the resolution and any alternative economic assumptions and objectives the committee considered;

“(D) information, data, and comparisons indicating the manner in which, and the basis on which, the committee determined each of the matters set forth in the resolution;

“(E) the estimated levels of tax expenditures (the tax expenditures budget) by major items and functional categories for the President’s budget and in the resolution; and

“(F) allocations described in section 302(a).

“(3) ADDITIONAL CONTENTS OF REPORT.—The report accompanying the resolution may include—

“(A) a statement of any significant changes in the proposed levels of Federal assistance to State and local governments;

“(B) an allocation of the level of Federal revenues recommended in the resolution among the major sources of such revenues;

“(C) information, data, and comparisons on the share of total Federal budget outlays and of gross domestic product devoted to investment in the budget submitted by the President and in the resolution;

“(D) the assumed levels of budget authority and outlays for public buildings, with a division between amounts for construction and repair and for rental payments; and

“(E) other matters, relating to the budget and to fiscal policy, that the committee deems appropriate.”.

2 USC 632. (f) SOCIAL SECURITY CORRECTIONS.—(1) Section 301(i) of the Congressional Budget Act of 1974 is amended by—

(A) inserting “SOCIAL SECURITY POINT OF ORDER.—” after “(i)”; and

(B) striking “as reported to the Senate” and inserting “(or amendment, motion, or conference report on the resolution)”; and

108 Stat. 5092. (2) Section 22 of House Concurrent Resolution 218 (103d Congress) is repealed.

SEC. 10106. AMENDMENTS TO SECTION 302.

2 USC 633. (a) ALLOCATIONS AND SUBALLOCATIONS.—Section 302 of the Congressional Budget Act of 1974 is amended by striking subsections (a) and (b) and inserting the following:

“(a) COMMITTEE SPENDING ALLOCATIONS.—

“(1) ALLOCATION AMONG COMMITTEES.—The joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall include an allocation, consistent with the resolution recommended in the conference report, of the levels for the first fiscal year of the resolution, for at least each of the ensuing 4 fiscal years, and a total

for that period of fiscal years (except in the case of the Committee on Appropriations only for the fiscal year of that resolution) of—

“(A) total new budget authority; and

“(B) total outlays;

among each committee of the House of Representatives or the Senate that has jurisdiction over legislation providing or creating such amounts.

“(2) NO DOUBLE COUNTING.—In the House of Representatives, any item allocated to one committee may not be allocated to another committee.

“(3) FURTHER DIVISION OF AMOUNTS.—

“(A) IN THE SENATE.—In the Senate, the amount allocated to the Committee on Appropriations shall be further divided among the categories specified in section 250(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985 and shall not exceed the limits for each category set forth in section 251(c) of that Act.

“(B) IN THE HOUSE.—In the House of Representatives, the amounts allocated to each committee for each fiscal year, other than the Committee on Appropriations, shall be further divided between amounts provided or required by law on the date of filing of that conference report and amounts not so provided or required. The amounts allocated to the Committee on Appropriations shall be further divided—

“(i) between discretionary and mandatory amounts or programs, as appropriate; and

“(ii) consistent with the categories specified in section 250(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985.

“(4) AMOUNTS NOT ALLOCATED.—In the House of Representatives or the Senate, if a committee receives no allocation of new budget authority or outlays, that committee shall be deemed to have received an allocation equal to zero for new budget authority or outlays.

“(5) ADJUSTING ALLOCATION OF DISCRETIONARY SPENDING IN THE HOUSE OF REPRESENTATIVES.—(A) If a concurrent resolution on the budget is not adopted by April 15, the chairman of the Committee on the Budget of the House of Representatives shall submit to the House, as soon as practicable, an allocation under paragraph (1) to the Committee on Appropriations consistent with the discretionary spending levels in the most recently agreed to concurrent resolution on the budget for the appropriate fiscal year covered by that resolution.

“(B) As soon as practicable after an allocation under paragraph (1) is submitted under this section, the Committee on Appropriations shall make suballocations and report those suballocations to the House of Representatives.

“(b) SUBALLOCATIONS BY APPROPRIATIONS COMMITTEES.—As soon as practicable after a concurrent resolution on the budget is agreed to, the Committee on Appropriations of each House (after consulting with the Committee on Appropriations of the other House) shall suballocate each amount allocated to it for the budget year under subsection (a) among its subcommittees. Each Committee on Appropriations shall promptly report to its House suballocations made or revised under this subsection. The Committee on

Appropriations of the House of Representatives shall further divide among its subcommittees the divisions made under subsection (a)(3)(B) and promptly report those divisions to the House.”.

2 USC 633. (b) POINT OF ORDER.—Section 302(c) of the Congressional Budget Act of 1974 is amended to read as follows:

“(c) POINT OF ORDER.—After the Committee on Appropriations has received an allocation pursuant to subsection (a) for a fiscal year, it shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, motion, or conference report within the jurisdiction of that committee providing new budget authority for that fiscal year, until that committee makes the suballocations required by subsection (b).”.

(c) ENFORCEMENT OF POINT OF ORDER.—

(1) IN THE HOUSE.—Section 302(f)(1) of the Congressional Budget Act of 1974 is amended by—

(A) striking “providing new budget authority for such fiscal year or new entitlement authority effective during such fiscal year” and inserting “providing new budget authority for any fiscal year”; and

(B) striking “appropriate allocation made pursuant to subsection (b)” and all that follows through “exceeded.” and inserting “applicable allocation of new budget authority made under subsection (a) or (b) for the first fiscal year or the total of fiscal years to be exceeded.”.

(2) IN THE SENATE.—Section 302(f)(2) of the Congressional Budget Act of 1974 is amended to read as follows:

“(2) IN THE SENATE.—After a concurrent resolution on the budget is agreed to, it shall not be in order in the Senate to consider any bill, joint resolution, amendment, motion, or conference report that would cause—

“(A) in the case of any committee except the Committee on Appropriations, the applicable allocation of new budget authority or outlays under subsection (a) for the first fiscal year or the total of fiscal years to be exceeded; or

“(B) in the case of the Committee on Appropriations, the applicable suballocation of new budget authority or outlays under subsection (b) to be exceeded.”.

(d) PAY-AS-YOU-GO EXCEPTION IN THE HOUSE.—Section 302(g) of the Congressional Budget Act of 1974 is amended to read as follows:

“(g) PAY-AS-YOU-GO EXCEPTION IN THE HOUSE.—

“(1) IN GENERAL.—(A) Subsection (f)(1) and, after April 15, section 303(a) shall not apply to any bill or joint resolution, as reported, amendment thereto, or conference report thereon if, for each fiscal year covered by the most recently agreed to concurrent resolution on the budget—

“(i) the enactment of that bill or resolution as reported;

“(ii) the adoption and enactment of that amendment;

or

“(iii) the enactment of that bill or resolution in the form recommended in that conference report, would not increase the deficit, and, if the sum of any revenue increases provided in legislation already enacted during the current session (when added to revenue increases, if any, in excess of any outlay increase provided by the legislation proposed for consideration) is at least as great as the sum of the amount, if any, by which the aggregate level of Federal

revenues should be increased as set forth in that concurrent resolution and the amount, if any, by which revenues are to be increased pursuant to pay-as-you-go procedures under section 301(b)(8), if included in that concurrent resolution.

“(B) Section 311(a), as that section applies to revenues, shall not apply to any bill, joint resolution, amendment thereto, or conference report thereon if, for each fiscal year covered by the most recently agreed to concurrent resolution on the budget—

“(i) the enactment of that bill or resolution as reported;

“(ii) the adoption and enactment of that amendment;

or

“(iii) the enactment of that bill or resolution in the form recommended in that conference report, would not increase the deficit, and, if the sum of any outlay reductions provided in legislation already enacted during the current session (when added to outlay reductions, if any, in excess of any revenue reduction provided by the legislation proposed for consideration) is at least as great as the sum of the amount, if any, by which the aggregate level of Federal outlays should be reduced as required by that concurrent resolution and the amount, if any, by which outlays are to be reduced pursuant to pay-as-you-go procedures under section 301(b)(8), if included in that concurrent resolution.

“(2) REVISED ALLOCATIONS.—(A) As soon as practicable after Congress agrees to a bill or joint resolution that would have been subject to a point of order under subsection (f)(1) but for the exception provided in paragraph (1)(A) or would have been subject to a point of order under section 311(a) but for the exception provided in paragraph (1)(B), the chairman of the committee on the Budget of the House of Representatives shall file with the House appropriately revised allocations under section 302(a) and revised functional levels and budget aggregates to reflect that bill.

“(B) Such revised allocations, functional levels, and budget aggregates shall be considered for the purposes of this Act as allocations, functional levels, and budget aggregates contained in the most recently agreed to concurrent resolution on the budget.”.

SEC. 10107. AMENDMENTS TO SECTION 303.

(a) IN GENERAL.—Section 303 of the Congressional Budget Act of 1974 is amended to read as follows:

2 USC 634.

“CONCURRENT RESOLUTION ON THE BUDGET MUST BE ADOPTED
BEFORE BUDGET-RELATED LEGISLATION IS CONSIDERED

“SEC. 303. (a) IN GENERAL.—Until the concurrent resolution on the budget for a fiscal year has been agreed to, it shall not be in order in the House of Representatives, with respect to the first fiscal year covered by that resolution, or the Senate, with respect to any fiscal year covered by that resolution, to consider any bill or joint resolution, amendment or motion thereto, or conference report thereon that—

“(1) first provides new budget authority for that fiscal year;

“(2) first provides an increase or decrease in revenues during that fiscal year;

“(3) provides an increase or decrease in the public debt limit to become effective during that fiscal year;

“(4) in the Senate only, first provides new entitlement authority for that fiscal year; or

“(5) in the Senate only, first provides for an increase or decrease in outlays for that fiscal year.

“(b) EXCEPTIONS IN THE HOUSE.— In the House of Representatives, subsection (a) does not apply—

“(1)(A) to any bill or joint resolution, as reported, providing advance discretionary new budget authority that first becomes available for the first or second fiscal year after the budget year; or

“(B) to any bill or joint resolution, as reported, first increasing or decreasing revenues in a fiscal year following the fiscal year to which the concurrent resolution applies;

“(2) after May 15, to any general appropriation bill or amendment thereto; or

“(3) to any bill or joint resolution unless it is reported by a committee.

“(c) APPLICATION TO APPROPRIATION MEASURES IN THE SENATE.—

“(1) IN GENERAL.—Until the concurrent resolution on the budget for a fiscal year has been agreed to and an allocation has been made to the Committee on Appropriations of the Senate under section 302(a) for that year, it shall not be in order in the Senate to consider any appropriation bill or joint resolution, amendment or motion thereto, or conference report thereon for that year or any subsequent year.

“(2) EXCEPTION.—Paragraph (1) does not apply to appropriations legislation making advance appropriations for the first or second fiscal year after the year the allocation referred to in that paragraph is made.”.

(b) CONFORMING AMENDMENT.—The item relating to section 303 in the table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended to read as follows:

“Sec. 303. Concurrent resolution on the budget must be adopted before budget-related legislation is considered.”.

SEC. 10108. AMENDMENT TO SECTION 304.

2 USC 635. Section 304 of the Congressional Budget Act of 1974 is amended by—

- (1) striking “(a) IN GENERAL.—”; and
- (2) striking subsection (b).

SEC. 10109. AMENDMENT TO SECTION 305.

2 USC 636. (a) BUDGET ACT.—Section 305(a)(1) of the Congressional Budget Act of 1974 is amended to read as follows:

“(1) When a concurrent resolution on the budget has been reported by the Committee on the Budget of the House of Representatives and has been referred to the appropriate calendar of the House, it shall be in order on any day thereafter, subject to clause 2(l)(6) of rule XI of the Rules of the House of Representatives, to move to proceed to the consideration of the concurrent resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not

in order and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.”.

(b) CONFORMING AMENDMENT IN THE HOUSE.—The first sentence of clause 2(l)(6) of rule XI of the Rules of the House of Representatives is amended by striking “, or as provided by section 305(a)(1)” and all that follows thereafter through “under that section”.

SEC. 10110. AMENDMENTS TO SECTION 308.

Section 308 of the Congressional Budget Act of 1974 is amended— 2 USC 639.

(1)(A) in the heading of subsection (a), by striking “, NEW SPENDING AUTHORITY, OR NEW CREDIT AUTHORITY,”;

(B) in subsection (a)(1), by striking subparagraph (B) and by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively;

(C) in subsection (a)(1)(B) (as redesignated), by striking “spending authority” through “commitments” and inserting “revenues, or tax expenditures”; and

(D) in paragraphs (1) and (2) of subsection (a), by striking “, new spending authority described in section 401(c)(2), or new credit authority,” each place it appears;

(2) in subsection (b)(1), by striking “, new spending authority described in section 401(c)(2), or new credit authority,”;

(3) in subsection (c), by inserting “and” after the semicolon at the end of paragraph (3), by striking “; and” at the end of paragraph (4) and inserting a period; and by striking paragraph (5); and

(4) by inserting “joint” before “resolution” each place it appears except when “concurrent”, “such”, or “reconciliation” precedes “resolution” and, in subsection (b)(1), by inserting “joint” before “resolutions” each place it appears.

SEC. 10111. AMENDMENTS TO SECTION 310.

Section 310(c)(1)(A) of the Congressional Budget Act of 1974 is amended— 2 USC 641.

(1) by striking “20 percent” the first place it appears and all that follows thereafter through “, and” and inserting the following:

“(I) in the Senate, 20 percent of the total of the amounts of the changes such committee was directed to make under paragraphs (1) and (2) of such subsection; or

“(II) in the House of Representatives, 20 percent of the sum of the absolute value of the changes the committee was directed to make under paragraph (1) and the absolute value of the changes the committee was directed to make under paragraph (2); and”; and

(2) by striking “20 percent” the second place it appears and all that follows thereafter through “; and” and inserting the following:

“(I) in the Senate, 20 percent of the total of the amounts of the changes such committee was directed to make under paragraphs (1) and (2) of such subsection; or

“(II) in the House of Representatives, 20 percent of the sum of the absolute value of the changes the committee was directed to make under paragraph (1)

and the absolute value of the changes the committee was directed to make under paragraph (2); and”.

SEC. 10112. AMENDMENTS TO SECTION 311.

2 USC 642.

(a) IN GENERAL.—Section 311 of the Congressional Budget Act of 1974 is amended to read as follows:

“BUDGET-RELATED LEGISLATION MUST BE WITHIN APPROPRIATE LEVELS

“SEC. 311. (a) ENFORCEMENT OF BUDGET AGGREGATES.—

“(1) IN THE HOUSE OF REPRESENTATIVES.—Except as provided by subsection (c), after the Congress has completed action on a concurrent resolution on the budget for a fiscal year, it shall not be in order in the House of Representatives to consider any bill, joint resolution, amendment, motion, or conference report providing new budget authority or reducing revenues, if—

“(A) the enactment of that bill or resolution as reported;

“(B) the adoption and enactment of that amendment;

or

“(C) the enactment of that bill or resolution in the form recommended in that conference report; would cause the level of total new budget authority or total outlays set forth in the applicable concurrent resolution on the budget for the first fiscal year to be exceeded, or would cause revenues to be less than the level of total revenues set forth in that concurrent resolution for the first fiscal year or for the total of that first fiscal year and the ensuing fiscal years for which allocations are provided under section 302(a), except when a declaration of war by the Congress is in effect.

“(2) IN THE SENATE.—After a concurrent resolution on the budget is agreed to, it shall not be in order in the Senate to consider any bill, joint resolution, amendment, motion, or conference report that—

“(A) would cause the level of total new budget authority or total outlays set forth for the first fiscal year in the applicable resolution to be exceeded; or

“(B) would cause revenues to be less than the level of total revenues set forth for that first fiscal year or for the total of that first fiscal year and the ensuing fiscal years in the applicable resolution for which allocations are provided under section 302(a).

“(3) ENFORCEMENT OF SOCIAL SECURITY LEVELS IN THE SENATE.—After a concurrent resolution on the budget is agreed to, it shall not be in order in the Senate to consider any bill, joint resolution, amendment, motion, or conference report that would cause a decrease in social security surpluses or an increase in social security deficits relative to the levels set forth in the applicable resolution for the first fiscal year or for the total of that fiscal year and the ensuing fiscal years for which allocations are provided under section 302(a).

“(b) SOCIAL SECURITY LEVELS.—

“(1) IN GENERAL.—For purposes of subsection (a)(3), social security surpluses equal the excess of social security revenues over social security outlays in a fiscal year or years with such an excess and social security deficits equal the excess of social

security outlays over social security revenues in a fiscal year or years with such an excess.

“(2) TAX TREATMENT.—For purposes of subsection (a)(3), no provision of any legislation involving a change in chapter 1 of the Internal Revenue Code of 1986 shall be treated as affecting the amount of social security revenues or outlays unless that provision changes the income tax treatment of social security benefits.

“(c) EXCEPTION IN THE HOUSE OF REPRESENTATIVES.—Subsection (a)(1) shall not apply in the House of Representatives to any bill, joint resolution, or amendment that provides new budget authority for a fiscal year or to any conference report on any such bill or resolution, if—

“(1) the enactment of that bill or resolution as reported;

“(2) the adoption and enactment of that amendment; or

“(3) the enactment of that bill or resolution in the form recommended in that conference report;

would not cause the appropriate allocation of new budget authority made pursuant to section 302(a) for that fiscal year to be exceeded.”.

(b) TABLE OF CONTENTS.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking the item relating to section 311 and inserting the following:

“Sec. 311. Budget-related legislation must be within appropriate levels.”.

SEC. 10113. AMENDMENT TO SECTION 312.

(a) IN GENERAL.—Section 312 of the Congressional Budget Act of 1974 is amended to read as follows:

2 USC 643.

“DETERMINATIONS AND POINTS OF ORDER

“SEC. 312. (a) BUDGET COMMITTEE DETERMINATIONS.—For purposes of this title and title IV, the levels of new budget authority, outlays, direct spending, new entitlement authority, and revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or the Senate, as applicable.

“(b) DISCRETIONARY SPENDING POINT OF ORDER IN THE SENATE.—

“(1) IN GENERAL.—Except as otherwise provided in this subsection, it shall not be in order in the Senate to consider any bill or resolution (or amendment, motion, or conference report on that bill or resolution) that would exceed any of the discretionary spending limits in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985.

“(2) EXCEPTIONS.—This subsection shall not apply if a declaration of war by the Congress is in effect or if a joint resolution pursuant to section 258 of the Balanced Budget and Emergency Deficit Control Act of 1985 has been enacted.

“(c) MAXIMUM DEFICIT AMOUNT POINT OF ORDER IN THE SENATE.—It shall not be in order in the Senate to consider any concurrent resolution on the budget for a fiscal year, or to consider any amendment to that concurrent resolution, or to consider a conference report on that concurrent resolution, if—

“(1) the level of total outlays for the first fiscal year set forth in that concurrent resolution or conference report exceeds; or

“(2) the adoption of that amendment would result in a level of total outlays for that fiscal year that exceeds; the recommended level of Federal revenues for that fiscal year, by an amount that is greater than the maximum deficit amount, if any, specified in the Balanced Budget and Emergency Deficit Control Act of 1985 for that fiscal year.

“(d) TIMING OF POINTS OF ORDER IN THE SENATE.—A point of order under this Act may not be raised against a bill, resolution, amendment, motion, or conference report while an amendment or motion, the adoption of which would remedy the violation of this Act, is pending before the Senate.

“(e) POINTS OF ORDER IN THE SENATE AGAINST AMENDMENTS BETWEEN THE HOUSES.—Each provision of this Act that establishes a point of order against an amendment also establishes a point of order in the Senate against an amendment between the Houses. If a point of order under this Act is raised in the Senate against an amendment between the Houses and the point of order is sustained, the effect shall be the same as if the Senate had disagreed to the amendment.

“(f) EFFECT OF A POINT OF ORDER IN THE SENATE.—In the Senate, if a point of order under this Act against a bill or resolution is sustained, the Presiding Officer shall then recommit the bill or resolution to the committee of appropriate jurisdiction for further consideration.”.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

2 USC 644.

(1) IN GENERAL.—Section 313 of the Congressional Budget Act of 1974 is amended—

(A) by striking “(c) When” and inserting “(d) CONFERENCE REPORTS.—When”; and

(B) by striking subsection (e) and redesignating subsection (d) as subsection (e).

(2) TABLE OF CONTENTS.—The item relating to section 312 in the table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking “Effect of points” and inserting “Determinations and points”.

SEC. 10114. ADJUSTMENTS.

(a) IN GENERAL.—Title III of the Congressional Budget Act of 1974 is amended by adding at the end the following new section:

“ADJUSTMENTS

2 USC 645.

“SEC. 314. (a) ADJUSTMENTS.—

“(1) IN GENERAL.—After the reporting of a bill or joint resolution, the offering of an amendment thereto, or the submission of a conference report thereon, the chairman of the Committee on the Budget of the House of Representatives or the Senate shall make the adjustments set forth in paragraph (2) for the amount of new budget authority in that measure (if that measure meets the requirements set forth in subsection (b)) and the outlays flowing from that budget authority.

“(2) MATTERS TO BE ADJUSTED.—The adjustments referred to in paragraph (1) are to be made to—

“(A) the discretionary spending limits, if any, set forth in the appropriate concurrent resolution on the budget;

“(B) the allocations made pursuant to the appropriate concurrent resolution on the budget pursuant to section 302(a); and

“(C) the budgetary aggregates as set forth in the appropriate concurrent resolution on the budget.

“(b) AMOUNTS OF ADJUSTMENTS.—The adjustment referred to in subsection (a) shall be—

“(1) an amount provided and designated as an emergency requirement pursuant to section 251(b)(2)(A) or 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985;

“(2) an amount provided for continuing disability reviews subject to the limitations in section 251(b)(2)(C) of that Act;

“(3) for any fiscal year through 2002, an amount provided that is the dollar equivalent of the Special Drawing Rights with respect to—

“(A) an increase in the United States quota as part of the International Monetary Fund Eleventh General Review of Quotas (United States Quota); or

“(B) any increase in the maximum amount available to the Secretary of the Treasury pursuant to section 17 of the Bretton Woods Agreements Act, as amended from time to time (New Arrangements to Borrow);

“(4) an amount provided not to exceed \$1,884,000,000 for the period of fiscal years 1998 through 2000 for arrearages for international organizations, international peacekeeping, and multilateral development banks; or

“(5) an amount provided for an earned income tax credit compliance initiative but not to exceed—

“(A) with respect to fiscal year 1998, \$138,000,000 in new budget authority;

“(B) with respect to fiscal year 1999, \$143,000,000 in new budget authority;

“(C) with respect to fiscal year 2000, \$144,000,000 in new budget authority;

“(D) with respect to fiscal year 2001, \$145,000,000 in new budget authority; and

“(E) with respect to fiscal year 2002, \$146,000,000 in new budget authority.

“(c) APPLICATION OF ADJUSTMENTS.—The adjustments made pursuant to subsection (a) for legislation shall—

“(1) apply while that legislation is under consideration;

“(2) take effect upon the enactment of that legislation;

and

“(3) be published in the Congressional Record as soon as practicable.

“(d) REPORTING REVISED SUBALLOCATIONS.—Following any adjustment made under subsection (a), the Committees on Appropriations of the Senate and the House of Representatives may report appropriately revised suballocations under section 302(b) to carry out this section.

“(e) DEFINITIONS FOR CDRs.—As used in subsection (b)(2)—

“(1) the term ‘continuing disability reviews’ shall have the same meaning as provided in section 251(b)(2)(C)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985; and

“(2) the term ‘new budget authority’ shall have the same meaning as the term ‘additional new budget authority’ and

Congressional
Record,
publication.

the term ‘outlays’ shall have the same meaning as ‘additional outlays’ in that section.”.

(b) TABLE OF CONTENTS.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding after the item relating to section 313 the following new item:

“Sec. 314. Adjustments.”.

SEC. 10115. EFFECT OF ADOPTION OF A SPECIAL ORDER OF BUSINESS IN THE HOUSE OF REPRESENTATIVES.

(a) EFFECT OF POINTS OF ORDER.—Title III of the Congressional Budget Act of 1974 is amended by adding after section 314 the following new section:

2 USC 645a.

“EFFECT OF ADOPTION OF A SPECIAL ORDER OF BUSINESS IN THE HOUSE OF REPRESENTATIVES

“SEC. 315. For purposes of a reported bill or joint resolution considered in the House of Representatives pursuant to a special order of business, the term ‘as reported’ in this title or title IV shall be considered to refer to the text made in order as an original bill or joint resolution for the purpose of amendment or to the text on which the previous question is ordered directly to passage, as the case may be.”.

(b) CONFORMING AMENDMENT.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding after the item relating to section 314 the following new item:

“Sec. 315. Effect of adoption of a special order of business in the House of Representatives.”.

SEC. 10116. AMENDMENT TO SECTION 401 AND REPEAL OF SECTION 402.

(a) SECTION 401.—

2 USC 651.

(1) CONTROLS.—Section 401 of the Congressional Budget Act of 1974 is amended by—

(A) striking the heading and inserting the following:

“BUDGET-RELATED LEGISLATION NOT SUBJECT TO APPROPRIATIONS”;
and

(B) striking subsection (a) and inserting the following:

“(a) CONTROLS ON CERTAIN BUDGET-RELATED LEGISLATION NOT SUBJECT TO APPROPRIATIONS.—It shall not be in order in either the House of Representatives or the Senate to consider any bill or joint resolution (in the House of Representatives only, as reported), amendment, motion, or conference report that provides—

“(1) new authority to enter into contracts under which the United States is obligated to make outlays;

“(2) new authority to incur indebtedness (other than indebtedness incurred under chapter 31 of title 31 of the United States Code) for the repayment of which the United States is liable; or

“(3) new credit authority;

unless that bill, joint resolution, amendment, motion, or conference report also provides that the new authority is to be effective for any fiscal year only to the extent or in the amounts provided in advance in appropriation Acts.”.

(2) POINT OF ORDER.—Section 401(b) of the Congressional Budget Act of 1974 is amended—

2 USC 651.

(A) by inserting “new” before “entitlement” in the heading;

(B) by striking paragraph (1) and inserting the following:

“(1) POINT OF ORDER.—It shall not be in order in either the House of Representatives or the Senate to consider any bill or joint resolution (in the House of Representatives only, as reported), amendment, motion, or conference report that provides new entitlement authority that is to become effective during the current fiscal year.”; and

(C) in paragraph (2)—

(i) by striking “new spending authority described in subsection (c)(2)(C)” and inserting “new entitlement authority”; and

(ii) by striking “of that House” and inserting “of the Senate or may then be referred to the Committee on Appropriations of the House, as the case may be.”.

(3) DEFINITIONS.—Section 401 of the Congressional Budget Act of 1974 is amended by striking subsection (c).

(4) EXCEPTIONS.—Section 401(d) of the Congressional Budget Act of 1974 is amended—

(A) in paragraph (1), by striking “new spending authority if the budget authority for outlays which result from such new spending authority is derived” and inserting “new authority described in those subsections if outlays from that new authority will flow”;

(B) by striking paragraph (2) and redesignating paragraph (3) as paragraph (2); and

(C) in paragraph (2), as redesignated, by striking “new spending authority” and inserting “new authority described in those subsections”.

(5) REDESIGNATION.—Subsection (d) of section 401 of the Congressional Budget Act of 1974 is redesignated as subsection (c).

(6) CONFORMING AMENDMENTS.—(A) Clause 1(b)(4) of rule X of the Rules of the House of Representatives is amended to read as follows:

“(4) The amount of new authority to enter into contracts under which the United States is obligated to make outlays, the budget authority for which is not provided in advance by appropriation Acts; new authority to incur indebtedness (other than indebtedness incurred under chapter 31 of title 31 of the United States Code) for the repayment of which the United States is liable, the budget authority for which is not provided in advance by appropriation Acts; new entitlement authority as defined in section 3(9) of the Congressional Budget Act of 1974, including bills and resolutions (reported by other committees) which provide new entitlement authority as defined in section 3(9) of the Congressional Budget Act of 1974 and are referred to the committee under clause 4(a); authority to forego the collection by the United States of proprietary offsetting receipts, the budget authority for which is not provided in advance by appropriation Acts to offset such foregone receipts; and authority to make payments by the United States (including loans, grants, and payments from

revolving funds) other than those covered by this subparagraph, the budget authority for which is not provided in advance by appropriation Acts.”.

(B) Clause 4(a)(2) of rule X of the Rules of the House of Representatives is amended by striking “new spending authority described in section 401(c)(2)(C)” and inserting “new entitlement authority as defined in section 3(9)” and by striking “total amount of new spending authority” and inserting “total amount of new entitlement authority”.

(C) Clause 2(l)(3) of rule XI of the Rules of the House of Representatives is amended by striking “new spending authority as described in section 401(c)(2)” and by inserting “new entitlement authority as defined in section 3(9)”.

2 USC 652. (b) REPEALER OF SECTION 402.—Section 402 of the Congressional Budget Act of 1974 is repealed.

(c) CONFORMING AMENDMENTS.—

2 USC 653–656. (1) REDESIGNATION.—Sections 403 through 407 of the Congressional Budget Act of 1974 are redesignated as sections 402 through 406, respectively.

2 USC 654. (2) GAO ANALYSIS.—Section 404 (as redesignated) of the Congressional Budget Act of 1974 is amended by striking “spending authority as described by section 401(c)(2) and which provide permanent appropriations,” and inserting “mandatory spending”.

(3) TABLE OF CONTENTS.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by—

(A) striking the item for section 401 and inserting the following:

“Sec. 401. Budget-related legislation not subject to appropriations.”; and

(B) striking the item relating to section 402 and redesignating the items relating to sections 403 through 407 as the items relating to sections 402 through 406, respectively.

(4) CONFORMING AMENDMENTS.—(A) Clause 2(l)(3) of rule XI of the Rules of the House of Representatives is amended by striking “section 403” and inserting “section 402”.

(B) Clause 7(d) of rule XIII of the Rules of the House of Representatives is amended by striking “section 403” and inserting “section 402”.

Loans.

SEC. 10117. AMENDMENTS TO TITLE V.

2 USC 661a. (a) SECTION 502.—Section 502 of the Federal Credit Reform Act of 1990 is amended as follows:

(1) In the second sentence of paragraph (1), insert “and financing arrangements that defer payment for more than 90 days, including the sale of a government asset on credit terms” before the period.

(2) In paragraph (5)(A), insert “or modification thereof” before the first comma.

(3) In paragraph (5), strike subparagraphs (B) and (C) and insert the following:

“(B) The cost of a direct loan shall be the net present value, at the time when the direct loan is disbursed, of the following estimated cash flows:

“(i) loan disbursements;

“(ii) repayments of principal; and

“(iii) payments of interest and other payments by or to the Government over the life of the loan after adjusting for estimated defaults, prepayments, fees, penalties, and other recoveries;
including the effects of changes in loan terms resulting from the exercise by the borrower of an option included in the loan contract.

“(C) The cost of a loan guarantee shall be the net present value, at the time when the guaranteed loan is disbursed, of the following estimated cash flows:

“(i) payments by the Government to cover defaults and delinquencies, interest subsidies, or other payments; and

“(ii) payments to the Government including origination and other fees, penalties and recoveries;
including the effects of changes in loan terms resulting from the exercise by the guaranteed lender of an option included in the loan guarantee contract, or by the borrower of an option included in the guaranteed loan contract.”.

(4) In paragraph (5), amend subparagraph (D) to read as follows:

“(D) The cost of a modification is the difference between the current estimate of the net present value of the remaining cash flows under the terms of a direct loan or loan guarantee contract, and the current estimate of the net present value of the remaining cash flows under the terms of the contract, as modified.”.

(5) In paragraph (5)(E), insert “the cash flows of” after “to”.

(6) In paragraph (5), by adding at the end the following:

“(F) When funds are obligated for a direct loan or loan guarantee, the estimated cost shall be based on the current assumptions, adjusted to incorporate the terms of the loan contract, for the fiscal year in which the funds are obligated.”.

(7) Redesignate paragraph (9) as paragraph (11) and after paragraph (8) add the following new paragraphs:

“(9) The term ‘modification’ means any Government action that alters the estimated cost of an outstanding direct loan (or direct loan obligation) or an outstanding loan guarantee (or loan guarantee commitment) from the current estimate of cash flows. This includes the sale of loan assets, with or without recourse, and the purchase of guaranteed loans. This also includes any action resulting from new legislation, or from the exercise of administrative discretion under existing law, that directly or indirectly alters the estimated cost of outstanding direct loans (or direct loan obligations) or loan guarantees (or loan guarantee commitments) such as a change in collection procedures.

“(10) The term ‘current’ has the same meaning as in section 250(c)(9) of the Balanced Budget and Emergency Deficit Control Act of 1985.”.

(b) SECTION 504.—Section 504 of the Federal Credit Reform Act of 1990 is amended as follows:

(1) Amend subsection (b)(1) to read as follows:

“(1) new budget authority to cover their costs is provided in advance in an appropriations Act;”.

(2) In subsection (b)(2), strike “is enacted” and insert “has been provided in advance in an appropriations Act”.

(3) In subsection (c), strike “Subsection (b)” and insert “Subsections (b) and (e)”.

(4) In subsection (d)(1), strike “directly or indirectly alter the costs of outstanding direct loans and loan guarantees” and insert “modify outstanding direct loans (or direct loan obligations) or loan guarantees (or loan guarantee commitments)”.

(5) Amend subsection (e) to read as follows:

“(e) MODIFICATIONS.—An outstanding direct loan (or direct loan obligation) or loan guarantee (or loan guarantee commitment) shall not be modified in a manner that increases its costs unless budget authority for the additional cost has been provided in advance in an appropriations Act.”.

(c) SECTION 505.—Section 505 of the Federal Credit Reform Act of 1990 is amended as follows:

(1) In subsection (c), by inserting before the period at the end of the second sentence the following: “, except that the rate of interest charged by the Secretary on lending to financing accounts (including amounts treated as lending to financing accounts by the Federal Financing Bank (hereinafter in this subsection referred to as the ‘Bank’) pursuant to section 406(b)) and the rate of interest paid to financing accounts on uninvested balances in financing accounts shall be the same as the rate determined pursuant to section 502(5)(E). For guaranteed loans financed by the Bank and treated as direct loans by a Federal agency pursuant to section 406(b), any fee or interest surcharge (the amount by which the interest rate charged exceeds the rate determined pursuant to section 502(5)(E)) that the Bank charges to a private borrower pursuant to section 6(c) of the Federal Financing Bank Act of 1973 shall be considered a cash flow to the Government for the purposes of determining the cost of the direct loan pursuant to section 502(5). All such amounts shall be credited to the appropriate financing account. The Bank is authorized to require reimbursement from a Federal agency to cover the administrative expenses of the Bank that are attributable to the direct loans financed for that agency. All such payments by an agency shall be considered administrative expenses subject to section 504(g). This subsection shall apply to transactions related to direct loan obligations or loan guarantee commitments made on or after October 1, 1991”.

(2) In subsection (c), by striking “supercede” and inserting “supersede”.

(3) By amending subsection (d) to read as follows:

“(d) AUTHORIZATION FOR LIQUIDATING ACCOUNTS.—(1) Amounts in liquidating accounts shall be available only for payments resulting from direct loan obligations or loan guarantee commitments made prior to October 1, 1991, for—

“(A) interest payments and principal repayments to the Treasury or the Federal Financing Bank for amounts borrowed;

“(B) disbursements of loans;

“(C) default and other guarantee claim payments;

“(D) interest supplement payments;

2 USC 661d.

Applicability.

“(E) payments for the costs of foreclosing, managing, and selling collateral that are capitalized or routinely deducted from the proceeds of sales;

“(F) payments to financing accounts when required for modifications;

“(G) administrative expenses, if—

“(i) amounts credited to the liquidating account would have been available for administrative expenses under a provision of law in effect prior to October 1, 1991; and

“(ii) no direct loan obligation or loan guarantee commitment has been made, or any modification of a direct loan or loan guarantee has been made, since September 30, 1991; or

“(H) such other payments as are necessary for the liquidation of such direct loan obligations and loan guarantee commitments.

“(2) Amounts credited to liquidating accounts in any year shall be available only for payments required in that year. Any unobligated balances in liquidating accounts at the end of a fiscal year shall be transferred to miscellaneous receipts as soon as practicable after the end of the fiscal year.

“(3) If funds in liquidating accounts are insufficient to satisfy obligations and commitments of such accounts, there is hereby provided permanent, indefinite authority to make any payments required to be made on such obligations and commitments.”.

(d) SECTION 506.—Section 506 of the Federal Credit Reform Act of 1990 is amended—

(1) by striking “(a) IN GENERAL.—”;

(2) by striking “(1)” and inserting the following:

“(a) IN GENERAL.—”;

(3) by striking “(2) The” and inserting the following:

“(b) STUDY.—The”;

(4) by striking “(3)” and inserting the following:

“(c) ACCESS TO DATA.—”; and

(5) in subsection (c) (as redesignated) by striking “paragraph (2)” and inserting “subsection (b)”.

2 USC 661e.

SEC. 10118. REPEAL OF TITLE VI.

(a) REPEALER.—Title VI of the Congressional Budget Act of 1974 is repealed.

(b) CONFORMING AMENDMENTS.—(1) The items relating to title VI of the table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 are repealed.

(2) Clause 4(h) of rule X of the Rules of the House of Representatives is amended by striking “section 302 or section 602 (in the case of fiscal years 1991 through 1995)” and inserting “section 302”.

2 USC 665 *et seq.*

SEC. 10119. AMENDMENTS TO SECTION 904.

(a) CONFORMING AMENDMENT.—Section 904(a) of the Congressional Budget Act of 1974 is amended by striking “(except section 905)” and by striking “V, and VI (except section 601(a))” and inserting “and V”.

(b) WAIVERS.—Section 904(c) of the Congressional Budget Act of 1974 is amended to read as follows:

“(c) WAIVERS.—

“(1) PERMANENT.—Sections 305(b)(2), 305(c)(4), 306, 310(d)(2), 313, 904(c), and 904(d) of this Act may be waived

2 USC 621 note.

or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn.

“(2) TEMPORARY.—Sections 301(i), 302(c), 302(f), 310(g), 311(a), 312(b), and 312(c) of this Act and sections 258(a)(4)(C), 258A(b)(3)(C)(I), 258B(f)(1), 258B(h)(1), 258(h)(3), 258C(a)(5), and 258C(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn.”.

2 USC 621 note. of 1974 is amended to read as follows:

“(d) APPEALS.—

“(1) PROCEDURE.—Appeals in the Senate from the decisions of the Chair relating to any provision of title III or IV or section 1017 shall, except as otherwise provided therein, be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, concurrent resolution, reconciliation bill, or rescission bill, as the case may be.

“(2) PERMANENT.—An affirmative vote of three-fifths of the Members, duly chosen and sworn, shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised under sections 305(b)(2), 305(c)(4), 306, 310(d)(2), 313, 904(c), and 904(d) of this Act.

“(3) TEMPORARY.—An affirmative vote of three-fifths of the Members, duly chosen and sworn, shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised under sections 301(i), 302(c), 302(f), 310(g), 311(a), 312(b), and 312(c) of this Act and sections 258(a)(4)(C), 258A(b)(3)(C)(I), 258B(f)(1), 258B(h)(1), 258(h)(3), 258C(a)(5), and 258C(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985.”.

(d) EXPIRATION OF SUPERMAJORITY VOTING REQUIREMENTS.—Section 904 of the Congressional Budget Act of 1974 is amended by adding at the end the following:

“(e) EXPIRATION OF CERTAIN SUPERMAJORITY VOTING REQUIREMENTS.—Subsections (c)(2) and (d)(3) shall expire on September 30, 2002.”.

SEC. 10120. REPEAL OF SECTIONS 905 AND 906.

2 USC 621 note, 632 note. (a) REPEALER.—Sections 905 and 906 of the Congressional Budget Act of 1974 are repealed.

(b) CONFORMING AMENDMENTS.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking the items relating to sections 905 and 906.

SEC. 10121. AMENDMENTS TO SECTIONS 1022 AND 1024.

2 USC 691a. (a) SECTION 1022.—Section 1022(b)(1)(F) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking “section 601” and inserting “section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985”.

2 USC 691c. (b) SECTION 1024.—Section 1024(a)(1)(B) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking “section 601(a)(2)” and inserting “section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985”.

SEC. 10122. AMENDMENT TO SECTION 1026.

Section 1026(7)(A)(iv) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking “; and” and inserting “; or”. 2 USC 691e.

SEC. 10123. SENATE TASK FORCE ON CONSIDERATION OF BUDGET MEASURES.

(a) APPOINTMENT OF MEMBERS.—The Majority Leader and Minority Leader of the Senate shall each appoint 3 Senators to serve on a bipartisan task force to study the floor procedures for the consideration of budget resolutions and reconciliation bills in the Senate as provided in sections 305(b) and 310(e) of the Congressional Budget Act of 1974.

(b) REPORT OF THE TASK FORCE.—The task force shall submit its report to the Senate not later than October 8, 1997.

Subtitle B—Amendments to the Balanced Budget and Emergency Deficit Control Act of 1985

SEC. 10201. PURPOSE.2 USC 900 note.

The purpose of this subtitle is to extend discretionary spending limits and pay-as-you-go requirements.

SEC. 10202. GENERAL STATEMENT AND DEFINITIONS.

(a) GENERAL STATEMENT.—Section 250(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking the first 2 sentences and inserting the following: “This part provides for budget enforcement as called for in House Concurrent Resolution 84 (105th Congress, 1st session).” 2 USC 900.

(b) DEFINITIONS.—Section 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in paragraph (1)—

(A) by striking “(but including” through “amount’ ”; and

(B) by striking “section 601 of that Act as adjusted under sections 251 and 253” and inserting “section 251”;

(2) by striking paragraph (4) and inserting the following:

“(4) The term ‘category’ means the subsets of discretionary appropriations in section 251(c). Discretionary appropriations in each of the categories shall be those designated in the joint explanatory statement accompanying the conference report on the Balanced Budget Act of 1997. New accounts or activities shall be categorized only after consultation with the committees on Appropriations and the Budget of the House of Representatives and the Senate and that consultation shall, to the extent practicable, include written communication to such committees that affords such committees the opportunity to comment before official action is taken with respect to new accounts or activities.”;

(3) by striking paragraph (6) and inserting the following:

“(6) The term ‘budgetary resources’ means new budget authority, unobligated balances, direct spending authority, and obligation limitations.”;

(4) in paragraph (9), by striking “submission of the fiscal year 1992 budget that are not included with a budget submission” and inserting “that budget submission that are not included with it”;

(5) in paragraph (14), by inserting “first 4” before “fiscal years” and by striking “through fiscal year 1995”;

(6) by striking paragraphs (17) and (20) and by redesignating paragraphs (18), (19), and (21) as paragraphs (17), (18), and (19), respectively;

(7) in paragraph (17) (as redesignated), by striking “Omnibus Budget Reconciliation Act of 1990” and inserting “Balanced Budget Act of 1997”;

(8) in paragraph (18) (as redesignated), by striking all after “expenses” and inserting “the Federal deposit insurance agencies, and other Federal agencies supervising insured depository institutions, resulting from full funding of, and continuation of, the deposit insurance guarantee commitment in effect under current estimates.”; and

(9) by striking paragraph (19) (as redesignated) and inserting the following:

“(19) The term ‘asset sale’ means the sale to the public of any asset (except for those assets covered by title V of the Congressional Budget Act of 1974), whether physical or financial, owned in whole or in part by the United States.”.

SEC. 10203. ENFORCING DISCRETIONARY SPENDING LIMITS.

(a) EXTENSION THROUGH FISCAL YEAR 2002.—Section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in the heading of subsection (a), by striking “Fiscal Years 1991–1998”;

(2) in subsection (a)(3), by striking “(h)” both places it appears and inserting “(f)”;

(3) by striking subsection (a)(7) and inserting the following:

“(7) ESTIMATES.—
“(A) CBO ESTIMATES.—As soon as practicable after Congress completes action on any discretionary appropriation, CBO, after consultation with the Committees on the Budget of the House of Representatives and the Senate, shall provide OMB with an estimate of the amount of discretionary new budget authority and outlays for the current year (if any) and the budget year provided by that legislation.

“(B) OMB ESTIMATES AND EXPLANATION OF DIFFERENCES.—Not later than 7 calendar days (excluding Saturdays, Sundays, and legal holidays) after the date of enactment of any discretionary appropriation, OMB shall transmit a report to the House of Representatives and to the Senate containing the CBO estimate of that legislation, an OMB estimate of the amount of discretionary new budget authority and outlays for the current year (if any) and the budget year provided by that legislation, and an explanation of any difference between the 2 estimates. If during the preparation of the report OMB determines that there is a significant difference between OMB and CBO, OMB shall consult with the Committees on the Budget of the House of Representatives and the Senate

regarding that difference and that consultation shall include, to extent practicable, written communication to those committees that affords such committees the opportunity to comment before the issuance of the report.

“(C) ASSUMPTIONS AND GUIDELINES.—OMB estimates under this paragraph shall be made using current economic and technical assumptions. OMB shall use the OMB estimates transmitted to the Congress under this paragraph. OMB and CBO shall prepare estimates under this paragraph in conformance with scorekeeping guidelines determined after consultation among the House and Senate Committees on the Budget, CBO, and OMB.

“(D) ANNUAL APPROPRIATIONS.—For purposes of this paragraph, amounts provided by annual appropriations shall include any new budget authority and outlays for the current year (if any) and the budget year in accounts for which funding is provided in that legislation that result from previously enacted legislation.”;

(4) by striking subsection (b) and inserting the following:

“(b) ADJUSTMENTS TO DISCRETIONARY SPENDING LIMITS.—

“(1) PREVIEW REPORT.—When the President submits the budget under section 1105 of title 31, United States Code, OMB shall calculate and the budget shall include adjustments to discretionary spending limits (and those limits as cumulatively adjusted) for the budget year and each outyear to reflect changes in concepts and definitions. Such changes shall equal the baseline levels of new budget authority and outlays using up-to-date concepts and definitions minus those levels using the concepts and definitions in effect before such changes. Such changes may only be made after consultation with the committees on Appropriations and the Budget of the House of Representatives and the Senate and that consultation shall include written communication to such committees that affords such committees the opportunity to comment before official action is taken with respect to such changes.

“(2) SEQUESTRATION REPORTS.—When OMB submits a sequestration report under section 254(e), (f), or (g) for a fiscal year, OMB shall calculate, and the sequestration report and subsequent budgets submitted by the President under section 1105(a) of title 31, United States Code, shall include adjustments to discretionary spending limits (and those limits as adjusted) for the fiscal year and each succeeding year through 2002, as follows:

“(A) EMERGENCY APPROPRIATIONS.—If, for any fiscal year, appropriations for discretionary accounts are enacted that the President designates as emergency requirements and that the Congress so designates in statute, the adjustment shall be the total of such appropriations in discretionary accounts designated as emergency requirements and the outlays flowing in all fiscal years from such appropriations. This subparagraph shall not apply to appropriations to cover agricultural crop disaster assistance.

“(B) SPECIAL OUTLAY ALLOWANCE.—If, in any fiscal year, outlays for a category exceed the discretionary spending limit for that category but new budget authority does not exceed its limit for that category (after application of the first step of a sequestration described in subsection

(a)(2), if necessary), the adjustment in outlays for a fiscal year is the amount of the excess but not to exceed 0.5 percent of the sum of the adjusted discretionary spending limits on outlays for that fiscal year.

“(C) CONTINUING DISABILITY REVIEWS.—(i) If a bill or joint resolution making appropriations for a fiscal year is enacted that specifies an amount for continuing disability reviews under the heading ‘Limitation on Administrative Expenses’ for the Social Security Administration, the adjustments for that fiscal year shall be the additional new budget authority provided in that Act for such reviews for that fiscal year and the additional outlays flowing from such amounts, but shall not exceed—

“(I) for fiscal year 1998, \$290,000,000 in additional new budget authority and \$338,000,000 in additional outlays;

“(II) for fiscal year 1999, \$520,000,000 in additional new budget authority and \$520,000,000 in additional outlays;

“(III) for fiscal year 2000, \$520,000,000 in additional new budget authority and \$520,000,000 in additional outlays;

“(IV) for fiscal year 2001, \$520,000,000 in additional new budget authority and \$520,000,000 in additional outlays; and

“(V) for fiscal year 2002, \$520,000,000 in additional new budget authority and \$520,000,000 in additional outlays.

“(ii) As used in this subparagraph—

“(I) the term ‘continuing disability reviews’ means reviews or redeterminations as defined under section 201(g)(1)(A) of the Social Security Act and reviews and redeterminations authorized under section 211 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996;

“(II) the term ‘additional new budget authority’ means the amount provided for a fiscal year, in excess of \$200,000,000, in an appropriations Act and specified to pay for the costs of continuing disability reviews under the heading ‘Limitation on Administrative Expenses’ for the Social Security Administration; and

“(III) the term ‘additional outlays’ means outlays, in excess of \$200,000,000 in a fiscal year, flowing from the amounts specified for continuing disability reviews under the heading ‘Limitation on Administrative Expenses’ for the Social Security Administration, including outlays in that fiscal year flowing from amounts specified in Acts enacted for prior fiscal years (but not before 1996).

“(D) ALLOWANCE FOR IMF.—If an appropriation bill or joint resolution is enacted for a fiscal year through 2002 that includes an appropriation with respect to clause (i) or (ii), the adjustment shall be the amount of budget authority in the measure that is the dollar equivalent of the Special Drawing Rights with respect to—

“(i) an increase in the United States quota as part of the International Monetary Fund Eleventh General Review of Quotas (United States Quota); or

“(ii) any increase in the maximum amount available to the Secretary of the Treasury pursuant to section 17 of the Bretton Woods Agreements Act, as amended from time to time (New Arrangements to Borrow).

“(E) ALLOWANCE FOR INTERNATIONAL ARREARAGES.—

“(i) ADJUSTMENTS.—If an appropriation bill or joint resolution is enacted for fiscal year 1998, 1999, or 2000 that includes an appropriation for arrearages for international organizations, international peacekeeping, and multilateral development banks for that fiscal year, the adjustment shall be the amount of budget authority in that measure and the outlays flowing in all fiscal years from that budget authority.

“(ii) LIMITATIONS.—The total amount of adjustments made pursuant to this subparagraph for the period of fiscal years 1998 through 2000 shall not exceed \$1,884,000,000 in budget authority.

“(F) EITC COMPLIANCE INITIATIVE.—If an appropriation bill or joint resolution is enacted for a fiscal year that includes an appropriation for an earned income tax credit compliance initiative, the adjustment shall be the amount of budget authority in that measure for that initiative and the outlays flowing in all fiscal years from that budget authority, but not to exceed—

“(i) with respect to fiscal year 1998, \$138,000,000 in new budget authority and \$131,000,000 in outlays;

“(ii) with respect to fiscal year 1999, \$143,000,000 in new budget authority and \$143,000,000 in outlays;

“(iii) with respect to fiscal year 2000, \$144,000,000 in new budget authority and \$144,000,000 in outlays;

“(iv) with respect to fiscal year 2001, \$145,000,000 in new budget authority and \$145,000,000 in outlays; and

“(v) with respect to fiscal year 2002, \$146,000,000 in new budget authority and \$146,000,000 in outlays.”.

(b) SHIFTING OF DISCRETIONARY SPENDING LIMITS INTO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.—Section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding at the end the following new subsection:

“(c) DISCRETIONARY SPENDING LIMIT.—As used in this part, the term ‘discretionary spending limit’ means—

“(1) with respect to fiscal year 1997, for the discretionary category, the current adjusted limits of new budget authority and outlays;

“(2) with respect to fiscal year 1998—

“(A) for the defense category: \$269,000,000,000 in new budget authority and \$266,823,000,000 in outlays;

“(B) for the nondefense category: \$252,357,000,000 in new budget authority and \$282,853,000,000 in outlays; and

“(C) for the violent crime reduction category: \$5,500,000,000 in new budget authority and \$3,592,000,000 in outlays;

“(3) with respect to fiscal year 1999—

“(A) for the defense category: \$271,500,000,000 in new budget authority and \$266,518,000,000 in outlays;

“(B) for the nondefense category: \$255,699,000,000 in new budget authority and \$287,850,000,000 in outlays; and

“(C) for the violent crime reduction category: \$5,800,000,000 in new budget authority and \$4,953,000,000 in outlays;

“(4) with respect to fiscal year 2000—

“(A) for the discretionary category: \$532,693,000,000 in new budget authority and \$558,711,000,000 in outlays; and

“(B) for the violent crime reduction category: \$4,500,000,000 in new budget authority and \$5,554,000,000 in outlays;

“(5) with respect to fiscal year 2001, for the discretionary category: \$542,032,000,000 in new budget authority and \$564,396,000,000 in outlays; and

“(6) with respect to fiscal year 2002, for the discretionary category: \$551,074,000,000 in new budget authority and \$560,799,000,000 in outlays;

as adjusted in strict conformance with subsection (b).”.

(c) REPEAL OF DUPLICATIVE PROVISIONS.—Sections 201, 202, 204(b), 206, and 211 of House Concurrent Resolution 84 (105th Congress) are repealed.

SEC. 10204. VIOLENT CRIME REDUCTION SPENDING.

(a) SEQUESTRATION REGARDING VIOLENT CRIME REDUCTION SPENDING.—

2 USC 901a. (1) REPEAL.—Section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985 is repealed.

2 USC 900. (2) TABLE OF CONTENTS.—The item relating to section 251A in the table contents set forth in section 250(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is repealed.

(b) CONFORMING AMENDMENT.—Section 310002 of Public Law 103-322 (42 U.S.C. 14212) is repealed.

SEC. 10205. ENFORCING PAY-AS-YOU-GO.

2 USC 902. Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) by striking subsections (a) and (b) and inserting the following:

“(a) PURPOSE.—The purpose of this section is to assure that any legislation enacted before October 1, 2002, affecting direct spending or receipts that increases the deficit will trigger an offsetting sequestration.

“(b) SEQUESTRATION.—

“(1) TIMING.—Not later than 15 calendar days after the date Congress adjourns to end a session and on the same day as a sequestration (if any) under section 251 or 253, there shall be a sequestration to offset the amount of any net deficit increase caused by all direct spending and receipts legislation enacted before October 1, 2002, as calculated under paragraph (2).

“(2) CALCULATION OF DEFICIT INCREASE.—OMB shall calculate the amount of deficit increase or decrease by adding—

“(A) all OMB estimates for the budget year of direct spending and receipts legislation transmitted under subsection (d);

“(B) the estimated amount of savings in direct spending programs applicable to budget year resulting from the prior year’s sequestration under this section or section 253, if any, as published in OMB’s final sequestration report for that prior year; and

“(C) any net deficit increase or decrease in the current year resulting from all OMB estimates for the current year of direct spending and receipts legislation transmitted under subsection (d) that were not reflected in the final OMB sequestration report for the current year.”;

(2) by amending subsection (c)(1)(B), by inserting “and direct” after “guaranteed”;

(3) by amending subsection (d) to read as follows:

“(d) ESTIMATES.—

“(1) CBO ESTIMATES.—As soon as practicable after Congress completes action on any direct spending or receipts legislation, CBO shall provide an estimate to OMB of that legislation.

“(2) OMB ESTIMATES.—Not later than 7 calendar days (excluding Saturdays, Sundays, and legal holidays) after the date of enactment of any direct spending or receipts legislation, OMB shall transmit a report to the House of Representatives and to the Senate containing—

“(A) the CBO estimate of that legislation;

“(B) an OMB estimate of that legislation using current economic and technical assumptions; and

“(C) an explanation of any difference between the 2 estimates.

“(3) SIGNIFICANT DIFFERENCES.—If during the preparation of the report under paragraph (2) OMB determines that there is a significant difference between the OMB and CBO estimates, OMB shall consult with the Committees on the Budget of the House of Representatives and the Senate regarding that difference and that consultation, to the extent practicable, shall include written communication to such committees that affords such committees the opportunity to comment before the issuance of that report.

“(4) SCOPE OF ESTIMATES.—The estimates under this section shall include the amount of change in outlays or receipts for the current year (if applicable), the budget year, and each outyear excluding any amounts resulting from—

“(A) full funding of, and continuation of, the deposit insurance guarantee commitment in effect under current estimates; and

“(B) emergency provisions as designated under subsection (e).

“(5) SCOREKEEPING GUIDELINES.—OMB and CBO, after consultation with each other and the Committees on the Budget of the House of Representatives and the Senate, shall—

“(A) determine common scorekeeping guidelines; and

“(B) in conformance with such guidelines, prepare estimates under this section.”; and

(4) in subsection (e), by striking “, for any fiscal year from 1991 through 1998,” and by striking “through 1995”.

SEC. 10206. REPORTS AND ORDERS.

2 USC 904. Section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) by striking subsection (c) and redesignating subsections (d) through (k) as (c) through (j), respectively;

(2) in subsection (c) (as redesignated), by striking “1998” and inserting “2002”;

(3) in subsection (d) (as redesignated), by striking “(h)” and inserting “(f)”;

(4)(A) in subsection (f)(2)(A) (as redesignated), by striking “1998” and inserting “2002”;

(B) in subsection (f)(3) (as redesignated), by striking “through 1998”; and

(C) by striking subsection (f)(4) (as redesignated) and by redesignating paragraphs (5) and (6) of that subsection as paragraphs (4) and (5), respectively; and

(5) in subsection (g) (as redesignated), by striking “(g)” each place it appears and inserting “(f)”.

SEC. 10207. EXEMPT PROGRAMS AND ACTIVITIES.

2 USC 905. (a) VETERANS PROGRAMS.—Section 255(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) In the item relating to Veterans Insurance and Indemnity, strike “Indemnity” and insert “Indemnities”.

(2) In the item relating to Veterans’ Canteen Service Revolving Fund, strike “Veterans”.

(3) In the item relating to Benefits under chapter 21 of title 38, strike “(36-0137-0-1-702)” and insert “(36-0120-0-1-701)”.

(4) In the item relating to Veterans’ compensation, strike “Veterans’ compensation” and insert “Compensation”.

(5) In the item relating to Veterans’ pensions, strike “Veterans’ pensions” and insert “Pensions”.

(6) After the last item, insert the following new items:
“Benefits under chapter 35 of title 38, United States Code, related to educational assistance for survivors and dependents of certain veterans with service-connected disabilities (36-0137-0-1-702);

“Assistance and services under chapter 31 of title 38, United States Code, relating to training and rehabilitation for certain veterans with service-connected disabilities (36-0137-0-1-702);

“Benefits under subchapters I, II, and III of chapter 37 of title 38, United States Code, relating to housing loans for certain veterans and for the spouses and surviving spouses of certain veterans Guaranty and Indemnity Program Account (36-1119-0-1-704);

“Loan Guaranty Program Account (36-1025-0-1-704); and
“Direct Loan Program Account (36-1024-0-1-704).”.

(b) CERTAIN PROGRAM BASES.—Section 255(f) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

“(f) OPTIONAL EXEMPTION OF MILITARY PERSONNEL.—

“(1) IN GENERAL.—The President may, with respect to any military personnel account, exempt that account from sequestration or provide for a lower uniform percentage reduction than would otherwise apply.

“(2) LIMITATION.—The President may not use the authority provided by paragraph (1) unless the President notifies the Congress of the manner in which such authority will be exercised on or before the date specified in section 254(a) for the budget year.”.

(c) OTHER PROGRAMS AND ACTIVITIES.—(1) Section 255(g)(1)(A) of the Balanced Budget Emergency Deficit Control Act of 1985 is amended as follows: 2 USC 905.

(A) After the first item, insert the following new item:

“Activities financed by voluntary payments to the Government for goods or services to be provided for such payments;”.

(B) Strike “Thrift Savings Fund (26-8141-0-7-602);”.

(C) In the first item relating to the Bureau of Indian Affairs, insert “Indian land and water claims settlements and” after the comma.

(D) In the second item relating to the Bureau of Indian Affairs, strike “miscellaneous” and insert “Miscellaneous” and strike “, tribal trust funds”.

(E) Strike “Claims, defense (97-0102-0-1-051);”.

(F) In the item relating to Claims, judgments, and relief acts, strike “806” and insert “808”.

(G) Strike “Coinage profit fund (20-5811-0-2-803);”.

(H) Insert “Compact of Free Association (14-0415-0-1-808);” after the item relating to the Claims, judgments, and relief acts.

(I) Insert “Conservation Reserve Program (12-2319-0-1-302);” after the item relating to the Compensation of the President.

(J) In the item relating to the Customs Service, strike “852” and insert “806”.

(K) In the item relating to the Comptroller of the Currency, insert “, Assessment funds (20-8413-0-8-373)” before the semicolon.

(L) Strike “Director of the Office of Thrift Supervision;”.

(M) Strike “Eastern Indian land claims settlement fund (14-2202-0-1-806);”.

(N) After the item relating to the Exchange stabilization fund, insert the following new items:

“Farm Credit Administration, Limitation on Administrative Expenses (78-4131-0-3-351);

“Farm Credit System Financial Assistance Corporation, interest payment (20-1850-0-1-908);”.

(O) Strike “Federal Deposit Insurance Corporation;”.

(P) In the first item relating to the Federal Deposit Insurance Corporation, insert “(51-4064-0-3-373)” before the semicolon.

(Q) In the second item relating to the Federal Deposit Insurance Corporation, insert “(51-4065-0-3-373)” before the semicolon.

(R) In the third item relating to the Federal Deposit Insurance Corporation, insert “(51-4066-0-3-373)” before the semicolon.

(S) In the item relating to the Federal Housing Finance Board, insert “(95-4039-0-3-371)” before the semicolon.

(T) In the item relating to the Federal payment to the railroad retirement account, strike “account” and insert “accounts”.

(U) In the item relating to the health professions graduate student loan insurance fund, insert “program account” after “fund” and strike “(Health Education Assistance Loan Program) (75-4305-0-3-553)” and insert “(75-0340-0-1-552)”.

(V) In the item relating to Higher education facilities, strike “and insurance”.

(W) In the item relating to Internal revenue collections for Puerto Rico, strike “852” and insert “806”.

(X) Amend the item relating to the Panama Canal Commission to read as follows:

“Panama Canal Commission, Panama Canal Revolving Fund (95-4061-0-3-403);”.

(Y) In the item relating to the Medical facilities guarantee and loan fund, strike “(75-4430-0-3-551)” and insert “(75-9931-0-3-550)”.

(Z) In the first item relating to the National Credit Union Administration, insert “operating fund (25-4056-0-3-373)” before the semicolon.

(AA) In the second item relating to the National Credit Union Administration, strike “central” and insert “Central” and insert “(25-4470-0-3-373)” before the semicolon.

(BB) In the third item relating to the National Credit Union Administration, strike “credit” and insert “Credit” and insert “(25-4468-0-3-373)” before the semicolon.

(CC) After the third item relating to the National Credit Union Administration, insert the following new item:

“Office of Thrift Supervision (20-4108-0-3-373);”.

(DD) In the item relating to Payments to health care trust funds, strike “572” and insert “571”.

(EE) Strike “Compact of Free Association, economic assistance pursuant to Public Law 99-658 (14-0415-0-1-806);”.

(FF) In the item relating to Payments to social security trust funds, strike “571” and insert “651”.

(GG) Strike “Payments to state and local government fiscal assistance trust fund (20-2111-0-1-851);”.

(HH) In the item relating to Payments to the United States territories, strike “852” and insert “806”.

(II) Strike “Resolution Funding Corporation;”.

(JJ) In the item relating to the Resolution Trust Corporation, insert “Revolving Fund (22-4055-0-3-373)” before the semicolon.

(KK) After the item relating to the Tennessee Valley Authority funds, insert the following new items:

“Thrift Savings Fund;

“United States Enrichment Corporation (95-4054-0-3-271);

“Vaccine Injury Compensation (75-0320-0-1-551);

“Vaccine Injury Compensation Program Trust Fund (20-8175-0-7-551);”.

(2) Section 255(g)(1)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(A) Strike “The following budget” and insert “The following Federal retirement and disability”.

(B) In the item relating to Black lung benefits, strike “lung benefits” and insert “Lung Disability Trust Fund”.

(C) In the item relating to the Court of Federal Claims Court Judges’ Retirement Fund, strike “Court of Federal”.

(D) In the item relating to Longshoremen’s compensation benefits, insert “Special workers compensation expenses,” before “Longshoremen’s”.

(E) In the item relating to Railroad retirement tier II, strike “retirement tier II” and insert “Industry Pension Fund”.

(3) Section 255(g)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

2 USC 905.

(A) Strike the following items:

“Agency for International Development, Housing, and other credit guarantee programs (72-4340-0-3-151);

“Agricultural credit insurance fund (12-4140-0-1-351);”.

(B) In the item relating to Check forgery, strike “Check” and insert “United States Treasury check”.

(C) Strike “Community development grant loan guarantees (86-0162-0-1-451);”.

(D) After the item relating to the United States Treasury Check forgery insurance fund, insert the following new item: “Credit liquidating accounts;”.

(E) Strike the following items:

“Credit union share insurance fund (25-4468-0-3-371);”.

“Economic development revolving fund (13-4406-0-3-452);”.

“Export-Import Bank of the United States, Limitation of program activity (83-4027-0-3-155);”.

“Federal Deposit Insurance Corporation (51-8419-0-8-371);”.

“Federal Housing Administration fund (86-4070-0-3-371);”.

“Federal ship financing fund (69-4301-0-3-403);”.

“Federal ship financing fund, fishing vessels (13-4417-0-3-376);”.

“Government National Mortgage Association, Guarantees of mortgage-backed securities (86-4238-0-3-371);”.

“Health education loans (75-4307-0-3-553);”.

“Indian loan guarantee and insurance fund (14-4410-0-3-452);”.

“Railroad rehabilitation and improvement financing fund (69-4411-0-3-401);”.

“Rural development insurance fund (12-4155-0-3-452);”.

“Rural electric and telephone revolving fund (12-4230-8-3-271);”.

“Rural housing insurance fund (12-4141-0-3-371);”.

“Small Business Administration, Business loan and investment fund (73-4154-0-3-376);”.

“Small Business Administration, Lease guarantees revolving fund (73-4157-0-3-376);”.

“Small Business Administration, Pollution control equipment contract guarantee revolving fund (73-4147-0-3-376);”.

“Small Business Administration, Surety bond guarantees revolving fund (73-4156-0-3-376);”.

“Department of Veterans Affairs Loan guaranty revolving fund (36-4025-0-3-704);”.

2 USC 905. (d) LOW-INCOME PROGRAMS.—Section 255(h) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) Amend the item relating to Child nutrition to read as follows:

“Child nutrition programs (with the exception of special milk programs) (12-3539-0-1-605);”.

(2) After the second item insert the following new items: “Temporary assistance for needy families (75-1552-0-1-609);

“Contingency fund (75-1522-0-1-609);”

“Child care entitlement to States (75-1550-0-1-609);

(3) Amend the item relating to Women, infants, and children program to read as follows:

“Special supplemental nutrition program for women, infants, and children (WIC) (12-3510-0-1-605);”.

(4) After the last item add the following new item:

“Family support payments to States (75-1501-0-1-609);”.

(e) IDENTIFICATION OF PROGRAMS.—Section 255(i) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

“(i) IDENTIFICATION OF PROGRAMS.—For purposes of subsections (b), (g), and (h), each account is identified by the designated budget account identification code number set forth in the Budget of the United States Government 1998-Appendix, and an activity within an account is designated by the name of the activity and the identification code number of the account.”.

(f) OPTIONAL EXEMPTION OF MILITARY PERSONNEL.—Section 255(h) of the Balanced Budget and Emergency Deficit Control Act of 1985 (relating to optional exemption of military personnel) is repealed.

SEC. 10208. GENERAL AND SPECIAL SEQUESTRATION RULES.

(a) HEADINGS.—

2 USC 906. (1) SECTION.—The section heading of section 256 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking “EXCEPTIONS, LIMITATIONS, AND SPECIAL RULES” and inserting “GENERAL AND SPECIAL SEQUESTRATION RULES”.

2 USC 900. (2) TABLE OF CONTENTS.—The item relating to section 256 in the table contents set forth in section 250(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

“SEC. 256. GENERAL AND SPECIAL SEQUESTRATION RULES.”.

(b) AUTOMATIC SPENDING INCREASES.—Section 256(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking paragraph (1) and redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

“(b) STUDENT LOANS.—For all student loans under part B or D of title IV of the Higher Education Act of 1965 made during the period when a sequestration order under section 254 is in effect as required by section 252 or 253, origination fees under sections 438(c)(2) and 455(c) of that Act shall each be increased by 0.50 percentage point.”.

(d) HEALTH CENTERS.—Section 256(e)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking the dash and all that follows thereafter and inserting “2 percent.”.

(e) TREATMENT OF FEDERAL ADMINISTRATIVE EXPENSES.—Section 256(h) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in paragraph (2), by striking “joint resolution” and inserting “part”; and

(2) in paragraph (4), by striking subparagraphs (D) and (H), by redesignating subparagraphs (E), (F), (G), and (I), as subparagraphs (D), (E), (F), and (G), respectively, and by adding at the end the following new subparagraph:

“(H) Farm Credit Administration.”.

(f) COMMODITY CREDIT CORPORATION.—Section 256(j) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking paragraphs (2) through (5) and inserting the following:

“(2) REDUCTION IN PAYMENTS MADE UNDER CONTRACTS.—

(A) Loan eligibility under any contract entered into with a person by the Commodity Credit Corporation prior to the time an order has been issued under section 254 shall not be reduced by an order subsequently issued. Subject to subparagraph (B), after an order is issued under such section for a fiscal year, any cash payments for loans or loan deficiencies made by the Commodity Credit Corporation shall be subject to reduction under the order.

“(B) Each loan contract entered into with producers or producer cooperatives with respect to a particular crop of a commodity and subject to reduction under subparagraph (A) shall be reduced in accordance with the same terms and conditions. If some, but not all, contracts applicable to a crop of a commodity have been entered into prior to the issuance of an order under section 254, the order shall provide that the necessary reduction in payments under contracts applicable to the commodity be uniformly applied to all contracts for the next succeeding crop of the commodity, under the authority provided in paragraph (3).

“(3) DELAYED REDUCTION IN OUTLAYS PERMISSIBLE.—Notwithstanding any other provision of this title, if an order under section 254 is issued with respect to a fiscal year, any reduction under the order applicable to contracts described in paragraph (1) may provide for reductions in outlays for the account involved to occur in the fiscal year following the fiscal year to which the order applies.

“(4) UNIFORM PERCENTAGE RATE OF REDUCTION AND OTHER LIMITATIONS.—All reductions described in paragraph (2) which are required to be made in connection with an order issued under section 254 with respect to a fiscal year shall be made so as to ensure that outlays for each program, project, activity, or account involved are reduced by a percentage rate that is uniform for all such programs, projects, activities, and

accounts, and may not be made so as to achieve a percentage rate of reduction in any such item exceeding the rate specified in the order.

“(5) DAIRY PROGRAM.—Notwithstanding any other provision of this subsection, as the sole means of achieving any reduction in outlays under the milk price support program, the Secretary of Agriculture shall provide for a reduction to be made in the price received by producers for all milk produced in the United States and marketed by producers for commercial use. That price reduction (measured in cents per hundred weight of milk marketed) shall occur under section 201(d)(2)(A) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(2)(A)), shall begin on the day any sequestration order is issued under section 254, and shall not exceed the aggregate amount of the reduction in outlays under the milk price support program that otherwise would have been achieved by reducing payments for the purchase of milk or the products of milk under this subsection during the applicable fiscal year.”.

2 USC 906.

(g) EFFECTS OF SEQUESTRATION.—Section 256(k) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) In paragraph (1), strike “other than a trust or special fund account” and insert “, except as provided in paragraph (5)” before the period.

(2) Amend paragraph (6) to read as follows:

“(6) Budgetary resources sequestered in revolving, trust, and special fund accounts and offsetting collections sequestered in appropriation accounts shall not be available for obligation during the fiscal year in which the sequestration occurs, but shall be available in subsequent years to the extent otherwise provided in law.”.

SEC. 10209. THE BASELINE.

2 USC 907.

(a) IN GENERAL.—Section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in subsection (b)(2) by amending subparagraph (A) to read as follows:

“(A)(i) No program established by a law enacted on or before the date of enactment of the Balanced Budget Act of 1997 with estimated current year outlays greater than \$50,000,000 shall be assumed to expire in the budget year or the outyears. The scoring of new programs with estimated outlays greater than \$50,000,000 a year shall be based on scoring by the Committees on Budget or OMB, as applicable. OMB, CBO, and the Budget Committees shall consult on the scoring of such programs where there are differences between CBO and OMB.

“(ii) On the expiration of the suspension of a provision of law that is suspended under section 171 of Public Law 104-127 and that authorizes a program with estimated fiscal year outlays that are greater than \$50,000,000, for purposes of clause (i), the program shall be assumed to continue to operate in the same manner as the program operated immediately before the expiration of the suspension.”;

(2) by adding the end of subsection (b)(2) the following new subparagraph:

“(D) If any law expires before the budget year or any outyear, then any program with estimated current year outlays greater than \$50,000,000 that operates under that law shall be assumed to continue to operate under that law as in effect immediately before its expiration.”;

(3) in the second sentence of subsection (c)(5), by striking “national product fixed-weight price index” and inserting “domestic product chain-type price index”; and

(4) by striking subsection (e) and inserting the following:

“(e) ASSET SALES.—Amounts realized from the sale of an asset shall not be included in estimates under section 251, 252, or 253 if that sale would result in a financial cost to the Federal Government as determined pursuant to scorekeeping guidelines.”.

(b) PRESIDENT’S BUDGET.—Section 1105(a) of title 31, United States Code, is amended by adding at the end the following:

“(32) a statement of the levels of budget authority and outlays for each program assumed to be extended in the baseline as provided in section 257(b)(2)(A) and for excise taxes assumed to be extended under section 257(b)(2)(C) of the Balanced Budget and Emergency Deficit Control Act of 1985.”.

(c) BUDGETARY TREATMENT OF CERTAIN TRUST FUND OPERATIONS.—Section 710 of the Social Security Act (42 U.S.C. 911) is amended to read as follows:

“BUDGETARY TREATMENT OF TRUST FUND OPERATIONS

“SEC. 710. (a) The receipts and disbursements of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund and the taxes imposed under sections 1401 and 3101 of the Internal Revenue Code of 1986 shall not be included in the totals of the budget of the United States Government as submitted by the President or of the congressional budget and shall be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States Government.

“(b) No provision of law enacted after the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriated funds authorized under the Social Security Act as in effect on the date of the enactment of the Balanced Budget and Emergency Deficit control Act of 1985) may provide for payments from the general fund of the Treasury to any Trust Fund specified in subsection (a) or for payments from any such Trust Fund to the general fund of the Treasury.”.

SEC. 10210. TECHNICAL CORRECTION.

Section 258 of the Balanced Budget and Emergency Deficit Control Act of 1985, entitled “Modification of Presidential Order”, 2 USC 908, is repealed.

SEC. 10211. JUDICIAL REVIEW.

Section 274 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows: 2 USC 922.

(1) Strike “252” or “252(b)” each place it occurs and insert “254”.

(2) In subsection (d)(1)(A), strike “257(l) to the extent that” and insert “256(a) if” and at the end insert “or”.

(3) In subsection (d)(1)(B), strike “new budget” and all that follows through “spending authority” and insert “budgetary resources” and strike “or” after the comma.

(4) Strike subsection (d)(1)(C).

(5) Strike subsection (f) and redesignate subsections (g) and (h) as subsections (f) and (g), respectively.

(6) In subsection (g) (as redesignated), strike “base levels of total revenues and total budget outlays, as” and insert “figures”, and strike “251(a)(2)(B) or (c)(2),” and insert “254”.

SEC. 10212. EFFECTIVE DATE.

2 USC 900 note. (a) EXPIRATION.—Section 275(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) by striking “Part C of this title, section” and inserting “Sections 251, 253, 258B, and”;

(2) by striking “1995” and inserting “2002”; and

(3) by adding at the end the following new sentence: “The remaining sections of part C of this title shall expire September 30, 2006.”.

(b) EXPIRATION.—Section 14002(c)(3) of the Omnibus Budget Reconciliation Act of 1993 (2 U.S.C. 900 note) is repealed.

2 USC 902 note. **SEC. 10213. REDUCTION OF PREEXISTING BALANCES AND EXCLUSION OF EFFECTS OF THIS ACT FROM PAYGO SCORECARD.**

Upon the enactment of this Act, the Director of the Office of Management and Budget shall—

(1) reduce any balances of direct spending and receipts legislation for any fiscal year under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 to zero; and

(2) not make any estimates of changes in direct spending outlays and receipts under subsection (d) of that section for any fiscal year resulting from the enactment of this Act or of the Taxpayer Relief Act of 1997.

National Capital
Revitalization
and
Self-Government
Improvement Act
of 1997.

TITLE XI—DISTRICT OF COLUMBIA REVITALIZATION

SECTION 11000. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the “National Capital Revitalization and Self-Government Improvement Act of 1997”.

(b) TABLE OF CONTENTS.—The table of contents of this title is as follows:

Sec. 11000. Short title; table of contents.

Subtitle A—District of Columbia Retirement Funds

CHAPTER 1—SHORT TITLE; FINDINGS; DEFINITIONS

Sec. 11001. Short title.

Sec. 11002. Findings and declaration of policy.

Sec. 11003. Definitions.

CHAPTER 2—FEDERAL BENEFIT PAYMENTS UNDER DISTRICT RETIREMENT PROGRAMS

Sec. 11011. Obligation of Federal government to make benefit payments.

Sec. 11012. Federal benefit payments described.

Sec. 11013. Establishment of single annual cost-of-living adjustment under District Retirement Program.

CHAPTER 3—DETERMINATIONS AND REVIEW OF ELIGIBILITY AND PAYMENTS;
INFORMATION SHARING

- Sec. 11021. Determination of eligibility for and amount of Federal benefit payments made by Trustee.
- Sec. 11022. Procedures for resolving claims arising from denied benefit payments.
- Sec. 11023. Transfer of and access to records of District Government.
- Sec. 11024. Federal information sharing for verification of benefit determinations.

CHAPTER 4—DISTRICT OF COLUMBIA FEDERAL PENSION LIABILITY TRUST FUND

- Sec. 11031. Creation of Trust Fund.
- Sec. 11032. Uses of amounts in Trust Fund.
- Sec. 11033. Transfer of assets and obligations of District Retirement Funds.
- Sec. 11034. Treatment of Trust Fund under certain laws.
- Sec. 11035. Administration through Trustee.

CHAPTER 5—RESPONSIBILITIES OF DISTRICT GOVERNMENT

- Sec. 11041. Interim administration.
- Sec. 11042. Replacement plan.

CHAPTER 6—FINANCING OF BENEFIT PAYMENTS AFTER DEPLETION OF TRUST FUND

- Sec. 11051. Creation of Federal Supplemental Fund.
- Sec. 11052. Uses of amounts in Fund.
- Sec. 11053. Determination of annual payment into Federal Supplemental Fund.
- Sec. 11054. Determination of methodology for making payments.
- Sec. 11055. Special requirements upon discontinuation of Trust Fund.

CHAPTER 7—REPORTS

- Sec. 11061. Annual valuations and reports by enrolled actuary.
- Sec. 11062. Reports by Comptroller General.

CHAPTER 8—JUDICIAL ENFORCEMENT

- Sec. 11071. Judicial review.
- Sec. 11072. Jurisdiction and venue.
- Sec. 11073. Statute of limitations.
- Sec. 11074. Treatment of misappropriation of fund amounts as Federal crime.

CHAPTER 9—MISCELLANEOUS

- Sec. 11081. Coordination between Secretary, Trustee, and District Government.
- Sec. 11082. Study of alternatives for financing Federal obligations.
- Sec. 11083. Issuance of regulations by Secretary.
- Sec. 11084. Effect on Reform Act and other laws.
- Sec. 11085. Reference to new Federal program for retirement of judges of District of Columbia courts.
- Sec. 11086. Full faith and credit.
- Sec. 11087. Severability of provisions.

Subtitle B—Management Reform Plans

- Sec. 11101. Short title.
- Sec. 11102. Management reform plans for District Government.
- Sec. 11103. Procedures for development of plans.
- Sec. 11104. Implementation of plans.
- Sec. 11105. Reform of powers and duties of department heads.
- Sec. 11106. No effect on powers of Financial Responsibility and Management Assistance Authority.

Subtitle C—Criminal Justice

CHAPTER 1—CORRECTIONS

- Sec. 11201. Bureau of Prisons.
- Sec. 11202. Corrections Trustee.
- Sec. 11203. Priority consideration for employees of the District of Columbia.
- Sec. 11204. Amendments related to persons with a mental disease or defect.
- Sec. 11205. Liability for and litigation authority of Corrections Trustee.
- Sec. 11206. Permitting expenditure of funds to carry out certain sewer agreement.

CHAPTER 2—SENTENCING

- Sec. 11211. Truth-in-Sentencing Commission.
- Sec. 11212. General duties, powers, and goals of Commission.
- Sec. 11213. Data collection.

Sec. 11214. Enactment of amendments to District of Columbia Code.

CHAPTER 3—OFFENDER SUPERVISION AND PAROLE

Sec. 11231. Parole.

Sec. 11232. Pretrial Services, Defense Services, Parole, Adult Probation and Offender Supervision Trustee.

Sec. 11233. Offender Supervision, Defender and Courts Services Agency.

Sec. 11234. Authorization of appropriations.

CHAPTER 4—DISTRICT OF COLUMBIA COURTS

SUBCHAPTER A—TRANSFER OF ADMINISTRATION AND FINANCING OF COURTS TO
FEDERAL GOVERNMENT

Sec. 11241. Authorization of appropriations.

Sec. 11242. Administration of courts under District of Columbia Code.

Sec. 11243. Budgeting and financing requirements for courts under Home Rule Act.

Sec. 11244. Auditing of accounts of court system.

Sec. 11245. Miscellaneous budgeting and financing requirements for courts under District law.

Sec. 11246. Other provisions relating to administration of District of Columbia courts.

SUBCHAPTER B—JUDICIAL RETIREMENT PROGRAM

Sec. 11251. Judicial Retirement and Survivors Annuity Fund.

Sec. 11252. Termination of current fund and program.

Sec. 11253. Conforming amendments.

SUBCHAPTER C—MISCELLANEOUS CONFORMING AND ADMINISTRATIVE PROVISIONS

Sec. 11261. Treatment of courts under miscellaneous District laws.

Sec. 11262. Representation of indigents in criminal cases.

CHAPTER 5—PRETRIAL SERVICES AGENCY AND PUBLIC DEFENDER SERVICE

Sec. 11271. Amendments affecting Pretrial Services Agency.

Sec. 11272. Amendments affecting Public Defender Service.

CHAPTER 6—MISCELLANEOUS PROVISIONS

Sec. 11281. Technical assistance and research.

Sec. 11282. Exemption from personnel and budget ceilings for Trustees and related agencies.

Subtitle D—Privatization of Tax Collection and Administration

Sec. 11301. Findings.

Sec. 11302. Authorizing Chief Financial Officer to privatize tax administration and collection.

Subtitle E—Financing of District of Columbia Accumulated Deficit

Sec. 11401. Findings.

Sec. 11402. Authorization for intermediate-term advances of funds by the Secretary of the Treasury to liquidate the accumulated general fund deficit of the District of Columbia.

Sec. 11403. Conforming amendments.

Sec. 11404. Technical corrections.

Sec. 11405. Authorization for issuance of general obligation bonds by the District of Columbia to finance or refund its accumulated general fund deficit.

Subtitle F—District of Columbia Bond Financing Improvements

Sec. 11501. Short title.

Sec. 11502. Findings.

Sec. 11503. Amendment to Section 462 (relating to contents of borrowing legislation and elections on issuing general obligation bonds).

Sec. 11504. Amendment to Section 466 (relating to public or negotiated sale of general obligation bonds).

Sec. 11505. Amendment to Section 467 (relating to authority to create security interests in District revenues).

Sec. 11506. Amendment to Section 472 (relating to borrowing in anticipation of revenues).

Sec. 11507. Addition of new Section 475 (relating to general obligation bond anticipation notes).

Sec. 11508. Amendment to Section 490 (relating to revenue bonds and other obligations).

Sec. 11509. Conforming amendment.

Subtitle G—District of Columbia Government Budget

- Sec. 11601. Elimination of the annual Federal payment to the District of Columbia.
 Sec. 11602. Requirement that the District of Columbia balance its budget in FY 1998.
 Sec. 11603. Permitting expedited submission and approval of consensus budget and financial plan.
 Sec. 11604. Increase in maximum amount of permitted District borrowing.

Subtitle H—Miscellaneous Provisions

CHAPTER 1—REGULATORY REFORM IN THE DISTRICT OF COLUMBIA

- Sec. 11701. Review and revision of regulations and permit and application processes.
 Sec. 11702. Repeal of Clean Air Compliance Fee Act of 1994.
 Sec. 11703. Repeal requirement for Congressional authorization of certain mergers involving District of Columbia public utility corporations.
 Sec. 11704. Exemption of certain contracts from Council review.

CHAPTER 2—OTHER MISCELLANEOUS PROVISIONS

- Sec. 11711. Revisions to Financial Responsibility and Management Assistance Act.
 Sec. 11712. Cooperative agreements between Federal agencies and Metropolitan Police Department.
 Sec. 11713. Permitting garnishment of wages of officers and employees of District of Columbia government.
 Sec. 11714. Permitting excess appropriations by Water and Sewer Authority for capital projects.
 Sec. 11715. Requiring certain Federal officials to provide notice before carrying out activities affecting real property located in District of Columbia.
 Sec. 11716. Repeal term of deed of conveyance to certain hospital.
 Sec. 11717. Short title of Home Rule Act.

CHAPTER 3—EFFECTIVE DATE; GENERAL PROVISIONS

- Sec. 11721. Effective date.
 Sec. 11722. Technical assistance.
 Sec. 11723. Liability.

Subtitle A—District of Columbia Retirement Funds

District of
Columbia
Retirement
Protection Act of
1997.

CHAPTER 1—SHORT TITLE; FINDINGS; DEFINITIONS

SEC. 11001. SHORT TITLE.

This subtitle may be cited as the “District of Columbia Retirement Protection Act of 1997”.

SEC. 11002. FINDINGS AND DECLARATION OF POLICY.

(a) FINDINGS.—The Congress finds that—

(1) State and municipal retirement programs should be funded on an actuarially sound basis;

(2) the retirement programs for the police officers and firefighters, teachers and judges of the District of Columbia had significant unfunded liabilities totaling approximately \$1,900,000,000 when the Federal government transferred those programs to the District of Columbia, and those liabilities have since increased to nearly \$4,800,000,000, an increase which is almost entirely attributable to the accumulation of interest on the value which existed at the time of transfer;

(3) the District of Columbia has fully met its financial obligations under the District of Columbia Retirement Reform Act of 1979 (Public Law 96-122);

(4) the growth of the unfunded liabilities of the three pension funds listed above did not occur because of any action

taken or any failure to act that lay within the power of the District of Columbia government or the District of Columbia Retirement Board;

(5) the presence of the unfunded pension liability is having and will continue to have a negative impact on the District of Columbia's credit rating as it is a legal obligation and the total unfunded liability exceeds the total General Obligation debt of the District, and the costs associated with this liability are a contributing cause of the District's ongoing financial crisis;

(6) the obligations of the District associated with these pension programs in fiscal year 1997 represents nearly 10 percent of the District's revenue;

(7) the annual Federal contribution toward these costs under the District of Columbia Retirement Reform Act has remained \$52,000,000;

(8) if the unfunded pension liability situation is not resolved, in 2004 the District of Columbia would be responsible for annual costs exceeding \$800,000,000, a figure which would be impossible to meet without catastrophic impact on the District government's resources and programs;

(9) the financial resources of the District of Columbia are not adequate to discharge the unfunded liabilities of the retirement programs; and

(10) the level of benefits and funding of the current retirement programs were authorized by various Acts of Congress.

(b) POLICY.—It is the policy of this subtitle—

(1) to relieve the District of Columbia government of the responsibility for the unfunded pension liabilities transferred to it by the Federal government;

(2) for the Federal government to assume the legal responsibility for paying certain pension benefits (including certain unfunded pension liabilities which existed as of the day prior to introduction of this legislation) for the retirement plans of teachers, police, and firefighters;

(3) to provide for a responsible Federal system for payment of benefits accrued prior to the date of introduction of this legislation; and

(4) to require the establishment of replacement plans by the District of Columbia government for the current retirement plans for teachers, and police and firefighters.

SEC. 11003. DEFINITIONS.

For purposes of this subtitle, the following definitions shall apply:

(1) The term "contract" means the contract under section 11035 between the Secretary and the Trustee.

(2) The term "covered District employee" means a teacher of the District of Columbia public schools, or a member of the Metropolitan Police Force or the Fire Department of the District of Columbia, as defined under the District Retirement Program.

(3) The term "District Government" means any entity treated as part of the District government under section 305(5) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995, including the District

of Columbia Retirement Board (as defined in section 102(5) of the Reform Act).

(4) The term “District Retirement Fund” means the District of Columbia Police Officers and Fire Fighters Retirement Fund and the District of Columbia Teachers Retirement Fund, as defined in the Reform Act.

(5) The term “District Retirement Program” means any of the retirement programs for teachers and members of the Metropolitan Police Force and Fire Department, as described in section 102(7) of the Reform Act as in effect on the day before the freeze date (except as amended by section 11013).

(6) The term “enrolled actuary” means the enrolled actuary engaged by the Trustee under section 11061(a).

(7) The term “Federal benefit payment” means a payment described in section 11012.

(8) The term “Federal Supplemental Fund” means the Federal Supplemental District of Columbia Pension Fund created under section 11051.

(9) The term “freeze date” means June 30, 1997.

(10) The term “person” means an individual, partnership, joint venture, corporation, mutual company, joint-stock company, trust, estate, unincorporated organization, association, or employee organization.

(11) The term “Reform Act” means the District of Columbia Retirement Reform Act (Public Law 96-122).

(12) The term “replacement plan” means the plan described in section 11042.

(13) The term “replacement plan adoption date” means the date upon which the legislation establishing the replacement plan becomes effective, or the first day after the expiration of the 1-year period which begins on the date of the enactment of this Act, whichever occurs first.

(14) The term “Trust Fund” means the District of Columbia Federal Pension Liability Trust Fund established under section 11031.

(15) The term “Secretary” means the Secretary of the Treasury or the Secretary’s designee.

(16) The term “Trustee” means the person or persons selected by the Secretary under section 11035.

CHAPTER 2—FEDERAL BENEFIT PAYMENTS UNDER DISTRICT RETIREMENT PROGRAMS

SEC. 11011. OBLIGATION OF FEDERAL GOVERNMENT TO MAKE BENEFIT PAYMENTS.

(a) IN GENERAL.—In accordance with the provisions of this subtitle, the Federal Government shall make Federal benefit payments associated with the pension plans for police officers, firefighters, and teachers of the District of Columbia.

(b) NO REVERSION OF FEDERAL RESPONSIBILITY TO DISTRICT.—At no point after the effective date of this subtitle may the responsibility or any part thereof assigned to the Federal Government under subsection (a) for making Federal benefit payments revert to the District of Columbia.

SEC. 11012. FEDERAL BENEFIT PAYMENTS DESCRIBED.

(a) **IN GENERAL.**—Subject to the succeeding provisions of this subtitle, a “Federal benefit payment” is any benefit payment to which an individual is entitled under a District Retirement Program, in such amount and under such terms and conditions as may apply under such Program.

(b) **TREATMENT OF SERVICE OCCURRING AFTER FREEZE DATE.**—Service after the freeze date shall not be credited for purposes of determining the amount of any Federal benefit payment. Nothing in this subsection shall be construed to affect the crediting of such service for any other purpose under the District Retirement Program.

(c) **SPECIAL RULE REGARDING DISABILITY BENEFITS.**—To the extent that any portion of a benefit payment to which an individual is entitled under a District Retirement Program is based on a determination of disability made by the District of Columbia Retirement Board or the Trustee after the freeze date, the Federal benefit payment determined with respect to the individual shall be an amount equal to the deferred retirement benefit or normal retirement benefit the individual would receive if the individual left service on the day before the commencement of disability retirement benefits.

(d) **SPECIAL RULE REGARDING CERTAIN DEATH BENEFITS.**—

(1) **IN GENERAL.**—In the case of a benefit payment to which an individual is entitled under a District Retirement Program which is payable on the death of a covered District employee or former covered District employee and which is not determined by the length of service of the employee or former employee, the Federal benefit payment determined with respect to the individual shall be equal to the pre-freeze date percentage of the amount otherwise payable.

(2) **PRE-FREEZE DATE PERCENTAGE DEFINED.**—In paragraph (1), the “pre-freeze date percentage” with respect to a covered District employee or former covered District employee is the amount (expressed as a percentage) equal to the quotient of—

(A) the number of months of the covered District employee’s or former covered District employee’s service prior to the freeze date; divided by

(B) the total number of months of the covered District employee’s or former covered District employee’s service.

SEC. 11013. ESTABLISHMENT OF SINGLE ANNUAL COST-OF-LIVING ADJUSTMENT UNDER DISTRICT RETIREMENT PROGRAM.

(a) **PROGRAM FOR POLICE AND FIRE FIGHTERS.**—Subsection (m) of the Policemen and Firemen’s Retirement and Disability Act (DC Code, sec. 4-624) is amended—

(1) in paragraph (2), by striking “the Mayor shall” and all that follows and inserting the following: “on January 1 of each year (or within a reasonable time thereafter), the Mayor shall determine the per centum change in the price index for the preceding year by determining the difference between the index published for December of the preceding year and the index published for December of the second preceding year.”; and

(2) by amending paragraph (3) to read as follows:

“(3)(A) If (in accordance with paragraph (2)) the Mayor determines in a year (beginning with 1999) that the per centum change

in the price index for the preceding year indicates a rise in the price index, each annuity having a commencing date on or before March 1 of the year shall, effective March 1 of the year, be increased by an amount equal to—

“(i) in the case of an annuity having a commencing date on or before March 1 of such preceding year, the per centum change computed under paragraph (2), adjusted to the nearest $\frac{1}{10}$ of 1 per centum; or

“(ii) in the case of an annuity having a commencing date after March 1 of such preceding year, a pro rata increase equal to the product of—

“(I) $\frac{1}{12}$ of the per centum change computed under paragraph (2), multiplied by

“(II) the number of months (not to exceed 12 months, counting any portion of a month as an entire month) for which the annuity was payable before the effective date of the increase,

adjusted to the nearest $\frac{1}{10}$ of 1 per centum.

“(B) On January 1, 1998 (or within a reasonable time thereafter), the Mayor shall determine the per centum change in the price index published for December 1997 over the price index published for June 1997. If such per centum change indicates a rise in the price index, effective March 1, 1998—

“(i) each annuity having a commencing date on or before September 1, 1997, shall be increased by an amount equal to such per centum change, adjusted to the nearest $\frac{1}{10}$ of 1 per centum; and

“(ii) each annuity having a commencing date after September 1, 1997, and on or before March 1, 1998, shall be increased by a pro rata increase equal to the product of—

“(I) $\frac{1}{6}$ of such per centum change, multiplied by

“(II) the number of months (not to exceed 6 months, counting any portion of a month as an entire month) for which the annuity was payable before the effective date of the increase,

adjusted to the nearest $\frac{1}{10}$ of 1 per centum.”.

(b) PROGRAM FOR TEACHERS.—Section 21(b) of the Act entitled “An Act for the retirement of public-school teachers in the District of Columbia”, approved August 7, 1946 (DC Code, sec. 31-1241(b)) is amended—

(1) in paragraph (1), by striking “The Mayor shall—” and all that follows and inserting the following: “On January 1 of each year (or within a reasonable time thereafter), the Mayor shall determine the per centum change in the price index for the preceding year by determining the difference between the index published for December of the preceding year and the index published for December of the second preceding year.”; and

(2) by amending paragraph (2) to read as follows:

“(2)(A) If (in accordance with paragraph (1)) the Mayor determines in a year (beginning with 1999) that the per centum change in the price index for the preceding year indicates a rise in the price index, each annuity having a commencing date on or before March 1 of the year shall, effective March 1 of the year, be increased by an amount equal to—

“(i) in the case of an annuity having a commencing date on or before March 1 of such preceding year, the per centum

change computed under paragraph (1), adjusted to the nearest $\frac{1}{10}$ of 1 per centum; or

“(ii) in the case of an annuity having a commencing date after March 1 of such preceding year, a pro rata increase equal to the product of—

“(I) $\frac{1}{12}$ of the per centum change computed under paragraph (1), multiplied by

“(II) the number of months (not to exceed 12 months, counting any portion of a month as an entire month) for which the annuity was payable before the effective date of the increase,

adjusted to the nearest $\frac{1}{10}$ of 1 per centum.

“(B) On January 1, 1998 (or within a reasonable time thereafter), the Mayor shall determine the per centum change in the price index published for December 1997 over the price index published for June 1997. If such per centum change indicates a rise in the price index, effective March 1, 1998—

“(i) each annuity having a commencing date on or before September 1, 1997, shall be increased by an amount equal to such per centum change, adjusted to the nearest $\frac{1}{10}$ of 1 per centum; and

“(ii) each annuity having a commencing date after September 1, 1997, and on or before March 1, 1998, shall be increased by a pro rata increase equal to the product of—

“(I) $\frac{1}{6}$ of such per centum change, multiplied by

“(II) the number of months (not to exceed 6 months, counting any portion of a month as an entire month) for which the annuity was payable before the effective date of the increase,

adjusted to the nearest $\frac{1}{10}$ of 1 per centum.”.

CHAPTER 3—DETERMINATIONS AND REVIEW OF ELIGIBILITY AND PAYMENTS; INFORMATION SHARING

SEC. 11021. DETERMINATION OF ELIGIBILITY FOR AND AMOUNT OF FEDERAL BENEFIT PAYMENTS MADE BY TRUSTEE.

Notwithstanding any provision of a District Retirement Program or any other law, rule, or regulation, the Trustee—

(1) shall determine whether an individual is eligible to receive a Federal benefit payment under this subtitle;

(2) shall determine the amount and form of an individual's Federal benefit payment under this subtitle; and

(3) may recoup or recover any amounts paid under this subtitle as a result of errors or omissions by the Trustee, the District Government, or any other person.

SEC. 11022. PROCEDURES FOR RESOLVING CLAIMS ARISING FROM DENIED BENEFIT PAYMENTS.

(a) **REQUIRING NOTICE AND OPPORTUNITY FOR REVIEW.**—In accordance with procedures approved by the Secretary, the Trustee shall provide to any individual whose claim for a Federal benefit payment under this subtitle has been denied in whole or in part—

(1) adequate written notice of such denial, setting forth the specific reasons for the denial in a manner calculated to be understood by the average participant in the District Retirement Program; and

(2) a reasonable opportunity for a full and fair review of the decision denying such claim.

(b) **STANDARD FOR REVIEW.**—Any factual determination made by the Trustee shall be presumed correct unless rebutted by clear and convincing evidence. The Trustee's interpretation and construction of the benefit provisions of the District Retirement Program and this subtitle shall be entitled to great deference.

SEC. 11023. TRANSFER OF AND ACCESS TO RECORDS OF DISTRICT GOVERNMENT.

(a) **IN GENERAL.**—Within 30 days after the Secretary or the Trustee requests, the District Government shall furnish copies of all records, documents, information, or data the Secretary or the Trustee deems necessary to carry out responsibilities under this subtitle and the contract. Upon request, the District Government shall grant the Secretary or the Trustee direct access to such information systems, records, documents, information or data as the Secretary or Trustee requires to carry out responsibilities under this subtitle or the contract.

(b) **REPAYMENT BY DISTRICT GOVERNMENT.**—The District Government shall reimburse the Trust Fund for all costs, including benefit costs, that are attributable to errors or omissions in the transferred records that are identified within 3 years after such records are transferred.

SEC. 11024. FEDERAL INFORMATION SHARING FOR VERIFICATION OF BENEFIT DETERMINATIONS.

(a) **IN GENERAL.**—Except with respect to taxpayer returns and return information subject to section 6103 of the Internal Revenue Code of 1986, the Secretary may—

(1) secure directly from any department or agency of the United States information necessary to enable the Secretary to verify or confirm benefit determinations under this subtitle; and

(2) by regulation authorize the Trustee to review such information for purposes of administering this subtitle and the contract.

(b) **AMENDMENTS TO INTERNAL REVENUE CODE.**—The Internal Revenue Code of 1986 is amended as follows:

(1) In section 6103(l), as amended by section 1206(a) of the Taxpayer Bill of Rights 2, by adding at the end the following new paragraph:

26 USC 6103.

“(16) **DISCLOSURE OF RETURN INFORMATION FOR PURPOSES OF ADMINISTERING THE DISTRICT OF COLUMBIA RETIREMENT PROTECTION ACT OF 1997.**—

“(A) **IN GENERAL.**—Upon written request available return information (including such information disclosed to the Social Security Administration under paragraph (1) or (5) of this subsection), relating to the amount of wage income (as defined in section 3121(a) or 3401(a)), the name, address, and identifying number assigned under section 6109, of payors of wage income, taxpayer identity (as defined in subsection 6103(b)(6)), and the occupational status reflected on any return filed by, or with respect to, any individual with respect to whom eligibility for, or the correct amount of, benefits under the District of Columbia Retirement Protection Act of 1997, is sought to be determined, shall be disclosed by the Commissioner of Social

Security, or to the extent not available from the Social Security Administration, by the Secretary, to any duly authorized officer or employee of the Department of the Treasury, or a Trustee or any designated officer or employee of a Trustee (as defined in the District of Columbia Retirement Protection Act of 1997), or any actuary engaged by a Trustee under the terms of the District of Columbia Retirement Protection Act of 1997, whose official duties require such disclosure, solely for the purpose of, and to the extent necessary in, determining an individual's eligibility for, or the correct amount of, benefits under the District of Columbia Retirement Protection Act of 1997.

“(B) DISCLOSURE FOR USE IN JUDICIAL OR ADMINISTRATIVE PROCEEDINGS.—Return information disclosed to any person under this paragraph may be disclosed in a judicial or administrative proceeding relating to the determination of an individual's eligibility for, or the correct amount of, benefits under the District of Columbia Retirement Protection Act of 1997.”

26 USC 6103.

(2) In section 6103(a)(3), by striking “(6) or (12)” and inserting “(6), (12), or (16)”;

(3) In section 6103(i)(7)(B)(i), by inserting after “(other than an agency referred to in subparagraph (A))” and before the word “for” the words “or by a Trustee as defined in the District of Columbia Retirement Protection Act of 1997,”.

(4) In section 6103(p)(3)(A), by striking “or (15)” and inserting “(15), or (16)”.

(5) In section 6103(p)(4) in the matter preceding subparagraph (A), by striking “or (12)” and inserting “(12), or (16), or any other person described in subsection (l)(16)”.

(6) In section 6103(p)(4)(F)(i), by striking “or (9),” and inserting “(9), or (16), or any other person described in subsection (l)(16)”.

(7) In section 6103(p)(4)(F) in the matter following clause (iii)—

(A) by inserting after “any such agency, body or commission” and before the words “for the General Accounting Office” the words “, including an agency or any other person described in subsection (l)(16),”;

(B) by striking “to such agency, body, or commission” and inserting “to such agency, body, or commission, including an agency or any other person described in subsection (l)(16),”;

(C) by striking “or (12)(B)” and inserting “, (12)(B), or (16)”;

(D) by inserting after the words “any agent,” and before the words “this paragraph shall” the words “or any person including an agent described in subsection (l)(16),”;

(E) by inserting after the words “such agent” and before “(except that)” the words “or other person”; and

(F) by inserting after the words “an agent,” and before the words “any report” the words “or any person including an agent described in subsection (l)(16),”.

26 USC 7213.

(8) In section 7213(a)(2), by striking “or (15),” and inserting “(15), or (16)”.

26 USC 6103
note.

(c) CONFIDENTIALITY.—The Secretary may issue regulations governing the confidentiality of the information obtained pursuant

to subsection (a) and the provisions of law amended by subsection (b).

CHAPTER 4—DISTRICT OF COLUMBIA FEDERAL PENSION LIABILITY TRUST FUND

SEC. 11031. CREATION OF TRUST FUND.

(a) **ESTABLISHMENT.**—There is established on the books of the Treasury the District of Columbia Federal Pension Liability Trust Fund, consisting of the assets transferred pursuant to section 11033 and any income earned on the investment of such assets pursuant to subsection (b).

(b) **INVESTMENT OF ASSETS.**—The Trustee may invest the assets of the Trust Fund in private securities and any other form of investment deemed appropriate by the Secretary.

SEC. 11032. USES OF AMOUNTS IN TRUST FUND.

(a) **IN GENERAL.**—Amounts in the Trust Fund shall be used—
(1) to make Federal benefit payments under this subtitle;
(2) subject to subsection (b), to cover the reasonable and necessary expenses of administering the Trust Fund under the contract entered into pursuant to section 11035(b); and
(3) for such other purposes as are specified in this subtitle.

(b) **SPECIAL RULES REGARDING ADMINISTRATIVE EXPENSES.**—
(1) **BUDGETING; CERTIFICATION AND APPROVAL.**—The administrative expenses of the Trust Fund shall be paid in accordance with an annual budget set forth by the Trustee which shall be subject to certification and approval by the Secretary.

(2) **USE OF DISTRICT RETIREMENT FUND FOR INTERIM ADMINISTRATION.**—The Secretary is authorized to requisition from the District Retirement Fund such sums as are necessary to administer the Trust Fund until assets are transferred to the Trust Fund pursuant to section 11033.

SEC. 11033. TRANSFER OF ASSETS AND OBLIGATIONS OF DISTRICT RETIREMENT FUNDS.

(a) **IN GENERAL.**—As of the replacement plan adoption date, all obligations to make Federal benefit payments and all assets of the District Retirement Fund as of the replacement plan adoption date (except as provided in subsections (b) and (c)) shall be transferred to the Trust Fund.

(b) **DESIGNATION OF ASSETS TO BE RETAINED BY DISTRICT RETIREMENT FUND.**—The Secretary shall designate assets with a value of \$1.275 billion that shall not be transferred from the District Retirement Fund under subsection (a). The Secretary's designation and valuation of the assets shall be final and binding.

(c) **EXCEPTION FOR CERTAIN EMPLOYEE CONTRIBUTIONS.**—

(1) **IN GENERAL.**—Subsection (a) shall not apply to assets consisting of the District Retirement Fund consisting of any employee contributions deducted and withheld after the freeze date or any interest thereon (computed at a rate and in a manner determined by the Secretary).

(2) **EMPLOYEE CONTRIBUTIONS DEFINED.**—In paragraph (1), the term “employee contributions” means amounts deducted and withheld from the salaries of covered District employees and paid to the District Retirement Fund (and, in the case of teachers, amounts of additional deposits paid to the District

Retirement Fund), pursuant to the District Retirement Program.

(d) RESPONSIBILITIES OF DISTRICT GOVERNMENT.—

(1) **IN GENERAL.**—The transfer of assets from the District Retirement Fund under this section shall be made in accordance with the direction of the Secretary. The District Government shall promptly take all steps, and execute all documents, that the Secretary deems necessary to effect the transfer.

(2) **FINAL RECONCILIATION OF ACCOUNTS.**—As soon as practicable after the replacement plan adoption date, the District Government shall furnish the Trustee a final reconciliation of accounts in connection with the transfer of assets and obligations to the Trust Fund. The allocation of assets under this section shall be adjusted in accordance with this reconciliation.

SEC. 11034. TREATMENT OF TRUST FUND UNDER CERTAIN LAWS.

(a) INTERNAL REVENUE CODE.—For purposes of the Internal Revenue Code of 1986—

(1) the Trust Fund shall be treated as a trust described in section 401(a) of the Code which is exempt from taxation under section 501(a) of the Code;

(2) any transfer to or distribution from the Trust Fund shall be treated in the same manner as a transfer to or distribution from a trust described in section 401(a) of the Code; and

(3) the benefits provided by the Trust Fund shall be treated as benefits provided under a governmental plan maintained by the District of Columbia.

(b) ERISA.—For purposes of the Employee Retirement Income Security Act of 1974, the benefits provided by the Trust Fund shall be treated as benefits provided under a governmental plan maintained by the District of Columbia.

(c) APPLICATION OF CERTAIN FUTURE AMENDMENTS TO INTERNAL REVENUE CODE.—To the extent that any provision of subpart A of part I of subchapter D of chapter 1 of the Internal Revenue Code of 1986 (26 U.S.C. 401 et seq.) is amended after the date of the enactment of this Act, such provision as amended shall apply to the Trust Fund only to the extent the Secretary determines that application of the provision as amended is consistent with the administration of this subtitle.

SEC. 11035. ADMINISTRATION THROUGH TRUSTEE.

(a) IN GENERAL.—As soon as practicable after the enactment of this subtitle, the Secretary shall select a Trustee to administer the Trust Fund and otherwise carry out the responsibilities and duties specified in this subtitle in accordance with the contract described in subsection (b).

(b) CONTRACT.—The Secretary shall enter into a contract with the Trustee to provide for the management, investment, control and auditing of Trust Fund assets, the making of Federal benefit payments under this subtitle from the Trust Fund, and such other matters as the Secretary deems appropriate. The Secretary shall enforce the provisions of the contract and otherwise monitor the administration of the Trust Fund.

(c) REPORTS.—The Trustee shall report to the Secretary, in a form and manner and at such intervals as the Secretary may prescribe, on any matters or transactions relating to the Trust Fund, including financial matters, as the Secretary may require.

CHAPTER 5—RESPONSIBILITIES OF DISTRICT GOVERNMENT

SEC. 11041. INTERIM ADMINISTRATION.

(a) **ADMINISTRATION OF BENEFITS UNTIL APPOINTMENT OF TRUSTEE.**—Notwithstanding chapter 2, after the enactment of this subtitle the District Government shall continue to discharge its duties and responsibilities under the District Retirement Program and the District Retirement Fund (as such duties and responsibilities are modified by this subtitle), including the responsibility for Federal benefit payments, until such time as the Secretary notifies the District Government that the Secretary has directed the Trustee to carry out the duties and responsibilities required under the contract.

(b) **REIMBURSEMENT FROM TRUST FUND.**—The Trustee shall reimburse the District Government for any administrative expenses incurred by the District Government in carrying out subsection (a)—

(1) if the Trustee finds such expenses to be reasonable and necessary; and

(2) to the extent that the District Government is not reimbursed for such expenses from other sources.

(c) **MAKING DISTRICT RETIREMENT FUND WHOLE.**—The District Government shall reimburse the District Retirement Fund for any benefits paid inconsistent with this subtitle from the District Retirement Fund between the freeze date and the replacement plan adoption date.

SEC. 11042. REPLACEMENT PLAN.

(a) **ADOPTION BY DISTRICT GOVERNMENT.**—Not later than one year after the date of the enactment of this subtitle, the District Government shall adopt a replacement plan for pension benefits for covered District employees, effective as of the freeze date.

(b) **REPLACEMENT PLAN IMPOSED IF DISTRICT GOVERNMENT FAILS TO ADOPT PLAN.**—If the District Government fails to adopt a replacement plan within the period prescribed in subsection (a), the retirement program applicable to police, firefighters, and teachers under the laws of the District of Columbia in effect as of June 1, 1997 (except as otherwise amended by this Act), including all requirements of the program regarding benefits, contributions, and cost-of-living adjustments, shall be treated as the replacement plan for purposes of this subtitle.

(c) **NO PAYMENT OF AMOUNTS PAID AS FEDERAL BENEFIT PAYMENT.**—Notwithstanding any provision of the Reform Act or any other law, rule, or regulation, the District Government is not required to pay any amount under any replacement plan under this subtitle if the amount is paid as a Federal benefit payment under this subtitle.

CHAPTER 6—FINANCING OF BENEFIT PAYMENTS AFTER DEPLETION OF TRUST FUND

SEC. 11051. CREATION OF FEDERAL SUPPLEMENTAL FUND.

(a) **ESTABLISHMENT.**—There is established on the books of the Treasury the Federal Supplemental District of Columbia Pension Fund, which shall be administered by the Secretary and shall consist of the following assets:

(1) Amounts deposited into such Fund under the provisions of this subtitle.

(2) Any amount otherwise appropriated to such Fund.

(3) Any income earned on the investment of the assets of such Fund pursuant to subsection (b).

(b) INVESTMENT OF ASSETS.—The Secretary shall invest such portion of the Federal Supplemental Fund as is not in the judgment of the Secretary required to meet current withdrawals. Such investments shall be in public debt securities with maturities suitable to the needs of the Federal Supplemental Fund, as determined by the Secretary, and bearing interest at rates determined by the Secretary, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities.

(c) RECORDKEEPING FOR ACTUARIAL STATUS.—The Secretary shall provide for the keeping of such records as are necessary for determining the actuarial status of the Federal Supplemental Fund.

SEC. 11052. USES OF AMOUNTS IN FUND.

Amounts in the Federal Supplemental Fund shall be used for the accumulation of funds in order to finance obligations of the Federal Government for benefits and necessary administrative expenses under the provisions of this subtitle, in accordance with the methodology selected by the Secretary under section 11054(b), except that payments from the Fund for administrative expenses may be made only the extent and in such amounts as are provided in advance in appropriations acts.

SEC. 11053. DETERMINATION OF ANNUAL PAYMENT INTO FEDERAL SUPPLEMENTAL FUND.

(a) IN GENERAL.—At the end of each applicable fiscal year the Secretary shall promptly pay into the Federal Supplemental Fund from the General Fund of the Treasury an amount equal to the sum of—

(1) the annual amortization amount for the year (which may not be less than zero); and

(2) the covered administrative expenses for the year.

(b) DETERMINATION OF AMOUNTS.—For purposes of this section:

(1) The “original unfunded liability” is the amount that is the present value as of the freeze date of future benefits payable from the Federal Supplemental Fund.

(2) The “annual amortization amount” is the amount determined by the enrolled actuary to be necessary to amortize in equal annual installments (until fully amortized)—

(A) the original unfunded liability over a 30-year period;

(B) a net experience gain or loss over a 10-year period; and

(C) any other changes in actuarial liability over a 20-year period.

(3) The “covered administrative expenses” are the expenses determined by the Secretary (on an annual basis) to be necessary to administer the Federal Supplemental Fund.

(c) TIMING.—The first applicable fiscal year under subsection (a) is the first fiscal year that ends more than six months after the replacement plan adoption date.

SEC. 11054. DETERMINATION OF METHODOLOGY FOR MAKING PAYMENTS.

(a) NOTICE TO PRESIDENT AND CONGRESS.—Not later than 18 months before the time that assets remaining in the Trust Fund are projected to be insufficient for making Federal benefit payments and covering necessary administrative expenses when due, the Secretary shall so advise the President and the Congress.

(b) SELECTION OF METHODOLOGY.—Before all available assets of the Trust Fund have been depleted, the Secretary shall determine whether Federal benefit payments and necessary administrative expenses under this subtitle shall be made by one of the following methods:

(1) Continuation of the Trust Fund using payments from the Federal Supplemental Fund.

(2) Discontinuation of the Trust Fund, with payments made—

(A) by direct payment by the Secretary from the Federal Supplemental Fund; or

(B) from the Federal Supplemental Fund through another department or agency of the United States.

(c) ARRANGEMENTS BY SECRETARY.—The Secretary shall make appropriate arrangements to implement the determinations made in this subsection.

SEC. 11055. SPECIAL REQUIREMENTS UPON DISCONTINUATION OF TRUST FUND.

(a) SUCCESSOR TO TRUSTEE.—If the Secretary determines that the Trust Fund shall be discontinued after it has been depleted of assets, the Secretary shall appoint a successor to the Trustee to administer the requirements of this subtitle, with the same powers and subject to the same conditions as were applicable to the Trustee.

(b) CONTINUING APPLICATION OF TERMS AND CONDITIONS.—The methodology selected by the Secretary under section 11054(b), and the payment of benefits pursuant to such methodology, shall be subject to the same arrangements, terms, and conditions as were applicable under this subtitle to the Trust Fund and the benefits paid under the Trust Fund (including provisions relating to the treatment of the Trust Fund under certain laws).

CHAPTER 7—REPORTS**SEC. 11061. ANNUAL VALUATIONS AND REPORTS BY ENROLLED ACTUARY.**

(a) DETERMINATION OF ACTUARIAL VALUATIONS.—The Trustee shall engage an enrolled actuary (as defined in section 7701(a)(35) of the Internal Revenue Code of 1986) who is a member of the American Academy of Actuaries to shall perform an annual actuarial valuation (in a manner and form determined by the Secretary) of the Trust Fund and the Federal Supplemental Fund for obligations assumed by the Federal Government under this subtitle.

(b) ANNUAL REPORT ON STATUS OF FUNDS.—The enrolled actuary shall prepare and submit to the Secretary and the Trustee an annual report on the actuarial status of the Trust Fund and the Federal Supplemental Fund, and shall include in the report—

(1) a projection of when assets in the Trust Fund will be insufficient to pay benefits and necessary administrative expenses when due; and

(2) a determination of the annual payment to the Federal Supplemental Fund under section 11053.

SEC. 11062. REPORTS BY COMPTROLLER GENERAL.

(a) **IN GENERAL.**—The Comptroller General is authorized to conduct evaluations of the administration of this subtitle to ensure that the Trust Fund and Federal Supplemental Fund are being properly administered and shall report the findings of such evaluations to the Secretary and the Congress.

(b) **ACCESS TO INFORMATION.**—For the purpose of evaluations under subsection (a) the Comptroller General, subject to section 6103 of the Internal Revenue Code of 1986, shall have access to and the right to copy any books, accounts, records, correspondence or other pertinent documents that are in the possession of the Secretary or the Trustee, or any contractor or subcontractor of the Secretary or the Trustee.

CHAPTER 8—JUDICIAL ENFORCEMENT

SEC. 11071. JUDICIAL REVIEW.

(a) **IN GENERAL.**—A civil action may be brought—

(1) by a participant or beneficiary to enforce or clarify rights to benefits from the Trust Fund or Federal Supplemental Fund under this subtitle;

(2) by the Trustee—

(A) to enforce any claim arising (in whole or in part) under this subtitle or the contract; or

(B) to recover benefits improperly paid from the Trust Fund or Federal Supplemental Fund or to clarify a participant's or beneficiary's rights to benefits from the Trust Fund or Federal Supplemental Fund; and

(3) by the Secretary to enforce any provision of this subtitle or the contract.

(b) **TREATMENT OF TRUST FUND.**—The Trust Fund may sue and be sued as an entity.

(c) **EXCLUSIVE REMEDY.**—This chapter shall be the exclusive means for bringing actions against the Trust Fund, the Trustee or the Secretary under this subtitle.

SEC. 11072. JURISDICTION AND VENUE.

(a) **IN GENERAL.**—The United States District Court for the District of Columbia shall have exclusive jurisdiction and venue, regardless of the amount in controversy, of—

(1) civil actions brought by participants or beneficiaries pursuant to this subtitle, and

(2) any other action otherwise arising (in whole or part) under this subtitle or the contract.

(b) **REVIEW BY COURT OF APPEALS.**—Notwithstanding any other provision of law, any order of the United States District Court for the District of Columbia issued pursuant to an action described in subsection (a) that concerns the validity or enforceability of any provision of this subtitle or seeks injunctive relief against the Secretary or Trustee under this subtitle shall be reviewable only pursuant to a notice of appeal to the United States Court of Appeals for the District of Columbia Circuit.

(c) REVIEW BY SUPREME COURT.—Notwithstanding any other provision of law, review by the Supreme Court of the United States of a decision of the Court of Appeals that is issued pursuant to subsection (b) may be had only if the petition for relief is filed within 20 calendar days after the entry of such decision.

(d) RESTRICTIONS ON DECLARATORY OR INJUNCTIVE RELIEF.—No order of any court granting declaratory or injunctive relief against the Secretary or the Trustee shall take effect during the pendency of the action before such court, during the time an appeal may be taken, or (if an appeal is taken or petition for certiorari filed) during the period before the court has entered its final order disposing of the action.

SEC. 11073. STATUTE OF LIMITATIONS.

(a) ACTION FOR BENEFITS.—Any civil action by an individual with respect to a Federal benefit payment under this subtitle shall be commenced within 180 days of a final benefit determination.

(b) ACTION FOR BREACH OF CONTRACT OR OTHER VIOLATIONS.—Except as provided in subsection (c), any civil action for breach of the contract or any other violation of this subtitle shall be commenced within the later of—

(1) six years after the last act that constituted the alleged breach or violation or, in the case of an omission, six years after the last date on which the alleged breach or violation could have been cured; or

(2) three years after the earliest date on which the plaintiff knew or could have reasonably been expected to have known of the act or omission on which the action is based.

(c) SPECIAL RULE FOR ACTIONS AGAINST SECRETARY.—Notwithstanding subsection (b), any action against the Secretary arising (in whole or part) under this subtitle or the contract shall be commenced within one year of the events giving rise to the cause of action.

SEC. 11074. TREATMENT OF MISAPPROPRIATION OF FUND AMOUNTS AS FEDERAL CRIME.

The provisions of section 664 of title 18, United States Code (relating to theft or embezzlement from employee benefit plans), shall apply to the Trust Fund and the Federal Supplemental Fund.

CHAPTER 9—MISCELLANEOUS

SEC. 11081. COORDINATION BETWEEN SECRETARY, TRUSTEE, AND DISTRICT GOVERNMENT.

The Secretary, Trustee, and District Government shall carry out responsibilities under this subtitle and under the contract in a manner which promotes the cost-effective and efficient administration of benefit payments under the District Retirement Programs, and in a manner which avoids unnecessary interruptions and delays in paying individuals the full benefits to which they are entitled under such Programs.

SEC. 11082. STUDY OF ALTERNATIVES FOR FINANCING FEDERAL OBLIGATIONS.

(a) IN GENERAL.—As soon as practicable after the date of the enactment of this subtitle, the Secretary shall enter into a contract with an independent consultant to conduct a study of actuarial alternatives for financing the federal obligations assumed under

Contracts.

- Records. this subtitle, together with an analysis of the impact of each alternative on the federal budget. The Secretary and the District Government shall cooperate with the consultant and shall provide direct access to such information systems, records, documents, information, or data as will enable the consultant to conduct the study.
- Reports. (b) DEADLINE.—The contract entered into under subsection (a) shall require the consultant to report the results of the study not later than 12 months after the date of enactment of this Act.
- (c) NO EFFECT ON FEDERAL OBLIGATIONS.—Nothing in this section may be construed to affect any obligation of the Federal Government to make payments under this subtitle.

SEC. 11083. ISSUANCE OF REGULATIONS BY SECRETARY.

The Secretary is authorized to issue regulations to implement, interpret, administer and carry out the purposes of this subtitle, and, in the Secretary's discretion, those regulations may have retroactive effect.

SEC. 11084. EFFECT ON REFORM ACT AND OTHER LAWS.

(a) REFORM ACT.—

(1) IN GENERAL.—This subtitle supersedes any provision of the Reform Act inconsistent with this subtitle and the regulations thereunder.

(2) TERMINATION OF PAYMENTS TO DISTRICT RETIREMENT FUNDS.—Section 144 of the Reform Act (DC Code, sec. 1-724) is amended by adding at the end the following new subsection: “(f) Notwithstanding any other provision of this Act, no Federal payments may be made to any Fund established by this title for any fiscal year after fiscal year 1997.”

(b) NO EFFECT ON TAX TREATMENT OF BENEFITS.—Except as otherwise specifically provided, nothing in this subtitle may be construed to affect the application of any provision of the Internal Revenue Code of 1986 to any annuity or other benefit provided to or on behalf of any individual, including any disability benefit or any portion of a retirement benefit attributable to an individual's disability status.

(c) NO EFFECT ON BENEFITS FOR PARK POLICE AND SECRET SERVICE.—Nothing in this subtitle shall be deemed to alter or amend in any way the provisions of existing law (including the Reform Act) relating to the program of annuities, other retirement benefits, or medical benefits for members and officers, retired members and officers, and survivors thereof, of the United States Park Police force, the United States Secret Service, or the United States Secret Service Uniformed Division.

SEC. 11085. REFERENCE TO NEW FEDERAL PROGRAM FOR RETIREMENT OF JUDGES OF DISTRICT OF COLUMBIA COURTS.

For provisions describing the retirement program for judges and judicial personnel of the District of Columbia, see subchapter B of chapter 4 of subtitle C.

SEC. 11086. FULL FAITH AND CREDIT.

Federal obligations for benefits under this subtitle are backed by the full faith and credit of the United States.

SEC. 11087. SEVERABILITY OF PROVISIONS.

If any provision of this subtitle, or the application of such provision to any person or circumstances, shall be held invalid,

the remainder of this subtitle, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

Subtitle B—Management Reform Plans

District of
Columbia
Management
Reform Act of
1997.

SEC. 11101. SHORT TITLE.

This subtitle may be cited as the “District of Columbia Management Reform Act of 1997”.

SEC. 11102. MANAGEMENT REFORM PLANS FOR DISTRICT GOVERNMENT.

(a) IN GENERAL.—In accordance with the provisions of this subtitle, the District of Columbia Financial Responsibility and Management Assistance Authority (hereafter in this subtitle referred to as the “Authority”) and the government of the District of Columbia shall develop and implement management reform plans—

(1) for each of the departments of the government of the District of Columbia described in paragraph (1) of subsection (b); and

(2) for all entities of the government of the District of Columbia with respect to the items described in paragraph (2) of subsection (b).

(b) DEPARTMENTS AND ITEMS SUBJECT TO PLANS.—

(1) DEPARTMENTS DESCRIBED.—The departments referred to in this paragraph are as follows:

(A) The Department of Administrative Services.

(B) The Department of Consumer and Regulatory Affairs.

(C) The Department of Corrections.

(D) The Department of Employment Services.

(E) The Department of Fire and Emergency Medical Services.

(F) The Department of Housing and Community Development.

(G) The Department of Human Services.

(H) The Department of Public Works.

(I) The Public Health Department.

(2) ITEMS DESCRIBED.—The items referred to in this paragraph are as follows:

(A) Asset management.

(B) Information resources management.

(C) Personnel.

(D) Procurement.

SEC. 11103. PROCEDURES FOR DEVELOPMENT OF PLANS.

(a) CONTRACTS WITH CONSULTANTS.—Not later than 30 days after the date of the enactment of this Act (or, at the option of the Authority and upon notification to Congress, not later than 60 days after such date), the Authority shall enter into contracts with consultants to develop the management reform plans under this subtitle.

(b) DEADLINE FOR SUBMISSION OF PLANS.—Under a contract entered into with the Authority under subsection (a), a consultant

shall submit a completed management reform plan for the department or item involved within 90 days (or, at the option of the Authority, within 120 days).

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Authority such sums as may be necessary to carry out the contracts entered into under this section.

SEC. 11104. IMPLEMENTATION OF PLANS.

(a) ESTABLISHMENT OF MANAGEMENT REFORM TEAMS.—With respect to each management reform plan developed under this subtitle, there shall be a management reform team consisting of the following:

- (1) The Chair of the Authority (or the Chair's designee).
- (2) The Chair of the Council of the District of Columbia (or the Chair's designee).
- (3) The Mayor of the District of Columbia (or the Mayor's designee).

(4) In the case of a management reform plan for a department of the government of the District of Columbia, the head of the department involved.

(b) RESPONSIBILITY FOR IMPLEMENTATION OF PLANS.—

(1) PLANS FOR SPECIFIC DEPARTMENTS.—In the case of a management reform plan for a department of the government of the District of Columbia, the head of the department involved shall take any and all steps within his or her authority to implement the terms of the plan, in consultation and coordination with the other members of the management reform team.

(2) PLANS FOR ITEMS COVERING ENTIRE DISTRICT GOVERNMENT.—In the case of a management reform plan for an item described in section 11102(b)(2), each member of the management reform team shall take any and all steps within the member's authority to implement the terms of the plan, under the direction and subject to the instructions of the Chair of the Authority (or the Chair's designee).

(3) REPORT TO AUTHORITY.—In carrying out any of the management reform plans under this section, the member of the management reform team described in subsection (a)(4) shall report to the Authority.

SEC. 11105. REFORM OF POWERS AND DUTIES OF DEPARTMENT HEADS.

(a) APPOINTMENT AND REMOVAL.—

(1) APPOINTMENT.—

(A) IN GENERAL.—During a control year, the head of each department of the government of the District of Columbia described in section 11102(b)(1) shall be appointed by the Mayor as follows:

(i) Prior to appointment, the Authority may submit recommendations for the appointment to the Mayor.

(ii) In consultation with the Authority and the Council, the Mayor shall nominate an individual for appointment and notify the Council of the nomination.

(iii) After the expiration of the 7-day period which begins on the date the Mayor notifies the Council of the nomination under clause (ii), the Mayor shall notify the Authority of the nomination.

(iv) The nomination shall be effective subject to approval by a majority vote of the Authority.

Notification.

Notification.

(B) APPOINTMENT BY AUTHORITY IF NO NOMINATION MADE WITHIN 30 DAYS.—During a control year, if the Mayor fails to nominate an individual to fill a vacancy in the position of the head of any of the departments described in section 11102(b)(1) during the 30-day period which begins on the date the vacancy begins (or during such longer period as the Authority may establish, upon notification to Congress), the Authority shall appoint an individual to fill the vacancy.

(C) POSITIONS DEEMED VACANT UPON ENACTMENT.—For purposes of this paragraph, a vacancy shall be deemed to exist in the position of the head of each of the departments described in section 11102(b)(1) upon the date of the enactment of this Act. Nothing in this subparagraph shall be deemed to affect any of the powers and duties of any individual serving as the head of such a department as of such date.

(2) REMOVAL.—During a control year, the head of any of the departments of the government of the District of Columbia described in section 11102(b)(1) may be removed by the Authority or by the Mayor with the approval of the Authority.

(3) CONTROL YEAR DEFINED.—In this subsection, the term “control year” has the meaning given such term in section 305(4) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995.

(b) CONTROL OVER PERSONNEL.—

(1) IN GENERAL.—Notwithstanding any other provision of law and except as provided in paragraph (3), all personnel of the departments of the government of the District of Columbia described in section 11102(b)(1) shall be appointed by and shall act under the direction and control of the head of the department involved.

(2) REASSIGNMENT OF PERSONNEL.—The head of each of the departments described in section 11102(b)(1) may reassign any personnel of the department in such manner as the head considers appropriate.

(3) REQUIREMENTS FOR ADVERSE ACTIONS.—The head of each of the departments described in section 11102(b)(1) may take corrective or adverse action against any personnel of the department pursuant to rules (promulgated consistent with the publication and comment provisions of the District of Columbia Administrative Procedure Act) which—

(A) provide that adverse actions may only be taken for cause;

(B) define the causes for which a corrective or adverse action may be taken;

(C) require prior written notice of the grounds on which the action is proposed to be taken;

(D) require an opportunity to be heard (which may be in writing only) before the action becomes effective, unless the head of the department finds that taking action prior to the exercise of such opportunity is necessary to protect the integrity of government operations, in which case a hearing shall be afforded within a reasonable time after the action becomes effective; and

(E) provide that the head of the department shall be the final administrative authority with respect to the

action, subject to judicial review of the record of the administrative proceeding in an action against the District of Columbia to be brought only in the Superior Court for the District of Columbia.

SEC. 11106. NO EFFECT ON POWERS OF FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY.

Nothing in this subtitle may be construed to affect the authority of the District of Columbia Financial Responsibility and Management Assistance Authority to carry out any of its powers under the District of Columbia Financial Responsibility and Management Assistance Act of 1995.

Subtitle C—Criminal Justice

CHAPTER 1—CORRECTIONS

SEC. 11201. BUREAU OF PRISONS.

(a) **FELONS SENTENCED PURSUANT TO THE TRUTH-IN-SENTENCING REQUIREMENTS.**—Not later than October 1, 2001, any person who has been sentenced to incarceration pursuant to the District of Columbia Code or the truth-in-sentencing system as described in section 11211 shall be designated by the Bureau of Prisons to a penal or correctional facility operated or contracted for by the Bureau of Prisons, for such term of imprisonment as the court may direct. Such persons shall be subject to any law or regulation applicable to persons committed for violations of laws of the United States consistent with the sentence imposed.

(b) **FELONS SENTENCED PURSUANT TO THE D.C. CODE.**—Notwithstanding any other provision of law, not later than December 31, 2001, the Lorton Correctional Complex shall be closed and the felony population sentenced pursuant to the District of Columbia Code residing at the Lorton Correctional Complex shall be transferred to a penal or correctional facility operated or contracted for by the Bureau of Prisons. Such persons shall be subject to any law or regulation applicable to persons committed for violations of laws of the United States consistent with the sentence imposed, and the Bureau of Prisons shall be responsible for the custody, care, subsistence, education, treatment and training of such persons.

(c) **PRIVATIZATION.**—

(1) **TRANSITION OF INMATES FROM LORTON.**—The Bureau of Prisons shall house, in private contract facilities—

(A) at least 2000 District of Columbia sentenced felons by December 31, 1999; and

(B) at least 50 percent of the District of Columbia sentenced felony population by September 30, 2003.

(2) **DUTIES OF DEPUTY ATTORNEY GENERAL.**—The Deputy Attorney General shall—

(A) be responsible for overseeing Bureau of Prisons privatization activities; and

(B) submit a report to Congress on October 1 of each year detailing the progress and status of compliance with privatization requirements.

(3) **DUTIES OF ATTORNEY GENERAL.**—The Attorney General shall—

(A) conduct a study of correctional privatization, including a review of relevant research and related legal issues,

Reports.

and comparative analysis of the cost effectiveness and feasibility of private sector and Federal, State, and local governmental operation of prisons and corrections programs at all security levels; and

(B) submit a report to Congress no later than one year after the date of enactment of this Act. Reports.

(d) SITE ACQUISITION AND CONSTRUCTION.—In order to house the District of Columbia felony inmate population the Bureau of Prisons shall acquire land, construct and build new facilities at sites selected by the Bureau of Prisons, or contract for appropriate bed space, but no facilities may be built on the grounds of the Lorton Reservation.

(e) NATIONAL CAPITAL PLANNING.—Notwithstanding any other provision of law, the requirements of the National Capital Planning Act of 1952 (40 U.S.C. 71 et seq.) shall not apply to any actions taken by the Bureau of Prisons or its agents or employees.

(f) DEPARTMENT OF CORRECTIONS AUTHORITY.—The District of Columbia Department of Corrections shall remain responsible for the custody, care, subsistence, education, treatment, and training of any person convicted of a felony offense pursuant to the District of Columbia Code and housed at the Lorton Correctional Complex until December 31, 2001, or the date on which the last inmate housed at the Lorton Correctional Complex is designated by the Bureau of Prisons, whichever is earlier.

(g) LORTON CORRECTIONAL COMPLEX.—

(1) TRANSFER OF FUNCTIONS.—Notwithstanding any other provision of law, to the extent the Bureau of Prisons assumes functions of the Department of Corrections under this subtitle, the Department is no longer responsible for such functions and the provisions of “An Act to create a Department of Corrections in the District of Columbia”, approved June 27, 1946 (D.C. Code 24-441, 442), that apply with respect to such functions are no longer applicable. Except as provided in paragraph (2), any property on which the Lorton Correctional Complex is located shall be transferred to the Department of the Interior.

(2) TRANSFER OF LAND.—

(A) IN GENERAL.—

(i) FAIRFAX COUNTY WATER AUTHORITY.—150 acres of parcel 106-4-001-54 located west of Ox Road (State Route 123) on which the Lorton Correctional Complex is located shall be transferred, without consideration, to the Fairfax County Water Authority of Fairfax, Virginia.

(ii) FAIRFAX COUNTY DEPARTMENT OF PARKS AND RECREATION.—Any acres of parcel 106-4-001-54 located west of Ox Road (State Route 123) on which the Lorton Correctional Complex is located not transferred under clause (i) shall be assigned to the Department of the Interior, National Park Service, for conveyance to the Fairfax County Department of Parks and Recreation for recreational purposes pursuant to the section 203(k)(2) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484(k)(2)).

(B) CONDITION OF TRANSFER.—

(i) **WATER SERVICES.**—The United States Government shall not transfer any parcels under this paragraph unless the Fairfax County Water Authority certifies that it will continue to provide water services to the Lorton Correctional Complex at the rate it provided water services prior to the transfer.

(ii) **RESTRICTION ON TRANSFER.**—No Federal agency may transfer the property under this paragraph until the prospective recipient of the property provides to such agency—

(I) a land description survey suitable for transferring property under Virginia law; and

(II) any necessary surveys to determine the presence of any hazardous substances, contaminants or pollutants.

(iii) **LORTON CORRECTIONAL COMPLEX.**—The Lorton Correctional Complex shall remain available for the District of Columbia Department of Corrections to house District of Columbia felony inmates until the last inmate at the Complex has been designated by the Bureau of Prisons or until December 31, 2003, whichever is earlier.

(C) **AUTHORIZATION.**—The General Services Administration and the National Park Service is authorized to expend any funds necessary to ensure that the transfer or conveyance under subparagraph (A) complies with all applicable environmental and historic preservation laws.

(3) **WATER MAINS.**—Any water mains located on or across the Lorton Correctional Complex on the date of the transfers under paragraph (2), that are owned by the Fairfax County Water Authority and provide water to the public, shall be permitted to remain in place, and shall be operated, maintained, repaired, and replaced by the Fairfax County Water Authority or a successor agency furnishing water to the public in Fairfax County or adjacent jurisdictions, but shall not interfere with operations of the Lorton Correctional Complex.

(g) **DISTRICT OF COLUMBIA CORRECTIONS INFORMATION COUNCIL.**—

(1) **ESTABLISHMENT.**—There is established a council to be known as the District of Columbia Correction Information Council (hereafter referred to as “Council”).

(2) **MEMBERSHIP.**—The Council shall be composed of 3 members appointed as follows:

(A) 2 individuals appointed by the mayor of the District of Columbia.

(B) 1 individual appointed by the Council of the District of Columbia.

(3) **COMPENSATION.**—Members of the Council may not receive pay, allowances, or benefits by reason of their service on the Council.

(4) **DUTIES.**—The Council shall report to the Director of the Bureau of Prisons with advice and information regarding matters affecting the District of Columbia sentenced felon population.

(h) **TIMING OF INMATE TRANSFERS.**—As soon as practicable after the date of the enactment of this Act, the Director of the Bureau

of Prisons shall begin the transferring of inmates to Bureau of Prison or private contract facilities required by this section.

SEC. 11202. CORRECTIONS TRUSTEE.

(a) APPOINTMENT AND REMOVAL OF TRUSTEE.—

(1) APPOINTMENT.—Pursuant to the Federal Government's assumption of responsibility for persons convicted of a felony offense under the District of Columbia Code, the Attorney General, in consultation with the Chairman of the District of Columbia Financial Responsibility and Management Assistance Authority (hereafter in this chapter referred to as the "D.C. Control Board"), the Mayor of the District of Columbia, the District of Columbia Council, and the District of Columbia judiciary, shall select a Corrections Trustee, who shall be an independent officer of the government of the District of Columbia, to oversee financial operations of the District of Columbia Department of Corrections until the Bureau of Prisons has designated all felony offenders sentenced under the District of Columbia Code to a penal or correctional facility operated or contracted for by the Bureau of Prisons under section 11201.

(2) REMOVAL.—The Corrections Trustee may be removed by the Mayor with the concurrence of the Attorney General. The Attorney General shall have the authority to remove the Corrections Trustee for misfeasance or malfeasance in office. At the request of the Corrections Trustee, the District of Columbia Financial Responsibility and Management Assistance Authority may exercise any of its powers and authorities on behalf of the Corrections Trustee.

(b) DUTIES OF TRUSTEE.—Beginning on the date of appointment and continuing until the felony population sentenced pursuant to the District of Columbia Code residing at the Lorton Correctional Complex is transferred to a penal or correctional facility operated or contracted for by the Bureau of Prisons, the Corrections Trustee shall carry out the following responsibilities (notwithstanding any law of the District of Columbia to the contrary):

(1) Exercise financial oversight over the District of Columbia Department of Corrections and allocate funds as enacted in law or as otherwise allocated, including funds for short term improvements which are necessary for the safety and security of staff, inmates and the community.

(2) Purchase any necessary goods or services on behalf of the District of Columbia Department of Corrections consistent with Federal procurement regulations as they apply to the Bureau of Prisons.

(c) FUNDING.—

(1) IN GENERAL.—Funds available for the Corrections Trustee, staff and all necessary and appropriate operations shall be made available to the extent provided in appropriations acts to the Corrections Trustee. Funding requests shall be proposed by the Corrections Trustee to the President and Congress for each Fiscal Year.

(2) REIMBURSEMENT TO BUREAU OF PRISONS.—Upon receipt of Federal funds, the Corrections Trustee shall immediately provide an advance reimbursement to the Bureau of Prisons of all funds identified by the Congress for construction of new prisons and major renovations, which shall remain available until expended. The Bureau of Prisons shall be responsible

and accountable for determining how these funds shall be used for renovation and construction, including type, security level, and location of new facilities.

(3) ACCOUNTABILITY AND REPORTS.—The District of Columbia Department of Corrections and the Bureau of Prisons shall maintain accountability for funds reimbursed from the Corrections Trustee, and shall provide expense reports by project at the request of the Corrections Trustee.

(d) COMPENSATION AND DETAILEES.—The Corrections Trustee shall be compensated at a rate not to exceed the basic pay payable for Level IV of the Executive Schedule. The Corrections Trustee may appoint and fix the pay of additional staff without regard to the provisions of the District of Columbia Code governing appointments and salaries, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule pay rates. Upon request of the Corrections Trustee, the head of any Federal department or agency may, on a reimbursable or non reimbursable basis, provide services and detail any personnel of that department or agency to the Corrections Trustee to assist in carrying out his duties.

(e) PROCUREMENT AND JUDICIAL REVIEW.—The provisions of the District of Columbia Code governing procurement shall not apply to the Corrections Trustee. The Corrections Trustee may seek judicial enforcement of his authority to carry out his duties.

(f) PRESERVATION OF RETIREMENT AND CERTAIN OTHER RIGHTS OF FEDERAL EMPLOYEES WHO BECOME EMPLOYED BY THE CORRECTIONS TRUSTEE.—

(1) IN GENERAL.—A Federal employee who, within 3 days after separating from the Federal Government, is appointed Corrections Trustee or becomes employed by the Corrections Trustee—

(A) shall be treated as an employee of the Federal Government for purposes of chapters 83, 84, 87, and 89 of title 5 of the United States Code; and

(B) if, after serving with the Trustee, such employee becomes reemployed by the Federal Government, shall be entitled to credit for the full period of such individual's service with the Trustee, for purposes of determining the applicable leave accrual rate.

(2) REGULATIONS.—The Office of Personnel Management shall prescribe such regulations as may be necessary to carry out this subsection.

SEC. 11203. PRIORITY CONSIDERATION FOR EMPLOYEES OF THE DISTRICT OF COLUMBIA.

(a) ESTABLISHMENT.—As soon as practicable after appointment, the Bureau of Prisons, working with the Corrections Trustee, shall establish a priority consideration program to facilitate employment placement for employees of the District of Columbia Department of Corrections who are scheduled to be separated from service as a result of closing the Lorton Correctional Complex.

(b) PROVISIONS.—The priority consideration program shall include provisions under which a vacant federal correctional institution position established as a result of this Act and identified for external hiring shall not be filled by the appointment of any

individual from outside of the District of Columbia Department of Corrections if there is available any interested applicant within the District of Columbia Department of Corrections who meets all qualification and suitability requirements for Bureau of Prisons law enforcement positions, including those related to criminal history, educational experience and level of functions, drug use, and work-related misconduct. The priority consideration program shall also include provisions under which an employee described in subsection (a) who does not meet the qualification and suitability requirements for Bureau of Prisons law enforcement positions shall receive priority consideration for other Federal positions, and any such employee who is found to be well qualified for such a position may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. Such program shall terminate one year after the closing of the Lorton Correctional Complex.

Termination
date.

SEC. 11204. AMENDMENTS RELATED TO PERSONS WITH A MENTAL DISEASE OR DEFECT.

Title 18, United States Code, is amended as follows:

(1) Section 4246 is amended—

(A) in subsection (a) by inserting “in the custody of the Bureau of Prisons” after “certifies that a person”; and

(B) by adding at the end the following new subsection:

“(h) DEFINITION.—As used in this chapter the term “State” includes the District of Columbia.”.

(2) Section 4247(a) is amended—

(A) in paragraph (1)(D) by striking “and” after the semicolon;

(B) in paragraph (2) by striking the period and inserting “; and”; and

(C) by adding at the end the following new paragraph: “(3) ‘State’ includes the District of Columbia.”.

(3) Section 4247(j) of title 18, United States Code, is amended by striking “This chapter does” and inserting “Sections 4241, 4242, 4243, and 4244 do”.

SEC. 11205. LIABILITY FOR AND LITIGATION AUTHORITY OF CORRECTIONS TRUSTEE.

(a) LIABILITY.—The District of Columbia shall defend any civil action or proceeding brought in any court or other official Federal, state, or municipal forum against the Corrections Trustee, or against the District of Columbia or its officers, employees, or agents, and shall assume any liability resulting from such an action or proceeding, if the action or proceeding arises from—

(1) an inmate’s confinement with the District of Columbia Department of Corrections;

(2) the District of Columbia’s operation or management of the buildings, facilities, or lands comprising the Lorton property; or

(3) the District of Columbia’s operations or activities occurring on any property not specifically transferred to the administrative control of the Federal Government pursuant to this Act.

(b) LITIGATION.—

(1) CORPORATION COUNSEL.—Subject to paragraph (2), the Corporation Counsel of the District of Columbia shall provide litigation services to the Corrections Trustee, except that the

Trustee may instead elect, either generally or in relation to particular cases or classes of cases, to hire necessary staff and personnel or enter into contracts for the provision of litigation services at the Trustee's expense.

(2) ATTORNEY GENERAL.—

(A) IN GENERAL.—Notwithstanding paragraph (1), with respect to any litigation involving the Corrections Trustee, the Attorney General may—

(i) direct the litigation of the Trustee, and of the District of Columbia on behalf of the Trustee; and

(ii) provide on a reimbursable or non-reimbursable basis litigation services for the Trustee at the Trustee's request or on the Attorney General's own initiative.

(B) APPROVAL OF SETTLEMENT.—With respect to any litigation involving the Corrections Trustee, the Trustee may not agree to any settlement involving any form of equitable relief without the approval of the Attorney General. The Trustee shall provide to the Attorney General such notice and reports concerning litigation as the Attorney General may direct.

(C) DISCRETION.—Any decision to exercise any authority of the Attorney General under this subsection shall be in the sole discretion of the Attorney General and shall not be reviewable in any court.

(c) LIMITATIONS.—Nothing in this section shall be construed—

(1) as a waiver of sovereign immunity, or as limiting any other defense or immunity that would otherwise be available to the United States, the District of Columbia, their agencies, officers, employees, or agents; or

(2) to obligate the District of Columbia to represent or indemnify the Corrections Trustee or any officer, employee, or agent where the Trustee (or any person employed by or acting under the authority of the Trustee) acts beyond the scope of his authority.

Notices.
Reports.

SEC. 11206. PERMITTING EXPENDITURE OF FUNDS TO CARRY OUT CERTAIN SEWER AGREEMENT.

Notwithstanding the fourth sentence of section 446 of the District of Columbia Self-Government and Governmental Reorganization Act, the District of Columbia is authorized to obligate or expend such funds as may be necessary during a fiscal year (beginning with fiscal year 1997) to carry out the Sewage Delivery System and Capacity Purchase Agreement between Fairfax County and the District of Columbia with respect to Project Number K00301, without regard to the amount appropriated for such purpose in the budget of the District of Columbia for the fiscal year.

CHAPTER 2—SENTENCING

SEC. 11211. TRUTH IN SENTENCING COMMISSION.

(a) ESTABLISHMENT.—There is established as an independent agency of the District of Columbia a District of Columbia Truth in Sentencing Commission (hereafter in this chapter referred to as "the Commission"), which shall consist of 7 voting members. The Attorney General, or the Attorney General's designee, shall be the chairperson of the Commission and shall have the duty to convene meetings of the Commission to ensure that it fulfills

its responsibilities under this Act. The members shall serve for the life of the Commission and shall be subject to removal only for neglect of duty, malfeasance in office, or other good cause shown.

(b) **MEMBERSHIP.**—The members of the Commission shall have knowledge and responsibility with respect to criminal justice matters. Two members of the Commission shall be judges of the Superior Court of the District of Columbia, and shall be appointed by the chief judge of that court; one member shall be a representative of the District of Columbia Council and shall be appointed by the chairperson or chairperson pro temp of the Council; one member shall be a representative of the executive branch of the District of Columbia government with official responsibilities for criminal justice matters in the District of Columbia and shall be appointed by the Mayor of the District of Columbia; one member shall be a representative of the District of Columbia Public Defender Service and shall be appointed by the Director of such Service; and one member shall be a representative of the United States Attorney for the District of Columbia and shall be appointed by the United States Attorney. A representative of the Federal Bureau of Prisons and a representative of the office of Corporation Counsel of the District of Columbia shall each serve as a non-voting, ex officio member.

(c) **VACANCY.**—Any vacancy in the Commission shall be filled in the same manner as the original appointment. Members of the Commission shall receive no compensation for their services, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of duties vested in the Commission, but not in excess of the maximum amounts authorized under section 456 of title 28, United States Code.

SEC. 11212. GENERAL DUTIES, POWERS, AND GOALS OF COMMISSION.

(a) **RECOMMENDATIONS.**—The Commission shall, within 180 days after the enactment of this Act, make recommendations to the District of Columbia Council for amendments to the District of Columbia Code with respect to the sentences to be imposed for all felonies committed on or after 3 years after the date of enactment of this Act.

(b) **CONTENTS OF RECOMMENDATIONS.**—Such recommendations shall—

(1) as to all felonies described in paragraph (h), meet the truth in sentencing standards of 20104(a)(1) of the Violent Crime Control and Law Enforcement Act of 1994;

(2) as to all felonies ensure that—

(A) an offender will have a sentence imposed that—
(i) reflects the seriousness of the offense and the criminal history of the offender; and

(ii) provides for just punishment, affords adequate deterrence to potential future criminal conduct of the offender and others, and provides the offender with needed educational or vocational training, medical care, and other correctional treatment;

(B) good time shall be calculated pursuant to section 3624 of title 18, United States Code; and

(C) an adequate period of supervision will be imposed to follow release from the imprisonment.

(c) DEATH PENALTY.—The Commission shall not have the power to recommend a sentence of death for any offense nor for any offense a term of imprisonment less than that prescribed by the D.C. Code as a mandatory minimum sentence.

(d) OTHER FEATURES OF RECOMMENDATIONS.—The Commission shall ensure that its recommendations—

(1) will be neutral as to the race, sex, marital status, ethnic origin, religious affiliation, national origin, creed, socioeconomic status, and sexual orientation of offenders;

(2) will include provisions designed to maximize the effectiveness of the drug court of the Superior Court of the District of Columbia; and

(3) will be fully consistent with all other provisions of this Act, including provisions relating to the administration of probation, parole, and supervised release for District of Columbia Code offenders.

(e) VOTE; TERMINATION.—The recommendations of the Commission required under subsections (a)–(d) shall be adopted by a vote of not less than 6 of the members and when made shall be transmitted forthwith to the District of Columbia Council. The Commission shall cease to exist 90 days after the transmittal of recommendations to the Council or on the last date on which timely recommendations may be made if the Commission is unable to agree on such recommendations.

(f) RECOMMENDATIONS FOR IMPLEMENTATION.—In fulfilling its responsibilities, the Commission may adopt by a vote of not less than 6 of the members and transmit to the Superior Court of the District of Columbia recommended rules and principles for determining the sentence to be imposed, including—

(1) whether to impose a sentence of probation, a term of imprisonment and/or a fine, and the amount or length thereof, and including intermediate sanctions in appropriate cases; and

(2) whether multiple sentences of terms of imprisonment should run concurrently or consecutively.

(g) POWERS.—The Commission is authorized—

(1) to hold hearings and call witnesses that might assist the Commission in the exercise of its powers;

(2) to perform such other functions as may be necessary to carry out the purposes of this section; and

(3) except as otherwise provided, to conduct business, exercise powers, and fulfill duties by the vote of a majority of the members present at any meeting.

(h) FELONIES DESCRIBED.—The felonies described in this subsection are violations of any of the following provisions of law:

(1) The following provisions relating to arson:

(A) Section 820 of the Act entitled “An Act to establish a code of law for the District of Columbia,” approved March 3, 1901 (DC Code, sec. 22-401).

(B) Section 821 of the Act entitled “An Act to establish a code of law for the District of Columbia,” approved March 3, 1901 (DC Code, sec. 22-402).

(2) The following provisions relating to felony assault:

(A) Section 803 of the Act entitled “An Act to establish a code of law for the District of Columbia,” approved March 3, 1901 (DC Code, sec. 22-501).

(B) Section 804 of the Act entitled “An Act to establish a code of law for the District of Columbia,” approved March 3, 1901 (DC Code, sec. 22-502).

(C) Section 805 of the Act entitled “An Act to establish a code of law for the District of Columbia,” approved March 3, 1901 (DC Code, sec. 22-503).

(D) Section 806a of the Act entitled “An Act to establish a code of law for the District of Columbia,” approved March 3, 1901 (DC Code, sec. 22-504.1).

(E) Section 432 of the Revised Statutes, relating to the District of Columbia (DC Code, sec. 22-505).

(F) Section 807 of the Act entitled “An Act to establish a code of law for the District of Columbia,” approved March 3, 1901 (DC Code, sec. 22-506).

(3) Section 502 of the District of Columbia Theft and White Collar Crimes Act of 1982 (DC Code, sec. 22-722) (relating to obstruction of justice).

(4) Section 3 of the Act of February 13, 1885 (chapter 58; 23 Stat. 303) (DC Code, sec. 22-901) (relating to cruelty to children).

(5) Section 823 of the Act entitled “An Act to establish a code of law for the District of Columbia,” approved March 3, 1901 (DC Code, sec. 22-1801) (relating to first degree burglary).

(6) Section 812 of the Act entitled “An Act to establish a code of law for the District of Columbia,” approved March 3, 1901 (DC Code, sec. 22-2101) (relating to kidnapping).

(7) The following provisions relating to murder and manslaughter:

(A) Section 798 of the Act entitled “An Act to establish a code of law for the District of Columbia,” approved March 3, 1901 (DC Code, sec. 22-2401).

(B) Section 799 of the Act entitled “An Act to establish a code of law for the District of Columbia,” approved March 3, 1901 (DC Code, sec. 22-2402).

(C) Section 800 of the Act entitled “An Act to establish a code of law for the District of Columbia,” approved March 3, 1901 (DC Code, sec. 22-2403).

(D) Section 801 of the Act entitled “An Act to establish a code of law for the District of Columbia,” approved March 3, 1901 (DC Code, sec. 22-2404).

(E) Section 802 of the Act entitled “An Act to establish a code of law for the District of Columbia,” approved March 3, 1901 (DC Code, sec. 22-2405).

(F) Section 802a of the Act entitled “An Act to establish a code of law for the District of Columbia,” approved March 3, 1901 (DC Code, sec. 22-2406).

(8) Section 8 of the Act of July 15, 1932 (chapter 492; 47 Stat. 698) (DC Code, sec. 22-2601) (relating to prison breach).

(9) The Act entitled “An Act to prohibit the introduction of contraband into the District of Columbia penal institutions,” approved December 15, 1941 (DC Code, sec. 22-2603).

(10) Section 810 of the Act entitled “An Act to establish a code of law for the District of Columbia,” approved March 3, 1901 (DC Code, sec. 22-2901) (relating to robbery).

(11) Section 811a of the Act entitled “An Act to establish a code of law for the District of Columbia,” approved March 3, 1901 (DC Code, sec. 22-2903) (relating to carjacking).

(12) The Dangerous Weapons Act (DC Code, sec. 22-3201 et seq.).

(13) The following provisions relating to sex offenses:

(A) Section 201 of the Anti-Sexual Abuse Act of 1994 (DC Code, sec. 22-4102).

(B) Section 202 of the Anti-Sexual Abuse Act of 1994 (DC Code, sec. 22-4103).

(C) Section 203 of the Anti-Sexual Abuse Act of 1994 (DC Code, sec. 22-4104).

(D) Section 204 of the Anti-Sexual Abuse Act of 1994 (DC Code, sec. 22-4105).

(E) Section 207 of the Anti-Sexual Abuse Act of 1994 (DC Code, sec. 22-4108).

(F) Section 208 of the Anti-Sexual Abuse Act of 1994 (DC Code, sec. 22-4109).

(G) Section 209 of the Anti-Sexual Abuse Act of 1994 (DC Code, sec. 22-4110).

(H) Section 212 of the Anti-Sexual Abuse Act of 1994 (DC Code, sec. 22-4113).

(I) Section 213 of the Anti-Sexual Abuse Act of 1994 (DC Code, sec. 22-4114).

(J) Section 214 of the Anti-Sexual Abuse Act of 1994 (DC Code, sec. 22-4115).

(K) Section 215 of the Anti-Sexual Abuse Act of 1994 (DC Code, sec. 22-4116).

(L) Section 217 of the Anti-Sexual Abuse Act of 1994 (DC Code, sec. 22-4118).

(M) Section 219 of the Anti-Sexual Abuse Act of 1994 (DC Code, sec. 22-4120).

(14) Section 401 of the District of Columbia Uniform Controlled Substances Act of 1981 (D.C. Code, sec. 33-541) (relating to recidivist drug offenders), but only in the case of a second or subsequent violation.

SEC. 11213. DATA COLLECTION.

(a) **DATA FOR ATTORNEY GENERAL.**—The Commission, the Superior Court of the District of Columbia, the District of Columbia Department of Corrections, and other agencies as necessary shall provide to the Attorney General such data as are requested in furtherance of this Act.

(b) **SUPERIOR COURT.**—The Superior Court of the District of Columbia, in connection with defendants sentenced in such Court, shall provide to the Commission and the Attorney General such data as are requested for planning, statistical analysis or projecting future prison population levels.

SEC. 11214. ENACTMENT OF AMENDMENTS TO DISTRICT OF COLUMBIA CODE.

If, within 270 days after the date of the enactment of this Act, the Council of the District of Columbia has failed to amend the District of Columbia Code to enact in whole the recommendations of the Commission under this chapter, or if the Commission fails to make such recommendations within the deadline established under such section, the Attorney General (after consultation with the Commission) shall promulgate within 90 days amendments

to the District of Columbia Code with respect to the sentences to be imposed for all offenses committed on or after 3 years after the date of the enactment of this Act. Such amendments shall be consistent with the standards of subsections (a) through (d) of section 11212. Such amendments shall take effect 30 days after the Attorney General transmits the recommendations to Congress.

Effective date.

CHAPTER 3—OFFENDER SUPERVISION AND PAROLE

SEC. 11231. PAROLE.

(a) PAROLING JURISDICTION.—

(1) JURISDICTION OF PAROLE COMMISSION TO GRANT OR DENY PAROLE AND TO IMPOSE CONDITIONS.—Not later than one year after date of the enactment of this Act, the United States Parole Commission shall assume the jurisdiction and authority of the Board of Parole of the District of Columbia to grant and deny parole, and to impose conditions upon an order of parole, in the case of any imprisoned felon who is eligible for parole or reparole under the District of Columbia Code. The Parole Commission shall have exclusive authority to amend or supplement any regulation interpreting or implementing the parole laws of the District of Columbia with respect to felons, provided that the Commission adheres to the rulemaking procedures set forth in section 4218 of title 18, United States Code.

(2) JURISDICTION OF PAROLE COMMISSION TO REVOKE PAROLE OR MODIFY CONDITIONS.—On the date in which the District of Columbia Offender Supervision, Defender, and Courts Services Agency is established under section 11233, the United States Parole Commission shall assume any remaining powers, duties, and jurisdiction of the Board of Parole of the District of Columbia, including jurisdiction to revoke parole and to modify the conditions of parole, with respect to felons.

(3) JURISDICTION OF SUPERIOR COURT.—On the date on which the District of Columbia Offender Supervision, Defender, and Courts Services Agency is established under section 11233, the Superior Court of the District of Columbia shall assume the jurisdiction and authority of the Board of Parole of the District of Columbia to grant, deny, and revoke parole, and to impose and modify conditions of parole, with respect to misdemeanants.

(b) ABOLITION OF THE BOARD OF PAROLE.—On the date on which the District of Columbia Offender Supervision, Defender, and Courts Services Agency is established under section 11233, the Board of Parole established in the District of Columbia Board of Parole Amendment Act of 1987 shall be abolished.

(c) RULEMAKING AND LEGISLATIVE RESPONSIBILITY FOR PAROLE MATTERS.—The Parole Commission shall exercise the authority vested in it by this section pursuant to the parole laws and regulations of the District of Columbia, except that the Council of the District of Columbia and the Board of Parole of the District of Columbia may not revise any such laws or regulations (as in effect on the date of the enactment of this Act) without the concurrence of the Attorney General.

(d) INCREASE IN THE AUTHORIZED NUMBER OF UNITED STATES PAROLE COMMISSIONERS.—Section 2(c) of the Parole Commission

18 USC 4201
note.

Phaseout Act of 1996 (Public Law 104-232) is amended to read as follows:

“(c) The United States Parole Commission shall have no more than five members.”.

SEC. 11232. PRETRIAL SERVICES, DEFENSE SERVICES, PAROLE, ADULT PROBATION AND OFFENDER SUPERVISION TRUSTEE.

(a) APPOINTMENT AND REMOVAL.—

(1) APPOINTMENT.—The Attorney General, in consultation with the Chairman of the District of Columbia Financial Responsibility and Management Assistance Authority (hereafter in this section referred to as the “D.C. Control Board”) and the Mayor of the District of Columbia, shall appoint a Pretrial Services, Defense Services, Parole, Adult Probation and Offender Supervision Trustee, who shall be an independent officer of the government of the District of Columbia, to effectuate the reorganization and transition of functions and funding relating to pretrial services, defense services, parole, adult probation and offender supervision.

(2) REMOVAL.—The Trustee may be removed by the Mayor with the concurrence of the Attorney General. The Attorney General shall have the authority to remove the Trustee for misfeasance or malfeasance in office. At the request of the Trustee, the District of Columbia Financial Responsibility and Management Assistance Authority may exercise any of its powers and authorities on behalf of the Trustee.

(b) AUTHORITY.—Beginning on the date of appointment, and continuing until the District of Columbia Offender Supervision, Defender, and Courts Services Agency is established under section 11233, the Trustee shall—

(1) have the authority to exercise all powers and functions authorized for the Director of the District of Columbia Offender Supervision, Defender and Courts Services Agency;

(2) have the authority to direct the actions of all agencies of the District of Columbia whose functions will be assumed by or within the District of Columbia Offender Supervision, Defender and Courts Services Agency, and of the Board of Parole of the District of Columbia, including the authority to discharge or replace any officers or employees of these agencies, except that the Trustee may not direct the conduct of particular cases by the District of Columbia Public Defender Service;

(3) exercise financial oversight over all agencies of the District of Columbia whose functions will be assumed by or within the District of Columbia Offender Supervision, Defender and Courts Services Agency, and over the Board of Parole of the District of Columbia, and allocate funds to these agencies as appropriated by Congress and allocated by the President;

(4) receive and transmit to the District of Columbia Pretrial Services Agency all funds appropriated for such agency; and

(5) receive and transmit to the District of Columbia Public Defender Service all funds appropriated for such agency.

(c) COMPENSATION.—The Trustee shall be compensated at a rate not to exceed the basic pay payable for Level IV of the Executive Schedule. The Trustee may appoint and fix the pay of additional staff without regard to the provisions of the District of Columbia Code governing appointments and salaries, without regard to the

provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of Chapter 53 of title 5, United States Code, relating to classification and General Schedule pay rates. Upon request of the Trustee, the head of any Federal department or agency may, on a reimbursable or non-reimbursable basis, provide services and/or detail any personnel of that department or agency to the Trusteeship to assist in carrying out its duties.

(d) **PROCUREMENT AND JUDICIAL REVIEW.**—The provisions of the District of Columbia Code governing procurement shall not apply to the Trustee. The Trustee may enter into such contracts as the Trustee considers appropriate to carry out the Trustee's duties. The Trustee may seek judicial enforcement of the Trustee's authority to carry out the Trustee's duties.

(e) **PRESERVATION OF RETIREMENT AND CERTAIN OTHER RIGHTS OF FEDERAL EMPLOYEE WHO BECOMES THE TRUSTEE OR FEDERAL EMPLOYEES WHO BECOME EMPLOYED BY THE TRUSTEE.**—

(1) **IN GENERAL.**—A Federal employee who, within 3 days after separating from the Federal Government, is appointed Trustee or becomes employed by the Trustee—

(A) shall be treated as an employee of the Federal Government for purposes of chapters 83, 84, 87, and 89 of title 5 of the United States Code; and

(B) if, after serving with the Trustee, such employee becomes reemployed by the Federal Government, shall be entitled to credit for the full period of such individual's service with the Trustee, for purposes of determining the applicable leave accrual rate.

(2) **REGULATIONS.**—The Office of Personnel Management shall prescribe such regulations as may be necessary to carry out this subsection.

(f) **FUNDING.**—Funds available for operations of the Trustee shall be made available to the extent provided in appropriations acts to the Trustee, through the State Justice Institute. Funding requests shall be proposed by the Trustee to the President and Congress for each Fiscal Year.

(g) **LIABILITY AND LITIGATION AUTHORITY.**—

(1) **LIABILITY.**—The District of Columbia shall defend any civil action or proceeding brought in any court or other official Federal, state, or municipal forum against the Trustee, or against the District of Columbia or its officers, employees, or agents, and shall assume any liability resulting from such an action or proceeding, if the action or proceeding arises from the—

(A) supervision of offenders on probation, parole, or supervised release;

(B) provision of pretrial services by the District of Columbia; or

(C) activities of the District of Columbia Board of Parole.

(2) **LITIGATION.**—

(A) **CORPORATION COUNSEL.**—Subject to subparagraph (B), the Corporation Counsel of the District of Columbia shall provide litigation services to the Trustee, except that the Trustee may instead elect, either generally or in relation to particular cases or classes of cases, to hire necessary

staff and personnel or enter into contracts for the provision of litigation services at the Trustee's expense.

(B) ATTORNEY GENERAL.—

(i) IN GENERAL.—Notwithstanding subparagraph (A), with respect to any litigation involving the Trustee, the Attorney General may—

(I) direct the litigation of the Trustee, and of the District of Columbia on behalf of the Trustee; and

(II) provide on a reimbursable or non-reimbursable basis litigation services for the Trustee at the Trustee's request or on the Attorney General's own initiative.

(ii) APPROVAL OF SETTLEMENT.—With respect to any litigation involving the Trustee, the Trustee may not agree to any settlement involving any form of equitable relief without the approval of the Attorney General. The Trustee shall provide to the Attorney General such notice and reports concerning litigation as the Attorney General may direct.

(iii) DISCRETION.—Any decision to exercise any authority of the Attorney General under this paragraph shall be in the sole discretion of the Attorney General and shall not be reviewable in any court.

(3) LIMITATIONS.—Nothing in this section shall be construed—

(1) as a waiver of sovereign immunity, or as limiting any other defense or immunity that would otherwise be available to the United States, the District of Columbia, their agencies, officers, employees, or agents; or

(2) to obligate the District of Columbia to represent or indemnify the Corrections Trustee or any officer, employee, or agent where the Trustee (or any person employed by or acting under the authority of the Trustee) acts beyond the scope of his authority.

Effective date.
Termination
date.

(h) CERTIFICATION.—The District of Columbia Offender Supervision, Defender, and Courts Services Agency shall assume its duties pursuant to section 11233 when, within the period beginning one year after the date of the enactment of this subtitle and ending three years after the date of the enactment of this subtitle, the Trustee certifies to the Attorney General and the Attorney General concurs that the Agency can carry out the functions described in section 11233 and the United States Parole Commission can carry out the functions described in section 11231.

SEC. 11233. OFFENDER SUPERVISION, DEFENDER AND COURTS SERVICES AGENCY.

(a) ESTABLISHMENT.— There is established within the executive branch of the Federal Government the District of Columbia Offender Supervision, Defender, and Courts Services Agency (hereafter in this section referred to as the "Agency") which shall assume its duties not less than one year or more than three years after the enactment of this Act.

(b) DIRECTOR.—

President.

(1) APPOINTMENT AND COMPENSATION.—The Agency shall be headed by a Director appointed by the President, by and with the advice and consent of the Senate, for a term of six

years. The Director shall be compensated at the rate prescribed for Level IV of the Executive Schedule, and may be removed from office prior to the expiration of term only for neglect of duty, malfeasance in office, or other good cause shown.

(2) POWERS AND DUTIES OF DIRECTOR.—The Director shall—

(A) submit annual appropriation requests for the Agency to the Office of Management and Budget;

(B) determine, in consultation with the Chief Judge of the United States District Court for the District of Columbia, the Chief Judge of the Superior Court of the District of Columbia, and the Chairman of the United States Parole Commission, uniform supervision and reporting practices for the Agency;

(C) hire and supervise supervision officers and support staff for the Agency;

(D) direct the use of funds made available to the Agency;

(E) enter into such contracts, leases, and cooperative agreements as may be necessary for the performance of the Agency's functions, including contracts for substance abuse and other treatment and rehabilitative programs;

(F) develop and operate intermediate sanctions programs for sentenced offenders; and

(G) arrange for the supervision of District of Columbia paroled offenders in jurisdictions outside the District of Columbia.

(c) FUNCTIONS.—

(1) IN GENERAL.—The Agency shall provide supervision, through qualified supervision officers, for offenders on probation, parole, and supervised release pursuant to the District of Columbia Code. The Agency shall carry out its responsibilities on behalf of the court or agency having jurisdiction over the offender being supervised.

(2) SUPERVISION OF RELEASED OFFENDERS.—The Agency shall supervise any offender who is released from imprisonment for any term of supervised release imposed by the Superior Court of the District of Columbia. Such offender shall be subject to the authority of the United States Parole Commission until completion of the term of supervised release. The United States Parole Commission shall have and exercise the same authority as is vested in the United States district courts by paragraphs (d) through (i) of section 3583 of title 18, United States Code, except that—

(A) the procedures followed by the Commission in exercising such authority shall be those set forth in chapter 311 of title 18, United States Code; and

(B) an extension of a term of supervised release under subsection (e)(2) of section 3583 may only be ordered by the Superior Court upon motion from the Commission.

(3) SUPERVISION OF PROBATIONERS.—Subject to appropriations and program availability, the Agency shall supervise all offenders placed on probation by the Superior Court of the District of Columbia. The Agency shall carry out the conditions of release imposed by the Superior Court (including conditions that probationers undergo training, education, therapy, counseling, drug testing, or drug treatment), and shall make such

Reports.

Reports.

reports to the Superior Court with respect to an individual on probation as the Superior Court may require.

(4) SUPERVISION OF DISTRICT OF COLUMBIA PAROLEES.—The Agency shall supervise all individuals on parole pursuant to the District of Columbia Code. The Agency shall carry out the conditions of release imposed by the United States Parole Commission or, with respect to a misdemeanant, by the Superior Court of the District of Columbia, and shall make such reports to the Commission or Court with respect to an individual on parole supervision as the Commission or Court may require.

(d) AUTHORITY OF OFFICERS.—The supervision officers of the Agency shall have and exercise the same powers and authority as are granted by law to United States Probation and Pretrial Officers.

(e) PRETRIAL SERVICES AGENCY AND PUBLIC DEFENDER SERVICE.—

(1) INDEPENDENT ENTITIES.—The District of Columbia Pretrial Services Agency established by subchapter I of chapter 13 title 23, District of Columbia Code, and the District of Columbia Public Defender Service established by title III of the District of Columbia Court Reform and Criminal Procedure Act of 1970 (D.C. Code, sec. 1-2701 et seq.) shall function as independent entities within the Agency.

(2) SUBMISSION ON BEHALF OF PRETRIAL SERVICES.—The Director of the Agency shall submit, on behalf of the District of Columbia Pretrial Services Agency and with the approval of the Director of the Pretrial Services Agency, an annual appropriation request to the Office of Management and Budget. Such request shall be separate from the request submitted for the Agency.

(3) SUBMISSION ON BEHALF OF PUBLIC DEFENDER SERVICE.—The Director of the Agency shall submit, on behalf of the District of Columbia Public Defender Service and with the approval of the Director of the Public Defender Service, an annual appropriation request to the Office of Management and Budget. Such request shall be separate from that submitted for the Agency.

(4) LIABILITY OF DISTRICT OF COLUMBIA.—The District of Columbia shall defend any civil action or proceeding brought in any court or other official Federal, state, or municipal forum against the District of Columbia Pretrial Services Agency, the District of Columbia Public Defender Service, or the District of Columbia or its officers, employees, or agents, and shall assume any liability resulting from such an action or proceeding, if the action or proceeding arises from the activities of the District of Columbia Pretrial Services Agency or the District of Columbia Public Defender Service prior to the date on which the Offender Supervision, Defender and Courts Services Agency assumes its duties.

(5) LITIGATION.—

(A) CORPORATION COUNSEL.—Subject to subparagraph (B), the Corporation Counsel of the District of Columbia shall provide litigation services to the District of Columbia Pretrial Services Agency and the District of Columbia Public Defender Service, except that the District of Columbia

Pretrial Services Agency and the District of Columbia Public Defender Service may instead elect, either generally or in relation to particular cases or classes of cases, to hire necessary staff and personnel or enter into contracts for the provision of litigation services at such agency's expense.

(B) ATTORNEY GENERAL.—

(i) IN GENERAL.—Notwithstanding subparagraph (A), with respect to any litigation involving the District of Columbia Pretrial Services Agency, the Attorney General may—

(I) direct the litigation of the agency, and of the District of Columbia on behalf of the agency; and

(II) provide on a reimbursable or non-reimbursable basis litigation services for the agency at the agency's request or on the Attorney General's own initiative.

(ii) APPROVAL OF SETTLEMENT.—With respect to any litigation involving the District of Columbia Pretrial Services Agency, the agency may not agree to any settlement involving any form of equitable relief without the approval of the Attorney General. The agency shall provide to the Attorney General such notice and reports concerning litigation as the Attorney General may direct.

Notices.
Reports.

(iii) DISCRETION.—Any decision to exercise any authority of the Attorney General under this paragraph shall be in the sole discretion of the Attorney General and shall not be reviewable in any court.

SEC. 11234. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated through the State Justice Institute in each fiscal year such sums as may be necessary for the following:

- (1) District of Columbia Pretrial Services Agency.
- (2) District of Columbia Public Defender Service.
- (3) Supervision of offenders on probation, parole, or supervised release for offenses under the District of Columbia Code.
- (4) Operation of the parole system for offenders convicted of offenses under the District of Columbia Code.
- (5) Operation of the Trusteeship described in section 11232.

CHAPTER 4—DISTRICT OF COLUMBIA COURTS

Subchapter A—Transfer of Administration and Financing of Courts to Federal Government

SEC. 11241. AUTHORIZATION OF APPROPRIATIONS.

(a) AUTHORIZATIONS.—There are authorized to be appropriated through the State Justice Institute in each fiscal year such sums as may be necessary for the following:

- (1) The Superior Court of the District of Columbia.
- (2) The District of Columbia Court of Appeals.
- (3) The District of Columbia Court System.

(b) SUBMISSION TO OMB.—The Joint Committee on Judicial Administration in the District of Columbia shall include in its

submissions to the Office of Management and Budget and the Congress, the budget and appropriations requests of the Superior Court for the District of Columbia, the District of Columbia Court of Appeals, and the District of Columbia Court System.

SEC. 11242. ADMINISTRATION OF COURTS UNDER DISTRICT OF COLUMBIA CODE.

(a) SUBMISSION OF ANNUAL BUDGET REQUESTS BY JOINT COMMITTEE ON JUDICIAL ADMINISTRATION.—Section 11-1701(b)(4), District of Columbia Code, is amended to read as follows:

“(4) Submission of the annual budget requests of the District of Columbia Court of Appeals, the Superior Court of the District of Columbia, and the District of Columbia Court System as the integrated budget of the District of Columbia courts, except that such requests may be modified upon the concurrence of four of the five members of the Joint Committee.”

(b) AUDIT OF ACCOUNTS OF COURTS.—Section 11-1723(a)(3), District of Columbia Code, is amended to read as follows:

“(3) The Fiscal Officer shall be responsible for the approval of vouchers and the internal auditing of the accounts of the courts and shall arrange for an annual independent audit of the accounts of the courts.”

(c) APPOINTMENT AND REMOVAL OF COURT PERSONNEL.—Section 11-1725(b) of the District of Columbia Code is amended to read as follows:

“(b) The Executive Officer shall appoint, and may remove, the Director of Social Services, the clerks of the courts, the Auditor-Master, and all other nonjudicial personnel for the courts (other than the Register of Wills and personal law clerks and secretaries of the judges) as may be necessary, subject to—

“(1) regulations approved by the Joint Committee; and

“(2) the approval of the chief judge of the court to which the personnel are or will be assigned.

Appointments and removals of court personnel shall not be subject to the laws, rules, and limitations applicable to District of Columbia employees.”

(d) PROCUREMENT OF EQUIPMENT AND SUPPLIES.—Section 11-1742(b), District of Columbia Code, is amended to read as follows:

“(b) The Executive Officer shall be responsible for the procurement of necessary equipment, supplies, and services for the courts and shall have power, subject to applicable law, to reimburse the District of Columbia government for services provided and to contract for such equipment, supplies, and services as may be necessary.”

(e) BUDGET AND EXPENDITURES.—

(1) IN GENERAL.—Section 11-1743, District of Columbia Code, is amended to read as follows:

“§ 11-1743. Annual Budget and Expenditures.

“(a) The Joint Committee shall prepare and submit to the Mayor and the Council of the District of Columbia annual estimates of the expenditures and appropriations necessary for the maintenance and operations of the District of Columbia courts, and shall submit such estimates to Congress and the Director of the Office of Management and Budget after submitting them to the Mayor and the Council. All such estimates shall be included in the budget

without revision by the President but subject to the President's recommendations.

"(b) The District of Columbia Courts may make such expenditures as may be necessary to execute efficiently the functions vested in the Courts.

"(c) All expenditures of the Courts shall be allowed and paid upon presentation of itemized vouchers signed by the certifying officer designated by the Joint Committee. All such expenditures shall be paid out of moneys appropriated for purposes of the Courts."

(2) CLERICAL AMENDMENT.—The item relating to section 11-1743 in the table of sections for subchapter III of chapter 17 of title 11, District of Columbia Code, is amended to read as follows:

"11-1743. Annual budget and expenditures."

SEC. 11243. BUDGETING AND FINANCING REQUIREMENTS FOR COURTS UNDER HOME RULE ACT.

(a) BUDGET OF COURTS.—Section 445 of the District of Columbia Self-Government and Governmental Reorganization Act (DC Code, Title 11 App.) is amended to read as follows:

"SEC. 445. The District of Columbia courts shall prepare and annually submit to the Director of the Office of Management and Budget, for inclusion in the annual budget, annual estimates of the expenditures and appropriations necessary for the maintenance and operation of the District of Columbia court system. The courts shall submit as part of their budgets both a multiyear plan and a multiyear capital improvements plan and shall submit a statement presenting qualitative and quantitative descriptions of court activities and the status of efforts to comply with reports of the Comptroller General of the United States."

(b) FINANCIAL DUTIES OF THE MAYOR.—Section 448(a)(6) of such Act (DC Code, sec. 47-310(a)(6)) is amended to read as follows:

"(6) supervise and be responsible for the levying and collection of all taxes, special assessments, license fees, and other revenues of the District, as required by law, and receive all moneys receivable by the District from the Federal Government or from any agency or instrumentality of the District, except that this paragraph shall not apply to moneys from the District of Columbia Courts."

(c) FUNDS OF THE DISTRICT.—Section 450 of such Act (DC Code, sec. 47-130), is amended to read as follows:

"SEC. 450. The General Fund of the District shall be composed of those District revenues which on the effective date of this title are paid into the Treasury of the United States and credited either to the General Fund of the District or its miscellaneous receipts, but shall not include any revenues which are applied by law to any special fund existing on the date of enactment of this title. The Council may from time to time establish such additional special funds as may be necessary for the efficient operation of the government of the District. All money received by any agency, officer, or employee of the District in its or his official capacity shall belong to the District government and shall be paid promptly to the Mayor for deposit in the appropriate fund, except that all money received by the District of Columbia Courts shall be deposited in the Treasury of the United States or the Crime Victims Fund."

(d) **REDUCTIONS IN BUDGETS OF INDEPENDENT AGENCIES.**—Section 453(c) of such Act (DC Code, sec. 47-304.1(c)) is amended to read as follows:

“(c) Subsection (a) shall not apply to amounts appropriated or otherwise made available to the Council or to the District of Columbia Financial Responsibility and Management Assistance Authority established under section 101(a) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995.”

(e) **TREATMENT OF COURT FEES IN CALCULATION OF LIMITS ON DISTRICT BORROWING.**—Section 603 of such Act (DC Code, sec. 47-313) is amended—

(1) in subsection (b)—

(A) in paragraph (1)—

(i) in the first sentence, by striking “less court fees, any fees” and inserting “less any fees”; and

(ii) in the second sentence, by striking “section 2501 , title 47 of the District of Columbia Code, as amended” and inserting “title VI of the District of Columbia Revenue Act of 1939”;

(B) in paragraph (3)(A), by striking “less court fees, any fees” and inserting “less any fees”; and

(2) in subsection (c), by striking the last sentence (relating to budget estimates of the District of Columbia courts).

SEC. 11244. AUDITING OF ACCOUNTS OF COURT SYSTEM.

(a) **POWERS OF DISTRICT OF COLUMBIA AUDITOR.**—Section 455 of the District of Columbia Self-Government and Governmental Reorganization Act (DC Code, sec. 47-117) is amended by adding at the end the following new subsection:

“(g) This section shall not apply to the District of Columbia Courts or the accounts and operations thereof.”

(b) **SUBMISSION OF GAO AUDIT REPORTS TO MAYOR AND COUNCIL.**—Section 715(b) of title 31, United States Code (DC Code, sec. 47-118.1(b)), is amended by striking “and the Mayor” and inserting “and (other than the audit reports of the District of Columbia Courts) the Mayor”.

(c) **INDEPENDENT ANNUAL AUDIT.**—Section 4 of Public Law 94-399 (DC Code, sec. 47-119) is amended by adding at the end the following new subsection:

“(d) This section shall not apply to the District of Columbia Courts or the financial operations thereof.”

SEC. 11245. MISCELLANEOUS BUDGETING AND FINANCING REQUIREMENTS FOR COURTS UNDER DISTRICT LAW.

(a) **DEPOSIT OF PUBLIC FUNDS.**—Section 2(21) of the District of Columbia Depository Act of 1977 (DC Code, sec. 47-341(21)) is amended by striking “a court, agency” and inserting “an agency”.

(b) **REPROGRAMMING OF BUDGET AMOUNTS.**—Section 4(h) of D.C. Law 3-100 (DC Code, sec. 47-363(h)) is amended by striking “the District of Columbia courts,”.

(c) **CONTROL OF GRANT FUNDS.**—(1) Section 3(1) of D.C. Law 3-104 (DC Code, sec. 47-382(1)) is amended to read as follows:

“(1) ‘Agency’ means the highest organizational structure of the District at which budgeting data is aggregated, but shall not include the District of Columbia Courts.”

(2) Section 4(b) of D.C. Law 3-104 (DC Code, sec. 47-383(b)) is amended to read as follows:

“(b) The Trustees of the University of the District of Columbia, the Board of Education, and the D.C. General Hospital Commission shall submit to the Mayor two copies of the application and completed approval form, as an advisory notice, concurrent with submitting the application and completed approval form to a grant-making agency in accordance with rules and regulations issued pursuant to subsection (c) of this section.”.

SEC. 11246. OTHER PROVISIONS RELATING TO ADMINISTRATION OF DISTRICT OF COLUMBIA COURTS.

(a) JUROR FEES.—Section 11-1912(a), District of Columbia Code, is amended to read as follows:

“(a) Notwithstanding section 602(a) of the District of Columbia Self-Government and Governmental Reorganization Act, grand and petit jurors serving in the Superior Court shall receive fees and expenses at rates established by the Board of Judges of the Superior Court”, except that such fees and expenses may not exceed the respective rates paid to such jurors in the Federal system.”.

(b) COMPENSATION AND BENEFITS FOR COURT PERSONNEL.—

(1) IN GENERAL.—Section 11-1726, District of Columbia Code, is amended to read as follows:

“§ 11-1726. Compensation and benefits for court personnel.

“(a) In the case of nonjudicial employees of the District of Columbia courts whose compensation is not otherwise fixed by this title, the Executive Officer shall fix the rates of compensation of such employees without regard to chapter 51 and subchapter III of chapter 53 of title 5, United States Code. Any rates so established shall be subject to the limitation on pay fixed by administrative action in section 5373 of such title. In fixing the rates of compensation of nonjudicial employees under this section, the Executive Officer may be guided by the rates of compensation fixed for employees in the executive and judicial branches of the Federal Government or State or local governments occupying the same or similar positions or occupying positions of similar responsibility, duty, and difficulty.

“(b)(1) Nonjudicial employees of the District of Columbia courts shall be treated as employees of the Federal Government solely for purposes of any of the following provisions of title 5, United States Code:

“(A) Subchapter 1 of chapter 81 (relating to compensation for work injuries).

“(B) Chapter 83 (relating to retirement).

“(C) Chapter 84 (relating to the Federal Employees’ Retirement System).

“(D) Chapter 87 (relating to life insurance).

“(E) Chapter 89 (relating to health insurance).

“(2) The employing agency shall make contributions under the provisions referred to paragraph (1) at the same rates applicable to agencies of the Federal Government.

“(3) An individual who is a nonjudicial employee of the District of Columbia courts on the date of the enactment of the Balanced Budget Act of 1997 may make, within 60 days after such date, an election under section 8351 or section 8432 of title 5, United States Code, to participate in the Thrift Savings Plan for Federal employees.

“(c)(1) Judicial employees of the District of Columbia courts shall be treated as employees of the Federal Government for purposes of any of the following provisions of title 5, United States Code:

“(A) Subchapter 1 of chapter 81 (relating to compensation for work injuries).

“(B) Chapter 87 (relating to life insurance).

“(C) Chapter 89 (relating to health insurance).

“(2) The employing agency shall make contributions under the provisions referred to paragraph (1) at the same rates applicable to agencies of the Federal Government.

“(3) For purposes of section 8706(b) and section 8901(3)(B) of title 5, United States Code, benefits paid from the retirement system for judicial employees of the District of Columbia courts or from the system providing benefits to survivors of such employees shall be considered an annuity.

“(4) For purposes of section 8901(3)(A) of title 5, United States Code, the retirement system for judicial employees of the District of Columbia courts shall be considered a retirement system for employees of the Government.”

(2) CLERICAL AMENDMENT.—The table of sections for subchapter II of chapter 15 of title 11, District of Columbia Code, is amended by amending the item relating to section 11-1726 to read as follows:

“11-1726. Compensation and benefits for court personnel.”

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to all months beginning after the date on which the Director of the Office of Personnel Management issues regulations to carry out section 11-1726, District of Columbia Code (as amended by paragraph (1)).

(c) RETIREMENT PERIOD FOR EXECUTIVE OFFICER.—Section 11-1703(d), District of Columbia Code, is amended by striking the period at the end and inserting the following: “, except that the Executive Officer (if initially hired after October 1, 1997) shall be eligible for retirement under subchapter III of chapter 15 when the Executive Officer has completed 7 years of service as Executive Officer, whether continuous or not.”

Subchapter B—Judicial Retirement Program

SEC. 11251. JUDICIAL RETIREMENT AND SURVIVORS ANNUITY FUND.

(a) ESTABLISHMENT OF FUND.—Section 11-1570, District of Columbia Code, is amended to read as follows:

“§ 11-1570. The District of Columbia Judicial Retirement and Survivors Annuity Fund.

“(a) There is established in the Treasury a fund known as the District of Columbia Judicial Retirement and Survivors Annuity Fund (hereafter in this section referred to as the ‘Fund’), which shall consist of the following assets:

“(1) Amounts deposited by, or deducted and withheld from the salary and retired pay of, a judge under section 1563 or 1567 of this title, which shall be credited to an individual account of the judge.

“(2) Amounts transferred from the District of Columbia Judges’ Retirement Fund under section 124(c)(1) of the District

of Columbia Retirement Reform Act, as amended by section 11252 of the Balanced Budget Act of 1997.

“(3) Amounts deposited under subsection (d).

“(4) Any return on investment of the assets of the Fund.

“(b)(1) The Secretary of the Treasury (hereafter in this section referred to as the ‘Secretary’) shall be responsible for the administration of the Fund. The Secretary may carry out such responsibilities through an agreement with a Trustee or contractor (who may be the Trustee or contractor appointed to carry out responsibilities relating to Federal benefit payments under title I of the National Capital Revitalization and Self-Government Improvement Act of 1997) and an enrolled actuary (as defined in section 7701(a)(35) of the Internal Revenue Code of 1986) who is a member of the American Academy of Actuaries (who may be the enrolled actuary engaged under such Act).

“(2) The chief judges of the District of Columbia Court of Appeals and Superior Court of the District of Columbia shall submit to the President and the Secretary an annual estimate of the expenditures and appropriations necessary for the maintenance and operation of the Fund, and such supplemental and deficiency estimates as may be required from time to time for the same purposes, according to law.

“(3) The Secretary may cause periodic examinations of the Fund to be made by an enrolled actuary (as defined in section 7701(a)(35) of the Internal Revenue Code of 1986) who is a member of the American Academy of Actuaries.

“(c)(1) Amounts in the Fund are available for the payment of judges’ retirement pay, annuities, refunds, and allowances under this subchapter.

“(2) Notwithstanding any other provision of District law or any other law, rule, or regulation, the Secretary may review benefit determinations under this subchapter made prior to the date of the enactment of the National Capital Revitalization and Self-Government Improvement Act of 1997, and shall make initial benefit determinations after such date.

“(d)(1) Subject to the availability of appropriations, there shall be deposited in the Fund, not later than the close of each fiscal year (beginning with the first fiscal year which ends more than 6 months after the replacement plan adoption date described in section 103(13) of the National Capital Revitalization and Self-Government Improvement Act of 1997), an amount equal to the sum of—

“(A) the normal cost for the year;

“(B) the annual amortization amount for the year (which may not be less than zero); and

“(C) the covered administrative expenses for the year.

“(2) For purposes of this subsection:

“(A) The ‘original unfunded liability’ is the amount that is the present value as of June 30, 1997, of future benefits payable from the Fund (net the sum of future normal cost and plan assets as of such date).

“(B) The ‘annual amortization amount’ is the amount determined by the enrolled actuary to be necessary to amortize in equal annual installments (until fully amortized)—

“(i) the original unfunded liability over a 30-year period;

“(ii) a net experience gain or loss over a 10-year period; and

“(iii) any other changes in actuarial liability over a 20-year period.

“(C) The ‘covered administrative expenses’ are the expenses determined by the Secretary (on an annual basis) to be necessary to administer the Fund.

“(3) Deposits made under this subsection shall be taken from sums available for that fiscal year for the payment of the expenses of the Court, and shall not be credited to the account of any individual.

“(e) The Secretary shall invest such portion of the Fund as is not in the judgment of the Secretary required to meet current withdrawals. Such investments shall be in public debt securities with maturities suitable to the needs of the Fund, as determined by the Secretary, and bearing interest at rates determined by the Secretary, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities.

“(f) None of the moneys mentioned in this subchapter shall be assignable, either in law or in equity, or be subject to execution, levy, attachment, garnishment, or other legal process (except to the extent permitted pursuant to the District of Columbia Spouse Equity Act of 1988).

“(g) Notwithstanding any other provision of District law, rule, or regulation, any civil action brought—

“(1) by an individual to enforce or clarify rights to benefits from the Fund; or

“(2) by the Secretary—

“(A) to enforce any claim arising (in whole or in part) under this section or any contract entered into to carry out this section,

“(B) to recover benefits improperly paid from the Fund or to clarify an individual’s rights to benefits from the Fund, or

“(C) to enforce any provision of this section or any contract entered into to carry out this section, shall be brought in the United States District Court for the District of Columbia.”

(b) CLERICAL AMENDMENT.—The table of sections for subchapter III of chapter 15 of title 11, District of Columbia Code, is amended by amending the item relating to section 11-1570 to read as follows: “11-1570. The District of Columbia Judicial Retirement and Survivors Annuity Fund.”

SEC. 11252. TERMINATION OF CURRENT FUND AND PROGRAM.

(a) TERMINATION OF JUDGES’ RETIREMENT FUND.—Section 124 of the District of Columbia Retirement Reform Act (DC Code, sec. 1-714) is amended by striking subsection (c) and inserting the following:

“(c)(1) Notwithstanding any other provision of this Act or the amendments made by this Act, upon the date the assets of the Retirement Fund described in title I of the National Capital Revitalization and Self-Government Improvement Act of 1997 are transferred, the assets of the District of Columbia Judges’ Retirement Fund established under subsection (a) shall be transferred to the District of Columbia Judicial Retirement and Survivors Annuity

Fund under section 11-1570, District of Columbia Code, and no amounts shall be deposited into the District of Columbia Judges' Retirement Fund after the date on which the assets are so transferred.

“(2) The District of Columbia Judges' Retirement Fund established under subsection (a) shall be continued in the Treasury and appropriated for the purposes provided in this Act until such time as all amounts in such Fund have been expended or transferred to the District of Columbia Judicial Retirement and Survivors Annuity Fund pursuant to paragraph (1). Thereafter any payments of retirement pay, annuities, refunds, and allowances for judicial personnel of the District of Columbia shall be paid from the District of Columbia Judicial Retirement and Survivors Annuity Fund in accordance with subchapter III of chapter 15 of title 11, District of Columbia Code.”.

(b) REMOVAL OF JUDGES FROM RETIREMENT BOARD.—Section 121(b)(1)(A) of the District of Columbia Retirement Reform Act (DC Code, sec. 1-711(b)(1)(A)) is amended—

- (1) in the matter preceding clause (i), by striking “13” and inserting “11”;
- (2) by striking clause (vii); and
- (3) by redesignating clauses (viii) and (ix) as clauses (vii) and (viii).

SEC. 11253. CONFORMING AMENDMENTS.

(a) TRANSFER OF AUTHORITY OVER FUND TO SECRETARY OF TREASURY.—Title 11, District of Columbia Code, is amended as follows:

(1) In sections 11-1561(8)(C), 11-1562(c), 11-1563(b), 11-1563(c), 11-1564(d)(6), 11-1564(d)(7), 11-1566(a), and 11-1570(c), by striking “Commissioner [Mayor]” each place it appears and inserting “Secretary of the Treasury”.

(2) In sections 11-1566(b)(2), 11-1567(a), 11-1567(b), by striking “Mayor” each place it appears and inserting “Secretary of the Treasury”.

(3) In sections 11-1564(d)(2)(A) and 11-1568.1(1)(B), by striking “Mayor of the District of Columbia” each place it appears and inserting “Secretary of the Treasury”.

(4) In section 11-1563(a), by striking “paid to the Custodian of Retirement Funds (as defined in section 102(6) of the District of Columbia Retirement Reform Act)” and inserting “paid to the Secretary of the Treasury”.

(b) DEFINITION OF FUND.—Section 11-1561(4), District of Columbia Code, is amended to read as follows:

“(4) The term ‘fund’ means the District of Columbia Judicial Retirement and Survivors Annuity Fund established by sections 11-1570.”.

(c) TREATMENT OF FEDERAL SERVICE OF JUDGES.—Section 11-1564(d)(4), District of Columbia Code, is amended by striking “Judges' Retirement Fund established by section 124(a) of the District of Columbia Retirement Reform Act” and inserting “Judicial Retirement and Survivors Annuity Fund under section 11-1570”.

**Subchapter C—Miscellaneous Conforming and
Administrative Provisions**

SEC. 11261. TREATMENT OF COURTS UNDER MISCELLANEOUS DISTRICT LAWS.

(a) **FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE ACT.**—Paragraph (5) of section 305 of the District of Columbia Financial Responsibility and Management Assistance Act of 1995 (DC Code, sec. 47-393(5)) is amended to read as follows:

“(5) The term ‘District government’ means the government of the District of Columbia, including any department, agency or instrumentality of the government of the District of Columbia; any independent agency of the District of Columbia established under part F of title IV of the District of Columbia Self-Government and Governmental Reorganization Act or any other agency, board, or commission established by the Mayor or the Council; the Council of the District of Columbia; and any other agency, public authority, or public benefit corporation which has the authority to receive monies directly or indirectly from the District of Columbia (other than monies received from the sale of goods, the provision of services, or the loaning of funds to the District of Columbia), except that such term does not include the Authority.”.

(b) **MERIT PERSONNEL ACT.**—(1) Section 201 of the District of Columbia Comprehensive Merit Personnel Act of 1978 (DC Code, sec. 1-602.1) is amended—

(A) by striking “(a) Except as provided in subsection (b) or unless” and inserting “Unless”; and

(B) by striking subsection (b).

(2) Section 301(13) of the District of Columbia Comprehensive Merit Personnel Act of 1978 (DC Code, sec. 1-603.1(13)) is amended by striking “, the Superior Court of the District of Columbia, and the District of Columbia Court of Appeals shall be considered independent agencies” and inserting “shall be considered an independent agency”.

SEC. 11262. REPRESENTATION OF INDIGENTS IN CRIMINAL CASES.

(a) **BUDGET.**—Section 11-2607, District of Columbia Code, is amended to read as follows:

“§ 11-2607. Preparation of Budget.

“The joint committee shall prepare and include in its annual budget requests for the District of Columbia court system estimates of the expenditures and appropriations necessary for furnishing representation by private attorneys to persons entitled to representation in accordance with section 2601 of this title.”.

(b) **AUTHORIZATION OF APPROPRIATIONS.**—Section 11-2608 of the District of Columbia Code is amended to read as follows:

“§ 11-2608. Authorization of appropriations.

“There are authorized to be appropriated through the State Justice Institute such sums as may be necessary to pay for representation by private attorneys and related services under this chapter. When so specified in appropriation Acts, such appropriations shall remain available until expended.”.

(c) **REPEAL AUTHORITY OF COUNCIL.**—

(1) IN GENERAL.—Section 11-2609, District of Columbia Code, is repealed.

(2) CLERICAL AMENDMENT.—The table of sections for chapter 26 of title 11, District of Columbia Code, is amended by striking the item relating to section 11-2609.

CHAPTER 5—PRETRIAL SERVICES AGENCY AND PUBLIC DEFENDER SERVICE

SEC. 11271. AMENDMENTS AFFECTING PRETRIAL SERVICES AGENCY.

(a) IN GENERAL.—Sections 23-1304 through 23-1308 of the District of Columbia Code are amended to read as follows:

“§ 23-1304. Executive committee; composition; appointment and qualifications of Director

“(a) The agency shall be advised by an executive committee of seven members, of which four members shall constitute a quorum. The Executive Committee shall be composed of the following persons or their designees: the Chief Judge of the United States Court of Appeals for the District of Columbia Circuit, the Chief Judge of the United States District Court for the District of Columbia, the Chief Judge of the District of the Columbia Court of Appeals, the Chief Judge of the Superior Court of the District of Columbia, the United States Attorney for the District of Columbia, the Director of the District of Columbia Public Defender Service, and the Director of the District of Columbia Offender Supervision, Defender and Courts Services Agency.

“(b) The Chief Judge of the United States Court of Appeals for the District of Columbia Circuit and the Chief Judge of the United States District Court for the District of Columbia, in consultation with the other members of the executive committee, shall appoint a Director of the agency who shall be a member of the bar of the District of Columbia.

“§ 23-1305. Duties of director; compensation

“(a) The Director of the agency shall be responsible for the supervision and execution of the duties of the agency. The Director shall be compensated as a member of the Senior Executive Service pursuant to subchapter VIII of chapter 53 of title 5, United States Code.

“§ 23-1306. Chief assistant and other agency personnel; compensation

“The Director shall employ a chief assistant who shall be compensated as a member of the Senior Executive Service pursuant to section 5382 of title 5, United States Code. The Director shall employ such agency personnel as may be necessary properly to conduct the business of the agency. All employees other than the chief assistant shall receive compensation that is comparable to levels of compensation established for Federal pretrial services agencies.

“§ 23-1307. Annual reports

“(a) The Director shall each year submit to the executive committee and to the Director of the District of Columbia Offender Supervision, Defender and Courts Services Agency a report as to the Pretrial Services Agency's administration of its responsibilities

for the previous fiscal year. The Director shall include in the report a statement of financial condition, revenues, and expenses for the past fiscal year.

“§ 23-1308. Appropriation; budget

“There are authorized to be appropriated through the State Justice Institute in each fiscal year such sums as may be necessary to carry out the provisions of this subchapter. Funds appropriated by Congress for the District of Columbia Pretrial Services Agency shall be received by the Director of the District of Columbia Offender Supervision, Defender and Courts Services Agency, and shall be disbursed by that Director to and on behalf of the District of Columbia Pretrial Services Agency. The District of Columbia trial Services Agency shall submit to the Director of the District of Columbia Offender Supervision, Defender and Courts Services Agency at the time and in the form prescribed by that Director, reports of its activities and financial position and its proposed budget.”.

(b) CLERICAL AMENDMENT.—The table of sections for subchapter I of chapter 13 of title 23, District of Columbia Code, is amended by striking the items relating to sections 23-1304 through 23-1308 and inserting the following:

“23-1304. Executive committee; composition; appointment and qualifications of Director.

“23-1305. Duties of director; compensation.

“23-1306. Chief assistant and other agency personnel; compensation.

“23-1307. Annual reports.

“23-1308. Appropriation; budget.”.

SEC. 11272. AMENDMENTS AFFECTING PUBLIC DEFENDER SERVICE.

(a) BOARD OF TRUSTEES.—Section 303(a) of the District of Columbia Court Reform and Criminal Procedure Act of 1970 (DC Code, sec. 1-2703(a)) is amended to read as follows:

“(a) The Service shall be advised on matters of general policy by a Board of Trustees.”.

(b) APPOINTMENT OF DIRECTOR AND DEPUTY DIRECTOR.—Section 304 of such Act (DC Code, sec. 1-2704) is amended to read as follows:

“SEC. 304. DIRECTOR AND DEPUTY DIRECTOR; APPOINTMENT; DUTIES; MEMBERSHIP IN BAR REQUIRED.

“The Chief Judge of the United States Court of Appeals for the District of Columbia Circuit and the Chief Judge of the United States District Court for the District of Columbia, in consultation with the persons described in subparagraphs (B) through (D) of section 303(b)(1) and the Board of Trustees, shall appoint a Director and Deputy Director of the Service. The Director shall be responsible for the supervision and execution of the duties of the Service. The Deputy Director shall assist the Director and shall perform such duties as the Director may prescribe. The Director and Deputy Director shall be members of the bar of the District of Columbia. The Director of the District of Columbia Offender Supervision, Defender and Courts Services Agency shall fix the compensation of the Director and the Deputy Director, but the compensation of the Director shall not exceed the compensation received by the United States Attorney for the District of Columbia.”.

(c) ANNUAL REPORT AND AUDIT.—Section 306 of such Act (DC Code, sec. 1-2706) is amended—

(1) in subsection (a)—

(A) by striking “Board of Trustees” and inserting “Director”; and

(B) by striking “and to the Mayor of the District of Columbia” and inserting “to the Director of the District of Columbia Offender Supervision, Defender and Courts Services Agency, and to the Office of Management and Budget”; and

(2) in subsection (b)—

(A) by striking “Board of Trustees” and inserting “Director”; and

(B) by striking “the Administrative Office of the United States Courts” and inserting “the Director of the District of Columbia Offender Supervision, Defender and Courts Services Agency”.

(d) APPROPRIATIONS.—Section 307 of such Act (DC Code, sec. 1-2707) is amended—

(1) by amending subsection (a) to read as follows:

“(a) There are authorized to be appropriated through the State Justice Institute in each fiscal year such sums as may be necessary to carry out the provisions of this chapter. Funds appropriated by Congress for the District of Columbia Public Defender Service shall be received by the Director of the District of Columbia Offender Supervision, Defender and Courts Services Agency, and shall be disbursed by that Director to and on behalf of the Service. The Service shall submit to the Director of the District of Columbia Offender Supervision, Defender and Courts Services Agency, at the time and in the form prescribed by that Director, reports of its activities and financial position and its proposed budget.”; and

Reports.

(2) in subsection (b), by striking “Upon approval of the Board of Trustees, the” and inserting “The”.

CHAPTER 6—MISCELLANEOUS PROVISIONS

SEC. 11281. TECHNICAL ASSISTANCE AND RESEARCH.

There are authorized to be appropriated to the National Institute of Justice in each fiscal year (beginning with fiscal year 1998) such sums as may be necessary for the following activities:

Appropriation
authorization.

(1) Research and demonstration projects, evaluations, and technical assistance to assess and analyze the crime problem in the District of Columbia, and to improve the ability of the criminal justice and other systems and entities in the District of Columbia to prevent, solve, and punish crimes.

(2) The establishment of a locally-based corporation or institute in the District of Columbia supporting research and demonstration projects relating to the prevention, solution, or punishment of crimes in the District of Columbia, including the provision of related technical assistance.

SEC. 11282. EXEMPTION FROM PERSONNEL AND BUDGET CEILINGS FOR TRUSTEES AND RELATED AGENCIES.

The Trustees described in sections 11202 and 11232 and the activities and personnel of, and the funds allocated or otherwise available to, the Trustees and the agencies over which the Trustees exercise financial oversight pursuant to those sections, shall not be subject to any general personnel or budget limitations which

otherwise apply to the District of Columbia government or its agencies in any appropriations act.

Subtitle D—Privatization of Tax Collection and Administration

SEC. 11301. FINDINGS.

Congress finds as follows:

(1) The District of Columbia government has historically had a poor record of determining and collecting all revenue it is due under its revenue code.

(2) The impact on the District's financial condition of poor administration and collection is significant and has contributed both to the size of its accumulated operating deficit and to the difficulty in balancing the budget going forward.

(3) More complete collection of taxes would not only increase District of Columbia revenues, but would give residents and businesses a sense of equity and that all were paying their fair share.

(4) Once District tax processing and collection is competently managed it will be possible for the District government to accurately assess the true value of its many taxes and determine that some may be reduced or eliminated without a significant negative impact on revenues.

(5) Any reduction or elimination of non-productive or counterproductive taxes or taxes which cost more to administer than they produce in revenue would significantly improve the negative atmosphere surrounding the District of Columbia tax system and its enforcement.

SEC. 11302. AUTHORIZING CHIEF FINANCIAL OFFICER TO PRIVATIZE TAX ADMINISTRATION AND COLLECTION.

The Chief Financial Officer of the District of Columbia may enter into contracts with a private entity for the administration and collection of taxes of the District of Columbia.

Subtitle E—Financing of District of Columbia Accumulated Deficit

SEC. 11401. FINDINGS.

Congress finds as follows:

(1) The District of Columbia government sold accumulated deficit financing bonds in 1991.

(2) Between 1991 and the end of fiscal year 1997 the District of Columbia government is expected to accumulate an operating deficit in excess of \$500,000,000.

(3) Requiring the District of Columbia budget for fiscal year 1998 to be balanced will ensure that no further addition is made to the accumulated operating deficit.

(4) In every other example of an American city in financial crisis, a vital and necessary component of recovery was to finance the accumulated operating deficit.

(5) Carrying forward an accumulated operating deficit of more than \$500,000,000 has a significant negative impact on

the District of Columbia's cash flow and financial condition and on its ability to improve its credit rating.

(6) It is not feasible to carry forward such a debt with an expectation of paying it off gradually from future budget surpluses.

(7) Financing the accumulated deficit would improve the District's cash management position and allow more normal cash management techniques.

SEC. 11402. AUTHORIZATION FOR INTERMEDIATE-TERM ADVANCES OF FUNDS BY THE SECRETARY OF THE TREASURY TO LIQUIDATE THE ACCUMULATED GENERAL FUND DEFICIT OF THE DISTRICT OF COLUMBIA.

Title VI of the District of Columbia Revenue Act of 1939 (DC Code, sec. 47-3401 et seq.) is amended—

(1) by redesignating sections 602 through 605 as sections 603 through 606, respectively; and

(2) by inserting after section 601 the following:

“SEC. 602. INTERMEDIATE-TERM ADVANCES FOR LIQUIDATION OF DEFICIT.

“(a) IN GENERAL.—If the conditions in subsection (b) are satisfied, the Secretary shall make an advance of funds from time to time, out of any money in the Treasury not otherwise appropriated and to the extent provided in advance in annual appropriations Acts, for the purpose of assisting the District government in liquidating the outstanding accumulated operating deficit of the general fund of the District government existing as of September 30, 1997.

“(b) CONDITIONS TO MAKING ANY INTERMEDIATE-TERM ADVANCE.—The Secretary shall make an advance under this section if—

“(1) the Mayor delivers to the Secretary the following instruments, in form and substance satisfactory to the Secretary—

“(A) a financing agreement in which the Mayor agrees to procedures for requisitioning advances;

“(B) a requisition for an advance under this section; and

“(C) a promissory note evidencing the District government's obligation to reimburse the Treasury for the requisitioned advance, which note may be a general obligation bond issued under section 461(a) of the District of Columbia Self-Government and Governmental Reorganization Act by the District government to the Secretary if the Secretary determines that such a bond is satisfactory;

“(2) the date on which the requisitioned advance is requested to be made is not later than 3 years from the date of enactment of the Balanced Budget Act of 1997;

“(3) the District government delivers to the Secretary—

“(A) evidence demonstrating to the satisfaction of the Secretary that, at the time of the Mayor's requisition for an advance, the District government is effectively unable to obtain credit in the public credit markets or elsewhere in sufficient amounts and on sufficiently reasonable terms to meet the District government's need for financing to accomplish the purpose described in subsection (a); and

“(B) a schedule setting out the anticipated timing and amounts of requisitions for advances under this section; “(4) the Authority certifies to the Secretary that—

“(A) there is an approved financial plan and budget in effect under the District of Columbia Financial Responsibility and Management Assistance Act of 1995 for the fiscal year in which the requisition is to be made;

“(B) at the time that the Mayor’s requisition for an advance is delivered to the Secretary, the District government is in compliance with the approved financial plan and budget;

“(C) both the receipt of funds from such advance and the reimbursement of Treasury for such advance are consistent with the approved financial plan and budget for the year;

“(D) such advance will not adversely affect the financial stability of the District government; and

“(E) at the time that the Mayor’s requisition for an advance is delivered to the Secretary, the District government is effectively unable to obtain credit in the public credit markets or elsewhere in sufficient amounts and on sufficiently reasonable terms to meet the District government’s need for financing to accomplish the purpose described in subsection (a);

Certification.

“(5) the Inspector General of the District of Columbia certifies to the Secretary the information described in subparagraphs (A) through (D) of paragraph (4), and in making this certification, the Inspector General may rely upon an audit conducted by an outside auditor engaged by the Inspector General under section 208(a)(4) of the District of Columbia Procurement Practices Act of 1985 if, after reasonable inquiry, the Inspector General concurs in the findings of such audit;

“(6) the Secretary determines that—

“(A) there is reasonable assurance of reimbursement for the requisitioned advance; and

“(B) the debt owed by the District government to the Treasury on account of the requisitioned advance will not be subordinate to any other debt owed by the District or to any other claims against the District; and

“(7) the Secretary receives from such persons as the Secretary determines to be appropriate such additional certifications and opinions relating to such matters as the Secretary determines to be appropriate.

“(c) AMOUNT OF ANY INTERMEDIATE-TERM ADVANCE.—

“(1) IN GENERAL.—Except as provided in paragraph (3), if the conditions in paragraph (2) are satisfied, each advance made under this section shall be in the amount designated by the Mayor in the Mayor’s requisition for such advance.

“(2) CONDITIONS APPLICABLE TO DESIGNATED AMOUNT.—Paragraph (1) applies if—

“(A) the Mayor certifies that the amount designated in the Mayor’s requisition for such advance is needed to accomplish the purpose described in subsection (a) within 30 days of the time that the Mayor’s requisition is delivered to the Secretary; and

“(B) the Authority concurs in the Mayor’s certification under subparagraph (A).

“(3) MAXIMUM AMOUNT.—Notwithstanding paragraph (1), the aggregate amount of all advances made under this section shall not be greater than \$300,000,000.

“(d) MATURITY OF ANY INTERMEDIATE-TERM ADVANCE.—

“(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), each advance made under this section shall mature on the date designated by the Mayor in the Mayor’s requisition for such advance.

“(2) LATEST PERMISSIBLE MATURITY DATE.—Notwithstanding paragraph (1), the maturity date for any advance made under this section shall not be later than 10 years from the date on which the first advance under this section is made.

“(4) SECRETARY’S RIGHT TO REQUIRE EARLY REIMBURSEMENT.—Notwithstanding paragraph (1), if the Secretary determines, at any time while any advance made under this section has not been fully reimbursed, that the District is able to obtain credit in the public credit markets or elsewhere in sufficient amounts and on sufficiently reasonable terms, in the judgment of the Secretary, to refinance all or a portion of the unpaid balance of such advance in the public credit markets or elsewhere without adversely affecting the financial stability of the District government, the Secretary may require reimbursement for all or a portion of the unpaid balance of such advance at any time after the Secretary makes the determination.

“(e) INTEREST RATE.—Each advance made under this section shall bear interest at an annual rate equal to a rate determined by the Secretary at the time that the Secretary makes such advance taking into consideration the prevailing yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the repayment schedule of such advance, plus $\frac{1}{8}$ of 1 percent.

“(f) OTHER TERMS AND CONDITIONS.—Each advance made under this section shall be on such other terms and conditions, including repayment schedule, as the Secretary determines to be appropriate.

“(g) DEPOSIT OF ADVANCES.—As provided in section 204(b) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995, advances made under this section for the account of the District government shall be deposited by the Secretary into an escrow account held by the Authority.”.

SEC. 11403. CONFORMING AMENDMENTS.

(a) AMENDMENT TO SECTION 601.—Section 601 of the District of Columbia Revenue Act of 1939 (DC Code, sec. 47-3401) is amended—

(1) in subsection (c)(2)(B)(i)(IV), by striking “602(b)” and inserting “603(b)”; and

(2) in subsection (d)(2)(B)(iii), by striking “602(b)” and inserting “603(b)”.

(b) AMENDMENT TO SECTION 604.—Section 604 of the District of Columbia Revenue Act of 1939 (DC Code, sec. 47-3401.3) is amended—

(1) in subsection (a)(2)(A)(i), by striking “602” and inserting “603”; and

(2) in subsection (a)(2)(B)(i), by striking “602” and inserting “603”.

SEC. 11404. TECHNICAL CORRECTIONS.

Section 601 of the District of Columbia Revenue Act of 1939 (DC Code, sec. 47-3401) is amended—

(1) in subsection (a)(3)(D), by striking “September 30, 1995” and inserting “September 30, 1996”;

(2) in subsection (b)(2)(E), by striking “September 30, 1996” and inserting “September 30, 1997”;

(3) in subsection (c)(2)(B)(i), by striking “October 1, 1995” and inserting “September 30, 1995”;

(4) in subsection (d)(2)(B)(i)(II), by striking “September 30, 1997” and inserting “September 30, 1998”;

(5) in subsection (d)(2)(B)(ii)—

(A) by striking “September 30, 1995” and inserting “October 1, 1995”; and

(B) by striking “September 30, 1997” and inserting “October 1, 1997”; and

(6) in subsection (d)(2)(C)(iv), by striking “September 30, 1997” and inserting “September 30, 1998”.

SEC. 11405. AUTHORIZATION FOR ISSUANCE OF GENERAL OBLIGATION BONDS BY THE DISTRICT OF COLUMBIA TO FINANCE OR REFUND ITS ACCUMULATED GENERAL FUND DEFICIT.

Section 461(a) of the District of Columbia Self-Government and Governmental Reorganization Act (DC Code, sec. 47-321(a)) is amended—

(1) in paragraph (1), by inserting “to finance or refund the outstanding accumulated operating deficit of the general fund of the District of \$500,000,000, existing as of September 30, 1997,” after “existing as of September 30, 1990,”; and

(2) in paragraph (2), by inserting “existing as of September 30, 1990” after “operating deficit”.

District of
Columbia Bond
Financing
Improvements
Act of 1997.

Subtitle F—District of Columbia Bond Financing Improvements

SEC. 11501. SHORT TITLE.

This subtitle may be cited as the “District of Columbia Bond Financing Improvements Act of 1997”.

SEC. 11502. FINDINGS.

Congress finds as follows:

(1) The bond authorization provision of the District of Columbia Self-Government and Governmental Reorganization Act (commonly known as the “Home Rule Act”) have not been updated to conform with changes in the municipal securities marketplace.

(2) The Home Rule Act unduly limits the ability of the District to take advantage of cost savings, investment opportunities, and other efficiencies generally available to municipal securities issuers.

(3) Section 461 of the Home Rule Act limits the ability of the District government to implement cost-effective capital planning to the extent that it does not permit the District access to interim capital financing in anticipation of its periodic long-term borrowings.

(4) Section 462 of the Home Rule Act prevents the re-programming of unused bond proceeds from dormant projects to other pending, authorized, and viable projects.

(5) Section 466 of the Home Rule Act requires that the District undertake competitive bond sales even under circumstances in which greater efficiencies can be achieved through negotiated sales.

(6) Section 490 of the Home Rule Act does not permit the issuance and sale of taxable and tax-exempt bonds for the full range of economic development and governmental purposes permitted the States and their political subdivisions.

SEC. 11503. AMENDMENT TO SECTION 462 (RELATING TO CONTENTS OF BORROWING LEGISLATION AND ELECTIONS ON ISSUING GENERAL OBLIGATION BONDS).

Section 462(a) of the District of Columbia Self-Government and Governmental Reorganization Act (DC Code, sec. 47-322(a)) is amended to read as follows:

“(a) The Council may by act authorize the issuance of general obligation bonds for the purposes specified in section 461. Such an Act shall contain, at least, provisions—

“(1) briefly describing the projects or categories of projects to be financed by the Act;

“(2) identifying the act authorizing each such project or category of projects;

“(3) setting forth the maximum amount of the principal of the indebtedness which may be incurred for the projects to be financed;

“(4) setting forth the maximum rate of interest to be paid on such indebtedness;

“(5) setting forth the maximum allowable maturity for the issue and the maximum debt service payable in any year; and

“(6) setting forth, in the event that the Council determines in its discretion to submit the question of issuing such bonds to a vote of the qualified voters of the District, the manner of holding such election, the date of such election, the manner of voting for or against the incurring of such indebtedness, and the form of ballot to be used at such election.”.

SEC. 11504. AMENDMENT TO SECTION 466 (RELATING TO PUBLIC OR NEGOTIATED SALE OF GENERAL OBLIGATION BONDS).

Section 466 of the District of Columbia Self-Government and Governmental Reorganization Act (DC Code, sec. 47-326) is amended by striking all after the heading and inserting the following:

“SEC. 466. General obligation bonds issued under this part may be sold at a private sale on a negotiated basis (in such manner as the Mayor may determine to be in the public interest), or may be sold at public sale upon sealed proposals after publication of a notice of such public sale at least once not less than 10 days prior to the date fixed for sale in a daily newspaper carrying municipal bond notices and devoted primarily to financial news or to the subject of State and municipal bonds published in the city of New York, New York, and in 1 or more newspapers of general circulation published in the District. Such notice of public sale shall state, among other things, that no proposal shall be considered unless there is deposited with the District as a down payment a certified check, cashier's check, or surety for an amount

equal to at least 2 percent of the par amount of general obligation bonds bid for, and the Mayor shall reserve the right to reject any and all bids.”.

SEC. 11505. AMENDMENT TO SECTION 467 (RELATING TO AUTHORITY TO CREATE SECURITY INTERESTS IN DISTRICT REVENUES).

Section 467 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code Sec. 47-326.1.) is amended by striking all after the heading and inserting the following:

“SEC. 467. (a) IN GENERAL.—An act of the Council authorizing the issuance of general obligation bonds or notes under section 461(a), section 471(a), section 472(a), or section 475(a) may create a security interest in any District revenues as additional security for the payment of the bonds or notes authorized by such act.

“(b) CONTENTS OF ACTS.—Any such act creating a security interest in District revenues may contain provisions (which may be part of the contract with the holders of such bonds or notes)—

“(1) describing the particular District revenues which are subject to such security interest;

“(2) creating a reasonably required debt service reserve fund or any other special fund;

“(3) authorizing the Mayor of the District to execute a trust indenture securing the bonds or notes;

“(4) vesting in the trustee under such a trust indenture such properties, rights, powers, and duties in trust as may be necessary, convenient, or desirable;

“(5) authorizing the Mayor of the District to enter into and amend agreements concerning—

“(A) the custody, collection, use, disposition, security, investment, and payment of the proceeds of the bonds or notes and the District revenues which are subject to such security interest; and

“(B) the doing of any act (or the refraining from doing any act) that the District would have the right to do in the absence of such an agreement;

“(6) prescribing the remedies of the holders of the bonds or notes in the event of a default; and

“(7) authorizing the Mayor to take any other actions in connection with the issuance, sale, delivery, security, and payment of the bonds or notes.

“(c) TIMING AND PERFECTION OF SECURITY INTERESTS.—Notwithstanding article 9 of title 28 of the District of Columbia Code, any security interest in District revenues created under subsection (a) shall be valid, binding, and perfected from the time such security interest is created, with or without the physical delivery of any funds or any other property and with or without any further action. Such security interest shall be valid, binding, and perfected whether or not any statement, document, or instrument relating to such security interest is recorded or filed. The lien created by such security interest is valid, binding, and perfected with respect to any individual or legal entity having claims against the District, whether or not such individual or legal entity has notice of such lien.

“(d) OBLIGATIONS AND EXPENDITURES NOT SUBJECT TO APPROPRIATION.—The fourth sentence of section 446 shall not apply to

any obligation or expenditure of any District revenues to secure any general obligation bond or note under subsection (a).”.

SEC. 11506. AMENDMENT TO SECTION 472 (RELATING TO BORROWING IN ANTICIPATION OF REVENUES).

Section 472 of the District of Columbia Self-Government and Governmental Reorganization Act (DC Code, sec. 47-328) is amended by striking all after the heading and inserting the following:

“SEC. 472. (a) IN GENERAL.—In anticipation of the collection or receipt of revenues for a fiscal year, the Council may by act authorize the issuance of general obligation notes for such fiscal year, to be known as revenue anticipation notes.

“(b) LIMIT ON AGGREGATE NOTES OUTSTANDING.—The total amount of all revenue anticipation notes issued under subsection (a) outstanding at any time during a fiscal year shall not exceed 20 percent of the total anticipated revenue of the District for such fiscal year, as certified by the Mayor under this subsection. The Mayor shall certify, as of a date which occurs not more than 15 days before each original issuance of such revenue anticipation notes, the total anticipated revenue of the District for such fiscal year.

Certification.

“(c) PERMITTED OUTSTANDING DURATION.—Any revenue anticipation note issued under subsection (a) may be renewed. Any such note, including any renewal note, shall be due and payable not later than the last day of the fiscal year during which the note was originally issued.

“(d) EFFECTIVE DATE OF AUTHORIZATION ACTS; PAYMENTS NOT SUBJECT TO APPROPRIATION.—

“(1) EFFECTIVE DATE.—Notwithstanding section 602(c)(1), any act of the Council authorizing the issuance of revenue anticipation notes under subsection (a) shall take effect—

“(A) if such act is enacted during a control year (as defined in section 305(4) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995), on the date of approval by the District of Columbia Financial Responsibility and Management Assistance Authority; or

“(B) if such act is enacted during any other year, on the date of enactment of such act.

“(2) PAYMENTS NOT SUBJECT TO APPROPRIATION.—The fourth sentence of section 446 shall not apply to any amount obligated or expended by the District for the payment of the principal of, interest on, or redemption premium for any revenue anticipation note issued under subsection (a).”.

SEC. 11507. ADDITION OF NEW SECTION 475 (RELATING TO GENERAL OBLIGATION BOND ANTICIPATION NOTES).

(a) IN GENERAL.—Subpart 2 of part E of title IV of the District of Columbia Self-Government and Governmental Reorganization Act is amended by adding at the end the following new section:

“BOND ANTICIPATION NOTES

“SEC. 475. (a) AUTHORIZING ISSUANCE.—

“(1) IN GENERAL.—In anticipation of the issuance of general obligation bonds, the Council may by act authorize the issuance of general obligation notes to be known as bond anticipation notes in accordance with this section.

“(2) PURPOSES; PERMITTING ISSUANCE OF GENERAL OBLIGATION BONDS TO COVER INDEBTEDNESS.—The proceeds of bond anticipation notes issued under this section shall be used for the purposes for which general obligation bonds may be issued under section 461, and such notes shall constitute indebtedness which may be refunded through the issuance of general obligation bonds under such section.

“(b) MAXIMUM ANNUAL DEBT SERVICE AMOUNT.—The Act of the Council authorizing the issuance of bond anticipation notes shall set forth for the bonds anticipated by such notes an estimated maximum annual debt service amount based on an estimated schedule of annual principal payments and an estimated schedule of annual interest payments (based on an estimated maximum average annual interest rate for such bonds over a period of 30 years from the earlier of the date of issuance of the notes or the date of original issuance of prior notes in anticipation of those bonds). Such estimated maximum annual debt service amount as estimated at the time of issuance of the original bond anticipation notes shall be included in the calculation required by section 603(b) while such notes or renewal notes are outstanding.

“(c) PERMITTED OUTSTANDING DURATION.—Any bond anticipation note, including any renewal note, shall be due and payable not later than the last day of the third fiscal year following the fiscal year during which the note was originally issued.

“(d) GENERAL AUTHORITY OF COUNCIL.—If provided for in Act of the Council authorizing such an issue of bond anticipation notes, bond anticipation notes may be issued in succession, in such amounts, at such times, and bearing interest rates within the permitted maximum authorized by such Act.

“(e) EFFECTIVE DATE OF AUTHORIZATION ACTS; PAYMENTS NOT SUBJECT TO APPROPRIATION.—

“(1) EFFECTIVE DATE.—Notwithstanding section 602(c)(1), any act of the Council authorizing the renewal of bond anticipation notes under subsection (c) or the issuance of general obligation bonds under section 461(a) to refund any bond anticipation notes shall take effect—

“(A) if such act is enacted during a control year (as defined in section 305(4) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995), on the date of approval by the District of Columbia Financial Responsibility and Management Assistance Authority; or

“(B) if such act is enacted during any other year, on the date of enactment of such act.

“(2) PAYMENT NOT SUBJECT TO APPROPRIATION.—The fourth sentence of 446 shall not apply to any amount obligated or expended by the District for the payment of the principal of, interest on, or redemption premium for any bond anticipation note issued under this section.”.

(b) CLERICAL AMENDMENT.—The table of contents for the District of Columbia Self-Government and Governmental Reorganization Act is amended by adding at the end of the items relating to subpart 2 of part E of title IV the following new item:

“Sec. 475. Bond anticipation notes.”.

SEC. 11508. AMENDMENT TO SECTION 490 (RELATING TO REVENUE BONDS AND OTHER OBLIGATIONS).

Section 490 of the District of Columbia Self-Government and Governmental Reorganization Act (DC Code, sec. 47-334), as amended by section 2 of the District of Columbia Water and Sewer Authority Act of 1996, is amended—

(1) in subsection (a)—

(A) by amending paragraphs (1) through (3) to read as follows:

“(a)(1) Subject to paragraph (2), the Council may by act or by resolution authorize the issuance of taxable and tax-exempt revenue bonds, notes, or other obligations to borrow money to finance, refinance, or reimburse and to assist in the financing, refinancing, or reimbursing of or for capital projects and other undertakings by the District or by any District instrumentality, or on behalf of any qualified applicant, including capital projects or undertakings in the areas of housing; health facilities; transit and utility facilities; manufacturing; sports, convention, and entertainment facilities; recreation, tourism and hospitality facilities; facilities to house and equip operations of the District government or its instrumentalities; public infrastructure development and redevelopment; elementary, secondary and college and university facilities; educational programs which provide loans for the payment of educational expenses for or on behalf of students; facilities used to house and equip operations related to the study, development, application, or production of innovative commercial or industrial technologies and social services; water and sewer facilities (as defined in paragraph (5)); pollution control facilities; solid and hazardous waste disposal facilities; parking facilities, industrial and commercial development; authorized capital expenditures of the District; and any other property or project that will, as determined by the Council, contribute to the health, education, safety, or welfare, of, or the creation or preservation of jobs for, residents of the District, or to economic development of the District, and any facilities or property, real or personal, used in connection with or supplementing any of the foregoing; lease-purchase financing of any of the foregoing facilities or property; and any costs related to the issuance, carrying, security, liquidity or credit enhancement of or for revenue bonds, notes, or other obligations, including, capitalized interest and reserves, and the costs of bond insurance, letters of credit, and guaranteed investment, forward purchase, remarketing, auction, and swap agreements. Any such financing, refinancing, or reimbursement may be effected by loans made directly or indirectly to any individual or legal entity, by the purchase of any mortgage, note, or other security, or by the purchase, lease, or sale of any property.

“(2) Any revenue bond, note, or other obligation issued under paragraph (1) shall be a special obligation of the District and shall be a negotiable instrument, whether or not such revenue bond, note, or other obligation is a security as defined in section 28:8-102(1)(a) of title 28 of the District of Columbia Code.

“(3) Any revenue bond, note, or other obligation issued under paragraph (1) shall be paid and secured (as to principal, interest, and any premium) as provided by the act or resolution of the Council authorizing the issuance of such revenue bond, note, or other obligation. Any act or resolution of the Council, or any delegation of Council authority under subsection (a)(6), authorizing the

issuance of revenue bonds, notes, or other obligations may provide for (A) the payment of such revenue bonds, notes, or other obligations from any available revenues, assets, property (including water and sewer enterprise fund revenues, assets, or other property in the case of bonds, notes, or obligations issued with respect to water and sewer facilities), and (B) the securing of such revenue bond, note, or other obligation by the mortgage of real property or the creation of a security interest in available revenues, assets, or other property (including water and sewer enterprise fund revenues, assets, or other property in the case of bonds, notes, or obligations issued with respect to water and sewer facilities).”,

(B) by amending paragraph (4)(A) to read as follows:

“(4)(A) In authorizing the issuance of any revenue bond, note, or other obligation under paragraph (1), the Council may enter into, or authorize the Mayor to enter into, any agreement concerning the acquisition, use, or disposition of any available revenues, assets, or property. Any such agreement may create a security interest in any available revenues, assets, or property, may provide for the custody, collection, security, investment, and payment of any available revenues (including any funds held in trust) for the payment of such revenue bond, note, or other obligation, may mortgage any property, may provide for the acquisition, construction, maintenance, and disposition of the undertaking financed or refinanced using the proceeds of such revenue bond, note, or other obligation, and may provide for the doing of any act (or the refraining from doing of any act) which the District has the right to do in the absence of such agreement. Any such agreement may be assigned for the benefit of, or made a part of any contract with, any holder of such revenue bond, note, or other obligation issued under paragraph (1).”, and

(C) by adding at the end the following new paragraph:

“(6)(A) The Council may by act delegate to any District instrumentality the authority of the Council under subsection (a)(1) to issue taxable or tax-exempt revenue bonds, notes, or other obligations to borrow money for the purposes specified in this subsection. For purposes of this paragraph, the Council shall specify for what undertakings revenue bonds, notes, or other obligations may be issued under each delegation made pursuant to this paragraph. Any District instrumentality may exercise the authority and the powers incident thereto delegated to it by the Council as described in the first sentence of this paragraph only in accordance with this paragraph and shall be consistent with this paragraph and the terms of the delegation.

“(B) Revenue bonds, notes, or other obligations issued by a District instrumentality under a delegation of authority described in subparagraph (A) shall be issued by resolution of that instrumentality, and any such resolution shall not be considered to be an act of the Council.

“(C) Nothing in this paragraph shall be construed as restricting, impairing, or superseding the authority otherwise vested by law in any District instrumentality.”;

(2) by amending subsection (b) to read as follows:

“(b) No property owned by the United States may be mortgaged or made subject to any security interest to secure any revenue bond, note, or other obligation issued under subsection (a)(1).”;

(3) by amending subsection (c) to read as follows:

“(c) Any and all such revenue bonds, notes, or other obligations issued under subsection (a)(1) shall not be general obligations of the District, shall not be a pledge of or involve the faith and credit or taxing power of the District (other than with respect to any dedicated taxes) and shall not constitute a debt of the District, and shall not constitute lending of the public credit for private undertakings for purposes of section 602(a)(2).”;

(4) by amending subsection (f) to read as follows:

“(f) The fourth sentence of section 446 shall not apply to—

“(1) any amount (including the amount of any accrued interest or premium) obligated or expended from the proceeds of the sale of any revenue bond, note, or other obligations issued under subsection (a)(1);

“(2) any amount obligated or expended for the payment of the principal of, interest on, or any premium for any revenue bond, note, or other obligation issued under subsection (a)(1);

“(3) any amount obligated or expended pursuant to provisions made to secure any revenue bond, note, or other obligations issued under subsection (a)(1); and

“(4) any amount obligated or expended pursuant to commitments made in connection with the issuance of revenue bonds, notes, or other obligations for repair, maintenance, and capital improvements relating to undertakings financed through any revenue bond, note, or other obligation issued under subsection (a)(1).”; and

(5) by adding at the end the following new subsections:

“(i) The revenue bonds, notes, or other obligations issued under subsection (a)(1) are not general obligation bonds of the District government and shall not be included in determining the aggregate amount of all outstanding obligations subject to the limitation specified in section 603(b).

“(j) The issuance of revenue bonds, notes, or other obligations by the District where the ultimate obligation to repay such revenue bonds, notes, or other obligations is that of one or more non-governmental persons or entities may be authorized by resolution of the Council. The issuance of all other revenue bonds, notes, or other obligations by the District shall be authorized by act of the Council.

“(k) During any control period (as defined in section 209 of the District of Columbia Financial Responsibility and Management Assistance Act of 1995), any act or resolution of the Council authorizing the issuance of revenue bonds, notes, or other obligations under subsection (a)(1) shall be submitted to the District of Columbia Financial Responsibility and Management Assistance Authority for certification in accordance with section 204 of that Act. Any certification issued by the Authority during a control period shall be effective for purposes of this subsection for revenue bonds, notes, or other obligations issued pursuant to such act or resolution of the Council whether the revenue bonds, notes, or other obligations are issued during or subsequent to that control period.

“(l) The following provisions of law shall not apply with respect to property acquired, held, and disposed of by the District in accordance with the terms of any lease-purchase financing authorized pursuant to subsection (a)(1):

“(1) The Act entitled ‘An Act authorizing the sale of certain real estate in the District of Columbia no longer required for public purposes’, approved August 5, 1939 (53 Stat. 1211; DC Code sec. 9-401 et seq.).

“(2) Subchapter III of chapter 13 of title 16, District of Columbia Code.

“(3) Any other provision of District of Columbia law that prohibits or restricts lease-purchase financing.

“(m) For purposes of this section, the following definitions shall apply:

“(1) The term ‘revenue bonds, notes, or other obligations’ means special fund bonds, notes, or other obligations (including refunding bonds, notes, or other obligations) used to borrow money to finance, assist in financing, refinance, or repay, restore or reimburse moneys used for purposes referred to in subsection (a)(1) the principal of and interest, if any, on which are to be paid and secured in the manner described in this section and which are special obligations and to which the full faith and credit of the District of Columbia is not pledged.

“(2) The term ‘District instrumentality’ means any agency or instrumentality (including an independent agency or instrumentality), authority, commission, board, department, division, office, body, or officer of the District of Columbia government duly established by an act of the Council or by the laws of the United States, whether established before or after the date of enactment of the District of Columbia Bond Financing Improvements Act of 1997.

“(3) The term ‘available revenues’ means gross revenues and receipts, other than general fund tax receipts, lawfully available for the purpose and not otherwise exclusively committed to another purpose, including enterprise funds, grants, subsidies, contributions, fees, dedicated taxes and fees, investment income and proceeds of revenue bonds, notes, or other obligations issued under this section.

“(4) The term ‘enterprise fund’ means a fund or account for operations that are financed or operated in a manner similar to private business enterprises, or established so that separate determinations may more readily be made periodically of revenues earned, expenses incurred, or net income for management control, accountability, capital maintenance, public policy, or other purposes.

“(5) The term ‘dedicated taxes and fees’ means taxes and surtaxes, portions thereof, tax increments, or payments in lieu of taxes, and fees that are dedicated pursuant to law to the payment of the debt service on revenue bonds, notes, or other obligations authorized under this section, the provision and maintenance of reserves for that purpose, or the provision of working capital for or the maintenance, repair, reconstruction or improvement of the undertaking to which the revenue bonds, notes, or other obligations relate.

“(6) The term ‘tax increments’ means taxes, other than the special tax provided for in section 481 and pledged to the payment of general obligation indebtedness of the District, allocable to the increase in taxable value of real property or the increase in sales tax receipts, each from a certain date or dates, in prescribed areas, to the extent that such increases

are not otherwise exclusively committed to another purpose and as further provided for pursuant to an act of the Council.”.

SEC. 11509. CONFORMING AMENDMENT.

The fourth sentence of section 446 of the District of Columbia Self-Government and Governmental Reorganization Act (DC Code, sec. 47-304) is amended to read as follows: “Except as provided in section 467(d), section 471(c), section 472(d)(2), section 475(e)(2), section 483(d), and section 490(f), (g), and (h)(3), no amount may be obligated or expended by any officer or employee of the District of Columbia government unless such amount has been approved by Act of Congress, and then only according to such Act.”.

Subtitle G—District of Columbia Government Budget

SEC. 11601. ELIMINATION OF THE ANNUAL FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA.

(a) **ELIMINATION OF PAYMENT.**—

(1) **IN GENERAL.**—Title V of the District of Columbia Self-Government and Governmental Reorganization Act (DC Code, sec. 47-3406 et seq.) is hereby repealed.

(2) **CLERICAL AMENDMENT.**—The table of contents of such Act is amended by striking the items relating to title V.

(b) **CONFORMING AMENDMENTS.**—

(1) **HOME RULE ACT.**—The District of Columbia Self-Government and Governmental Reorganization Act is amended as follows:

(A) In section 103(10) (DC Code, sec. 1-202(10)), by striking “the annual Federal payment to the District authorized under title V,”.

(B) In section 483 (DC Code, sec. 47-331.2), by striking subsection (c).

(C) In section 603(c) (DC Code, sec. 47-313(c)), by striking the fourth sentence.

(D) In section 603(f)(1) (DC Code, sec. 47-313(f)(1)), by striking “(other than the fourth sentence)”.

(2) **FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE ACT.**—The District of Columbia Financial Responsibility and Management Assistance Act of 1995 is amended—

(A) by striking section 205 (DC Code, sec. 47-392.5); and

(B) in the table of contents for such Act, by striking the item relating to section 205.

(3) **PROCUREMENT PRACTICES ACT.**—Section 208(a)(2) of the District of Columbia Procurement Practices Act of 1985 (DC Code, sec. 1-1182.8(a)(2)) is amended—

(1) by striking subparagraph (B);

(2) by redesignating subparagraph (C) as subparagraph (B); and

(3) in subparagraph (B), as so redesignated, by striking “Amounts deposited in the dedicated fund described in subparagraph (B)” and inserting “Amounts appropriated for the Inspector General”.

(4) DISTRICT OF COLUMBIA REVENUE ACT OF 1939.—The District of Columbia Revenue Act of 1939 (DC Code, sec. 47-3401 et seq.) is amended as follows:

(A) In section 603(b) (as redesignated by section 11402)—

- (i) in paragraph (5), by adding “and” at the end;
- (ii) in paragraph (6), by striking “; and” and inserting a period; and
- (iii) by striking paragraph (7).

(B) In section 603(c) (as redesignated by section 11402), by amending subparagraph (C) to read as follows:

“(C) APPLICABLE LIMIT DEFINED.—In this paragraph, the ‘applicable limit’ for a fiscal year is equal to 15 percent of the total anticipated revenues of the District government for such fiscal year, as certified by the Mayor at the time of the Mayor’s requisition for an advance.”.

(C) In section 605(b) (as redesignated by section 11402)—

- (i) by striking paragraph (1) and redesignating paragraphs (2) through (4) as paragraphs (1) through (3);
- (ii) in paragraph (1) (as so redesignated), by striking “OTHER” in the heading;
- (iii) in paragraph (1) (as so redesignated), by striking “If, after” and all that follows through “the Secretary” and inserting “The Secretary”;
- (iv) in paragraph (1) (as so redesignated), by striking “to individuals,” and inserting “to individuals (including any Federal contribution authorized to be appropriated pursuant to section 11601(c)(2) of the Balanced Budget Act of 1997),”;
- (v) in paragraph (2) (as so redesignated), by striking “paragraphs (1) and (2)” and inserting “paragraph (1)”; and
- (vi) in paragraph (3) (as so redesignated), by striking “(1) through (3)” and inserting “(1) and (2)”.

(c) FEDERAL CONTRIBUTION TO OPERATIONS OF GOVERNMENT OF NATION’S CAPITAL.—

(1) FINDINGS.—Congress finds as follows:

(A) Congress has restricted the overall size of the District of Columbia’s economy by limiting the height of buildings in the District and imposing other limitations relating to the Federal presence in the District.

(B) Congress has imposed limitations on the District’s ability to tax income earned in the District of Columbia.

(C) The unique status of the District of Columbia as the seat of the government of the United States imposes unusual costs and requirements which are not imposed on other jurisdictions and many of which are not directly reimbursed by the Federal government.

(D) These factors play a significant role in causing the relative tax burden on District residents to be greater than the burden on residents in other jurisdictions in the Washington, D.C. metropolitan area and in other cities of comparable size.

(2) **FEDERAL CONTRIBUTION.**—There is authorized to be appropriated a Federal contribution towards the costs of the operation of the government of the Nation's capital—

Appropriation
authorization.

(A) for fiscal year 1998, \$190,000,000; and

(B) for each subsequent fiscal year, such amount as may be necessary for such contribution.

In determining the amount appropriated pursuant to the authorization under this paragraph, Congress shall take into account the findings described in paragraph (1).

SEC. 11602. REQUIREMENT THAT THE DISTRICT OF COLUMBIA BALANCE ITS BUDGET IN FY 1998.

(a) **IN GENERAL.**—Section 201(c)(1) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995 is amended—

(1) in subparagraph (A), by striking “1999” and inserting “1998”; and

(2) in subparagraph (B), by striking “1996, 1997, and 1998,” and inserting “1996 and 1997,”.

(b) **CONFORMING AMENDMENT.**—Section 603(f) of the District of Columbia Self-Government and Governmental Reorganization Act (DC Code, sec. 47-313(f)) is amended by striking “Act of 1995)—” and all that follows through “(2) the Council” and inserting “Act of 1995), the Council”.

SEC. 11603. PERMITTING EXPEDITED SUBMISSION AND APPROVAL OF CONSENSUS BUDGET AND FINANCIAL PLAN.

(a) **FINDINGS.**—Congress finds the following:

(1) The District of Columbia Financial Responsibility and Management Assistance Act (hereafter in this subsection referred to as the “Act”) was structured as to preserve the maximum prerogatives of each branch of elected self-government consistent with returning the District of Columbia to full financial stability and health.

(2) The Act was intended to eliminate unnecessary bureaucratic barriers and procedures throughout the District government, including the budget process.

(3) Preservation of home rule and self-government are consistent with cooperation between elected officials and the Authority in drawing the annual budget and other matters affecting the District of Columbia government, and are preferable to achieve greater efficiency, communication among the parties, and avoidance of conflict and delay.

(b) **IN GENERAL.**—Section 202 of the District of Columbia Financial Responsibility and Management Assistance Act of 1995 is amended by adding at the end the following new subsection:

“(i) **EXPEDITED SUBMISSION AND APPROVAL OF CONSENSUS BUDGET AND FINANCIAL PLAN.**—Notwithstanding any other provision of this section, if the Mayor, the Council, and the Authority jointly develop a financial plan and budget for the fiscal year which meets the requirements applicable under section 201 and which the Mayor, Council, and Authority certify reflects a consensus among them—

“(1) such financial plan and budget shall serve as the budget of the District government for the fiscal year adopted by the Council under section 446 of the District of Columbia Self-Government and Governmental Reorganization Act; and

“(2) the Mayor shall transmit the financial plan and budget to the President and Congress under such section.”.

(c) EFFECTIVE DATE.—The amendment made by subsection (b) shall apply with respect to fiscal years beginning with fiscal year 1998.

SEC. 11604. INCREASE IN MAXIMUM AMOUNT OF PERMITTED DISTRICT BORROWING.

Section 603(b) of the District of Columbia Self-Government and Governmental Reorganization Act (DC Code, sec. 47-313(b)) is amended by striking “14 per centum” each place it appears in paragraph (1) and paragraph (3) and inserting “17 percent”.

Subtitle H—Miscellaneous Provisions

CHAPTER 1—REGULATORY REFORM IN THE DISTRICT OF COLUMBIA

SEC. 11701. REVIEW AND REVISION OF REGULATIONS AND PERMIT AND APPLICATION PROCESSES.

(a) REVIEW OF CURRENT REGULATIONS BY AUTHORITY.—

(1) IN GENERAL.—Not later than 6 months after the date of the enactment of this title, the District of Columbia Financial Responsibility and Management Assistance Authority shall complete a review of regulations of the District of Columbia in effect as of the date of the enactment of this title and analyze the extent to which such regulations unnecessarily and inappropriately impair economic development in the District of Columbia and the financial stability and management efficiency of the District of Columbia government. To the greatest extent possible, such review shall take into account the work and recommendations of the Business Regulatory Reform Commission pursuant to the Business Regulatory Reform Commission Act of 1994 (DC Code, sec. 2-4101 et seq.) and other existing and ongoing public and private regulatory reform efforts. The Authority shall transmit the findings of its review to the Mayor, Council, and Congress.

(2) REVISION.—Based on the review conducted under paragraph (1) and taking into account actions by the Council and the Executive Branch of the District of Columbia government, the Authority shall take such additional actions as it considers appropriate to repeal or revise the regulations of the District of Columbia, in accordance with (and subject to the terms and conditions described in) section 207 of the District of Columbia Financial Responsibility and Management Assistance Act of 1995.

(b) SURVEY AND REVISION OF PERMIT AND APPLICATION PROCESSES.—

(1) IN GENERAL.—Not later than 6 months after the date of the enactment of this title, the Authority shall complete a review of the current processes of the District of Columbia for obtaining permits and applications of all types and analyze the extent to which such processes and their completion times vary from the processes applicable in other jurisdictions. To the greatest extent possible, such review shall take into account the work and recommendations of the Business Regulatory Reform Commission pursuant to the Business Regulatory

Reform Commission Act of 1994 (DC Code, sec. 2-4101 et seq.) and other existing and ongoing public and private regulatory reform efforts. The Authority shall transmit the findings of its review to the Mayor, Council, and Congress.

(2) REVISION.—Based on the review conducted under paragraph (1) and taking into account actions by the Council and the Executive Branch of the District of Columbia government, the Authority shall take such additional actions as it considers appropriate to repeal or revise the permit and application processes (and their completion times) of the District of Columbia, in accordance with (and subject to the terms and conditions described in) section 207 of the District of Columbia Financial Responsibility and Management Assistance Act of 1995. In carrying out such repeals or revisions, the Authority shall seek to ensure that the average time required to obtain a permit or application from the District of Columbia is consistent with the average time for other similar jurisdictions in the United States.

(c) REPORTS TO CONGRESS.—Upon the expiration of the 6-month period which begins on the date of the enactment of this title and on a quarterly basis thereafter, the Authority shall submit a report to Congress describing the steps taken to carry out the requirements of this section and the effectiveness of the regulatory, permit, and application processes of the District of Columbia.

SEC. 11702. REPEAL OF CLEAN AIR COMPLIANCE FEE ACT OF 1994.

(a) REPEAL.—

(1) IN GENERAL.—Effective March 21, 1995, the Clean Air Compliance Fee Act of 1994 is hereby repealed (DC Code, sec. 47-2731 et seq.), except as provided in subsection (b).

Effective date.

(2) CONFORMING AMENDMENT.—Section 2(b)(2) of the Stable and Reliable Source of Revenues for WMATA Act of 1982 (DC Code, sec. 1-2466(b)(2)) is amended by striking subparagraph (H).

(b) EXCEPTION FOR PROVISIONS EXEMPTING DELIVERY OF NEWSPAPERS FROM APPLICATION OF CERTAIN TAXES.—Subsection (a) shall not apply to section 14 of the Clean Air Compliance Fee Act of 1994.

SEC. 11703. REPEAL REQUIREMENT FOR CONGRESSIONAL AUTHORIZATION OF CERTAIN MERGERS INVOLVING DISTRICT OF COLUMBIA PUBLIC UTILITY CORPORATIONS.

Section 11 of the Act of March 4, 1913 (37 Stat. 1006; DC Code, sec. 43-802) is hereby repealed.

SEC. 11704. EXEMPTION OF CERTAIN CONTRACTS FROM COUNCIL REVIEW.

(a) IN GENERAL.—Section 451 of the District of Columbia Self-Government and Governmental Reorganization Act (sec. 1-1130, D.C. Code) is amended by adding at the end the following new subsection:

“(d) EXEMPTION FOR CERTAIN CONTRACTS.—The requirements of this section shall not apply with respect to any of the following contracts:

“(1) Any contract entered into by the Washington Convention Center Authority for preconstruction activities, project management, design, or construction.

“(2) Any contract entered into by the District of Columbia Water and Sewer Authority established pursuant to the Water and Sewer Authority Establishment and Department of Public Works Reorganization Act of 1996, other than contracts for the sale or lease of the Blue Plains Wastewater Treatment Plant.

“(3) At the option of the Council, any contract for a highway improvement project carried out under title 23, United States Code.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to contracts entered into on or after the date of the enactment of this title.

CHAPTER 2—OTHER MISCELLANEOUS PROVISIONS

SEC. 11711. REVISIONS TO FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE ACT.

(a) USE OF INTEREST ON ACCOUNTS OF AUTHORITY FOR BENEFIT OF DISTRICT.—Section 106 of the District of Columbia Financial Responsibility and Management Assistance Act of 1995 (DC Code, sec. 47-391.6) is amended by adding at the end the following new subsection:

“(d) USE OF INTEREST ON ACCOUNTS FOR DISTRICT.—

“(1) IN GENERAL.—Notwithstanding any other provision of this Act, the Authority may transfer or otherwise expend any amounts derived from interest earned on accounts held by the Authority on behalf of the District of Columbia for such purposes as it considers appropriate to promote the economic stability and management efficiency of the District government.

“(2) SPENDING NOT SUBJECT TO APPROPRIATION BY CONGRESS.—Notwithstanding subsection (a)(3), any amounts transferred or otherwise expended pursuant to paragraph (1) may be obligated or expended without approval by Act of Congress.”.

(b) APPOINTMENT OF INSPECTOR GENERAL.—Section 303(e)(1) of such Act (DC Code, sec. 1-1182.8 note) is amended by striking “the Authority” and inserting “the Mayor”.

SEC. 11712. COOPERATIVE AGREEMENTS BETWEEN FEDERAL AGENCIES AND METROPOLITAN POLICE DEPARTMENT.

(a) AGREEMENTS.—Each covered Federal law enforcement agency may enter into a cooperative agreement with the Metropolitan Police Department of the District of Columbia to assist the Department in carrying out crime prevention and law enforcement activities in the District of Columbia, including taking appropriate action to enforce subsection (e) (except that nothing in such an agreement may be construed to grant authority to the United States to prosecute violations of subsection (e)).

(b) CONTENTS OF AGREEMENT.—An agreement entered into between a covered Federal law enforcement agency and the Metropolitan Police Department pursuant to this section may include agreements relating to—

(1) sending personnel of the agency on patrol in areas of the District of Columbia which immediately surround the area of the agency’s jurisdiction, and granting personnel of the agency the power to arrest in such areas;

(2) sharing and donating equipment and supplies with the Metropolitan Police Department;

(3) operating on shared radio frequencies with the Metropolitan Police Department;

(4) permitting personnel of the agency to carry out processing and papering of suspects they arrest in the District of Columbia; and

(5) such other items as the agency and the Metropolitan Police Department may agree to include in the agreement.

(c) COORDINATION WITH U.S. ATTORNEY'S OFFICE.—Agreements entered into pursuant to this section shall be coordinated in advance with the United States Attorney for the District of Columbia.

(d) COVERED FEDERAL LAW ENFORCEMENT AGENCIES DESCRIBED.—In this section, the term “covered Federal law enforcement agency” means any of the following:

- (1) United States Capitol Police.
- (2) United States Marshals Service.
- (3) Library of Congress Police.
- (4) Bureau of Engraving and Printing Police Force.
- (5) Supreme Court Police.
- (6) Amtrak Police Department.
- (7) Department of Protective Services, United States Holocaust Museum.
- (8) Government Printing Office Police.
- (9) United States Park Police.
- (10) Bureau of Alcohol, Tobacco, and Firearms.
- (11) Drug Enforcement Administration.
- (12) Federal Bureau of Investigation.
- (13) Criminal Investigation Division, Internal Revenue Service.
- (14) Department of the Navy Police Division, Naval District Washington.
- (15) Naval Criminal Investigative Service.
- (16) 11th Security Police Squadron, Bolling Air Force Base.
- (17) United States Army Military District of Washington.
- (18) United States Customs Service.
- (19) Immigration and Naturalization Service.
- (20) Postal Inspection Service, United States Postal Service.
- (21) Uniformed Division, United States Secret Service.
- (22) United States Secret Service.
- (23) National Zoological Park Police.
- (24) Federal Protective Service, General Services Administration, National Capital Region.
- (25) Defense Protective Service, Department of Defense Washington Headquarters Services.
- (26) Office of Protective Services, Smithsonian Institution.
- (27) Office of Protective Services, National Gallery of Art.
- (28) United States Army Criminal Investigation Command, Department of the Army Washington District, 3rd Military Police Group.
- (29) Marine Corps Law Enforcement.
- (30) Department of State Diplomatic Security.
- (31) United States Coast Guard.
- (32) United States Postal Police.

(e) CERTAIN PROHIBITED ACTIVITY.—Effective with respect to conduct occurring on or after the date of the enactment of this title, whoever in the District of Columbia knowingly and willfully obstructs any bridge connecting the District of Columbia and the Commonwealth of Virginia—

(1) shall be fined not less than \$1,000 and not more than \$5,000, and in addition may be imprisoned not more than 30 days; or

(2) if applicable, shall be subject to prosecution by the District of Columbia under the provisions of District law and regulation amended by the Safe Streets Anti-Prostitution Amendment Act of 1996 (D.C. Law 11-130).

SEC. 11713. PERMITTING GARNISHMENT OF WAGES OF OFFICERS AND EMPLOYEES OF DISTRICT OF COLUMBIA GOVERNMENT.

Section 2 of D.C. Law 2-14 (DC Code, sec. 1-516) is amended—

(1) by striking “After July 25” and inserting “(a) After July 25”; and

(2) by adding at the end the following new subsection:
 “(b) After October 1, 1997, wages salaries, annuities, retirement and disability benefits, and other remuneration based upon employment, or other income owed by, due from, and payable by the government of the District of Columbia to any individual shall be subject to attachment, garnishment, assignment, or withholding in accordance with subchapter III of chapter 5 of title 16 of the District of Columbia Code in the same manner and to the same extent as if the government of the District of Columbia were a private person.”.

SEC. 11714. PERMITTING EXCESS APPROPRIATIONS BY WATER AND SEWER AUTHORITY FOR CAPITAL PROJECTS.

(a) IN GENERAL.—Section 445A of the District of Columbia Self-Government and Governmental Reorganization Act (DC Code, sec. 43-1691), as added by section 4(a) of the District of Columbia Water and Sewer Authority Act of 1996, is amended—

(1) by striking “The District” and inserting “(a) IN GENERAL.—The District”; and

(2) by adding at the end the following new subsection:
 “(b) PERMITTING EXPENDITURE OF EXCESS REVENUES FOR CAPITAL PROJECTS IN EXCESS OF BUDGET.—Notwithstanding the amount appropriated for the District of Columbia Water and Sewer Authority for capital projects for a fiscal year, if the revenues of the Authority for the year exceed the estimated revenues of the Authority provided in the annual budget of the District of Columbia for the fiscal year, the Authority may obligate or expend an additional amount for capital projects during the year equal to the amount of such excess revenues.”.

(b) CONFORMING AMENDMENT.—The fourth sentence of section 446 of such Act (DC Code, sec. 47-304), as amended by section 2(c)(2) of the District of Columbia Water and Sewer Authority Act of 1996, is amended by striking “in section 467(d)” and inserting “in section 445A(b), section 467(d)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to fiscal years beginning on or after October 1, 1996.

40 USC 138.

SEC. 11715. REQUIRING CERTAIN FEDERAL OFFICIALS TO PROVIDE NOTICE BEFORE CARRYING OUT ACTIVITIES AFFECTING REAL PROPERTY LOCATED IN DISTRICT OF COLUMBIA.

(a) HEADS OF FEDERAL AGENCIES.—

(1) IN GENERAL.—Except as provided in subsection (d), the head of any Federal agency may not carry out any activity

that affects real property located in the District of Columbia unless—

(A) not later than 60 days before carrying out such activity, the head of the agency provides a notice describing such activity and the property affected to the Administrator of General Services and the Administrator of General Services transmits such notice to the individuals described in subsection (c); and

(B) the head of the agency provides the individuals described in subsection (c) with the opportunity to present oral or written comments on the activity to a representative of the head of the agency before the head of the agency carries out the activity.

(2) FEDERAL AGENCY DEFINED.—In subsection (a), the term “Federal agency” means an executive department (as defined in section 101 of title 5, United States Code).

(b) ARCHITECT OF THE CAPITOL.—Except as provided in subsection (d), the Architect of the Capitol may not carry out any activity that affects real property located in the District of Columbia unless—

(1) not later than 60 days before carrying out such activity, the Architect provides a notice describing such activity and the property affected to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Environment and Public Works of the Senate and such Committees transmit such notice to the individuals described in subsection (c); and

(2) the Architect provides the individuals described in subsection (c) with the opportunity to present oral or written comments on the activity to a representative of the Architect before the Architect carries out the activity.

(c) INDIVIDUALS DESCRIBED.—The individuals described in this paragraph (with respect to the activity and the real property involved) are the Mayor of the District of Columbia, the Chair of the Council of the District of Columbia, and the Chair of the Advisory Neighborhood Commission (as established pursuant to section 738 of the District of Columbia Self-Government and Governmental Reorganization Act) in whose neighborhood such property is located.

(d) EXCEPTION FOR EMERGENCIES.—The head of a Federal agency or the Architect of the Capitol may waive the requirements of subsection (a) if the head of the agency or the Architect finds that compliance with the requirements would jeopardize the public safety or the national security interests of the United States, but only if the head of the agency or the Architect—

(1) certifies such finding and the reasons for such finding to the individuals described in subsection (c) and to Congress; and

(2) at the earliest time practicable, provides such individuals with the notice described in paragraph (1) of subsection (a) or (b) (whichever is applicable) and the opportunity to present comments described in paragraph (2) of subsection (a) or (b).

(e) EFFECTIVE DATE.—Section 1 shall apply to activities carried out after the expiration of the 60-day period that begins on the date of the enactment of this title.

SEC. 11716. REPEAL TERM OF DEED OF CONVEYANCE TO CERTAIN HOSPITAL.

Section 2 of the Act of June 6, 1952 (chapter 486; 66 Stat. 288) (DC Code, sec. 32-121) is hereby repealed.

SEC. 11717. SHORT TITLE OF HOME RULE ACT.

(a) **IN GENERAL.**—Section 101 of the District of Columbia Self-Government and Governmental Reorganization Act is amended by striking “District of Columbia Self-Government and Governmental Reorganization Act” and inserting “District of Columbia Home Rule Act”.

(b) **REFERENCES IN LAW.**—Any reference in law or regulation to the District of Columbia Self-Government and Governmental Reorganization Act shall be deemed to be a reference to the District of Columbia Home Rule Act.

CHAPTER 3—EFFECTIVE DATE; GENERAL PROVISIONS

18 USC 4246
note.

SEC. 11721. EFFECTIVE DATE.

Except as otherwise provided in this title, the provisions of this title shall take effect on the later of October 1, 1997, or the day the District of Columbia Financial Responsibility and Management Assistance Authority certifies that the financial plan and budget for the District government for fiscal year 1998 meet the requirements of section 201(c)(1) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995, as amended by this title.

SEC. 11722. TECHNICAL ASSISTANCE.

Any Federal agency (as defined in section 101 of title 31, United States Code) may provide, at the discretion of the head of the agency, technical assistance to, and training for, personnel of the Government of the District of Columbia. Such assistance shall be limited to assistance that does not interfere with the mission of the agency. The authority provided by this section shall expire three years from the date of enactment of this statute.

SEC. 11723. LIABILITY.

(a) **DISTRICT OF COLUMBIA.**—The District of Columbia shall defend any civil action or proceeding pending on the effective date of this title in any court or other official municipal, state, or federal forum against the District of Columbia or its officers, employees, or agents, and shall assume any liability resulting from such an action or proceeding.

(b) **STATE JUSTICE INSTITUTE.**—The State Justice Institute shall not be liable for damages or equitable relief on the basis of the activities or operations of any federal or District of Columbia agency which receives funds through the State Justice Institute pursuant to this title.

(c) **UNITED STATES.**—The United States, its officers, employees, and agents, and its agencies shall not—

(1) be responsible for the payment of any judgments, liabilities or costs resulting from any action or proceeding against the District of Columbia or its agencies, officers, employees, or agents;

(2) be subject to liability in any case on the basis of the activities of the District of Columbia or its agencies, officers, employees, or agents; or

(3) be subject to liability in any case under section 1979 of the Revised Statutes (42 U.S.C. 1983).

(d) LIMITATIONS.—Nothing in this section shall be construed as a waiver of sovereign immunity, or as limiting any other defense or immunity that would otherwise be available to the United States, the District of Columbia, their agencies, officers, employees, or agents.

Approved August 5, 1997.

LEGISLATIVE HISTORY—H.R. 2015 (S. 947):

HOUSE REPORTS: Nos. 105-149 (Comm. on the Budget) and 105-217 (Comm. of Conference).

CONGRESSIONAL RECORD, Vol. 143 (1997):

June 25, considered and passed House; considered and passed Senate, amended, in lieu of S. 947.

July 30, House agreed to conference report. Senate considered conference report.

July 31, Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Aug. 5, Presidential remarks and statement.

Aug. 11, Presidential remarks and special message on line item veto.

FEDERAL REGISTER, Vol. 62 (1997):

Aug. 12, Cancellation of item pursuant to Line Item Veto Act.



*Public Law 105–34
105th Congress

An Act

Aug. 5, 1997
[H.R. 2014]

To provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998.

Taxpayer Relief
Act of 1997.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; ETC.

26 USC 1 note.

(a) **SHORT TITLE.**—This Act may be cited as the “Taxpayer Relief Act of 1997”.

(b) **AMENDMENT OF 1986 CODE.**—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

26 USC 15 note.

(c) **SECTION 15 NOT TO APPLY.**—No amendment made by this Act shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

26 USC 6654
note.

(d) **WAIVER OF ESTIMATED TAX PENALTIES.**—No addition to tax shall be made under section 6654 or 6655 of the Internal Revenue Code of 1986 for any period before January 1, 1998, for any payment the due date of which is before January 16, 1998, with respect to any underpayment attributable to such period to the extent such underpayment was created or increased by any provision of this Act.

(e) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—CHILD TAX CREDIT

Sec. 101. Child tax credit.

TITLE II—EDUCATION INCENTIVES

Subtitle A—Tax Benefits Relating to Education Expenses

Sec. 201. Hope and lifetime learning credits.

Sec. 202. Deduction for interest on education loans.

Sec. 203. Penalty-free withdrawals from individual retirement plans for higher education expenses.

Subtitle B—Expanded Education Investment Savings Opportunities

PART I—QUALIFIED TUITION PROGRAMS

Sec. 211. Modifications of qualified State tuition programs.

PART II—EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS

Sec. 213. Education individual retirement accounts.

Subtitle C—Other Education Initiatives

Sec. 221. Extension of exclusion for employer-provided educational assistance.

* Note: This is a hand enrollment pursuant to Public Law 105–32.

- Sec. 222. Repeal of limitation on qualified 501(c)(3) bonds other than hospital bonds.
- Sec. 223. Increase in arbitrage rebate exception for governmental bonds used to finance education facilities.
- Sec. 224. Contributions of computer technology and equipment for elementary or secondary school purposes.
- Sec. 225. Treatment of cancellation of certain student loans.
- Sec. 226. Incentives for education zones.

TITLE III—SAVINGS AND INVESTMENT INCENTIVES

Subtitle A—Retirement Savings

- Sec. 301. Restoration of IRA deduction for certain taxpayers.
- Sec. 302. Establishment of nondeductible tax-free individual retirement accounts.
- Sec. 303. Distributions from certain plans may be used without penalty to purchase first homes.
- Sec. 304. Certain bullion not treated as collectibles.

Subtitle B—Capital Gains

- Sec. 311. 20 percent maximum capital gains rate for individuals.
- Sec. 312. Exemption from tax for gain on sale of principal residence.
- Sec. 313. Rollover of gain from sale of qualified stock.
- Sec. 314. Amount of net capital gain taken into account in computing alternative tax on capital gains for corporations not to exceed taxable income of the corporation.

TITLE IV—ALTERNATIVE MINIMUM TAX REFORM

- Sec. 401. Exemption from alternative minimum tax for small corporations.
- Sec. 402. Repeal of separate depreciation lives for minimum tax purposes.
- Sec. 403. Minimum tax not to apply to farmers' installment sales.

TITLE V—ESTATE, GIFT, AND GENERATION-SKIPPING TAX PROVISIONS

Subtitle A—Estate and Gift Tax Provisions

- Sec. 501. Cost-of-living adjustments relating to estate and gift tax provisions.
- Sec. 502. Family-owned business exclusion.
- Sec. 503. Modifications to rate of interest on portion of estate tax extended under section 6166.
- Sec. 504. Extension of treatment of certain rents under section 2032A to lineal descendants.
- Sec. 505. Clarification of judicial review of eligibility for extension of time for payment of estate tax.
- Sec. 506. Gifts may not be revalued for estate tax purposes after expiration of statute of limitations.
- Sec. 507. Repeal of throwback rules applicable to certain domestic trusts.
- Sec. 508. Treatment of land subject to a qualified conservation easement.

Subtitle B—Generation-Skipping Tax Provision

- Sec. 511. Expansion of exception from generation-skipping transfer tax for transfers to individuals with deceased parents.

TITLE VI—EXTENSIONS

- Sec. 601. Research tax credit.
- Sec. 602. Contributions of stock to private foundations.
- Sec. 603. Work opportunity tax credit.
- Sec. 604. Orphan drug tax credit.

TITLE VII—INCENTIVES FOR REVITALIZATION OF THE DISTRICT OF COLUMBIA

- Sec. 701. Tax incentives for revitalization of the District of Columbia.

TITLE VIII—WELFARE-TO-WORK INCENTIVES

- Sec. 801. Incentives for employing long-term family assistance recipients.

TITLE IX—MISCELLANEOUS PROVISIONS

Subtitle A—Provisions Relating to Excise Taxes

- Sec. 901. General revenue portion of highway motor fuels taxes deposited into Highway Trust Fund.
- Sec. 902. Repeal of tax on diesel fuel used in recreational boats.

- Sec. 903. Continued application of tax on imported recycled Halon-1211.
- Sec. 904. Uniform rate of tax on vaccines.
- Sec. 905. Operators of multiple gasoline retail outlets treated as wholesale distributor for refund purposes.
- Sec. 906. Exemption of electric and other clean-fuel motor vehicles from luxury automobile classification.
- Sec. 907. Rate of tax on certain special fuels determined on basis of BTU equivalency with gasoline.
- Sec. 908. Modification of tax treatment of hard cider.
- Sec. 909. Study of feasibility of moving collection point for distilled spirits excise tax.
- Sec. 910. Clarification of authority to use semi-generic designations on wine labels.

Subtitle B—Revisions Relating to Disasters

- Sec. 911. Authority to postpone certain tax-related deadlines by reason of presidentially declared disaster.
- Sec. 912. Use of certain appraisals to establish amount of disaster loss.
- Sec. 913. Treatment of livestock sold on account of weather-related conditions.
- Sec. 914. Mortgage financing for residences located in disaster areas.
- Sec. 915. Abatement of interest on underpayments by taxpayers in presidentially declared disaster areas.

Subtitle C—Provisions Relating to Employment Taxes

- Sec. 921. Clarification of standard to be used in determining employment tax status of securities brokers.
- Sec. 922. Clarification of exemption from self-employment tax for certain termination payments received by former insurance salesmen.

Subtitle D—Provisions Relating to Small Businesses

- Sec. 931. Waiver of penalty through June 30, 1998, on small businesses failing to make electronic fund transfers of taxes.
- Sec. 932. Clarification of treatment of home office use for administrative and management activities.
- Sec. 933. Averaging of farm income over 3 years.
- Sec. 934. Increase in deduction for health insurance costs of self-employed individuals.
- Sec. 935. Moratorium on certain regulations.

Subtitle E—Brownfields

- Sec. 941. Expensing of environmental remediation costs.

Subtitle F—Empowerment Zones, Enterprise Communities, Brownfields, and Community Development Financial Institutions

CHAPTER 1—ADDITIONAL EMPOWERMENT ZONES

- Sec. 951. Additional empowerment zones.

CHAPTER 2—NEW EMPOWERMENT ZONES

- Sec. 952. Designation of new empowerment zones.
- Sec. 953. Volume cap not to apply to enterprise zone facility bonds with respect to new empowerment zones.
- Sec. 954. Modification to eligibility criteria for designation of future enterprise zones in Alaska or Hawaii.

CHAPTER 3—TREATMENT OF EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES

- Sec. 955. Modifications to enterprise zone facility bond rules for all empowerment zones and enterprise communities.
- Sec. 956. Modifications to enterprise zone business definition for all empowerment zones and enterprise communities.

Subtitle G—Other Provisions

- Sec. 961. Use of estimates of shrinkage for inventory accounting.
- Sec. 962. Assignment of workmen's compensation liability eligible for exclusion relating to personal injury liability assignments.
- Sec. 963. Tax-exempt status for certain State worker's compensation act companies.
- Sec. 964. Election for 1987 partnerships to continue exception from treatment of publicly traded partnerships as corporations.
- Sec. 965. Exclusion from unrelated business taxable income for certain sponsorship payments.
- Sec. 966. Associations of holders of timeshare interests to be taxed like other homeowners associations.

- Sec. 967. Additional advance refunding of certain Virgin Island bonds.
- Sec. 968. Nonrecognition of gain on sale of stock to certain farmers' cooperatives.
- Sec. 969. Increased deductibility of business meal expenses for individuals subject to Federal hours of service.
- Sec. 970. Clarification of de minimis fringe benefit rules to no-charge employee meals.
- Sec. 971. Exemption of the incremental cost of a clean fuel vehicle from the limits on depreciation for vehicles.
- Sec. 972. Temporary suspension of taxable income limit on percentage depletion for marginal production.
- Sec. 973. Increase in standard mileage rate expense deduction for charitable use of passenger automobile.
- Sec. 974. Clarification of treatment of certain receivables purchased by cooperative hospital service organizations.
- Sec. 975. Deduction in computing adjusted gross income for expenses in connection with service performed by certain officials.
- Sec. 976. Combined employment tax reporting demonstration project.
- Sec. 977. Elective carryback of existing carryovers of National Railroad Passenger Corporation.

Subtitle H—Extension of Duty-Free Treatment Under Generalized System of Preferences

- Sec. 981. Generalized System of Preferences.

TITLE X—REVENUES

Subtitle A—Financial Products

- Sec. 1001. Constructive sales treatment for appreciated financial positions.
- Sec. 1002. Limitation on exception for investment companies under section 351.
- Sec. 1003. Gains and losses from certain terminations with respect to property.
- Sec. 1004. Determination of original issue discount where pooled debt obligations subject to acceleration.
- Sec. 1005. Denial of interest deductions on certain debt instruments.

Subtitle B—Corporate Organizations and Reorganizations

- Sec. 1011. Tax treatment of certain extraordinary dividends.
- Sec. 1012. Application of section 355 to distributions in connection with acquisitions and to intragroup transactions.
- Sec. 1013. Tax treatment of redemptions involving related corporations.
- Sec. 1014. Certain preferred stock treated as boot.
- Sec. 1015. Modification of holding period applicable to dividends received deduction.

Subtitle C—Administrative Provisions

- Sec. 1021. Reporting of certain payments made to attorneys.
- Sec. 1022. Decrease of threshold for reporting payments to corporations performing services for Federal agencies.
- Sec. 1023. Disclosure of return information for administration of certain veterans programs.
- Sec. 1024. Continuous levy on certain payments.
- Sec. 1025. Modification of levy exemption.
- Sec. 1026. Confidentiality and disclosure of returns and return information.
- Sec. 1027. Returns of beneficiaries of estates and trusts required to file returns consistent with estate or trust return or to notify Secretary of inconsistency.
- Sec. 1028. Registration and other provisions relating to confidential corporate tax shelters.

Subtitle D—Excise and Employment Tax Provisions

- Sec. 1031. Extension and modification of taxes funding Airport and Airway Trust Fund; increased deposits into such Fund.
- Sec. 1032. Kerosene taxed as diesel fuel.
- Sec. 1033. Restoration of Leaking Underground Storage Tank Trust Fund taxes.
- Sec. 1034. Application of communications tax to prepaid telephone cards.
- Sec. 1035. Extension of temporary unemployment tax.

Subtitle E—Provisions Relating to Tax-Exempt Entities

- Sec. 1041. Expansion of look-thru rule for interest, annuities, royalties, and rents derived by subsidiaries of tax-exempt organizations.
- Sec. 1042. Termination of certain exceptions from rules relating to exempt organizations which provide commercial-type insurance.

Subtitle F—Foreign Provisions

- Sec. 1051. Definition of foreign personal holding company income.
- Sec. 1052. Personal property used predominantly in the United States treated as not property of a like kind with respect to property used predominantly outside the United States.
- Sec. 1053. Holding period requirement for certain foreign taxes.
- Sec. 1054. Denial of treaty benefits for certain payments through hybrid entities.
- Sec. 1055. Interest on underpayments not reduced by foreign tax credit carrybacks.
- Sec. 1056. Clarification of period of limitations on claim for credit or refund attributable to foreign tax credit carryforward.
- Sec. 1057. Repeal of exception to alternative minimum foreign tax credit limit.

Subtitle G—Partnership Provisions

- Sec. 1061. Allocation of basis among properties distributed by partnership.
- Sec. 1062. Repeal of requirement that inventory be substantially appreciated with respect to sale or exchange of partnership interest.
- Sec. 1063. Extension of time for taxing precontribution gain.

Subtitle H—Pension Provisions

- Sec. 1071. Pension accrued benefit distributable without consent increased to \$5,000.
- Sec. 1072. Election to receive taxable cash compensation in lieu of nontaxable parking benefits.
- Sec. 1073. Repeal of excess distribution and excess retirement accumulation tax.
- Sec. 1074. Increase in tax on prohibited transactions.
- Sec. 1075. Basis recovery rules for annuities over more than one life.

Subtitle I—Other Revenue Provisions

- Sec. 1081. Termination of suspense accounts for family corporations required to use accrual method of accounting.
- Sec. 1082. Modification of taxable years to which net operating losses may be carried.
- Sec. 1083. Modifications to taxable years to which unused credits may be carried.
- Sec. 1084. Expansion of denial of deduction for certain amounts paid in connection with insurance.
- Sec. 1085. Improved enforcement of the application of the earned income credit.
- Sec. 1086. Limitation on property for which income forecast method may be used.
- Sec. 1087. Expansion of requirement that involuntarily converted property be replaced with property acquired from an unrelated person.
- Sec. 1088. Treatment of exception from installment sales rules for sales of property by a manufacturer to a dealer.
- Sec. 1089. Limitations on charitable remainder trust eligibility for certain trusts.
- Sec. 1090. Expanded SSA records for tax enforcement.
- Sec. 1091. Modification of estimated tax safe harbors.

TITLE XI—SIMPLIFICATION AND OTHER FOREIGN-RELATED PROVISIONS

Subtitle A—General Provisions

- Sec. 1101. Certain individuals exempt from foreign tax credit limitation.
- Sec. 1102. Exchange rate used in translating foreign taxes.
- Sec. 1103. Election to use simplified section 904 limitation for alternative minimum tax.
- Sec. 1104. Treatment of personal transactions by individuals under foreign currency rules.
- Sec. 1105. Foreign tax credit treatment of dividends from noncontrolled section 902 corporations.

Subtitle B—Treatment of Controlled Foreign Corporations

- Sec. 1111. Gain on certain stock sales by controlled foreign corporations treated as dividends.
- Sec. 1112. Miscellaneous modifications to subpart F.
- Sec. 1113. Indirect foreign tax credit allowed for certain lower tier companies.

Subtitle C—Treatment of Passive Foreign Investment Companies

- Sec. 1121. United States shareholders of controlled foreign corporations not subject to PFIC inclusion.
- Sec. 1122. Election of mark to market for marketable stock in passive foreign investment company.
- Sec. 1123. Valuation of assets for passive foreign investment company determination.

Sec. 1124. Effective date.

Subtitle D—Repeal of Excise Tax on Transfers to Foreign Entities

Sec. 1131. Repeal of excise tax on transfers to foreign entities; recognition of gain on certain transfers to foreign trusts and estates.

Subtitle E—Information Reporting

Sec. 1141. Clarification of application of return requirement to foreign partnerships.

Sec. 1142. Controlled foreign partnerships subject to information reporting comparable to information reporting for controlled foreign corporations.

Sec. 1143. Modifications relating to returns required to be filed by reason of changes in ownership interests in foreign partnership.

Sec. 1144. Transfers of property to foreign partnerships subject to information reporting comparable to information reporting for such transfers to foreign corporations.

Sec. 1145. Extension of statute of limitations for foreign transfers.

Sec. 1146. Increase in filing thresholds for returns as to organization of foreign corporations and acquisitions of stock in such corporations.

Subtitle F—Determination of Foreign or Domestic Status of Partnerships

Sec. 1151. Determination of foreign or domestic status of partnerships.

Subtitle G—Other Simplification Provisions

Sec. 1161. Transition rule for certain trusts.

Sec. 1162. Repeal of stock and securities safe harbor requirement that principal of-
fice be outside the United States.

Sec. 1163. Miscellaneous clarifications.

Subtitle H—Other Provisions

Sec. 1171. Treatment of computer software as FSC export property.

Sec. 1172. Adjustment of dollar limitation on section 911 exclusion.

Sec. 1173. United States property not to include certain assets acquired by dealers in ordinary course of trade or business.

Sec. 1174. Treatment of nonresident aliens engaged in international transportation services.

Sec. 1175. Exemption for active financing income.

TITLE XII—SIMPLIFICATION PROVISIONS RELATING TO INDIVIDUALS AND BUSINESSES

Subtitle A—Provisions Relating to Individuals

Sec. 1201. Basic standard deduction and minimum tax exemption amount for certain dependents.

Sec. 1202. Increase in amount of tax exempt from estimated tax requirements.

Sec. 1203. Treatment of certain reimbursed expenses of rural mail carriers.

Sec. 1204. Treatment of traveling expenses of certain Federal employees engaged in criminal investigations.

Sec. 1205. Payment of tax by commercially acceptable means.

Subtitle B—Provisions Relating to Businesses Generally

Sec. 1211. Modifications to look-back method for long-term contracts.

Sec. 1212. Minimum tax treatment of certain property and casualty insurance companies.

Sec. 1213. Qualified lessee construction allowances for short-term leases.

Subtitle C—Simplification Relating to Electing Large Partnerships

PART I—GENERAL PROVISIONS

Sec. 1221. Simplified flow-through for electing large partnerships.

Sec. 1222. Simplified audit procedures for electing large partnerships.

Sec. 1223. Due date for furnishing information to partners of electing large partnerships.

Sec. 1224. Returns required on magnetic media.

Sec. 1225. Treatment of partnership items of individual retirement accounts.

Sec. 1226. Effective date.

PART II—PROVISIONS RELATED TO TEFRA PARTNERSHIP PROCEEDINGS

Sec. 1231. Treatment of partnership items in deficiency proceedings.

Sec. 1232. Partnership return to be determinative of audit procedures to be followed.

- Sec. 1233. Provisions relating to statute of limitations.
- Sec. 1234. Expansion of small partnership exception.
- Sec. 1235. Exclusion of partial settlements from 1-year limitation on assessment.
- Sec. 1236. Extension of time for filing a request for administrative adjustment.
- Sec. 1237. Availability of innocent spouse relief in context of partnership proceedings.
- Sec. 1238. Determination of penalties at partnership level.
- Sec. 1239. Provisions relating to court jurisdiction, etc.
- Sec. 1240. Treatment of premature petitions filed by notice partners or 5-percent groups.
- Sec. 1241. Bonds in case of appeals from certain proceeding.
- Sec. 1242. Suspension of interest where delay in computational adjustment resulting from certain settlements.
- Sec. 1243. Special rules for administrative adjustment requests with respect to bad debts or worthless securities.

PART III—PROVISION RELATING TO CLOSING OF PARTNERSHIP TAXABLE YEAR WITH
RESPECT TO DECEASED PARTNER, ETC.

- Sec. 1246. Closing of partnership taxable year with respect to deceased partner, etc.

Subtitle D—Provisions Relating to Real Estate Investment Trusts

- Sec. 1251. Clarification of limitation on maximum number of shareholders.
- Sec. 1252. De minimis rule for tenant services income.
- Sec. 1253. Attribution rules applicable to stock ownership.
- Sec. 1254. Credit for tax paid by REIT on retained capital gains.
- Sec. 1255. Repeal of 30-percent gross income requirement.
- Sec. 1256. Modification of earnings and profits rules for determining whether REIT has earnings and profits from non-REIT year.
- Sec. 1257. Treatment of foreclosure property.
- Sec. 1258. Payments under hedging instruments.
- Sec. 1259. Excess noncash income.
- Sec. 1260. Prohibited transaction safe harbor.
- Sec. 1261. Shared appreciation mortgages.
- Sec. 1262. Wholly owned subsidiaries.
- Sec. 1263. Effective date.

Subtitle E—Provisions Relating to Regulated Investment Companies

- Sec. 1271. Repeal of 30-percent gross income limitation.

Subtitle F—Taxpayer Protections

- Sec. 1281. Reasonable cause exception for certain penalties.
- Sec. 1282. Clarification of period for filing claims for refunds.
- Sec. 1283. Repeal of authority to disclose whether prospective juror has been audited.
- Sec. 1284. Clarification of statute of limitations.
- Sec. 1285. Awarding of administrative costs.

TITLE XIII—SIMPLIFICATION PROVISIONS RELATING TO ESTATE AND GIFT
TAXES

- Sec. 1301. Gifts to charities exempt from gift tax filing requirements.
- Sec. 1302. Clarification of waiver of certain rights of recovery.
- Sec. 1303. Transitional rule under section 2056A.
- Sec. 1304. Treatment for estate tax purposes of short-term obligations held by non-resident aliens.
- Sec. 1305. Certain revocable trusts treated as part of estate.
- Sec. 1306. Distributions during first 65 days of taxable year of estate.
- Sec. 1307. Separate share rules available to estates.
- Sec. 1308. Executor of estate and beneficiaries treated as related persons for disallowance of losses, etc.
- Sec. 1309. Treatment of funeral trusts.
- Sec. 1310. Adjustments for gifts within 3 years of decedent's death.
- Sec. 1311. Clarification of treatment of survivor annuities under qualified terminable interest rules.
- Sec. 1312. Treatment under qualified domestic trust rules of forms of ownership which are not trusts.
- Sec. 1313. Opportunity to correct certain failures under section 2032A.
- Sec. 1314. Authority to waive requirement of United States trustee for qualified domestic trusts.

TITLE XIV—SIMPLIFICATION PROVISIONS RELATING TO EXCISE TAXES,
TAX-EXEMPT BONDS, AND OTHER MATTERS

Subtitle A—Excise Tax Simplification

PART I—EXCISE TAXES ON HEAVY TRUCKS AND LUXURY CARS

- Sec. 1401. Increase in de minimis limit for after-market alterations for heavy trucks and luxury cars.
- Sec. 1402. Credit for tire tax in lieu of exclusion of value of tires in computing price.

PART II—PROVISIONS RELATED TO DISTILLED SPIRITS, WINES, AND BEER

- Sec. 1411. Credit or refund for imported bottled distilled spirits returned to distilled spirits plant.
- Sec. 1412. Authority to cancel or credit export bonds without submission of records.
- Sec. 1413. Repeal of required maintenance of records on premises of distilled spirits plant.
- Sec. 1414. Fermented material from any brewery may be received at a distilled spirits plant.
- Sec. 1415. Repeal of requirement for wholesale dealers in liquors to post sign.
- Sec. 1416. Refund of tax to wine returned to bond not limited to unmerchantable wine.
- Sec. 1417. Use of additional ameliorating material in certain wines.
- Sec. 1418. Domestically produced beer may be withdrawn free of tax for use of foreign embassies, legations, etc.
- Sec. 1419. Beer may be withdrawn free of tax for destruction.
- Sec. 1420. Authority to allow drawback on exported beer without submission of records.
- Sec. 1421. Transfer to brewery of beer imported in bulk without payment of tax.
- Sec. 1422. Transfer to bonded wine cellars of wine imported in bulk without payment of tax.

PART III—OTHER EXCISE TAX PROVISIONS

- Sec. 1431. Authority to grant exemptions from registration requirements.
- Sec. 1432. Repeal of expired provisions.
- Sec. 1433. Simplification of imposition of excise tax on arrows.
- Sec. 1434. Modifications to retail tax on heavy trucks.
- Sec. 1435. Skydiving flights exempt from tax on transportation of persons by air.
- Sec. 1436. Allowance or credit of refund for tax-paid aviation fuel purchased by registered producer of aviation fuel.

Subtitle B—Tax-Exempt Bond Provisions

- Sec. 1441. Repeal of \$100,000 limitation on unspent proceeds under 1-year exception from rebate.
- Sec. 1442. Exception from rebate for earnings on bona fide debt service fund under construction bond rules.
- Sec. 1443. Repeal of debt service-based limitation on investment in certain nonpurpose investments.
- Sec. 1444. Repeal of expired provisions.
- Sec. 1445. Effective date.

Subtitle C—Tax Court Procedures

- Sec. 1451. Overpayment determinations of Tax Court.
- Sec. 1452. Redetermination of interest pursuant to motion.
- Sec. 1453. Application of net worth requirement for awards of litigation costs.
- Sec. 1454. Proceedings for determination of employment status.

Subtitle D—Other Provisions

- Sec. 1461. Extension of due date of first quarter estimated tax payment by private foundations.
- Sec. 1462. Clarification of authority to withhold Puerto Rico income taxes from salaries of Federal employees.
- Sec. 1463. Certain notices disregarded under provision increasing interest rate on large corporate underpayments.

TITLE XV—PENSIONS AND EMPLOYEE BENEFITS

Subtitle A—Simplification

- Sec. 1501. Matching contributions of self-employed individuals not treated as elective employer contributions.

- Sec. 1502. Modification of prohibition of assignment or alienation.
- Sec. 1503. Elimination of paperwork burdens on plans.
- Sec. 1504. Modification of 403(b) exclusion allowance to conform to 415 modifications.
- Sec. 1505. Extension of moratorium on application of certain nondiscrimination rules to State and local governments.
- Sec. 1506. Clarification of certain rules relating to employee stock ownership plans of S corporations.
- Sec. 1507. Modification of 10-percent tax for nondeductible contributions.
- Sec. 1508. Modification of funding requirements for certain plans.
- Sec. 1509. Clarification of disqualification rules relating to acceptance of rollover contributions.
- Sec. 1510. New technologies in retirement plans.

Subtitle B—Other Provisions Relating to Pensions and Employee Benefits

- Sec. 1521. Increase in current liability funding limit.
- Sec. 1522. Special rules for church plans.
- Sec. 1523. Repeal of application of unrelated business income tax to ESOPs.
- Sec. 1524. Diversification of section 401(k) plan investments.
- Sec. 1525. Section 401(k) plans for certain irrigation and drainage entities.
- Sec. 1526. Portability of permissive service credit under governmental pension plans.
- Sec. 1527. Removal of dollar limitation on benefit payments from a defined benefit plan maintained for certain police and fire employees.
- Sec. 1528. Survivor benefits for public safety officers killed in the line of duty.
- Sec. 1529. Treatment of certain disability benefits received by former police officers or firefighters.
- Sec. 1530. Gratuitous transfers for the benefit of employees.

Subtitle C—Provisions Relating to Certain Health Acts

- Sec. 1531. Amendments to the Internal Revenue Code of 1986 to implement the Newborns' and Mothers' Health Protection Act of 1996 and the Mental Health Parity Act of 1996.
- Sec. 1532. Special rules relating to church plans.

Subtitle D—Provisions Relating to Plan Amendments

- Sec. 1541. Provisions relating to plan amendments.

TITLE XVI—TECHNICAL AMENDMENTS RELATED TO SMALL BUSINESS
JOB PROTECTION ACT OF 1996 AND OTHER LEGISLATION

- Sec. 1600. Coordination with other titles.
- Sec. 1601. Amendments related to Small Business Job Protection Act of 1996.
- Sec. 1602. Amendments related to Health Insurance Portability and Accountability Act of 1996.
- Sec. 1603. Amendments related to Taxpayer Bill of Rights 2.
- Sec. 1604. Miscellaneous provisions.

TITLE XVII—IDENTIFICATION OF LIMITED TAX BENEFITS SUBJECT TO
LINE ITEM VETO

- Sec. 1701. Identification of limited tax benefits subject to line item veto.

TITLE I—CHILD TAX CREDIT

SEC. 101. CHILD TAX CREDIT.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 23 the following new section:

“SEC. 24. CHILD TAX CREDIT.

“(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year with respect to each qualifying child of the taxpayer an amount equal to \$500 (\$400 in the case of taxable years beginning in 1998).

“(b) LIMITATION BASED ON ADJUSTED GROSS INCOME.—

“(1) IN GENERAL.—The amount of the credit allowable under subsection (a) shall be reduced (but not below zero) by \$50

for each \$1,000 (or fraction thereof) by which the taxpayer's modified adjusted gross income exceeds the threshold amount. For purposes of the preceding sentence, the term 'modified adjusted gross income' means adjusted gross income increased by any amount excluded from gross income under section 911, 931, or 933.

"(2) THRESHOLD AMOUNT.—For purposes of paragraph (1), the term 'threshold amount' means—

"(A) \$110,000 in the case of a joint return,

"(B) \$75,000 in the case of an individual who is not married, and

"(C) \$55,000 in the case of a married individual filing a separate return.

For purposes of this paragraph, marital status shall be determined under section 7703.

"(c) QUALIFYING CHILD.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualifying child' means any individual if—

"(A) the taxpayer is allowed a deduction under section 151 with respect to such individual for the taxable year,

"(B) such individual has not attained the age of 17 as of the close of the calendar year in which the taxable year of the taxpayer begins, and

"(C) such individual bears a relationship to the taxpayer described in section 32(c)(3)(B).

"(2) EXCEPTION FOR CERTAIN NONCITIZENS.—The term 'qualifying child' shall not include any individual who would not be a dependent if the first sentence of section 152(b)(3) were applied without regard to all that follows 'resident of the United States'.

"(d) ADDITIONAL CREDIT FOR FAMILIES WITH 3 OR MORE CHILDREN.—

"(1) IN GENERAL.—In the case of a taxpayer with 3 or more qualifying children for any taxable year, the amount of the credit allowed under this section shall be equal to the greater of—

"(A) the amount of the credit allowed under this section (without regard to this subsection and after application of the limitation under section 26), or

"(B) the alternative credit amount determined under paragraph (2).

"(2) ALTERNATIVE CREDIT AMOUNT.—For purposes of this subsection, the alternative credit amount is the amount of the credit which would be allowed under this section if the limitation under paragraph (3) were applied in lieu of the limitation under section 26.

"(3) LIMITATION.—The limitation under this paragraph for any taxable year is the limitation under section 26 (without regard to this subsection)—

"(A) increased by the taxpayer's social security taxes for such taxable year, and

"(B) reduced by the sum of—

"(i) the credits allowed under this part other than under subpart C or this section, and

"(ii) the credit allowed under section 32 without regard to subsection (m) thereof.

“(4) UNUSED CREDIT TO BE REFUNDABLE.—If the amount of the credit under paragraph (1)(B) exceeds the amount of the credit under paragraph (1)(A), such excess shall be treated as a credit to which subpart C applies. The rule of section 32(h) shall apply to such excess.

“(5) SOCIAL SECURITY TAXES.—For purposes of paragraph (3)—

“(A) IN GENERAL.—The term ‘social security taxes’ means, with respect to any taxpayer for any taxable year—

“(i) the amount of the taxes imposed by sections 3101 and 3201(a) on amounts received by the taxpayer during the calendar year in which the taxable year begins,

“(ii) 50 percent of the taxes imposed by section 1401 on the self-employment income of the taxpayer for the taxable year, and

“(iii) 50 percent of the taxes imposed by section 3211(a)(1) on amounts received by the taxpayer during the calendar year in which the taxable year begins.

“(B) COORDINATION WITH SPECIAL REFUND OF SOCIAL SECURITY TAXES.—The term ‘social security taxes’ shall not include any taxes to the extent the taxpayer is entitled to a special refund of such taxes under section 6413(c).

“(C) SPECIAL RULE.—Any amounts paid pursuant to an agreement under section 3121(l) (relating to agreements entered into by American employers with respect to foreign affiliates) which are equivalent to the taxes referred to in subparagraph (A)(i) shall be treated as taxes referred to in such subparagraph.

“(e) IDENTIFICATION REQUIREMENT.—No credit shall be allowed under this section to a taxpayer with respect to any qualifying child unless the taxpayer includes the name and taxpayer identification number of such qualifying child on the return of tax for the taxable year.

“(f) TAXABLE YEAR MUST BE FULL TAXABLE YEAR.—Except in the case of a taxable year closed by reason of the death of the taxpayer, no credit shall be allowable under this section in the case of a taxable year covering a period of less than 12 months.”.

(b) SUPPLEMENTAL CREDIT.—Section 32 is amended by adding at the end the following new subsection:

“(m) SUPPLEMENTAL CHILD CREDIT.—

“(1) IN GENERAL.—In the case of a taxpayer with respect to whom a credit is allowed under section 24 for the taxable year, there shall be allowed as a credit under this section an amount equal to the supplemental child credit (if any) determined for such taxpayer for such taxable year under paragraph (2). Such credit shall be in addition to the credit allowed under subsection (a).

“(2) SUPPLEMENTAL CHILD CREDIT.—For purposes of this subsection, the supplemental child credit is an amount equal to the excess (if any) of—

“(A) the amount determined under section 24(d)(1)(A),
over

“(B) the amount determined under section 24(d)(1)(B).
The amounts referred to in subparagraphs (A) and (B) shall be determined as if section 24(d) applied to all taxpayers.

“(3) COORDINATION WITH SECTION 24.—The amount of the credit under section 24 shall be reduced by the amount of the credit allowed under this subsection.”.

(c) HIGH RISK POOLS PERMITTED TO COVER SPOUSES AND DEPENDENTS OF HIGH RISK INDIVIDUALS.—Paragraph (26) of section 501(c) is amended by adding at the end the following flush sentence: “A spouse and any qualifying child (as defined in section 24(c)) of an individual described in subparagraph (B) (without regard to this sentence) shall be treated as described in subparagraph (B).”.

(d) CONFORMING AMENDMENTS.—

(1) Section 1324(b)(2) of title 31, United States Code, is amended by inserting before the period at the end “, or enacted by the Taxpayer Relief Act of 1997”.

(2) Paragraph (2) of section 6213(g) (relating to the definition of mathematical or clerical errors) is amended by striking “and” at the end of subparagraph (G), by striking the period at the end of subparagraph (H) and inserting “, and”, and by inserting after subparagraph (H) the following new subparagraph:

“(I) an omission of a correct TIN required under section 24(e) (relating to child tax credit) to be included on a return.”.

(3) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 23 the following new item:

“Sec. 24. Child tax credit.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997. 26 USC 24 note.

TITLE II—EDUCATION INCENTIVES

Subtitle A—Tax Benefits Relating to Education Expenses

SEC. 201. HOPE AND LIFETIME LEARNING CREDITS.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 25 the following new section:

“SEC. 25A. HOPE AND LIFETIME LEARNING CREDITS.

“(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year the amount equal to the sum of—

“(1) the Hope Scholarship Credit, plus

“(2) the Lifetime Learning Credit.

“(b) HOPE SCHOLARSHIP CREDIT.—

“(1) PER STUDENT CREDIT.—In the case of any eligible student for whom an election is in effect under this section for any taxable year, the Hope Scholarship Credit is an amount equal to the sum of—

“(A) 100 percent of so much of the qualified tuition and related expenses paid by the taxpayer during the taxable year (for education furnished to the eligible student

during any academic period beginning in such taxable year) as does not exceed \$1,000, plus

“(B) 50 percent of such expenses so paid as exceeds \$1,000 but does not exceed the applicable limit.

“(2) LIMITATIONS APPLICABLE TO HOPE SCHOLARSHIP CREDIT.—

“(A) CREDIT ALLOWED ONLY FOR 2 TAXABLE YEARS.—

An election to have this section apply with respect to any eligible student for purposes of the Hope Scholarship Credit under subsection (a)(1) may not be made for any taxable year if such an election (by the taxpayer or any other individual) is in effect with respect to such student for any 2 prior taxable years.

“(B) CREDIT ALLOWED FOR YEAR ONLY IF INDIVIDUAL IS AT LEAST $\frac{1}{2}$ TIME STUDENT FOR PORTION OF YEAR.—

The Hope Scholarship Credit under subsection (a)(1) shall not be allowed for a taxable year with respect to the qualified tuition and related expenses of an individual unless such individual is an eligible student for at least one academic period which begins during such year.

“(C) CREDIT ALLOWED ONLY FOR FIRST 2 YEARS OF POST-SECONDARY EDUCATION.—The Hope Scholarship Credit under subsection (a)(1) shall not be allowed for a taxable year with respect to the qualified tuition and related expenses of an eligible student if the student has completed (before the beginning of such taxable year) the first 2 years of postsecondary education at an eligible educational institution.

“(D) DENIAL OF CREDIT IF STUDENT CONVICTED OF A FELONY DRUG OFFENSE.—The Hope Scholarship Credit under subsection (a)(1) shall not be allowed for qualified tuition and related expenses for the enrollment or attendance of a student for any academic period if such student has been convicted of a Federal or State felony offense consisting of the possession or distribution of a controlled substance before the end of the taxable year with or within which such period ends.

“(3) ELIGIBLE STUDENT.—For purposes of this subsection, the term ‘eligible student’ means, with respect to any academic period, a student who—

“(A) meets the requirements of section 484(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1091(a)(1)), as in effect on the date of the enactment of this section, and

“(B) is carrying at least $\frac{1}{2}$ the normal full-time work load for the course of study the student is pursuing.

“(4) APPLICABLE LIMIT.—For purposes of paragraph (1)(B), the applicable limit for any taxable year is an amount equal to 2 times the dollar amount in effect under paragraph (1)(A) for such taxable year.

“(c) LIFETIME LEARNING CREDIT.—

“(1) PER TAXPAYER CREDIT.—The Lifetime Learning Credit for any taxpayer for any taxable year is an amount equal to 20 percent of so much of the qualified tuition and related expenses paid by the taxpayer during the taxable year (for education furnished during any academic period beginning in

such taxable year) as does not exceed \$10,000 (\$5,000 in the case of taxable years beginning before January 1, 2003).

“(2) SPECIAL RULES FOR DETERMINING EXPENSES.—

“(A) COORDINATION WITH HOPE SCHOLARSHIP.—The qualified tuition and related expenses with respect to an individual who is an eligible student for whom a Hope Scholarship Credit under subsection (a)(1) is allowed for the taxable year shall not be taken into account under this subsection.

“(B) EXPENSES ELIGIBLE FOR LIFETIME LEARNING CREDIT.—For purposes of paragraph (1), qualified tuition and related expenses shall include expenses described in subsection (f)(1) with respect to any course of instruction at an eligible educational institution to acquire or improve job skills of the individual.

“(d) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

“(1) IN GENERAL.—The amount which would (but for this subsection) be taken into account under subsection (a) for the taxable year shall be reduced (but not below zero) by the amount determined under paragraph (2).

“(2) AMOUNT OF REDUCTION.—The amount determined under this paragraph is the amount which bears the same ratio to the amount which would be so taken into account as—

“(A) the excess of—

“(i) the taxpayer’s modified adjusted gross income for such taxable year, over

“(ii) \$40,000 (\$80,000 in the case of a joint return), bears to

“(B) \$10,000 (\$20,000 in the case of a joint return).

“(3) MODIFIED ADJUSTED GROSS INCOME.—The term ‘modified adjusted gross income’ means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.

“(e) ELECTION TO HAVE SECTION APPLY.—

“(1) IN GENERAL.—No credit shall be allowed under subsection (a) for a taxable year with respect to the qualified tuition and related expenses of an individual unless the taxpayer elects to have this section apply with respect to such individual for such year.

“(2) COORDINATION WITH EXCLUSIONS.—An election under this subsection shall not take effect with respect to an individual for any taxable year if any portion of any distribution during such taxable year from an education individual retirement account is excluded from gross income under section 530(d)(2).

“(f) DEFINITIONS.—For purposes of this section—

“(1) QUALIFIED TUITION AND RELATED EXPENSES.—

“(A) IN GENERAL.—The term ‘qualified tuition and related expenses’ means tuition and fees required for the enrollment or attendance of—

“(i) the taxpayer,

“(ii) the taxpayer’s spouse, or

“(iii) any dependent of the taxpayer with respect to whom the taxpayer is allowed a deduction under section 151,

at an eligible educational institution for courses of instruction of such individual at such institution.

“(B) EXCEPTION FOR EDUCATION INVOLVING SPORTS, ETC.—Such term does not include expenses with respect to any course or other education involving sports, games, or hobbies, unless such course or other education is part of the individual’s degree program.

“(C) EXCEPTION FOR NONACADEMIC FEES.—Such term does not include student activity fees, athletic fees, insurance expenses, or other expenses unrelated to an individual’s academic course of instruction.

“(2) ELIGIBLE EDUCATIONAL INSTITUTION.—The term ‘eligible educational institution’ means an institution—

“(A) which is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this section, and

“(B) which is eligible to participate in a program under title IV of such Act.

“(g) SPECIAL RULES.—

“(1) IDENTIFICATION REQUIREMENT.—No credit shall be allowed under subsection (a) to a taxpayer with respect to the qualified tuition and related expenses of an individual unless the taxpayer includes the name and taxpayer identification number of such individual on the return of tax for the taxable year.

“(2) ADJUSTMENT FOR CERTAIN SCHOLARSHIPS, ETC.—The amount of qualified tuition and related expenses otherwise taken into account under subsection (a) with respect to an individual for an academic period shall be reduced (before the application of subsections (b), (c), and (d)) by the sum of any amounts paid for the benefit of such individual which are allocable to such period as—

“(A) a qualified scholarship which is excludable from gross income under section 117,

“(B) an educational assistance allowance under chapter 30, 31, 32, 34, or 35 of title 38, United States Code, or under chapter 1606 of title 10, United States Code, and

“(C) a payment (other than a gift, bequest, devise, or inheritance within the meaning of section 102(a)) for such individual’s educational expenses, or attributable to such individual’s enrollment at an eligible educational institution, which is excludable from gross income under any law of the United States.

“(3) TREATMENT OF EXPENSES PAID BY DEPENDENT.—If a deduction under section 151 with respect to an individual is allowed to another taxpayer for a taxable year beginning in the calendar year in which such individual’s taxable year begins—

“(A) no credit shall be allowed under subsection (a) to such individual for such individual’s taxable year, and

“(B) qualified tuition and related expenses paid by such individual during such individual’s taxable year shall be treated for purposes of this section as paid by such other taxpayer.

“(4) TREATMENT OF CERTAIN PREPAYMENTS.—If qualified tuition and related expenses are paid by the taxpayer during a taxable year for an academic period which begins during

the first 3 months following such taxable year, such academic period shall be treated for purposes of this section as beginning during such taxable year.

“(5) DENIAL OF DOUBLE BENEFIT.—No credit shall be allowed under this section for any expense for which a deduction is allowed under any other provision of this chapter.

“(6) NO CREDIT FOR MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—If the taxpayer is a married individual (within the meaning of section 7703), this section shall apply only if the taxpayer and the taxpayer’s spouse file a joint return for the taxable year.

“(7) NONRESIDENT ALIENS.—If the taxpayer is a nonresident alien individual for any portion of the taxable year, this section shall apply only if such individual is treated as a resident alien of the United States for purposes of this chapter by reason of an election under subsection (g) or (h) of section 6013.

“(h) INFLATION ADJUSTMENTS.—

“(1) DOLLAR LIMITATION ON AMOUNT OF CREDIT.—

“(A) IN GENERAL.—In the case of a taxable year beginning after 2001, each of the \$1,000 amounts under subsection (b)(1) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2000’ for ‘calendar year 1992’ in subparagraph (B) thereof.

“(B) ROUNDING.—If any amount as adjusted under subparagraph (A) is not a multiple of \$100, such amount shall be rounded to the next lowest multiple of \$100.

“(2) INCOME LIMITS.—

“(A) IN GENERAL.—In the case of a taxable year beginning after 2001, the \$40,000 and \$80,000 amounts in subsection (d)(2) shall each be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2000’ for ‘calendar year 1992’ in subparagraph (B) thereof.

“(B) ROUNDING.—If any amount as adjusted under subparagraph (A) is not a multiple of \$1,000, such amount shall be rounded to the next lowest multiple of \$1,000.

“(i) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this section, including regulations providing for a recapture of the credit allowed under this section in cases where there is a refund in a subsequent taxable year of any amount which was taken into account in determining the amount of such credit.”.

(b) EXTENSION OF PROCEDURES APPLICABLE TO MATHEMATICAL OR CLERICAL ERRORS.—Paragraph (2) of section 6213(g) (relating to the definition of mathematical or clerical errors), as amended by section 101, is amended by striking “and” at the end of subparagraph (H), by striking the period at the end of subparagraph (I)

and inserting “, and”, and by inserting after subparagraph (I) the following new subparagraph:

“(J) an omission of a correct TIN required under section 25A(g)(1) (relating to higher education tuition and related expenses) to be included on a return.”.

(c) RETURNS RELATING TO TUITION AND RELATED EXPENSES.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 (relating to information concerning transactions with other persons) is amended by inserting after section 6050R the following new section:

“SEC. 6050S. RETURNS RELATING TO HIGHER EDUCATION TUITION AND RELATED EXPENSES.

“(a) IN GENERAL.—Any person—

“(1) which is an eligible educational institution which receives payments for qualified tuition and related expenses with respect to any individual for any calendar year, or

“(2) which is engaged in a trade or business and which, in the course of such trade or business, makes payments during any calendar year to any individual which constitute reimbursements or refunds (or similar amounts) of qualified tuition and related expenses of such individual,

shall make the return described in subsection (b) with respect to the individual at such time as the Secretary may by regulations prescribe.

“(b) FORM AND MANNER OF RETURNS.—A return is described in this subsection if such return—

“(1) is in such form as the Secretary may prescribe,

“(2) contains—

“(A) the name, address, and TIN of the individual with respect to whom payments described in subsection (a) were received from (or were paid to),

“(B) the name, address, and TIN of any individual certified by the individual described in subparagraph (A) as the taxpayer who will claim the individual as a dependent for purposes of the deduction allowable under section 151 for any taxable year ending with or within the calendar year, and

“(C) the—

“(i) aggregate amount of payments for qualified tuition and related expenses received with respect to the individual described in subparagraph (A) during the calendar year, and

“(ii) aggregate amount of reimbursements or refunds (or similar amounts) paid to such individual during the calendar year, and

“(D) such other information as the Secretary may prescribe.

“(c) APPLICATION TO GOVERNMENTAL UNITS.—For purposes of this section—

“(1) a governmental unit or any agency or instrumentality thereof shall be treated as a person, and

“(2) any return required under subsection (a) by such governmental entity shall be made by the officer or employee appropriately designated for the purpose of making such return.

“(d) STATEMENTS TO BE FURNISHED TO INDIVIDUALS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person

required to make a return under subsection (a) shall furnish to each individual whose name is required to be set forth in such return under subparagraph (A) or (B) of subsection (b)(2) a written statement showing—

“(1) the name, address, and phone number of the information contact of the person required to make such return, and

“(2) the aggregate amounts described in subparagraph (C) of subsection (b)(2).

The written statement required under the preceding sentence shall be furnished on or before January 31 of the year following the calendar year for which the return under subsection (a) was required to be made.

“(e) DEFINITIONS.—For purposes of this section, the terms ‘eligible educational institution’ and ‘qualified tuition and related expenses’ have the meanings given such terms by section 25A.

“(f) RETURNS WHICH WOULD BE REQUIRED TO BE MADE BY 2 OR MORE PERSONS.—Except to the extent provided in regulations prescribed by the Secretary, in the case of any amount received by any person on behalf of another person, only the person first receiving such amount shall be required to make the return under subsection (a).

“(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the provisions of this section. No penalties shall be imposed under part II of subchapter B of chapter 68 with respect to any return or statement required under this section until such time as such regulations are issued.”.

(2) ASSESSABLE PENALTIES.—

(A) Subparagraph (B) of section 6724(d)(1) (relating to definitions) is amended by redesignating clauses (ix) through (xiv) as clauses (x) through (xv), respectively, and by inserting after clause (viii) the following new clause:

“(ix) section 6050S (relating to returns relating to payments for qualified tuition and related expenses),”.

(B) Paragraph (2) of section 6724(d) is amended by striking “or” at the end of the next to last subparagraph, by striking the period at the end of the last subparagraph and inserting “, or”, and by adding at the end the following new subparagraph:

“(Z) section 6050S(d) (relating to returns relating to qualified tuition and related expenses).”.

(3) CLERICAL AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6050R the following new item:

“Sec. 6050S. Returns relating to higher education tuition and related expenses.”.

(d) COORDINATION WITH SECTION 135.—Subsection (d) of section 135 is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and by inserting after paragraph (1) the following new paragraph:

“(2) COORDINATION WITH HIGHER EDUCATION CREDIT.—The amount of the qualified higher education expenses otherwise taken into account under subsection (a) with respect to the education of an individual shall be reduced (before the application of subsection (b)) by the amount of such expenses which are taken into account in determining the credit allowable

to the taxpayer or any other person under section 25A with respect to such expenses.”.

(e) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 25 the following new item:

“Sec. 25A. Higher education tuition and related expenses.”.

26 USC 25A note.

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to expenses paid after December 31, 1997 (in taxable years ending after such date), for education furnished in academic periods beginning after such date.

(2) LIFETIME LEARNING CREDIT.—Section 25A(a)(2) of the Internal Revenue Code of 1986 shall apply to expenses paid after June 30, 1998 (in taxable years ending after such date), for education furnished in academic periods beginning after such dates.

SEC. 202. DEDUCTION FOR INTEREST ON EDUCATION LOANS.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 (relating to additional itemized deductions for individuals) is amended by redesignating section 221 as section 222 and by inserting after section 220 the following new section:

“SEC. 221. INTEREST ON EDUCATION LOANS.

“(a) ALLOWANCE OF DEDUCTION.—In the case of an individual, there shall be allowed as a deduction for the taxable year an amount equal to the interest paid by the taxpayer during the taxable year on any qualified education loan.

“(b) MAXIMUM DEDUCTION.—

“(1) IN GENERAL.—Except as provided in paragraph (2), the deduction allowed by subsection (a) for the taxable year shall not exceed the amount determined in accordance with the following table:

“In the case of taxable years beginning in:	The dollar amount is:
1998	\$1,000
1999	\$1,500
2000	\$2,000
2001 or thereafter	\$2,500.

“(2) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

“(A) IN GENERAL.—The amount which would (but for this paragraph) be allowable as a deduction under this section shall be reduced (but not below zero) by the amount determined under subparagraph (B).

“(B) AMOUNT OF REDUCTION.—The amount determined under this subparagraph is the amount which bears the same ratio to the amount which would be so taken into account as—

“(i) the excess of—

“(I) the taxpayer’s modified adjusted gross income for such taxable year, over

“(II) \$40,000 (\$60,000 in the case of a joint return), bears to

“(ii) \$15,000.

“(C) MODIFIED ADJUSTED GROSS INCOME.—The term ‘modified adjusted gross income’ means adjusted gross income determined—

“(i) without regard to this section and sections 135, 137, 911, 931, and 933, and

“(ii) after application of sections 86, 219, and 469. For purposes of sections 86, 135, 137, 219, and 469, adjusted gross income shall be determined without regard to the deduction allowed under this section.

“(c) DEPENDENTS NOT ELIGIBLE FOR DEDUCTION.—No deduction shall be allowed by this section to an individual for the taxable year if a deduction under section 151 with respect to such individual is allowed to another taxpayer for the taxable year beginning in the calendar year in which such individual’s taxable year begins.

“(d) LIMIT ON PERIOD DEDUCTION ALLOWED.—A deduction shall be allowed under this section only with respect to interest paid on any qualified education loan during the first 60 months (whether or not consecutive) in which interest payments are required. For purposes of this paragraph, any loan and all refinancings of such loan shall be treated as 1 loan.

“(e) DEFINITIONS.—For purposes of this section—

“(1) QUALIFIED EDUCATION LOAN.—The term ‘qualified education loan’ means any indebtedness incurred to pay qualified higher education expenses—

“(A) which are incurred on behalf of the taxpayer, the taxpayer’s spouse, or any dependent of the taxpayer as of the time the indebtedness was incurred,

“(B) which are paid or incurred within a reasonable period of time before or after the indebtedness is incurred, and

“(C) which are attributable to education furnished during a period during which the recipient was an eligible student.

Such term includes indebtedness used to refinance indebtedness which qualifies as a qualified education loan. The term ‘qualified education loan’ shall not include any indebtedness owed to a person who is related (within the meaning of section 267(b) or 707(b)(1)) to the taxpayer.

“(2) QUALIFIED HIGHER EDUCATION EXPENSES.—The term ‘qualified higher education expenses’ means the cost of attendance (as defined in section 472 of the Higher Education Act of 1965, 20 U.S.C. 1087ll, as in effect on the day before the date of the enactment of this Act) at an eligible educational institution, reduced by the sum of—

“(A) the amount excluded from gross income under section 127, 135, or 530 by reason of such expenses, and

“(B) the amount of any scholarship, allowance, or payment described in section 25A(g)(2).

For purposes of the preceding sentence, the term ‘eligible educational institution’ has the same meaning given such term by section 25A(f)(2), except that such term shall also include an institution conducting an internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility which offers postgraduate training.

“(3) ELIGIBLE STUDENT.—The term ‘eligible student’ has the meaning given such term by section 25A(b)(3).

“(4) DEPENDENT.—The term ‘dependent’ has the meaning given such term by section 152.

“(f) SPECIAL RULES.—

“(1) DENIAL OF DOUBLE BENEFIT.—No deduction shall be allowed under this section for any amount for which a deduction is allowable under any other provision of this chapter.

“(2) MARRIED COUPLES MUST FILE JOINT RETURN.—If the taxpayer is married at the close of the taxable year, the deduction shall be allowed under subsection (a) only if the taxpayer and the taxpayer’s spouse file a joint return for the taxable year.

“(3) MARITAL STATUS.—Marital status shall be determined in accordance with section 7703.

“(g) INFLATION ADJUSTMENTS.—

“(1) IN GENERAL.—In the case of a taxable year beginning after 2002, the \$40,000 and \$60,000 amounts in subsection (b)(2) shall each be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2001’ for ‘calendar year 1992’ in subparagraph (B) thereof.

“(2) ROUNDING.—If any amount as adjusted under paragraph (1) is not a multiple of \$5,000, such amount shall be rounded to the next lowest multiple of \$5,000.”

(b) DEDUCTION ALLOWED WHETHER OR NOT TAXPAYER ITEMIZES OTHER DEDUCTIONS.—Subsection (a) of section 62 is amended by inserting after paragraph (16) the following new paragraph:

“(17) INTEREST ON EDUCATION LOANS.—The deduction allowed by section 221.”

(c) REPORTING REQUIREMENT.—

(1) IN GENERAL.—Section 6050S(a)(2) (relating to returns relating to higher education tuition and related expenses) is amended to read as follows:

“(2) which is engaged in a trade or business and which, in the course of such trade or business—

“(A) makes payments during any calendar year to any individual which constitutes reimbursements or refunds (or similar amounts) of qualified tuition and related expenses of such individual, or

“(B) except as provided in regulations, receives from any individual interest aggregating \$600 or more for any calendar year on 1 or more qualified education loans.”

(2) INFORMATION.—Section 6050S(b)(2) is amended—

(A) by inserting “or interest” after “payments” in subparagraph (A), and

(B) in subparagraph (C), by striking “and” at the end of clause (i), by inserting “and” at the end of clause (ii), and by inserting after clause (ii) the following:

“(iii) aggregate amount of interest received for the calendar year from such individual.”

(3) DEFINITION.—Section 6050S(e) is amended by inserting “, and except as provided in regulations, the term ‘qualified education loan’ has the meaning given such term by section 221(e)(1)” after “section 25A”.

(d) CLERICAL AMENDMENT.—The table of sections for part VII of subchapter B of chapter 1 is amended by striking the last item and inserting the following new items:

“Sec. 221. Interest on education loans.

“Sec. 222. Cross reference.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to any qualified education loan (as defined in section 221(e)(1) of the Internal Revenue Code of 1986, as added by this section) incurred on, before, or after the date of the enactment of this Act, but only with respect to—

26 USC 62 note.

(1) any loan interest payment due and paid after December 31, 1997, and

(2) the portion of the 60-month period referred to in section 221(d) of the Internal Revenue Code of 1986 (as added by this section) after December 31, 1997.

SEC. 203. PENALTY-FREE WITHDRAWALS FROM INDIVIDUAL RETIREMENT PLANS FOR HIGHER EDUCATION EXPENSES.

(a) IN GENERAL.—Paragraph (2) of section 72(t) (relating to exceptions to 10-percent additional tax on early distributions from qualified retirement plans) is amended by adding at the end the following new subparagraph:

“(E) DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS FOR HIGHER EDUCATION EXPENSES.—Distributions to an individual from an individual retirement plan to the extent such distributions do not exceed the qualified higher education expenses (as defined in paragraph (7)) of the taxpayer for the taxable year. Distributions shall not be taken into account under the preceding sentence if such distributions are described in subparagraph (A), (C), or (D) or to the extent paragraph (1) does not apply to such distributions by reason of subparagraph (B).”.

(b) DEFINITION.—Section 72(t) is amended by adding at the end the following new paragraph:

“(7) QUALIFIED HIGHER EDUCATION EXPENSES.—For purposes of paragraph (2)(E)—

“(A) IN GENERAL.—The term ‘qualified higher education expenses’ means qualified higher education expenses (as defined in section 529(e)(3)) for education furnished to—

“(i) the taxpayer,

“(ii) the taxpayer’s spouse, or

“(iii) any child (as defined in section 151(c)(3)) or grandchild of the taxpayer or the taxpayer’s spouse, at an eligible educational institution (as defined in section 529(e)(5)).

“(B) COORDINATION WITH OTHER BENEFITS.—The amount of qualified higher education expenses for any taxable year shall be reduced as provided in section 25A(g)(2).”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 1997, with respect to expenses paid after such date (in taxable years ending after such date), for education furnished in academic periods beginning after such date.

26 USC 72 note.

Subtitle B—Expanded Education Investment Savings Opportunities

PART I—QUALIFIED TUITION PROGRAMS

SEC. 211. MODIFICATIONS OF QUALIFIED STATE TUITION PROGRAMS.

(a) **QUALIFIED HIGHER EDUCATION EXPENSES TO INCLUDE ROOM AND BOARD.**—Paragraph (3) of section 529(e) (defining qualified higher education expenses) is amended to read as follows:

“(3) **QUALIFIED HIGHER EDUCATION EXPENSES.**—

“(A) **IN GENERAL.**—The term ‘qualified higher education expenses’ means tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a designated beneficiary at an eligible educational institution.

“(B) **ROOM AND BOARD INCLUDED FOR STUDENTS UNDER GUARANTEED PLANS WHO ARE AT LEAST HALF-TIME.**—

“(i) **IN GENERAL.**—In the case of an individual who is an eligible student (as defined in section 25A(b)(3)) for any academic period, such term shall also include reasonable costs for such period (as determined under the qualified State tuition program) incurred by the designated beneficiary for room and board while attending such institution. For purposes of subsection (b)(7), a designated beneficiary shall be treated as meeting the requirements of this clause.

“(ii) **LIMITATION.**—The amount treated as qualified higher education expenses by reason of the preceding sentence shall not exceed the minimum amount (applicable to the student) included for room and board for such period in the cost of attendance (as defined in section 472 of the Higher Education Act of 1965, 20 U.S.C. 1087ll, as in effect on the date of the enactment of this paragraph) for the eligible educational institution for such period.”.

(b) **ADDITIONAL MODIFICATIONS.**—

(1) **MEMBER OF FAMILY.**—Paragraph (2) of section 529(e) (relating to other definitions and special rules) is amended to read as follows:

“(2) **MEMBER OF FAMILY.**—The term ‘member of the family’ means—

“(A) an individual who bears a relationship to another individual which is a relationship described in paragraphs (1) through (8) of section 152(a), and

“(B) the spouse of any individual described in subparagraph (A).”.

(2) **ELIGIBLE EDUCATIONAL INSTITUTION.**—Section 529(e) is amended by adding at the end the following:

“(5) **ELIGIBLE EDUCATIONAL INSTITUTION.**—The term ‘eligible educational institution’ means an institution—

“(A) which is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this paragraph, and

“(B) which is eligible to participate in a program under title IV of such Act.”.

(3) **ESTATE AND GIFT TAX TREATMENT.**—

(A) **GIFT TAX TREATMENT.**—

(i) Paragraph (2) of section 529(c) is amended to read as follows:

“(2) GIFT TAX TREATMENT OF CONTRIBUTIONS.—For purposes of chapters 12 and 13—

“(A) IN GENERAL.—Any contribution to a qualified tuition program on behalf of any designated beneficiary—

“(i) shall be treated as a completed gift to such beneficiary which is not a future interest in property, and

“(ii) shall not be treated as a qualified transfer under section 2503(e).

“(B) TREATMENT OF EXCESS CONTRIBUTIONS.—If the aggregate amount of contributions described in subparagraph (A) during the calendar year by a donor exceeds the limitation for such year under section 2503(b), such aggregate amount shall, at the election of the donor, be taken into account for purposes of such section ratably over the 5-year period beginning with such calendar year.”.

(ii) Paragraph (5) of section 529(c) is amended to read as follows:

“(5) OTHER GIFT TAX RULES.—For purposes of chapters 12 and 13—

“(A) TREATMENT OF DISTRIBUTIONS.—Except as provided in subparagraph (B), in no event shall a distribution from a qualified tuition program be treated as a taxable gift.

“(B) TREATMENT OF DESIGNATION OF NEW BENEFICIARY.—The taxes imposed by chapters 12 and 13 shall apply to a transfer by reason of a change in the designated beneficiary under the program (or a rollover to the account of a new beneficiary) only if the new beneficiary is a generation below the generation of the old beneficiary (determined in accordance with section 2651).”.

(B) ESTATE TAX TREATMENT.—Paragraph (4) of section 529(c) is amended to read as follows:

“(4) ESTATE TAX TREATMENT.—

“(A) IN GENERAL.—No amount shall be includible in the gross estate of any individual for purposes of chapter 11 by reason of an interest in a qualified tuition program.

“(B) AMOUNTS INCLUDIBLE IN ESTATE OF DESIGNATED BENEFICIARY IN CERTAIN CASES.—Subparagraph (A) shall not apply to amounts distributed on account of the death of a beneficiary.

“(C) AMOUNTS INCLUDIBLE IN ESTATE OF DONOR MAKING EXCESS CONTRIBUTIONS.—In the case of a donor who makes the election described in paragraph (2)(B) and who dies before the close of the 5-year period referred to in such paragraph, notwithstanding subparagraph (A), the gross estate of the donor shall include the portion of such contributions properly allocable to periods after the date of death of the donor.”.

(4) PROHIBITION AGAINST INVESTMENT DIRECTION.—Section 529(b)(5) is amended by inserting “directly or indirectly” after “may not”.

(c) COORDINATION WITH EDUCATION SAVINGS BOND.—Section 135(c)(2) (defining qualified higher education expenses) is amended by adding at the end the following:

“(C) CONTRIBUTIONS TO QUALIFIED STATE TUITION PROGRAM.—Such term shall include any contribution to a qualified State tuition program (as defined in section 529) on behalf of a designated beneficiary (as defined in such section) who is an individual described in subparagraph (A); but there shall be no increase in the investment in the contract for purposes of applying section 529(c)(3)(A) by reason of any portion of such contribution which is not includible in gross income by reason of this subparagraph.”.

(d) CLARIFICATION OF TAXATION OF DISTRIBUTIONS.—Subparagraph (A) of section 529(c)(3) is amended by striking “section 72” and inserting “section 72(b)”.

(e) TECHNICAL AMENDMENTS.—

(1)(A) The heading for part VIII of subchapter F of chapter 1 is amended to read as follows:

“PART VIII—HIGHER EDUCATION SAVINGS ENTITIES”.

(B) The table of parts for subchapter F of chapter 1 is amended by striking the item relating to part VIII and inserting:

“Part VIII. Higher education savings entities.”.

(2)(A) Section 529(d) is amended to read as follows:

“(d) REPORTS.—Each officer or employee having control of the qualified State tuition program or their designee shall make such reports regarding such program to the Secretary and to designated beneficiaries with respect to contributions, distributions, and such other matters as the Secretary may require. The reports required by this subsection shall be filed at such time and in such manner and furnished to such individuals at such time and in such manner as may be required by the Secretary.”.

(B) Paragraph (2) of section 6693(a) (relating to failure to provide reports on individual retirement accounts or annuities) is amended by striking “and” at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting “, and”, and by adding at the end the following new subparagraph:

“(C) Section 529(d) (relating to qualified State tuition programs).”.

(C) The section heading for section 6693 is amended by striking “INDIVIDUAL RETIREMENT” and inserting “CERTAIN TAX-FAVORED”.

(D) The item relating to section 6693 in the table of sections for part I of subchapter B of chapter 68 is amended by striking “individual retirement” and inserting “certain tax-favored”.

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect on January 1, 1998.

(2) EXPENSES TO INCLUDE ROOM AND BOARD.—The amendment made by subsection (a) shall take effect as if included in the amendments made by section 1806 of the Small Business Job Protection Act of 1996.

(3) ELIGIBLE EDUCATIONAL INSTITUTION.—The amendment made by subsection (b)(2) shall apply to distributions after

December 31, 1997, with respect to expenses paid after such date (in taxable years ending after such date), for education furnished in academic periods beginning after such date.

(4) COORDINATION WITH EDUCATION SAVINGS BONDS.—The amendment made by subsection (c) shall apply to taxable years beginning after December 31, 1997.

(5) ESTATE AND GIFT TAX CHANGES.—

(A) GIFT TAX CHANGES.—Paragraphs (2) and (5) of section 529(c) of the Internal Revenue Code of 1986, as amended by this section, shall apply to transfers (including designations of new beneficiaries) made after the date of the enactment of this Act.

(B) ESTATE TAX CHANGES.—Paragraph (4) of such section 529(c) shall apply to estates of decedents dying after June 8, 1997.

(6) TRANSITION RULE FOR PRE-AUGUST 20, 1996 CONTRACTS.—

In the case of any contract issued prior to August 20, 1996, section 529(c)(3)(C) of the Internal Revenue Code of 1986 shall be applied for taxable years ending after August 20, 1996, without regard to the requirement that a distribution be transferred to a member of the family or the requirement that a change in beneficiaries may be made only to a member of the family.

PART II—EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS

SEC. 213. EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

(a) IN GENERAL.—Part VIII of subchapter F of chapter 1 (relating to qualified State tuition programs) is amended by adding at the end the following new section:

“SEC. 530. EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

“(a) GENERAL RULE.—An education individual retirement account shall be exempt from taxation under this subtitle. Notwithstanding the preceding sentence, the education individual retirement account shall be subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable organizations).

“(b) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

“(1) EDUCATION INDIVIDUAL RETIREMENT ACCOUNT.—The term ‘education individual retirement account’ means a trust created or organized in the United States exclusively for the purpose of paying the qualified higher education expenses of the designated beneficiary of the trust (and designated as an education individual retirement account at the time created or organized), but only if the written governing instrument creating the trust meets the following requirements:

“(A) No contribution will be accepted—

“(i) unless it is in cash,

“(ii) after the date on which such beneficiary attains age 18, or

“(iii) except in the case of rollover contributions, if such contribution would result in aggregate contributions for the taxable year exceeding \$500.

“(B) The trustee is a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which that person will administer the trust will be consistent with the requirements of this section or who has so demonstrated with respect to any individual retirement plan.

“(C) No part of the trust assets will be invested in life insurance contracts.

“(D) The assets of the trust shall not be commingled with other property except in a common trust fund or common investment fund.

“(E) Upon the death of the designated beneficiary, any balance to the credit of the beneficiary shall be distributed within 30 days after the date of death to the estate of such beneficiary.

“(2) QUALIFIED HIGHER EDUCATION EXPENSES.—

“(A) IN GENERAL.—The term ‘qualified higher education expenses’ has the meaning given such term by section 529(e)(3), reduced as provided in section 25A(g)(2).

“(B) QUALIFIED STATE TUITION PROGRAMS.—Such term shall include amounts paid or incurred to purchase tuition credits or certificates, or to make contributions to an account, under a qualified State tuition program (as defined in section 529(b)) for the benefit of the beneficiary of the account.

“(3) ELIGIBLE EDUCATIONAL INSTITUTION.—The term ‘eligible educational institution’ has the meaning given such term by section 529(e)(5).

“(c) REDUCTION IN PERMITTED CONTRIBUTIONS BASED ON ADJUSTED GROSS INCOME.—

“(1) IN GENERAL.—The maximum amount which a contributor could otherwise make to an account under this section shall be reduced by an amount which bears the same ratio to such maximum amount as—

“(A) the excess of—

“(i) the contributor’s modified adjusted gross income for such taxable year, over

“(ii) \$95,000 (\$150,000 in the case of a joint return), bears to

“(B) \$15,000 (\$10,000 in the case of a joint return).

“(2) MODIFIED ADJUSTED GROSS INCOME.—For purposes of paragraph (1), the term ‘modified adjusted gross income’ means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.

“(d) TAX TREATMENT OF DISTRIBUTIONS.—

“(1) IN GENERAL.—Any distribution shall be includible in the gross income of the distributee in the manner as provided in section 72(b).

“(2) DISTRIBUTIONS FOR QUALIFIED HIGHER EDUCATION EXPENSES.—

“(A) IN GENERAL.—No amount shall be includible in gross income under paragraph (1) if the qualified higher education expenses of the designated beneficiary during the taxable year are not less than the aggregate distributions during the taxable year.

“(B) DISTRIBUTIONS IN EXCESS OF EXPENSES.—If such aggregate distributions exceed such expenses during the taxable year, the amount otherwise includible in gross income under paragraph (1) shall be reduced by the amount which bears the same ratio to the amount which would be includible in gross income under paragraph (1) (without regard to this subparagraph) as the qualified higher education expenses bear to such aggregate distributions.

“(C) ELECTION TO WAIVE EXCLUSION.—A taxpayer may elect to waive the application of this paragraph for any taxable year.

“(3) SPECIAL RULES FOR APPLYING ESTATE AND GIFT TAXES WITH RESPECT TO ACCOUNT.—Rules similar to the rules of paragraphs (2), (4), and (5) of section 529(c) shall apply for purposes of this section.

“(4) ADDITIONAL TAX FOR DISTRIBUTIONS NOT USED FOR EDUCATIONAL EXPENSES.—

“(A) IN GENERAL.—The tax imposed by this chapter for any taxable year on any taxpayer who receives a payment or distribution from an education individual retirement account which is includible in gross income shall be increased by 10 percent of the amount which is so includible.

“(B) EXCEPTIONS.—Subparagraph (A) shall not apply if the payment or distribution is—

“(i) made to a beneficiary (or to the estate of the designated beneficiary) on or after the death of the designated beneficiary,

“(ii) attributable to the designated beneficiary’s being disabled (within the meaning of section 72(m)(7)), or

“(iii) made on account of a scholarship, allowance, or payment described in section 25A(g)(2) received by the account holder to the extent the amount of the payment or distribution does not exceed the amount of the scholarship, allowance, or payment.

“(C) EXCESS CONTRIBUTIONS RETURNED BEFORE DUE DATE OF RETURN.—Subparagraph (A) shall not apply to the distribution of any contribution made during a taxable year on behalf of a designated beneficiary to the extent that such contribution exceeds \$500 if—

“(i) such distribution is received on or before the day prescribed by law (including extensions of time) for filing such contributor’s return for such taxable year, and

“(ii) such distribution is accompanied by the amount of net income attributable to such excess contribution.

Any net income described in clause (ii) shall be included in gross income for the taxable year in which such excess contribution was made.

“(5) ROLLOVER CONTRIBUTIONS.—Paragraph (1) shall not apply to any amount paid or distributed from an education individual retirement account to the extent that the amount received is paid into another education individual retirement account for the benefit of the same beneficiary or a member of the family (within the meaning of section 529(e)(2)) of such

beneficiary not later than the 60th day after the date of such payment or distribution. The preceding sentence shall not apply to any payment or distribution if it applied to any prior payment or distribution during the 12-month period ending on the date of the payment or distribution.

“(6) CHANGE IN BENEFICIARY.—Any change in the beneficiary of an education individual retirement account shall not be treated as a distribution for purposes of paragraph (1) if the new beneficiary is a member of the family (as so defined) of the old beneficiary.

“(7) SPECIAL RULES FOR DEATH AND DIVORCE.—Rules similar to the rules of paragraphs (7) and (8) of section 220(f) shall apply.

“(e) TAX TREATMENT OF ACCOUNTS.—Rules similar to the rules of paragraphs (2) and (4) of section 408(e) shall apply to any education individual retirement account.

“(f) COMMUNITY PROPERTY LAWS.—This section shall be applied without regard to any community property laws.

“(g) CUSTODIAL ACCOUNTS.—For purposes of this section, a custodial account shall be treated as a trust if the assets of such account are held by a bank (as defined in section 408(n)) or another person who demonstrates, to the satisfaction of the Secretary, that the manner in which he will administer the account will be consistent with the requirements of this section, and if the custodial account would, except for the fact that it is not a trust, constitute an account described in subsection (b)(1). For purposes of this title, in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

“(h) REPORTS.—The trustee of an education individual retirement account shall make such reports regarding such account to the Secretary and to the beneficiary of the account with respect to contributions, distributions, and such other matters as the Secretary may require. The reports required by this subsection shall be filed at such time and in such manner and furnished to such individuals at such time and in such manner as may be required.”.

(b) TAX ON PROHIBITED TRANSACTIONS.—

(1) IN GENERAL.—Paragraph (1) of section 4975(e) (relating to prohibited transactions) is amended by striking “or” at the end of subparagraph (D), by redesignating subparagraph (E) as subparagraph (F), and by inserting after subparagraph (D) the following new subparagraph:

“(E) an education individual retirement account described in section 530, or”.

(2) SPECIAL RULE.—Subsection (c) of section 4975 is amended by adding at the end of subsection (c) the following new paragraph:

“(5) SPECIAL RULE FOR EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.—An individual for whose benefit an education individual retirement account is established and any contributor to such account shall be exempt from the tax imposed by this section with respect to any transaction concerning such account (which would otherwise be taxable under this section) if section 530(d) applies with respect to such transaction.”.

(c) FAILURE TO PROVIDE REPORTS ON EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.—Paragraph (2) of section 6693(a) (relating to failure to provide reports on individual retirement accounts or

annuities) is amended by striking “and” at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting “, and”, and by adding at the end the following new subparagraph:

“(D) Section 530(h) (relating to education individual retirement accounts).”.

(d) TAX ON EXCESS CONTRIBUTIONS.—

(1) IN GENERAL.—Subsection (a) of section 4973 is amended by striking “or” at the end of paragraph (2), by adding “or” at the end of paragraph (3), and by inserting after paragraph (3) the following new paragraph:

“(4) an education individual retirement account (as defined in section 530).”.

(2) EXCESS CONTRIBUTIONS DEFINED.—Section 4973 is amended by adding at the end the following new subsection:

“(e) EXCESS CONTRIBUTIONS TO EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.—For purposes of this section—

“(1) IN GENERAL.—In the case of education individual retirement accounts maintained for the benefit of any 1 beneficiary, the term ‘excess contributions’ means—

“(A) the amount by which the amount contributed for the taxable year to such accounts exceeds \$500, and

“(B) any amount contributed to such accounts for any taxable year if any amount is contributed during such year to a qualified State tuition program for the benefit of such beneficiary.

“(2) SPECIAL RULES.—For purposes of paragraph (1), the following contributions shall not be taken into account:

“(A) Any contribution which is distributed out of the education individual retirement account in a distribution to which section 530(d)(4)(C) applies.

“(B) Any contribution described in section 530(b)(2)(B) to a qualified State tuition program.

“(C) Any rollover contribution.”.

(e) TECHNICAL AMENDMENTS.—

(1) Section 26(b)(2) is amended by redesignating subparagraphs (E) through (P) as subparagraphs (F) through (Q), respectively, and by inserting after subparagraph (D) the following new subparagraph:

“(E) section 530(d)(3) (relating to additional tax on certain distributions from education individual retirement accounts).”.

(2) Subparagraph (C) of section 135(c)(2), as added by the preceding section, is amended by inserting “, or to an education individual retirement account (as defined in section 530) on behalf of an account beneficiary,” after “(as defined in such section)”.

(3) The table of sections for part VIII of subchapter F of chapter 1 is amended by adding at the end the following new item:

“Sec. 530. Education individual retirement accounts.”.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997. 26 USC 26 note.

Subtitle C—Other Education Initiatives

SEC. 221. EXTENSION OF EXCLUSION FOR EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

(a) IN GENERAL.—Subsection (d) of section 127 (relating to educational assistance programs) is amended to read as follows:
 “(d) TERMINATION.—This section shall not apply to expenses paid with respect to courses beginning after May 31, 2000.”

26 USC 127 note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1996.

SEC. 222. REPEAL OF LIMITATION ON QUALIFIED 501(c)(3) BONDS OTHER THAN HOSPITAL BONDS.

Section 145(b) (relating to qualified 501(c)(3) bond) is amended by adding at the end the following new paragraph:

“(5) TERMINATION OF LIMITATION.—This subsection shall not apply with respect to bonds issued after the date of the enactment of this paragraph as part of an issue 95 percent or more of the net proceeds of which are to be used to finance capital expenditures incurred after such date.”

SEC. 223. INCREASE IN ARBITRAGE REBATE EXCEPTION FOR GOVERNMENTAL BONDS USED TO FINANCE EDUCATION FACILITIES.

(a) IN GENERAL.—Section 148(f)(4)(D) (relating to exception for governmental units issuing \$5,000,000 or less of bonds) is amended by adding at the end the following new clause:

“(vii) INCREASE IN EXCEPTION FOR BONDS FINANCING PUBLIC SCHOOL CAPITAL EXPENDITURES.—Each of the \$5,000,000 amounts in the preceding provisions of this subparagraph shall be increased by the lesser of \$5,000,000 or so much of the aggregate face amount of the bonds as are attributable to financing the construction (within the meaning of subparagraph (C)(iv)) of public school facilities.”

26 USC 148 note.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after December 31, 1997.

SEC. 224. CONTRIBUTIONS OF COMPUTER TECHNOLOGY AND EQUIPMENT FOR ELEMENTARY OR SECONDARY SCHOOL PURPOSES.

(a) CONTRIBUTIONS OF COMPUTER TECHNOLOGY AND EQUIPMENT FOR ELEMENTARY OR SECONDARY SCHOOL PURPOSES.—Subsection (e) of section 170 is amended by adding at the end the following new paragraph:

“(6) SPECIAL RULE FOR CONTRIBUTIONS OF COMPUTER TECHNOLOGY AND EQUIPMENT FOR ELEMENTARY OR SECONDARY SCHOOL PURPOSES.—

“(A) LIMIT ON REDUCTION.—In the case of a qualified elementary or secondary educational contribution, the reduction under paragraph (1)(A) shall be no greater than the amount determined under paragraph (3)(B).

“(B) QUALIFIED ELEMENTARY OR SECONDARY EDUCATIONAL CONTRIBUTION.—For purposes of this paragraph, the term ‘qualified elementary or secondary educational

contribution' means a charitable contribution by a corporation of any computer technology or equipment, but only if—

“(i) the contribution is to—

“(I) an educational organization described in subsection (b)(1)(A)(ii), or

“(II) an entity described in section 501(c)(3) and exempt from tax under section 501(a) (other than an entity described in subclause (I)) that is organized primarily for purposes of supporting elementary and secondary education,

“(ii) the contribution is made not later than 2 years after the date the taxpayer acquired the property (or in the case of property constructed by the taxpayer, the date the construction of the property is substantially completed),

“(iii) the original use of the property is by the donor or the donee,

“(iv) substantially all of the use of the property by the donee is for use within the United States for educational purposes in any of the grades K-12 that are related to the purpose or function of the organization or entity,

“(v) the property is not transferred by the donee in exchange for money, other property, or services, except for shipping, installation and transfer costs,

“(vi) the property will fit productively into the entity's education plan, and

“(vii) the entity's use and disposition of the property will be in accordance with the provisions of clauses (iv) and (v).

“(C) CONTRIBUTION TO PRIVATE FOUNDATION.—A contribution by a corporation of any computer technology or equipment to a private foundation (as defined in section 509) shall be treated as a qualified elementary or secondary educational contribution for purposes of this paragraph if—

“(i) the contribution to the private foundation satisfies the requirements of clauses (ii) and (v) of subparagraph (B), and

“(ii) within 30 days after such contribution, the private foundation—

“(I) contributes the property to an entity described in clause (i) of subparagraph (B) that satisfies the requirements of clauses (iv) through (vii) of subparagraph (B), and

“(II) notifies the donor of such contribution.

“(D) SPECIAL RULE RELATING TO CONSTRUCTION OF PROPERTY.—For the purposes of this paragraph, the rules of paragraph (4)(C) shall apply.

“(E) DEFINITIONS.—For the purposes of this paragraph—

“(i) COMPUTER TECHNOLOGY OR EQUIPMENT.—The term ‘computer technology or equipment’ means computer software (as defined by section 197(e)(3)(B)), computer or peripheral equipment (as defined by section

168(i)(2)(B)), and fiber optic cable related to computer use.

“(ii) CORPORATION.—The term ‘corporation’ has the meaning given to such term by paragraph (4)(D).

“(F) TERMINATION.—This paragraph shall not apply to any contribution made during any taxable year beginning after December 31, 1999.”.

26 USC 170 note.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 225. TREATMENT OF CANCELLATION OF CERTAIN STUDENT LOANS.

(a) CERTAIN LOANS BY EXEMPT ORGANIZATIONS.—

(1) IN GENERAL.—Paragraph (2) of section 108(f) (defining student loan) is amended by striking “or” at the end of subparagraph (B) and by striking subparagraph (D) and inserting the following:

“(D) any educational organization described in section 170(b)(1)(A)(ii) if such loan is made—

“(i) pursuant to an agreement with any entity described in subparagraph (A), (B), or (C) under which the funds from which the loan was made were provided to such educational organization, or

“(ii) pursuant to a program of such educational organization which is designed to encourage its students to serve in occupations with unmet needs or in areas with unmet needs and under which the services provided by the students (or former students) are for or under the direction of a governmental unit or an organization described in section 501(c)(3) and exempt from tax under section 501(a).

The term ‘student loan’ includes any loan made by an educational organization so described or by an organization exempt from tax under section 501(a) to refinance a loan meeting the requirements of the preceding sentence.”.

(2) EXCEPTION FOR DISCHARGES ON ACCOUNT OF SERVICES PERFORMED FOR CERTAIN LENDERS.—Subsection (f) of section 108 is amended by adding at the end the following new paragraph:

“(3) EXCEPTION FOR DISCHARGES ON ACCOUNT OF SERVICES PERFORMED FOR CERTAIN LENDERS.—Paragraph (1) shall not apply to the discharge of a loan made by an organization described in paragraph (2)(D) (or by an organization described in paragraph (2)(E) from funds provided by an organization described in paragraph (2)(D)) if the discharge is on account of services performed for either such organization.”.

26 USC 108 note.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to discharges of indebtedness after the date of the enactment of this Act.

SEC. 226. INCENTIVES FOR EDUCATION ZONES.

(a) IN GENERAL.—Subchapter U of chapter 1 (relating to additional incentives for empowerment zones) is amended by redesignating part IV as part V, by redesignating section 1397E as section 1397F, and by inserting after part III the following new part:

26 USC 1397D,
1397F.

“PART IV—INCENTIVES FOR EDUCATION ZONES

“Sec. 1397E. Credit to holders of qualified zone academy bonds.”.

“SEC. 1397E. CREDIT TO HOLDERS OF QUALIFIED ZONE ACADEMY BONDS.

“(a) ALLOWANCE OF CREDIT.—In the case of an eligible taxpayer who holds a qualified zone academy bond on the credit allowance date of such bond which occurs during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year the amount determined under subsection (b).

“(b) AMOUNT OF CREDIT.—

“(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any qualified zone academy bond is the amount equal to the product of—

“(A) the credit rate determined by the Secretary under paragraph (2) for the month in which such bond was issued, multiplied by

“(B) the face amount of the bond held by the taxpayer on the credit allowance date.

“(2) DETERMINATION.—During each calendar month, the Secretary shall determine a credit rate which shall apply to bonds issued during the following calendar month. The credit rate for any month is the percentage which the Secretary estimates will permit the issuance of qualified zone academy bonds without discount and without interest cost to the issuer.

“(c) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

“(1) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

“(2) the sum of the credits allowable under part IV of subchapter A (other than subpart C thereof, relating to refundable credits).

“(d) QUALIFIED ZONE ACADEMY BOND.—For purposes of this section—

“(1) IN GENERAL.—The term ‘qualified zone academy bond’ means any bond issued as part of an issue if—

“(A) 95 percent or more of the proceeds of such issue are to be used for a qualified purpose with respect to a qualified zone academy established by an eligible local education agency,

“(B) the bond is issued by a State or local government within the jurisdiction of which such academy is located,

“(C) the issuer—

“(i) designates such bond for purposes of this section,

“(ii) certifies that it has written assurances that the private business contribution requirement of paragraph (2) will be met with respect to such academy, and

“(iii) certifies that it has the written approval of the eligible local education agency for such bond issuance, and

“(D) the term of each bond which is part of such issue does not exceed the maximum term permitted under paragraph (3).

“(2) PRIVATE BUSINESS CONTRIBUTION REQUIREMENT.—

“(A) IN GENERAL.—For purposes of paragraph (1), the private business contribution requirement of this paragraph is met with respect to any issue if the eligible local education agency that established the qualified zone academy has written commitments from private entities to make qualified contributions having a present value (as of the date of issuance of the issue) of not less than 10 percent of the proceeds of the issue.

“(B) QUALIFIED CONTRIBUTIONS.—For purposes of subparagraph (A), the term ‘qualified contribution’ means any contribution (of a type and quality acceptable to the eligible local education agency) of—

“(i) equipment for use in the qualified zone academy (including state-of-the-art technology and vocational equipment),

“(ii) technical assistance in developing curriculum or in training teachers in order to promote appropriate market driven technology in the classroom,

“(iii) services of employees as volunteer mentors,

“(iv) internships, field trips, or other educational opportunities outside the academy for students, or

“(v) any other property or service specified by the eligible local education agency.

“(3) TERM REQUIREMENT.—During each calendar month, the Secretary shall determine the maximum term permitted under this paragraph for bonds issued during the following calendar month. Such maximum term shall be the term which the Secretary estimates will result in the present value of the obligation to repay the principal on the bond being equal to 50 percent of the face amount of the bond. Such present value shall be determined using as a discount rate the average annual interest rate of tax-exempt obligations having a term of 10 years or more which are issued during the month. If the term as so determined is not a multiple of a whole year, such term shall be rounded to the next highest whole year.

“(4) QUALIFIED ZONE ACADEMY.—

“(A) IN GENERAL.—The term ‘qualified zone academy’ means any public school (or academic program within a public school) which is established by and operated under the supervision of an eligible local education agency to provide education or training below the postsecondary level if—

“(i) such public school or program (as the case may be) is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce,

“(ii) students in such public school or program (as the case may be) will be subject to the same academic standards and assessments as other students educated by the eligible local education agency,

“(iii) the comprehensive education plan of such public school or program is approved by the eligible local education agency, and

“(iv)(I) such public school is located in an empowerment zone or enterprise community (including any such zone or community designated after the date of the enactment of this section), or

“(II) there is a reasonable expectation (as of the date of issuance of the bonds) that at least 35 percent of the students attending such school or participating in such program (as the case may be) will be eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act.

“(B) ELIGIBLE LOCAL EDUCATION AGENCY.—The term ‘eligible local education agency’ means any local education agency as defined in section 14101 of the Elementary and Secondary Education Act of 1965.

“(5) QUALIFIED PURPOSE.—The term ‘qualified purpose’ means, with respect to any qualified zone academy—

“(A) rehabilitating or repairing the public school facility in which the academy is established,

“(B) providing equipment for use at such academy,

“(C) developing course materials for education to be provided at such academy, and

“(D) training teachers and other school personnel in such academy.

“(6) ELIGIBLE TAXPAYER.—The term ‘eligible taxpayer’ means—

“(A) a bank (within the meaning of section 581),

“(B) an insurance company to which subchapter L applies, and

“(C) a corporation actively engaged in the business of lending money.

“(e) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

“(1) NATIONAL LIMITATION.—There is a national zone academy bond limitation for each calendar year. Such limitation is \$400,000,000 for 1998 and 1999, and, except as provided in paragraph (4), zero thereafter.

“(2) ALLOCATION OF LIMITATION.—The national zone academy bond limitation for a calendar year shall be allocated by the Secretary among the States on the basis of their respective populations of individuals below the poverty line (as defined by the Office of Management and Budget). The limitation amount allocated to a State under the preceding sentence shall be allocated by the State education agency to qualified zone academies within such State.

“(3) DESIGNATION SUBJECT TO LIMITATION AMOUNT.—The maximum aggregate face amount of bonds issued during any calendar year which may be designated under subsection (d)(1) with respect to any qualified zone academy shall not exceed the limitation amount allocated to such academy under paragraph (2) for such calendar year.

“(4) CARRYOVER OF UNUSED LIMITATION.—If for any calendar year—

“(A) the limitation amount for any State, exceeds

“(B) the amount of bonds issued during such year which are designated under subsection (d)(1) with respect to qualified zone academies within such State, the limitation amount for such State for the following calendar year shall be increased by the amount of such excess.

“(f) OTHER DEFINITIONS.—For purposes of this section—

“(1) CREDIT ALLOWANCE DATE.—The term ‘credit allowance date’ means, with respect to any issue, the last day of the 1-year period beginning on the date of issuance of such issue and the last day of each successive 1-year period thereafter.

“(2) BOND.—The term ‘bond’ includes any obligation.

“(3) STATE.—The term ‘State’ includes the District of Columbia and any possession of the United States.

“(g) CREDIT INCLUDED IN GROSS INCOME.—Gross income includes the amount of the credit allowed to the taxpayer under this section.”.

(b) CONFORMING AMENDMENTS.—

(1) The table of parts for subchapter U of chapter 1 is amended by striking the last item and inserting the following:

“Part IV. Incentives for education zones.

“Part V. Regulations.”.

(2) The table of sections for part V, as so redesignated, is amended to read as follows:

“Sec. 1397F. Regulations.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after December 31, 1997.

26 USC 1397E
note.

TITLE III—SAVINGS AND INVESTMENT INCENTIVES

Subtitle A—Retirement Savings

SEC. 301. RESTORATION OF IRA DEDUCTION FOR CERTAIN TAX- PAYERS.

(a) INCREASE IN INCOME LIMITS APPLICABLE TO ACTIVE PARTICIPANTS.—

(1) IN GENERAL.—Subparagraph (B) of section 219(g)(3) (relating to applicable dollar amount) is amended to read as follows:

“(B) APPLICABLE DOLLAR AMOUNT.—The term ‘applicable dollar amount’ means the following:

“(i) In the case of a taxpayer filing a joint return:

“For taxable years beginning in:		The applicable dollar amount is:
1998		\$50,000
1999		\$51,000
2000		\$52,000
2001		\$53,000
2002		\$54,000
2003		\$60,000
2004		\$65,000
2005		\$70,000
2006		\$75,000
2007 and thereafter		\$80,000.

“(ii) In the case of any other taxpayer (other than a married individual filing a separate return):

“For taxable years beginning in:	The applicable dollar amount is:
1998	\$30,000
1999	\$31,000
2000	\$32,000
2001	\$33,000
2002	\$34,000
2003	\$40,000
2004	\$45,000
2005 and thereafter	\$50,000.

“(iii) In the case of a married individual filing a separate return, zero.”.

(2) INCREASE IN PHASE-OUT RANGE FOR JOINT RETURNS.—

Clause (ii) of section 219(g)(2)(A) is amended by inserting “(\$20,000 in the case of a joint return for a taxable year beginning after December 31, 2006)”.

(b) LIMITATIONS FOR ACTIVE PARTICIPATION NOT BASED ON SPOUSE’S PARTICIPATION.—Section 219(g) (relating to limitation on deduction for active participants in certain pension plans) is amended—

(1) by striking “or the individual’s spouse” in paragraph (1), and

(2) by adding at the end the following new paragraph:

“(7) SPECIAL RULE FOR CERTAIN SPOUSES.—In the case of an individual who is an active participant at no time during any plan year ending with or within the taxable year but whose spouse is an active participant for any part of any such plan year—

“(A) the applicable dollar amount under paragraph (3)(B)(i) with respect to the taxpayer shall be \$150,000, and

“(B) the amount applicable under paragraph (2)(A)(ii) shall be \$10,000.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997. 26 USC 219 note.

SEC. 302. ESTABLISHMENT OF NONDEDUCTIBLE TAX-FREE INDIVIDUAL RETIREMENT ACCOUNTS.

(a) IN GENERAL.—Subpart A of part I of subchapter D of chapter 1 (relating to pension, profit-sharing, stock bonus plans, etc.) is amended by inserting after section 408 the following new section:

“SEC. 408A. ROTH IRAS.

“(a) GENERAL RULE.—Except as provided in this section, a Roth IRA shall be treated for purposes of this title in the same manner as an individual retirement plan.

“(b) ROTH IRA.—For purposes of this title, the term ‘Roth IRA’ means an individual retirement plan (as defined in section 7701(a)(37)) which is designated (in such manner as the Secretary may prescribe) at the time of establishment of the plan as a Roth IRA. Such designation shall be made in such manner as the Secretary may prescribe.

“(c) TREATMENT OF CONTRIBUTIONS.—

“(1) NO DEDUCTION ALLOWED.—No deduction shall be allowed under section 219 for a contribution to a Roth IRA.

“(2) CONTRIBUTION LIMIT.—The aggregate amount of contributions for any taxable year to all Roth IRAs maintained for the benefit of an individual shall not exceed the excess (if any) of—

“(A) the maximum amount allowable as a deduction under section 219 with respect to such individual for such taxable year (computed without regard to subsection (d)(1) or (g) of such section), over

“(B) the aggregate amount of contributions for such taxable year to all other individual retirement plans (other than Roth IRAs) maintained for the benefit of the individual.

“(3) LIMITS BASED ON MODIFIED ADJUSTED GROSS INCOME.—

“(A) DOLLAR LIMIT.—The amount determined under paragraph (2) for any taxable year shall be reduced (but not below zero) by the amount which bears the same ratio to such amount as—

“(i) the excess of—

“(I) the taxpayer’s adjusted gross income for such taxable year, over

“(II) the applicable dollar amount, bears to

“(ii) \$15,000 (\$10,000 in the case of a joint return).

The rules of subparagraphs (B) and (C) of section 219(g)(2) shall apply to any reduction under this subparagraph.

“(B) ROLLOVER FROM IRA.—A taxpayer shall not be allowed to make a qualified rollover contribution to a Roth IRA from an individual retirement plan other than a Roth IRA during any taxable year if—

“(i) the taxpayer’s adjusted gross income for such taxable year exceeds \$100,000, or

“(ii) the taxpayer is a married individual filing a separate return.

“(C) DEFINITIONS.—For purposes of this paragraph—

“(i) adjusted gross income shall be determined in the same manner as under section 219(g)(3), except that any amount included in gross income under subsection (d)(3) shall not be taken into account and the deduction under section 219 shall be taken into account, and

“(ii) the applicable dollar amount is—

“(I) in the case of a taxpayer filing a joint return, \$150,000,

“(II) in the case of any other taxpayer (other than a married individual filing a separate return), \$95,000, and

“(III) in the case of a married individual filing a separate return, zero.

“(D) MARITAL STATUS.—Section 219(g)(4) shall apply for purposes of this paragraph.

“(4) CONTRIBUTIONS PERMITTED AFTER AGE 70½.—Contributions to a Roth IRA may be made even after the individual for whom the account is maintained has attained age 70½.

“(5) MANDATORY DISTRIBUTION RULES NOT TO APPLY BEFORE DEATH.—Notwithstanding subsections (a)(6) and (b)(3) of section 408 (relating to required distributions), the following provisions shall not apply to any Roth IRA:

“(A) Section 401(a)(9)(A).

“(B) The incidental death benefit requirements of section 401(a).

“(6) ROLLOVER CONTRIBUTIONS.—

“(A) IN GENERAL.—No rollover contribution may be made to a Roth IRA unless it is a qualified rollover contribution.

“(B) COORDINATION WITH LIMIT.—A qualified rollover contribution shall not be taken into account for purposes of paragraph (2).

“(7) TIME WHEN CONTRIBUTIONS MADE.—For purposes of this section, the rule of section 219(f)(3) shall apply.

“(d) DISTRIBUTION RULES.—For purposes of this title—

“(1) GENERAL RULES.—

“(A) EXCLUSIONS FROM GROSS INCOME.—Any qualified distribution from a Roth IRA shall not be includible in gross income.

“(B) NONQUALIFIED DISTRIBUTIONS.—In applying section 72 to any distribution from a Roth IRA which is not a qualified distribution, such distribution shall be treated as made from contributions to the Roth IRA to the extent that such distribution, when added to all previous distributions from the Roth IRA, does not exceed the aggregate amount of contributions to the Roth IRA.

“(2) QUALIFIED DISTRIBUTION.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘qualified distribution’ means any payment or distribution—

“(i) made on or after the date on which the individual attains age 59½,

“(ii) made to a beneficiary (or to the estate of the individual) on or after the death of the individual,

“(iii) attributable to the individual’s being disabled (within the meaning of section 72(m)(7)), or

“(iv) which is a qualified special purpose distribution.

“(B) CERTAIN DISTRIBUTIONS WITHIN 5 YEARS.—A payment or distribution shall not be treated as a qualified distribution under subparagraph (A) if—

“(i) it is made within the 5-taxable year period beginning with the 1st taxable year for which the individual made a contribution to a Roth IRA (or such individual’s spouse made a contribution to a Roth IRA) established for such individual, or

“(ii) in the case of a payment or distribution properly allocable (as determined in the manner prescribed by the Secretary) to a qualified rollover contribution from an individual retirement plan other than a Roth IRA (or income allocable thereto), it is made within the 5-taxable year period beginning with the taxable year in which the rollover contribution was made.

“(3) ROLLOVERS FROM AN IRA OTHER THAN A ROTH IRA.—

“(A) IN GENERAL.—Notwithstanding section 408(d)(3), in the case of any distribution to which this paragraph applies—

“(i) there shall be included in gross income any amount which would be includible were it not part of a qualified rollover contribution,

“(ii) section 72(t) shall not apply, and

“(iii) in the case of a distribution before January 1, 1999, any amount required to be included in gross income by reason of this paragraph shall be so included ratably over the 4-taxable year period beginning with the taxable year in which the payment or distribution is made.

“(B) DISTRIBUTIONS TO WHICH PARAGRAPH APPLIES.—

This paragraph shall apply to a distribution from an individual retirement plan (other than a Roth IRA) maintained for the benefit of an individual which is contributed to a Roth IRA maintained for the benefit of such individual in a qualified rollover contribution.

“(C) CONVERSIONS.—The conversion of an individual retirement plan (other than a Roth IRA) to a Roth IRA shall be treated for purposes of this paragraph as a distribution to which this paragraph applies.

“(D) CONVERSION OF EXCESS CONTRIBUTIONS.—If, no later than the due date for filing the return of tax for any taxable year (without regard to extensions), an individual transfers, from an individual retirement plan (other than a Roth IRA), contributions for such taxable year (and any earnings allocable thereto) to a Roth IRA, no such amount shall be includible in gross income to the extent no deduction was allowed with respect to such amount.

“(E) ADDITIONAL REPORTING REQUIREMENTS.—Trustees of Roth IRAs, trustees of individual retirement plans, or both, whichever is appropriate, shall include such additional information in reports required under section 408(i) as the Secretary may require to ensure that amounts required to be included in gross income under subparagraph (A) are so included.

“(4) COORDINATION WITH INDIVIDUAL RETIREMENT ACCOUNTS.—Section 408(d)(2) shall be applied separately with respect to Roth IRAs and other individual retirement plans.

“(5) QUALIFIED SPECIAL PURPOSE DISTRIBUTION.—For purposes of this section, the term ‘qualified special purpose distribution’ means any distribution to which subparagraph (F) of section 72(t)(2) applies.

“(e) QUALIFIED ROLLOVER CONTRIBUTION.—For purposes of this section, the term ‘qualified rollover contribution’ means a rollover contribution to a Roth IRA from another such account, or from an individual retirement plan, but only if such rollover contribution meets the requirements of section 408(d)(3). For purposes of section 408(d)(3)(B), there shall be disregarded any qualified rollover contribution from an individual retirement plan (other than a Roth IRA) to a Roth IRA.”

(b) EXCESS CONTRIBUTIONS.—Section 4973(b), as amended by title II, is amended by adding at the end the following new subsection:

“(f) EXCESS CONTRIBUTIONS TO ROTH IRAS.—For purposes of this section, in the case of contributions to a Roth IRA (within the meaning of section 408A(b)), the term ‘excess contributions’ means the sum of—

“(1) the excess (if any) of—

“(A) the amount contributed for the taxable year to such accounts (other than a qualified rollover contribution described in section 408A(e)), over

“(B) the amount allowable as a contribution under sections 408A (c)(2) and (c)(3), and

“(2) the amount determined under this subsection for the preceding taxable year, reduced by the sum of—

“(A) the distributions out of the accounts for the taxable year, and

“(B) the excess (if any) of the maximum amount allowable as a contribution under sections 408A (c)(2) and (c)(3) for the taxable year over the amount contributed to the accounts for the taxable year.

For purposes of this subsection, any contribution which is distributed from a Roth IRA in a distribution described in section 408(d)(4) shall be treated as an amount not contributed.”.

(c) SPOUSAL IRA.—Clause (ii) of section 219(c)(1)(B) is amended to read as follows:

“(ii) the compensation includible in the gross income of such individual’s spouse for the taxable year reduced by—

“(I) the amount allowed as a deduction under subsection (a) to such spouse for such taxable year, and

“(II) the amount of any contribution on behalf of such spouse to a Roth IRA under section 408A for such taxable year.”.

(d) AUTHORITY TO PRESCRIBE NECESSARY REPORTING.—Section 408(i) is amended—

(1) by striking “under regulations”, and

(2) by striking “in such regulations” each place it appears.

(e) CONFORMING AMENDMENT.—The table of sections for subpart A of part I of subchapter D of chapter 1 is amended by inserting after the item relating to section 408 the following new item:

“Sec. 408A. Roth IRAs.”.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997. 26 USC 219 note.

SEC. 303. DISTRIBUTIONS FROM CERTAIN PLANS MAY BE USED WITHOUT PENALTY TO PURCHASE FIRST HOMES.

(a) IN GENERAL.—Paragraph (2) of section 72(t) (relating to exceptions to 10-percent additional tax on early distributions from qualified retirement plans), as amended by section 203, is amended by adding at the end the following new subparagraph:

“(F) DISTRIBUTIONS FROM CERTAIN PLANS FOR FIRST HOME PURCHASES.—Distributions to an individual from an individual retirement plan which are qualified first-time homebuyer distributions (as defined in paragraph (8)). Distributions shall not be taken into account under the preceding sentence if such distributions are described in subparagraph (A), (C), (D), or (E) or to the extent paragraph (1) does not apply to such distributions by reason of subparagraph (B).”.

(b) DEFINITIONS.—Section 72(t), as amended by section 203, is amended by adding at the end the following new paragraphs:

“(8) QUALIFIED FIRST-TIME HOMEBUYER DISTRIBUTIONS.—For purposes of paragraph (2)(F)—

“(A) IN GENERAL.—The term ‘qualified first-time homebuyer distribution’ means any payment or distribution received by an individual to the extent such payment or distribution is used by the individual before the close of the 120th day after the day on which such payment or distribution is received to pay qualified acquisition costs with respect to a principal residence of a first-time homebuyer who is such individual, the spouse of such individual, or any child, grandchild, or ancestor of such individual or the individual’s spouse.

“(B) LIFETIME DOLLAR LIMITATION.—The aggregate amount of payments or distributions received by an individual which may be treated as qualified first-time homebuyer distributions for any taxable year shall not exceed the excess (if any) of—

“(i) \$10,000, over

“(ii) the aggregate amounts treated as qualified first-time homebuyer distributions with respect to such individual for all prior taxable years.

“(C) QUALIFIED ACQUISITION COSTS.—For purposes of this paragraph, the term ‘qualified acquisition costs’ means the costs of acquiring, constructing, or reconstructing a residence. Such term includes any usual or reasonable settlement, financing, or other closing costs.

“(D) FIRST-TIME HOMEBUYER; OTHER DEFINITIONS.—For purposes of this paragraph—

“(i) FIRST-TIME HOMEBUYER.—The term ‘first-time homebuyer’ means any individual if—

“(I) such individual (and if married, such individual’s spouse) had no present ownership interest in a principal residence during the 2-year period ending on the date of acquisition of the principal residence to which this paragraph applies, and

“(II) subsection (h) or (k) of section 1034 (as in effect on the day before the date of the enactment of this paragraph) did not suspend the running of any period of time specified in section 1034 (as so in effect) with respect to such individual on the day before the date the distribution is applied pursuant to subparagraph (A).

“(ii) PRINCIPAL RESIDENCE.—The term ‘principal residence’ has the same meaning as when used in section 121.

“(iii) DATE OF ACQUISITION.—The term ‘date of acquisition’ means the date—

“(I) on which a binding contract to acquire the principal residence to which subparagraph (A) applies is entered into, or

“(II) on which construction or reconstruction of such a principal residence is commenced.

“(E) SPECIAL RULE WHERE DELAY IN ACQUISITION.—If any distribution from any individual retirement plan fails to meet the requirements of subparagraph (A) solely by reason of a delay or cancellation of the purchase or construction of the residence, the amount of the distribution may be contributed to an individual retirement plan as

provided in section 408(d)(3)(A)(i) (determined by substituting ‘120 days’ for ‘60 days’ in such section), except that—

“(i) section 408(d)(3)(B) shall not be applied to such contribution, and

“(ii) such amount shall not be taken into account in determining whether section 408(d)(3)(B) applies to any other amount.”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to payments and distributions in taxable years beginning after December 31, 1997. 26 USC 72 note.

SEC. 304. CERTAIN BULLION NOT TREATED AS COLLECTIBLES.

(a) **IN GENERAL.**—Paragraph (3) of section 408(m) (relating to exception for certain coins) is amended to read as follows:

“(3) **EXCEPTION FOR CERTAIN COINS AND BULLION.**—For purposes of this subsection, the term ‘collectible’ shall not include—

“(A) any coin which is—

“(i) a gold coin described in paragraph (7), (8), (9), or (10) of section 5112(a) of title 31, United States Code,

“(ii) a silver coin described in section 5112(e) of title 31, United States Code,

“(iii) a platinum coin described in section 5112(k) of title 31, United States Code, or

“(iv) a coin issued under the laws of any State,

or

“(B) any gold, silver, platinum, or palladium bullion of a fineness equal to or exceeding the minimum fineness that a contract market (as described in section 7 of the Commodity Exchange Act, 7 U.S.C. 7) requires for metals which may be delivered in satisfaction of a regulated futures contract,

if such bullion is in the physical possession of a trustee described under subsection (a) of this section.”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to taxable years beginning after December 31, 1997. 26 USC 408 note.

Subtitle B—Capital Gains

SEC. 311. MAXIMUM CAPITAL GAINS RATES FOR INDIVIDUALS.

(a) **IN GENERAL.**—Subsection (h) of section 1 (relating to maximum capital gains rate) is amended to read as follows:

“(h) **MAXIMUM CAPITAL GAINS RATE.**—

“(1) **IN GENERAL.**—If a taxpayer has a net capital gain for any taxable year, the tax imposed by this section for such taxable year shall not exceed the sum of—

“(A) a tax computed at the rates and in the same manner as if this subsection had not been enacted on the greater of—

“(i) taxable income reduced by the net capital gain,

or

“(ii) the lesser of—

“(I) the amount of taxable income taxed at a rate below 28 percent, or

“(II) taxable income reduced by the adjusted net capital gain, plus

“(B) 25 percent of the excess (if any) of—

“(i) the unrecaptured section 1250 gain (or, if less, the net capital gain), over

“(ii) the excess (if any) of—

“(I) the sum of the amount on which tax is determined under subparagraph (A) plus the net capital gain, over

“(II) taxable income, plus

“(C) 28 percent of the amount of taxable income in excess of the sum of—

“(i) the adjusted net capital gain, plus

“(ii) the sum of the amounts on which tax is determined under subparagraphs (A) and (B), plus

“(D) 10 percent of so much of the taxpayer’s adjusted net capital gain (or, if less, taxable income) as does not exceed the excess (if any) of—

“(i) the amount of taxable income which would (without regard to this paragraph) be taxed at a rate below 28 percent, over

“(ii) the taxable income reduced by the adjusted net capital gain, plus

“(E) 20 percent of the taxpayer’s adjusted net capital gain (or, if less, taxable income) in excess of the amount on which a tax is determined under subparagraph (D).

“(2) REDUCED CAPITAL GAIN RATES FOR QUALIFIED 5-YEAR GAIN.—

“(A) REDUCTION IN 10-PERCENT RATE.—In the case of any taxable year beginning after December 31, 2000, the rate under paragraph (1)(D) shall be 8 percent with respect to so much of the amount to which the 10-percent rate would otherwise apply as does not exceed qualified 5-year gain, and 10 percent with respect to the remainder of such amount.

“(B) REDUCTION IN 20-PERCENT RATE.—The rate under paragraph (1)(E) shall be 18 percent with respect to so much of the amount to which the 20-percent rate would otherwise apply as does not exceed the lesser of—

“(i) the excess of qualified 5-year gain over the amount of such gain taken into account under subparagraph (A) of this paragraph, or

“(ii) the amount of qualified 5-year gain (determined by taking into account only property the holding period for which begins after December 31, 2000),

and 20 percent with respect to the remainder of such amount. For purposes of determining under the preceding sentence whether the holding period of property begins after December 31, 2000, the holding period of property acquired pursuant to the exercise of an option (or other right or obligation to acquire property) shall include the period such option (or other right or obligation) was held.

“(3) NET CAPITAL GAIN TAKEN INTO ACCOUNT AS INVESTMENT INCOME.—For purposes of this subsection, the net capital gain for any taxable year shall be reduced (but not below zero) by the amount which the taxpayer takes into account as investment income under section 163(d)(4)(B)(iii).

“(4) ADJUSTED NET CAPITAL GAIN.—For purposes of this subsection, the term ‘adjusted net capital gain’ means net capital gain determined without regard to—

- “(A) collectibles gain,
- “(B) unrecaptured section 1250 gain,
- “(C) section 1202 gain, and
- “(D) mid-term gain.

“(5) COLLECTIBLES GAIN.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘collectibles gain’ means gain from the sale or exchange of a collectible (as defined in section 408(m) without regard to paragraph (3) thereof) which is a capital asset held for more than 1 year but only to the extent such gain is taken into account in computing gross income.

“(B) PARTNERSHIPS, ETC.—For purposes of subparagraph (A), any gain from the sale of an interest in a partnership, S corporation, or trust which is attributable to unrealized appreciation in the value of collectibles shall be treated as gain from the sale or exchange of a collectible. Rules similar to the rules of section 751 shall apply for purposes of the preceding sentence.

“(6) UNRECAPTURED SECTION 1250 GAIN.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘unrecaptured section 1250 gain’ means the amount of long-term capital gain which would be treated as ordinary income if—

“(i) section 1250(b)(1) included all depreciation and the applicable percentage under section 1250(a) were 100 percent, and

“(ii) in the case of gain properly taken into account after July 28, 1997, only gain from section 1250 property held for more than 18 months were taken into account.

“(B) LIMITATION WITH RESPECT TO SECTION 1231 PROPERTY.—The amount of unrecaptured section 1250 gain from sales, exchanges, and conversions described in section 1231(a)(3)(A) for any taxable year shall not exceed the excess of the net section 1231 gain (as defined in section 1231(c)(3)) for such year over the amount treated as ordinary income under section 1231(c)(1) for such year.

“(C) PRE-MAY 7, 1997, GAIN.—In the case of a taxable year which includes May 7, 1997, subparagraph (A) shall be applied by taking into account only the gain properly taken into account for the portion of the taxable year after May 6, 1997.

“(7) SECTION 1202 GAIN.—For purposes of this subsection, the term ‘section 1202 gain’ means an amount equal to the gain excluded from gross income under section 1202(a).

“(8) MID-TERM GAIN.—For purposes of this subsection, the term ‘mid-term gain’ means the amount which would be adjusted net capital gain for the taxable year if—

“(A) adjusted net capital gain were determined by taking into account only the gain or loss properly taken into account after July 28, 1997, from property held for more than 1 year but not more than 18 months, and

“(B) paragraph (3) and section 1212 did not apply.

“(9) QUALIFIED 5-YEAR GAIN.—For purposes of this subsection, the term ‘qualified 5-year gain’ means the amount of long-term capital gain which would be computed for the taxable year if only gains from the sale or exchange of property held by the taxpayer for more than 5 years were taken into account. The determination under the preceding sentence shall be made without regard to collectibles gain, unrecaptured section 1250 gain (determined without regard to subparagraph (B) of paragraph (6)), section 1202 gain, or mid-term gain.

“(10) PRE-EFFECTIVE DATE GAIN.—

“(A) IN GENERAL.—In the case of a taxable year which includes May 7, 1997, gains and losses properly taken into account for the portion of the taxable year before May 7, 1997, shall be taken into account in determining mid-term gain as if such gains and losses were described in paragraph (8)(A).

“(B) SPECIAL RULES FOR PASS-THRU ENTITIES.—In applying subparagraph (A) with respect to any pass-thru entity, the determination of when gains and loss are properly taken into account shall be made at the entity level.

“(C) PASS-THRU ENTITY DEFINED.—For purposes of subparagraph (B), the term ‘pass-thru entity’ means—

- “(i) a regulated investment company,
- “(ii) a real estate investment trust,
- “(iii) an S corporation,
- “(iv) a partnership,
- “(v) an estate or trust, and
- “(vi) a common trust fund.

“(11) TREATMENT OF PASS-THRU ENTITIES.—The Secretary may prescribe such regulations as are appropriate (including regulations requiring reporting) to apply this subsection in the case of sales and exchanges by pass-thru entities (as defined in paragraph (10)(C)) and of interests in such entities.”.

(b) MINIMUM TAX.—

(1) IN GENERAL.—Subsection (b) of section 55 is amended by adding at the end the following new paragraph:

“(3) MAXIMUM RATE OF TAX ON NET CAPITAL GAIN OF NON-CORPORATE TAXPAYERS.—The amount determined under the first sentence of paragraph (1)(A)(i) shall not exceed the sum of—

“(A) the amount determined under such first sentence computed at the rates and in the same manner as if this paragraph had not been enacted on the taxable excess reduced by the lesser of—

- “(i) the net capital gain, or
- “(ii) the sum of—

“(I) the adjusted net capital gain, plus

“(II) the unrecaptured section 1250 gain, plus

“(B) 25 percent of the lesser of—

“(i) the unrecaptured section 1250 gain, or

“(ii) the amount of taxable excess in excess of the sum of—

“(I) the adjusted net capital gain, plus

“(II) the amount on which a tax is determined under subparagraph (A), plus

“(C) 10 percent of so much of the taxpayer’s adjusted net capital gain (or, if less, taxable excess) as does not

exceed the amount on which a tax is determined under section 1(h)(1)(D), plus

“(D) 20 percent of the taxpayer’s adjusted net capital gain (or, if less, taxable excess) in excess of the amount on which tax is determined under subparagraph (C).

In the case of taxable years beginning after December 31, 2000, rules similar to the rules of section 1(h)(2) shall apply for purposes of subparagraphs (C) and (D). Terms used in this paragraph which are also used in section 1(h) shall have the respective meanings given such terms by section 1(h).”.

(2) CONFORMING AMENDMENTS.—

(A) Clause (ii) of section 55(b)(1)(A) is amended by striking “clause (i)” and inserting “this subsection”.

(B) Paragraph (7) of section 57(a) is amended by striking “one-half” and inserting “42 percent”.

(c) OTHER CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 1445(e) is amended by striking “28 percent” and inserting “20 percent”.

(2) The second sentence of section 7518(g)(6)(A), and the second sentence of section 607(h)(6)(A) of the Merchant Marine Act, 1936, are each amended by striking “28 percent” and inserting “20 percent”.

46 USC app.
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(3) Paragraph (2) of section 904(b) is amended by adding at the end the following new subparagraph:

“(C) COORDINATION WITH CAPITAL GAINS RATES.—The Secretary may by regulations modify the application of this paragraph and paragraph (3) to the extent necessary to properly reflect any capital gain rate differential under section 1(h) or 1201(a) and the computation of net capital gain.”.

(d) EFFECTIVE DATES.—

26 USC 1 note.

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years ending after May 6, 1997.

(2) WITHHOLDING.—The amendment made by subsection (c)(1) shall apply only to amounts paid after the date of the enactment of this Act.

(e) ELECTION TO RECOGNIZE GAIN ON ASSETS HELD ON JANUARY 1, 2001.—For purposes of the Internal Revenue Code of 1986—

26 USC 1 note.

(1) IN GENERAL.—A taxpayer other than a corporation may elect to treat—

(A) any readily tradable stock (which is a capital asset) held by such taxpayer on January 1, 2001, and not sold before the next business day after such date, as having been sold on such next business day for an amount equal to its closing market price on such next business day (and as having been reacquired on such next business day for an amount equal to such closing market price), and

(B) any other capital asset or property used in the trade or business (as defined in section 1231(b) of the Internal Revenue Code of 1986) held by the taxpayer on January 1, 2001, as having been sold on such date for an amount equal to its fair market value on such date (and as having been reacquired on such date for an amount equal to such fair market value).

(2) TREATMENT OF GAIN OR LOSS.—

(A) Any gain resulting from an election under paragraph (1) shall be treated as received or accrued on the date the asset is treated as sold under paragraph (1) and shall be recognized notwithstanding any provision of the Internal Revenue Code of 1986.

(B) Any loss resulting from an election under paragraph (1) shall not be allowed for any taxable year.

(3) ELECTION.—An election under paragraph (1) shall be made in such manner as the Secretary of the Treasury or his delegate may prescribe and shall specify the assets for which such election is made. Such an election, once made with respect to any asset, shall be irrevocable.

(4) READILY TRADABLE STOCK.—For purposes of this subsection, the term “readily tradable stock” means any stock which, as of January 1, 2001, is readily tradable on an established securities market or otherwise.

SEC. 312. EXEMPTION FROM TAX FOR GAIN ON SALE OF PRINCIPAL RESIDENCE.

(a) IN GENERAL.—Section 121 (relating to one-time exclusion of gain from sale of principal residence by individual who has attained age 55) is amended to read as follows:

“SEC. 121. EXCLUSION OF GAIN FROM SALE OF PRINCIPAL RESIDENCE.

“(a) EXCLUSION.—Gross income shall not include gain from the sale or exchange of property if, during the 5-year period ending on the date of the sale or exchange, such property has been owned and used by the taxpayer as the taxpayer’s principal residence for periods aggregating 2 years or more.

“(b) LIMITATIONS.—

“(1) IN GENERAL.—The amount of gain excluded from gross income under subsection (a) with respect to any sale or exchange shall not exceed \$250,000.

“(2) \$500,000 LIMITATION FOR CERTAIN JOINT RETURNS.—Paragraph (1) shall be applied by substituting ‘\$500,000’ for ‘\$250,000’ if—

“(A) a husband and wife make a joint return for the taxable year of the sale or exchange of the property,

“(B) either spouse meets the ownership requirements of subsection (a) with respect to such property,

“(C) both spouses meet the use requirements of subsection (a) with respect to such property, and

“(D) neither spouse is ineligible for the benefits of subsection (a) with respect to such property by reason of paragraph (3).

“(3) APPLICATION TO ONLY 1 SALE OR EXCHANGE EVERY 2 YEARS.—

“(A) IN GENERAL.—Subsection (a) shall not apply to any sale or exchange by the taxpayer if, during the 2-year period ending on the date of such sale or exchange, there was any other sale or exchange by the taxpayer to which subsection (a) applied.

“(B) PRE-MAY 7, 1997, SALES NOT TAKEN INTO ACCOUNT.—Subparagraph (A) shall be applied without regard to any sale or exchange before May 7, 1997.

“(c) EXCLUSION FOR TAXPAYERS FAILING TO MEET CERTAIN REQUIREMENTS.—

“(1) IN GENERAL.—In the case of a sale or exchange to which this subsection applies, the ownership and use requirements of subsection (a) shall not apply and subsection (b)(3) shall not apply; but the amount of gain excluded from gross income under subsection (a) with respect to such sale or exchange shall not exceed—

“(A) the amount which bears the same ratio to the amount which would be so excluded under this section if such requirements had been met, as

“(B) the shorter of—

“(i) the aggregate periods, during the 5-year period ending on the date of such sale or exchange, such property has been owned and used by the taxpayer as the taxpayer’s principal residence, or

“(ii) the period after the date of the most recent prior sale or exchange by the taxpayer to which subsection (a) applied and before the date of such sale or exchange,

bears to 2 years.

“(2) SALES AND EXCHANGES TO WHICH SUBSECTION APPLIES.—This subsection shall apply to any sale or exchange if—

“(A) subsection (a) would not (but for this subsection) apply to such sale or exchange by reason of—

“(i) a failure to meet the ownership and use requirements of subsection (a), or

“(ii) subsection (b)(3), and

“(B) such sale or exchange is by reason of a change in place of employment, health, or, to the extent provided in regulations, unforeseen circumstances.

“(d) SPECIAL RULES.—

“(1) JOINT RETURNS.—If a husband and wife make a joint return for the taxable year of the sale or exchange of the property, subsections (a) and (c) shall apply if either spouse meets the ownership and use requirements of subsection (a) with respect to such property.

“(2) PROPERTY OF DECEASED SPOUSE.—For purposes of this section, in the case of an unmarried individual whose spouse is deceased on the date of the sale or exchange of property, the period such unmarried individual owned and used such property shall include the period such deceased spouse owned and used such property before death.

“(3) PROPERTY OWNED BY SPOUSE OR FORMER SPOUSE.—For purposes of this section—

“(A) PROPERTY TRANSFERRED TO INDIVIDUAL FROM SPOUSE OR FORMER SPOUSE.—In the case of an individual holding property transferred to such individual in a transaction described in section 1041(a), the period such individual owns such property shall include the period the transferor owned the property.

“(B) PROPERTY USED BY FORMER SPOUSE PURSUANT TO DIVORCE DECREE, ETC.—Solely for purposes of this section, an individual shall be treated as using property as such individual’s principal residence during any period of ownership while such individual’s spouse or former spouse is granted use of the property under a divorce or separation instrument (as defined in section 71(b)(2)).

“(4) TENANT-STOCKHOLDER IN COOPERATIVE HOUSING CORPORATION.—For purposes of this section, if the taxpayer holds stock as a tenant-stockholder (as defined in section 216) in a cooperative housing corporation (as defined in such section), then—

“(A) the holding requirements of subsection (a) shall be applied to the holding of such stock, and

“(B) the use requirements of subsection (a) shall be applied to the house or apartment which the taxpayer was entitled to occupy as such stockholder.

“(5) INVOLUNTARY CONVERSIONS.—

“(A) IN GENERAL.—For purposes of this section, the destruction, theft, seizure, requisition, or condemnation of property shall be treated as the sale of such property.

“(B) APPLICATION OF SECTION 1033.—In applying section 1033 (relating to involuntary conversions), the amount realized from the sale or exchange of property shall be treated as being the amount determined without regard to this section, reduced by the amount of gain not included in gross income pursuant to this section.

“(C) PROPERTY ACQUIRED AFTER INVOLUNTARY CONVERSION.—If the basis of the property sold or exchanged is determined (in whole or in part) under section 1033(b) (relating to basis of property acquired through involuntary conversion), then the holding and use by the taxpayer of the converted property shall be treated as holding and use by the taxpayer of the property sold or exchanged.

“(6) RECOGNITION OF GAIN ATTRIBUTABLE TO DEPRECIATION.—Subsection (a) shall not apply to so much of the gain from the sale of any property as does not exceed the portion of the depreciation adjustments (as defined in section 1250(b)(3)) attributable to periods after May 6, 1997, in respect of such property.

“(7) DETERMINATION OF USE DURING PERIODS OF OUT-OF-RESIDENCE CARE.—In the case of a taxpayer who—

“(A) becomes physically or mentally incapable of self-care, and

“(B) owns property and uses such property as the taxpayer's principal residence during the 5-year period described in subsection (a) for periods aggregating at least 1 year,

then the taxpayer shall be treated as using such property as the taxpayer's principal residence during any time during such 5-year period in which the taxpayer owns the property and resides in any facility (including a nursing home) licensed by a State or political subdivision to care for an individual in the taxpayer's condition.

“(8) SALES OF REMAINDER INTERESTS.—For purposes of this section—

“(A) IN GENERAL.—At the election of the taxpayer, this section shall not fail to apply to the sale or exchange of an interest in a principal residence by reason of such interest being a remainder interest in such residence, but this section shall not apply to any other interest in such residence which is sold or exchanged separately.

“(B) EXCEPTION FOR SALES TO RELATED PARTIES.—Subparagraph (A) shall not apply to any sale to, or

exchange with, any person who bears a relationship to the taxpayer which is described in section 267(b) or 707(b).

“(e) DENIAL OF EXCLUSION FOR EXPATRIATES.—This section shall not apply to any sale or exchange by an individual if the treatment provided by section 877(a)(1) applies to such individual.

“(f) ELECTION TO HAVE SECTION NOT APPLY.—This section shall not apply to any sale or exchange with respect to which the taxpayer elects not to have this section apply.

“(g) RESIDENCES ACQUIRED IN ROLLOVERS UNDER SECTION 1034.—For purposes of this section, in the case of property the acquisition of which by the taxpayer resulted under section 1034 (as in effect on the day before the date of the enactment of this section) in the nonrecognition of any part of the gain realized on the sale or exchange of another residence, in determining the period for which the taxpayer has owned and used such property as the taxpayer’s principal residence, there shall be included the aggregate periods for which such other residence (and each prior residence taken into account under section 1223(7) in determining the holding period of such property) had been so owned and used.”.

(b) REPEAL OF NONRECOGNITION OF GAIN ON ROLLOVER OF PRINCIPAL RESIDENCE.—Section 1034 (relating to rollover of gain on sale of principal residence) is hereby repealed.

(c) EXCEPTION FROM REPORTING.—Subsection (e) of section 6045 (relating to return required in the case of real estate transactions) is amended by adding at the end the following new paragraph:

“(5) EXCEPTION FOR SALES OR EXCHANGES OF CERTAIN PRINCIPAL RESIDENCES.—

“(A) IN GENERAL.—Paragraph (1) shall not apply to any sale or exchange of a residence for \$250,000 or less if the person referred to in paragraph (2) receives written assurance in a form acceptable to the Secretary from the seller that—

“(i) such residence is the principal residence (within the meaning of section 121) of the seller,

“(ii) if the Secretary requires the inclusion on the return under subsection (a) of information as to whether there is federally subsidized mortgage financing assistance with respect to the mortgage on residences, that there is no such assistance with respect to the mortgage on such residence, and

“(iii) the full amount of the gain on such sale or exchange is excludable from gross income under section 121.

If such assurance includes an assurance that the seller is married, the preceding sentence shall be applied by substituting ‘\$500,000’ for ‘\$250,000’.

The Secretary may by regulation increase the dollar amounts under this subparagraph if the Secretary determines that such an increase will not materially reduce revenues to the Treasury.

“(B) SELLER.—For purposes of this paragraph, the term ‘seller’ includes the person relinquishing the residence in an exchange.”.

(d) CONFORMING AMENDMENTS.—

(1) The following provisions of the Internal Revenue Code of 1986 are each amended by striking “section 1034” and inserting “section 121”: sections 25(e)(7), 56(e)(1)(A), 56(e)(3)(B)(i),

143(i)(1)(C)(i)(I), 163(h)(4)(A)(i)(I), 280A(d)(4)(A), 464(f)(3)(B)(i), 1033(h)(4), 1274(c)(3)(B), 6334(a)(13), and 7872(f)(11)(A).

(2) Paragraph (4) of section 32(c) is amended by striking “(as defined in section 1034(h)(3))” and by adding at the end the following new sentence: “For purposes of the preceding sentence, the term ‘extended active duty’ means any period of active duty pursuant to a call or order to such duty for a period in excess of 90 days or for an indefinite period.”.

(3) Subparagraph (A) of 143(m)(6) is amended by inserting “(as in effect on the day before the date of the enactment of the Taxpayer Relief Act of 1997)” after “1034(e)”.

(4) Subsection (e) of section 216 is amended by striking “such exchange qualifies for nonrecognition of gain under section 1034(f)” and inserting “such dwelling unit is used as his principal residence (within the meaning of section 121)”.

(5) Section 512(a)(3)(D) is amended by inserting “(as in effect on the day before the date of the enactment of the Taxpayer Relief Act of 1997)” after “1034”.

(6) Paragraph (7) of section 1016(a) is amended by inserting “(as in effect on the day before the date of the enactment of the Taxpayer Relief Act of 1997)” after “1034” and by inserting “(as so in effect)” after “1034(e)”.

(7) Paragraph (3) of section 1033(k) is amended to read as follows:

“(3) For exclusion from gross income of gain from involuntary conversion of principal residence, see section 121.”.

(8) Subsection (e) of section 1038 is amended to read as follows:

“(e) PRINCIPAL RESIDENCES.—If—

“(1) subsection (a) applies to a reacquisition of real property with respect to the sale of which gain was not recognized under section 121 (relating to gain on sale of principal residence); and

“(2) within 1 year after the date of the reacquisition of such property by the seller, such property is resold by him, then, under regulations prescribed by the Secretary, subsections (b), (c), and (d) of this section shall not apply to the reacquisition of such property and, for purposes of applying section 121, the resale of such property shall be treated as a part of the transaction constituting the original sale of such property.”.

(9) Paragraph (7) of section 1223 is amended by inserting “(as in effect on the day before the date of the enactment of the Taxpayer Relief Act of 1997)” after “1034”.

(10)(A) Subsection (d) of section 1250 is amended by striking paragraph (7) and by redesignating paragraphs (9) and (10) as paragraphs (7) and (8), respectively.

(B) Subsection (e) of section 1250 is amended by striking paragraph (3).

(11) Subsection (c) of section 6012 is amended by striking “(relating to one-time exclusion of gain from sale of principal residence by individual who has attained age 55)” and inserting “(relating to gain from sale of principal residence)”.

(12) Paragraph (2) of section 6212(c) is amended by striking subparagraph (C) and by redesignating the succeeding subparagraphs accordingly.

(13) Section 6504 is amended by striking paragraph (4) and by redesignating the succeeding paragraphs accordingly.

(14) The item relating to section 121 in the table of sections for part III of subchapter B of chapter 1 is amended to read as follows:

“Sec. 121. Exclusion of gain from sale of principal residence.”.

(15) The table of sections for part III of subchapter O of chapter 1 is amended by striking the item relating to section 1034.

(d) EFFECTIVE DATE.—

26 USC 121 note.

(1) IN GENERAL.—The amendments made by this section shall apply to sales and exchanges after May 6, 1997.

(2) SALES BEFORE DATE OF ENACTMENT.—At the election of the taxpayer, the amendments made by this section shall not apply to any sale or exchange before the date of the enactment of this Act.

(3) CERTAIN SALES WITHIN 2 YEARS AFTER DATE OF ENACTMENT.—Section 121 of the Internal Revenue Code of 1986 (as amended by this section) shall be applied without regard to subsection (c)(2)(B) thereof in the case of any sale or exchange of property during the 2-year period beginning on the date of the enactment of this Act if the taxpayer held such property on the date of the enactment of this Act and fails to meet the ownership and use requirements of subsection (a) thereof with respect to such property.

(4) BINDING CONTRACTS.—At the election of the taxpayer, the amendments made by this section shall not apply to a sale or exchange after the date of the enactment of this Act, if—

(A) such sale or exchange is pursuant to a contract which was binding on such date, or

(B) without regard to such amendments, gain would not be recognized under section 1034 of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of this Act) on such sale or exchange by reason of a new residence acquired on or before such date or with respect to the acquisition of which by the taxpayer a binding contract was in effect on such date. This paragraph shall not apply to any sale or exchange by an individual if the treatment provided by section 877(a)(1) of the Internal Revenue Code of 1986 applies to such individual.

SEC. 313. ROLLOVER OF GAIN FROM SALE OF QUALIFIED STOCK.

(a) IN GENERAL.—Part III of subchapter O of chapter 1 is amended by adding at the end the following new section:

“SEC. 1045. ROLLOVER OF GAIN FROM QUALIFIED SMALL BUSINESS STOCK TO ANOTHER QUALIFIED SMALL BUSINESS STOCK.

“(a) NONRECOGNITION OF GAIN.—In the case of any sale of qualified small business stock held by an individual for more than 6 months and with respect to which such individual elects the application of this section, gain from such sale shall be recognized only to the extent that the amount realized on such sale exceeds—

“(1) the cost of any qualified small business stock purchased by the taxpayer during the 60-day period beginning on the date of such sale, reduced by

“(2) any portion of such cost previously taken into account under this section.

This section shall not apply to any gain which is treated as ordinary income for purposes of this title.

“(b) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

“(1) QUALIFIED SMALL BUSINESS STOCK.—The term ‘qualified small business stock’ has the meaning given such term by section 1202(c).

“(2) PURCHASE.—A taxpayer shall be treated as having purchased any property if, but for paragraph (3), the unadjusted basis of such property in the hands of the taxpayer would be its cost (within the meaning of section 1012).

“(3) BASIS ADJUSTMENTS.—If gain from any sale is not recognized by reason of subsection (a), such gain shall be applied to reduce (in the order acquired) the basis for determining gain or loss of any qualified small business stock which is purchased by the taxpayer during the 60-day period described in subsection (a).

“(4) HOLDING PERIOD.—For purposes of determining whether the nonrecognition of gain under subsection (a) applies to stock which is sold—

“(A) the taxpayer’s holding period for such stock and the stock referred to in subsection (a)(1) shall be determined without regard to section 1223, and

“(B) only the first 6 months of the taxpayer’s holding period for the stock referred to in subsection (a)(1) shall be taken into account for purposes of applying section 1202(c)(2).”.

(b) CONFORMING AMENDMENTS.—

(1) Section 1016(a)(23) is amended—

(A) by striking “or 1044” and inserting “, 1044, or 1045”, and

(B) by striking “or 1044(d)” and inserting “, 1044(d), or 1045(b)(4)”.

(2) Section 1223 is amended by redesignating paragraph (15) as paragraph (16) and by inserting after paragraph (14) the following new paragraph:

“(15) In determining the period for which the taxpayer has held property the acquisition of which resulted under section 1045 in the nonrecognition of any part of the gain realized on the sale of other property, there shall be included the period for which such other property has been held as of the date of such sale.”.

(3) The table of sections for part III of subchapter O of chapter 1 is amended by adding at the end the following new item:

“Sec. 1045. Rollover of gain from qualified small business stock to another qualified small business stock.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales after the date of enactment of this Act.

SEC. 314. AMOUNT OF NET CAPITAL GAIN TAKEN INTO ACCOUNT IN COMPUTING ALTERNATIVE TAX ON CAPITAL GAINS FOR CORPORATIONS NOT TO EXCEED TAXABLE INCOME OF THE CORPORATION.

(a) IN GENERAL.—Paragraph (2) of section 1201(a) is amended by inserting before the period “(or, if less, taxable income)”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after December 31, 1997.

26 USC 1201
note.

TITLE IV—ALTERNATIVE MINIMUM TAX REFORM

SEC. 401. EXEMPTION FROM ALTERNATIVE MINIMUM TAX FOR SMALL CORPORATIONS.

(a) IN GENERAL.—Section 55 (relating to alternative minimum tax imposed) is amended by adding at the end the following new subsection:

“(e) EXEMPTION FOR SMALL CORPORATIONS.—

“(1) IN GENERAL.—The tentative minimum tax of a corporation shall be zero for any taxable year if—

“(A) such corporation met the \$5,000,000 gross receipts test of section 448(c) for its first taxable year beginning after December 31, 1996, and

“(B) such corporation would meet such test for the taxable year and all prior taxable years beginning after such first taxable year if such test were applied by substituting ‘\$7,500,000’ for ‘\$5,000,000’.

“(2) PROSPECTIVE APPLICATION OF MINIMUM TAX IF SMALL CORPORATION CEASES TO BE SMALL.—In the case of a corporation whose tentative minimum tax is zero for any prior taxable year by reason of paragraph (1), the application of this part for taxable years beginning with the first taxable year such corporation ceases to be described in paragraph (1) shall be determined with the following modifications:

“(A) Section 56(a)(1) (relating to depreciation) and section 56(a)(5) (relating to pollution control facilities) shall apply only to property placed in service on or after the change date.

“(B) Section 56(a)(2) (relating to mining exploration and development costs) shall apply only to costs paid or incurred on or after the change date.

“(C) Section 56(a)(3) (relating to treatment of long-term contracts) shall apply only to contracts entered into on or after the change date.

“(D) Section 56(a)(4) (relating to alternative net operating loss deduction) shall apply in the same manner as if, in section 56(d)(2), the change date were substituted for ‘January 1, 1987’ and the day before the change date were substituted for ‘December 31, 1986’ each place it appears.

“(E) Section 56(g)(2)(B) (relating to limitation on allowance of negative adjustments based on adjusted current earnings) shall apply only to prior taxable years beginning on or after the change date.

“(F) Section 56(g)(4)(A) (relating to adjustment for depreciation to adjusted current earnings) shall not apply.

“(G) Subparagraphs (D) and (F) of section 56(g)(4) (relating to other earnings and profits adjustments and depletion) shall apply in the same manner as if the day before the change date were substituted for ‘December 31, 1989’ each place it appears therein.

“(3) EXCEPTION.—The modifications in paragraph (2) shall not apply to—

“(A) any item acquired by the corporation in a transaction to which section 381 applies, and

“(B) any property the basis of which in the hands of the corporation is determined by reference to the basis of the property in the hands of the transferor, if such item or property was subject to any provision referred to in paragraph (2) while held by the transferor.

“(4) CHANGE DATE.—For purposes of paragraph (2), the change date is the first day of the first taxable year for which the taxpayer ceases to be described in paragraph (1).

“(5) LIMITATION ON USE OF CREDIT FOR PRIOR YEAR MINIMUM TAX LIABILITY.—In the case of a taxpayer whose tentative minimum tax for any taxable year is zero by reason of paragraph (1), section 53(c) shall be applied for such year by reducing the amount otherwise taken into account under section 53(c)(1) by 25 percent of so much of such amount as exceeds \$25,000. Rules similar to the rules of section 38(c)(3)(B) shall apply for purposes of the preceding sentence.”.

26 USC 55 note.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 402. REPEAL OF SEPARATE DEPRECIATION LIVES FOR MINIMUM TAX PURPOSES.

(a) IN GENERAL.—Clause (i) of section 56(a)(1)(A) is amended by adding at the end the following new sentence: “In the case of property placed in service after December 31, 1998, the preceding sentence shall not apply but clause (ii) shall continue to apply.”.

(b) POLLUTION CONTROL FACILITIES.—Paragraph (5) of section 56(a) is amended by adding at the end the following new sentence: “In the case of such a facility placed in service after December 31, 1998, such deduction shall be determined under section 168 using the straight line method.”.

SEC. 403. MINIMUM TAX NOT TO APPLY TO FARMERS’ INSTALLMENT SALES.

(a) IN GENERAL.—Subsection (a) of section 56 is amended by striking paragraph (6) (relating to treatment of installment sales) and by redesignating paragraphs (7) and (8) as paragraphs (6) and (7), respectively.

26 USC 56 note.

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendment made by this section shall apply to dispositions in taxable years beginning after December 31, 1987.

(2) SPECIAL RULE FOR 1987.—In the case of taxable years beginning in 1987, the last sentence of section 56(a)(6) of the Internal Revenue Code of 1986 (as in effect for such taxable years) shall be applied by inserting “or in the case of a taxpayer using the cash receipts and disbursements method of accounting, any disposition described in section 453C(e)(1)(B)(ii)” after “section 453C(e)(4)”.

TITLE V—ESTATE, GIFT, AND GENERATION-SKIPPING TAX PROVISIONS

Subtitle A—Estate and Gift Tax Provisions

SEC. 501. COST-OF-LIVING ADJUSTMENTS RELATING TO ESTATE AND GIFT TAX PROVISIONS.

(a) INCREASE IN UNIFIED ESTATE AND GIFT TAX CREDIT.—

(1) ESTATE TAX CREDIT.—

(A) IN GENERAL.—Subsection (a) of section 2010 (relating to unified credit against estate tax) is amended by striking “\$192,800” and inserting “the applicable credit amount”.

(B) APPLICABLE CREDIT AMOUNT.—Section 2010 is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

“(c) APPLICABLE CREDIT AMOUNT.—For purposes of this section, the applicable credit amount is the amount of the tentative tax which would be determined under the rate schedule set forth in section 2001(c) if the amount with respect to which such tentative tax is to be computed were the applicable exclusion amount determined in accordance with the following table:

“In the case of estates of decedents dying, and gifts made, during:	The applicable exclusion amount is:
1998	\$625,000
1999	\$650,000
2000 and 2001	\$675,000
2002 and 2003	\$700,000
2004	\$850,000
2005	\$950,000
2006 or thereafter	\$1,000,000.”.

(C) ESTATE TAX RETURNS.—Paragraph (1) of section 6018(a) is amended by striking “\$600,000” and inserting “the applicable exclusion amount in effect under section 2010(c) for the calendar year which includes the date of death”.

(D) PHASEOUT OF GRADUATED RATES AND UNIFIED CREDIT.—Paragraph (2) of section 2001(c) is amended by striking “\$21,040,000” and inserting “the amount at which the average tax rate under this section is 55 percent”.

(E) ESTATES OF NONRESIDENTS NOT CITIZENS.—Subparagraph (A) of section 2102(c)(3) is amended by striking “\$192,800” and inserting “the applicable credit amount in effect under section 2010(c) for the calendar year which includes the date of death”.

(2) UNIFIED GIFT TAX CREDIT.—Paragraph (1) of section 2505(a) is amended by striking “\$192,800” and inserting “the applicable credit amount in effect under section 2010(c) for such calendar year”.

(b) ALTERNATE VALUATION OF CERTAIN FARM, ETC., REAL PROPERTY.—Subsection (a) of section 2032A is amended by adding at the end the following new paragraph:

“(3) INFLATION ADJUSTMENT.—In the case of estates of decedents dying in a calendar year after 1998, the \$750,000

amount contained in paragraph (2) shall be increased by an amount equal to—

“(A) \$750,000, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting ‘calendar year 1997’ for ‘calendar year 1992’ in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of \$10,000, such amount shall be rounded to the next lowest multiple of \$10,000.”.

(c) ANNUAL GIFT TAX EXCLUSION.—Subsection (b) of section 2503 is amended—

(1) by striking the subsection heading and inserting the following:

“(b) EXCLUSIONS FROM GIFTS.—

“(1) IN GENERAL.—”,

(2) by moving the text 2 ems to the right, and

(3) by adding at the end the following new paragraph:

“(2) INFLATION ADJUSTMENT.—In the case of gifts made in a calendar year after 1998, the \$10,000 amount contained in paragraph (1) shall be increased by an amount equal to—

“(A) \$10,000, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting ‘calendar year 1997’ for ‘calendar year 1992’ in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of \$1,000, such amount shall be rounded to the next lowest multiple of \$1,000.”.

(d) EXEMPTION FROM GENERATION-SKIPPING TAX.—Section 2631 (relating to GST exemption) is amended by adding at the end the following new subsection:

“(c) INFLATION ADJUSTMENT.—In the case of an individual who dies in any calendar year after 1998, the \$1,000,000 amount contained in subsection (a) shall be increased by an amount equal to—

“(1) \$1,000,000, multiplied by

“(2) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting ‘calendar year 1997’ for ‘calendar year 1992’ in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of \$10,000, such amount shall be rounded to the next lowest multiple of \$10,000.”.

(e) AMOUNT SUBJECT TO REDUCED RATE WHERE EXTENSION OF TIME FOR PAYMENT OF ESTATE TAX ON CLOSELY HELD BUSINESS.—Subsection (j) of section 6601 is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

“(3) INFLATION ADJUSTMENT.—In the case of estates of decedents dying in a calendar year after 1998, the \$1,000,000 amount contained in paragraph (2)(A) shall be increased by an amount equal to—

“(A) \$1,000,000, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting ‘calendar year 1997’ for ‘calendar year 1992’ in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of \$10,000, such amount shall be rounded to the next lowest multiple of \$10,000.”.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to the estates of decedents dying, and gifts made, after December 31, 1997.

SEC. 502. FAMILY-OWNED BUSINESS EXCLUSION.

(a) IN GENERAL.—Part III of subchapter A of chapter 11 (relating to gross estate) is amended by inserting after section 2033 the following new section:

“SEC. 2033A. FAMILY-OWNED BUSINESS EXCLUSION.

“(a) IN GENERAL.—In the case of an estate of a decedent to which this section applies, the value of the gross estate shall not include the lesser of—

“(1) the adjusted value of the qualified family-owned business interests of the decedent otherwise includible in the estate, or

“(2) the excess of \$1,300,000 over the applicable exclusion amount under section 2010(c) with respect to such estate.

“(b) ESTATES TO WHICH SECTION APPLIES.—

“(1) IN GENERAL.—This section shall apply to an estate if—

“(A) the decedent was (at the date of the decedent’s death) a citizen or resident of the United States,

“(B) the executor elects the application of this section and files the agreement referred to in subsection (h),

“(C) the sum of—

“(i) the adjusted value of the qualified family-owned business interests described in paragraph (2), plus

“(ii) the amount of the gifts of such interests determined under paragraph (3), exceeds 50 percent of the adjusted gross estate, and

“(D) during the 8-year period ending on the date of the decedent’s death there have been periods aggregating 5 years or more during which—

“(i) such interests were owned by the decedent or a member of the decedent’s family, and

“(ii) there was material participation (within the meaning of section 2032A(e)(6)) by the decedent or a member of the decedent’s family in the operation of the business to which such interests relate.

“(2) INCLUDIBLE QUALIFIED FAMILY-OWNED BUSINESS INTERESTS.—The qualified family-owned business interests described in this paragraph are the interests which—

“(A) are included in determining the value of the gross estate (without regard to this section), and

“(B) are acquired by any qualified heir from, or passed to any qualified heir from, the decedent (within the meaning of section 2032A(e)(9)).

“(3) INCLUDIBLE GIFTS OF INTERESTS.—The amount of the gifts of qualified family-owned business interests determined under this paragraph is the excess of—

“(A) the sum of—

“(i) the amount of such gifts from the decedent to members of the decedent’s family taken into account under subsection 2001(b)(1)(B), plus

“(ii) the amount of such gifts otherwise excluded under section 2503(b),
to the extent such interests are continuously held by members of such family (other than the decedent’s spouse) between the date of the gift and the date of the decedent’s death, over

“(B) the amount of such gifts from the decedent to members of the decedent’s family otherwise included in the gross estate.

“(c) ADJUSTED GROSS ESTATE.—For purposes of this section, the term ‘adjusted gross estate’ means the value of the gross estate (determined without regard to this section)—

“(1) reduced by any amount deductible under paragraph (3) or (4) of section 2053(a), and

“(2) increased by the excess of—

“(A) the sum of—

“(i) the amount of gifts determined under subsection (b)(3), plus

“(ii) the amount (if more than de minimis) of other transfers from the decedent to the decedent’s spouse (at the time of the transfer) within 10 years of the date of the decedent’s death, plus

“(iii) the amount of other gifts (not included under clause (i) or (ii)) from the decedent within 3 years of such date, other than gifts to members of the decedent’s family otherwise excluded under section 2503(b), over

“(B) the sum of the amounts described in clauses (i), (ii), and (iii) of subparagraph (A) which are otherwise includible in the gross estate.

For purposes of the preceding sentence, the Secretary may provide that de minimis gifts to persons other than members of the decedent’s family shall not be taken into account.

“(d) ADJUSTED VALUE OF THE QUALIFIED FAMILY-OWNED BUSINESS INTERESTS.—For purposes of this section, the adjusted value of any qualified family-owned business interest is the value of such interest for purposes of this chapter (determined without regard to this section), reduced by the excess of—

“(1) any amount deductible under paragraph (3) or (4) of section 2053(a), over

“(2) the sum of—

“(A) any indebtedness on any qualified residence of the decedent the interest on which is deductible under section 163(h)(3), plus

“(B) any indebtedness to the extent the taxpayer establishes that the proceeds of such indebtedness were used for the payment of educational and medical expenses of the decedent, the decedent’s spouse, or the decedent’s dependents (within the meaning of section 152), plus

“(C) any indebtedness not described in subparagraph (A) or (B), to the extent such indebtedness does not exceed \$10,000.

“(e) QUALIFIED FAMILY-OWNED BUSINESS INTEREST.—

“(1) IN GENERAL.—For purposes of this section, the term ‘qualified family-owned business interest’ means—

“(A) an interest as a proprietor in a trade or business carried on as a proprietorship, or

“(B) an interest in an entity carrying on a trade or business, if—

“(i) at least—

“(I) 50 percent of such entity is owned (directly or indirectly) by the decedent and members of the decedent’s family,

“(II) 70 percent of such entity is so owned by members of 2 families, or

“(III) 90 percent of such entity is so owned by members of 3 families, and

“(ii) for purposes of subclause (II) or (III) of clause (i), at least 30 percent of such entity is so owned by the decedent and members of the decedent’s family.

“(2) LIMITATION.—Such term shall not include—

“(A) any interest in a trade or business the principal place of business of which is not located in the United States,

“(B) any interest in an entity, if the stock or debt of such entity or a controlled group (as defined in section 267(f)(1)) of which such entity was a member was readily tradable on an established securities market or secondary market (as defined by the Secretary) at any time within 3 years of the date of the decedent’s death,

“(C) any interest in a trade or business not described in section 542(c)(2), if more than 35 percent of the adjusted ordinary gross income of such trade or business for the taxable year which includes the date of the decedent’s death would qualify as personal holding company income (as defined in section 543(a)),

“(D) that portion of an interest in a trade or business that is attributable to—

“(i) cash or marketable securities, or both, in excess of the reasonably expected day-to-day working capital needs of such trade or business, and

“(ii) any other assets of the trade or business (other than assets used in the active conduct of a trade or business described in section 542(c)(2)), which produce, or are held for the production of, income of which is described in section 543(a) or in section 954(c)(1) (determined without regard to subparagraph (A) thereof and by substituting ‘trade or business’ for ‘controlled foreign corporation’).

“(3) RULES REGARDING OWNERSHIP.—

“(A) OWNERSHIP OF ENTITIES.—For purposes of paragraph (1)(B)—

“(i) CORPORATIONS.—Ownership of a corporation shall be determined by the holding of stock possessing the appropriate percentage of the total combined voting power of all classes of stock entitled to vote and the appropriate percentage of the total value of shares of all classes of stock.

“(ii) PARTNERSHIPS.—Ownership of a partnership shall be determined by the owning of the appropriate percentage of the capital interest in such partnership.

“(B) OWNERSHIP OF TIERED ENTITIES.—For purposes of this section, if by reason of holding an interest in a trade or business, a decedent, any member of the decedent’s family, any qualified heir, or any member of any qualified heir’s family is treated as holding an interest in any other trade or business—

“(i) such ownership interest in the other trade or business shall be disregarded in determining if the ownership interest in the first trade or business is a qualified family-owned business interest, and

“(ii) this section shall be applied separately in determining if such interest in any other trade or business is a qualified family-owned business interest.

“(C) INDIVIDUAL OWNERSHIP RULES.—For purposes of this section, an interest owned, directly or indirectly, by or for an entity described in paragraph (1)(B) shall be considered as being owned proportionately by or for the entity’s shareholders, partners, or beneficiaries. A person shall be treated as a beneficiary of any trust only if such person has a present interest in such trust.

“(f) TAX TREATMENT OF FAILURE TO MATERIALLY PARTICIPATE IN BUSINESS OR DISPOSITIONS OF INTERESTS.—

“(1) IN GENERAL.—There is imposed an additional estate tax if, within 10 years after the date of the decedent’s death and before the date of the qualified heir’s death—

“(A) the material participation requirements described in section 2032A(c)(6)(B) are not met with respect to the qualified family-owned business interest which was acquired (or passed) from the decedent,

“(B) the qualified heir disposes of any portion of a qualified family-owned business interest (other than by a disposition to a member of the qualified heir’s family or through a qualified conservation contribution under section 170(h)),

“(C) the qualified heir loses United States citizenship (within the meaning of section 877) or with respect to whom an event described in subparagraph (A) or (B) of section 877(e)(1) occurs, and such heir does not comply with the requirements of subsection (g), or

“(D) the principal place of business of a trade or business of the qualified family-owned business interest ceases to be located in the United States.

“(2) ADDITIONAL ESTATE TAX.—

“(A) IN GENERAL.—The amount of the additional estate tax imposed by paragraph (1) shall be equal to—

“(i) the applicable percentage of the adjusted tax difference attributable to the qualified family-owned business interest (as determined under rules similar to the rules of section 2032A(c)(2)(B)), plus

“(ii) interest on the amount determined under clause (i) at the underpayment rate established under section 6621 for the period beginning on the date the estate tax liability was due under this chapter and ending on the date such additional estate tax is due.

“(B) APPLICABLE PERCENTAGE.—For purposes of this paragraph, the applicable percentage shall be determined under the following table:

“If the event described in paragraph (1) occurs in the following year of material participation:	The applicable percentage is:
1 through 6	100
7	80
8	60
9	40
10	20.

“(g) SECURITY REQUIREMENTS FOR NONCITIZEN QUALIFIED HEIRS.—

“(1) IN GENERAL.—Except upon the application of subparagraph (F) or (M) of subsection (i)(3), if a qualified heir is not a citizen of the United States, any interest under this section passing to or acquired by such heir (including any interest held by such heir at a time described in subsection (f)(1)(C)) shall be treated as a qualified family-owned business interest only if the interest passes or is acquired (or is held) in a qualified trust.

“(2) QUALIFIED TRUST.—The term ‘qualified trust’ means a trust—

“(A) which is organized under, and governed by, the laws of the United States or a State, and

“(B) except as otherwise provided in regulations, with respect to which the trust instrument requires that at least 1 trustee of the trust be an individual citizen of the United States or a domestic corporation.

“(h) AGREEMENT.—The agreement referred to in this subsection is a written agreement signed by each person in being who has an interest (whether or not in possession) in any property designated in such agreement consenting to the application of subsection (f) with respect to such property.

“(i) OTHER DEFINITIONS AND APPLICABLE RULES.—For purposes of this section—

“(1) QUALIFIED HEIR.—The term ‘qualified heir’—

“(A) has the meaning given to such term by section 2032A(e)(1), and

“(B) includes any active employee of the trade or business to which the qualified family-owned business interest relates if such employee has been employed by such trade or business for a period of at least 10 years before the date of the decedent’s death.

“(2) MEMBER OF THE FAMILY.—The term ‘member of the family’ has the meaning given to such term by section 2032A(e)(2).

“(3) APPLICABLE RULES.—Rules similar to the following rules shall apply:

“(A) Section 2032A(b)(4) (relating to decedents who are retired or disabled).

“(B) Section 2032A(b)(5) (relating to special rules for surviving spouses).

“(C) Section 2032A(c)(2)(D) (relating to partial dispositions).

“(D) Section 2032A(c)(3) (relating to only 1 additional tax imposed with respect to any 1 portion).

“(E) Section 2032A(c)(4) (relating to due date).

“(F) Section 2032A(c)(5) (relating to liability for tax; furnishing of bond).

“(G) Section 2032A(c)(7) (relating to no tax if use begins within 2 years; active management by eligible qualified heir treated as material participation).

“(H) Paragraphs (1) and (3) of section 2032A(d) (relating to election; agreement).

“(I) Section 2032A(e)(10) (relating to community property).

“(J) Section 2032A(e)(14) (relating to treatment of replacement property acquired in section 1031 or 1033 transactions).

“(K) Section 2032A(f) (relating to statute of limitations).

“(L) Section 6166(b)(3) (relating to farmhouses and certain other structures taken into account).

“(M) Subparagraphs (B), (C), and (D) of section 6166(g)(1) (relating to acceleration of payment).

“(N) Section 6324B (relating to special lien for additional estate tax).”.

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter A of chapter 11 is amended by inserting after the item relating to section 2033 the following new item:

“Sec. 2033A. Family-owned business exclusion.”.

26 USC 2033A
note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 1997.

SEC. 503. MODIFICATIONS TO RATE OF INTEREST ON PORTION OF ESTATE TAX EXTENDED UNDER SECTION 6166.

(a) IN GENERAL.—Paragraphs (1) and (2) of section 6601(j) (relating to 4-percent rate on certain portion of estate tax extended under section 6166) are amended to read as follows:

“(1) IN GENERAL.—If the time for payment of an amount of tax imposed by chapter 11 is extended as provided in section 6166, then in lieu of the annual rate provided by subsection (a)—

“(A) interest on the 2-percent portion of such amount shall be paid at the rate of 2 percent, and

“(B) interest on so much of such amount as exceeds the 2-percent portion shall be paid at a rate equal to 45 percent of the annual rate provided by subsection (a).

For purposes of this subsection, the amount of any deficiency which is prorated to installments payable under section 6166 shall be treated as an amount of tax payable in installments under such section.

“(2) 2-PERCENT PORTION.—For purposes of this subsection, the term ‘2-percent portion’ means the lesser of—

“(A)(i) the amount of the tentative tax which would be determined under the rate schedule set forth in section 2001(c) if the amount with respect to which such tentative tax is to be computed were the sum of \$1,000,000 and the applicable exclusion amount in effect under section 2010(c), reduced by

“(ii) the applicable credit amount in effect under section 2010(c), or

“(B) the amount of the tax imposed by chapter 11 which is extended as provided in section 6166.”.

(b) DISALLOWANCE OF INTEREST DEDUCTION.—

(1) ESTATE TAX.—Paragraph (1) of section 2053(c) is amended by adding at the end the following new subparagraph:

“(D) SECTION 6166 INTEREST.—No deduction shall be allowed under this section for any interest payable under section 6601 on any unpaid portion of the tax imposed by section 2001 for the period during which an extension of time for payment of such tax is in effect under section 6166.”.

(2) INCOME TAX.—

(A) Section 163 is amended by redesignating subsection (k) as subsection (l) and by inserting after subsection (j) the following new subsection:

“(k) SECTION 6166 INTEREST.—No deduction shall be allowed under this section for any interest payable under section 6601 on any unpaid portion of the tax imposed by section 2001 for the period during which an extension of time for payment of such tax is in effect under section 6166.”.

(B) Subparagraph (E) of section 163(h)(2) is amended by striking “or 6166” and all that follows and inserting a period.

(c) CONFORMING AMENDMENTS.—

(1) Paragraphs (7)(A)(iii) and (8)(A)(iii) of section 6166(b) are amended by striking “4-percent” each place it appears (including the heading) and inserting “2-percent”.

(2) Paragraph (4) of section 6601(j), as redesignated by section 501(e), is amended by striking “4-percent” each place it appears and inserting “2-percent”.

(3) The subsection heading for section 6601(j) is amended by striking “4-PERCENT” and inserting “2-PERCENT”.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to estates of decedents dying after December 31, 1997.

(2) ELECTION.—In the case of the estate of any decedent dying before January 1, 1998, with respect to which there is an election under section 6166 of the Internal Revenue Code of 1986, the executor of the estate may elect to have the amendments made by this section apply with respect to installments due after the effective date of the election; except that the 2-percent portion of such installments shall be equal to the amount which would be the 4-percent portion of such installments without regard to such election. Such an election shall be made before January 1, 1999 in the manner prescribed by the Secretary of the Treasury and, once made, is irrevocable.

26 USC 163 note.

SEC. 504. EXTENSION OF TREATMENT OF CERTAIN RENTS UNDER SECTION 2032A TO LINEAL DESCENDANTS.

(a) GENERAL RULE.—Paragraph (7) of section 2032A(c) (relating to special rules for tax treatment of dispositions and failures to use for qualified use) is amended by adding at the end the following new subparagraph:

“(E) CERTAIN RENTS TREATED AS QUALIFIED USE.—For purposes of this subsection, a surviving spouse or lineal descendant of the decedent shall not be treated as failing to use qualified real property in a qualified use solely because such spouse or descendant rents such property

to a member of the family of such spouse or descendant on a net cash basis. For purposes of the preceding sentence, a legally adopted child of an individual shall be treated as the child of such individual by blood.”.

(b) CONFORMING AMENDMENT.—Section 2032A(b)(5)(A) is amended by striking the last sentence.

26 USC 2032A
note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to leases entered into after December 31, 1976.

SEC. 505. CLARIFICATION OF JUDICIAL REVIEW OF ELIGIBILITY FOR EXTENSION OF TIME FOR PAYMENT OF ESTATE TAX.

(a) IN GENERAL.—Part IV of subchapter C of chapter 76 of the Internal Revenue Code of 1986 (relating to declaratory judgments) is amended by adding at the end the following new section:

“SEC. 7479. DECLARATORY JUDGMENTS RELATING TO ELIGIBILITY OF ESTATE WITH RESPECT TO INSTALLMENT PAYMENTS UNDER SECTION 6166.

“(a) CREATION OF REMEDY.—In a case of actual controversy involving a determination by the Secretary of (or a failure by the Secretary to make a determination with respect to)—

“(1) whether an election may be made under section 6166 (relating to extension of time for payment of estate tax where estate consists largely of interest in closely held business) with respect to an estate, or

“(2) whether the extension of time for payment of tax provided in section 6166(a) has ceased to apply with respect to an estate,

upon the filing of an appropriate pleading, the Tax Court may make a declaration with respect to whether such election may be made or whether such extension has ceased to apply. Any such declaration shall have the force and effect of a decision of the Tax Court and shall be reviewable as such.

“(b) LIMITATIONS.—

“(1) PETITIONER.—A pleading may be filed under this section, with respect to any estate, only—

“(A) by the executor of such estate, or

“(B) by any person who has assumed an obligation to make payments under section 6166 with respect to such estate (but only if each other such person is joined as a party).

“(2) EXHAUSTION OF ADMINISTRATIVE REMEDIES.—The court shall not issue a declaratory judgment or decree under this section in any proceeding unless it determines that the petitioner has exhausted all available administrative remedies within the Internal Revenue Service. A petitioner shall be deemed to have exhausted its administrative remedies with respect to a failure of the Secretary to make a determination at the expiration of 180 days after the date on which the request for such determination was made if the petitioner has taken, in a timely manner, all reasonable steps to secure such determination.

“(3) TIME FOR BRINGING ACTION.—If the Secretary sends by certified or registered mail notice of his determination as described in subsection (a) to the petitioner, no proceeding may be initiated under this section unless the pleading is filed before the 91st day after the date of such mailing.”.

(b) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter C of chapter 76 of such Code is amended by adding at the end the following new item:

“Sec. 7479. Declaratory judgments relating to eligibility of estate with respect to installment payments under section 6166.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to the estates of decedents dying after the date of the enactment of this Act. 26 USC 7479 note.

SEC. 506. GIFTS MAY NOT BE REVALUED FOR ESTATE TAX PURPOSES AFTER EXPIRATION OF STATUTE OF LIMITATIONS.

(a) IN GENERAL.—Section 2001 (relating to imposition and rate of estate tax) is amended by adding at the end the following new subsection:

“(f) VALUATION OF GIFTS.—If—

“(1) the time has expired within which a tax may be assessed under chapter 12 (or under corresponding provisions of prior laws) on the transfer of property by gift made during a preceding calendar period (as defined in section 2502(b)), and

“(2) the value of such gift is shown on the return for such preceding calendar period or is disclosed in such return, or in a statement attached to the return, in a manner adequate to apprise the Secretary of the nature of such gift, the value of such gift shall, for purposes of computing the tax under this chapter, be the value of such gift as finally determined for purposes of chapter 12.”.

(b) MODIFICATION OF APPLICATION OF STATUTE OF LIMITATIONS.—Paragraph (9) of section 6501(c) is amended to read as follows:

“(9) GIFT TAX ON CERTAIN GIFTS NOT SHOWN ON RETURN.—If any gift of property the value of which (or any increase in taxable gifts required under section 2701(d) which) is required to be shown on a return of tax imposed by chapter 12 (without regard to section 2503(b)), and is not shown on such return, any tax imposed by chapter 12 on such gift may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time. The preceding sentence shall not apply to any item which is disclosed in such return, or in a statement attached to the return, in a manner adequate to apprise the Secretary of the nature of such item. The value of any item which is so disclosed may not be redetermined by the Secretary after the expiration of the period under subsection (a).”.

(c) DECLARATORY JUDGMENT PROCEDURE FOR DETERMINING VALUE OF GIFT.—

(1) IN GENERAL.—Part IV of subchapter C of chapter 76 is amended by inserting after section 7476 the following new section:

“SEC. 7477. DECLARATORY JUDGMENTS RELATING TO VALUE OF CERTAIN GIFTS.

“(a) CREATION OF REMEDY.—In a case of an actual controversy involving a determination by the Secretary of the value of any gift shown on the return of tax imposed by chapter 12 or disclosed on such return or in any statement attached to such return, upon the filing of an appropriate pleading, the Tax Court may make

a declaration of the value of such gift. Any such declaration shall have the force and effect of a decision of the Tax Court and shall be reviewable as such.

“(b) LIMITATIONS.—

“(1) PETITIONER.—A pleading may be filed under this section only by the donor.

“(2) EXHAUSTION OF ADMINISTRATIVE REMEDIES.—The court shall not issue a declaratory judgment or decree under this section in any proceeding unless it determines that the petitioner has exhausted all available administrative remedies within the Internal Revenue Service.

“(3) TIME FOR BRINGING ACTION.—If the Secretary sends by certified or registered mail notice of his determination as described in subsection (a) to the petitioner, no proceeding may be initiated under this section unless the pleading is filed before the 91st day after the date of such mailing.”.

(2) CLERICAL AMENDMENT.—The table of sections for such part IV is amended by inserting after the item relating to section 7476 the following new item:

“Sec. 7477. Declaratory judgments relating to value of certain gifts.”.

(d) CONFORMING AMENDMENT.—Subsection (c) of section 2504 is amended by striking “, and if a tax under this chapter or under corresponding provisions of prior laws has been assessed or paid for such preceding calendar period”.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsections (a) and (c) shall apply to gifts made after the date of the enactment of this Act.

(2) SUBSECTION (b).—The amendment made by subsection (b) shall apply to gifts made in calendar years ending after the date of the enactment of this Act.

SEC. 507. REPEAL OF THROWBACK RULES APPLICABLE TO CERTAIN DOMESTIC TRUSTS.

(a) ACCUMULATION DISTRIBUTIONS.—

(1) IN GENERAL.—Section 665 is amended by inserting after subsection (b) the following new subsection:

“(c) EXCEPTION FOR ACCUMULATION DISTRIBUTIONS FROM CERTAIN DOMESTIC TRUSTS.—For purposes of this subpart—

“(1) IN GENERAL.—In the case of a qualified trust, any distribution in any taxable year beginning after the date of the enactment of this subsection shall be computed without regard to any undistributed net income.

“(2) QUALIFIED TRUST.—For purposes of this subsection, the term ‘qualified trust’ means any trust other than—

“(A) a foreign trust (or, except as provided in regulations, a domestic trust which at any time was a foreign trust), or

“(B) a trust created before March 1, 1984, unless it is established that the trust would not be aggregated with other trusts under section 643(f) if such section applied to such trust.”.

(2) CONFORMING AMENDMENTS.—Subsection (b) of section 665 is amended by inserting “except as provided in subsection (c),” after “subpart,”.

(b) REPEAL OF TAX ON TRANSFERS TO TRUSTS AT LESS THAN FAIR MARKET VALUE.—

26 USC 2001
note.

26 USC 6501
note.

(1) Subpart A of part I of subchapter J of chapter 1 is amended by striking section 644 and by redesignating section 645 as section 644.

(2) Paragraph (5) of section 706(b) is amended by striking “section 645” and inserting “section 644”.

(3) The table of sections for such subpart is amended by striking the last 2 items and inserting the following new item:

“Sec. 644. Taxable year of trusts.”.

(c) EFFECTIVE DATES.—

(1) ACCUMULATION DISTRIBUTIONS.—The amendments made by subsection (a) shall apply to distributions in taxable years beginning after the date of the enactment of this Act. 26 USC 665 note.

(2) TRANSFERRED PROPERTY.—The amendments made by subsection (b) shall apply to sales or exchanges after the date of the enactment of this Act. 26 USC 644 note.

SEC. 508. TREATMENT OF LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT.

(a) ESTATE TAX WITH RESPECT TO LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT.—Section 2031 (relating to the definition of gross estate) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

“(c) ESTATE TAX WITH RESPECT TO LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT.—

“(1) IN GENERAL.—If the executor makes the election described in paragraph (6), then, except as otherwise provided in this subsection, there shall be excluded from the gross estate the lesser of—

“(A) the applicable percentage of the value of land subject to a qualified conservation easement, reduced by the amount of any deduction under section 2055(f) with respect to such land, or

“(B) the exclusion limitation.

“(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the term ‘applicable percentage’ means 40 percent reduced (but not below zero) by 2 percentage points for each percentage point (or fraction thereof) by which the value of the qualified conservation easement is less than 30 percent of the value of the land (determined without regard to the value of such easement and reduced by the value of any retained development right (as defined in paragraph (5))).

“(3) EXCLUSION LIMITATION.—For purposes of paragraph (1), the exclusion limitation is the limitation determined in accordance with the following table:

“In the case of estates of decedents dying during:	The exclusion limitation is:
1998	\$100,000
1999	\$200,000
2000	\$300,000
2001	\$400,000
2002 or thereafter	\$500,000.

“(4) TREATMENT OF CERTAIN INDEBTEDNESS.—

“(A) IN GENERAL.—The exclusion provided in paragraph (1) shall not apply to the extent that the land is debt-financed property.

“(B) DEFINITIONS.—For purposes of this paragraph—

“(i) DEBT-FINANCED PROPERTY.—The term ‘debt-financed property’ means any property with respect to which there is an acquisition indebtedness (as defined in clause (ii)) on the date of the decedent’s death.

“(ii) ACQUISITION INDEBTEDNESS.—The term ‘acquisition indebtedness’ means, with respect to debt-financed property, the unpaid amount of—

“(I) the indebtedness incurred by the donor in acquiring such property,

“(II) the indebtedness incurred before the acquisition of such property if such indebtedness would not have been incurred but for such acquisition,

“(III) the indebtedness incurred after the acquisition of such property if such indebtedness would not have been incurred but for such acquisition and the incurrence of such indebtedness was reasonably foreseeable at the time of such acquisition, and

“(IV) the extension, renewal, or refinancing of an acquisition indebtedness.

“(5) TREATMENT OF RETAINED DEVELOPMENT RIGHT.—

“(A) IN GENERAL.—Paragraph (1) shall not apply to the value of any development right retained by the donor in the conveyance of a qualified conservation easement.

“(B) TERMINATION OF RETAINED DEVELOPMENT RIGHT.—If every person in being who has an interest (whether or not in possession) in the land executes an agreement to extinguish permanently some or all of any development rights (as defined in subparagraph (D)) retained by the donor on or before the date for filing the return of the tax imposed by section 2001, then any tax imposed by section 2001 shall be reduced accordingly. Such agreement shall be filed with the return of the tax imposed by section 2001. The agreement shall be in such form as the Secretary shall prescribe.

“(C) ADDITIONAL TAX.—Any failure to implement the agreement described in subparagraph (B) not later than the earlier of—

“(i) the date which is 2 years after the date of the decedent’s death, or

“(ii) the date of the sale of such land subject to the qualified conservation easement, shall result in the imposition of an additional tax in the amount of the tax which would have been due on the retained development rights subject to such agreement. Such additional tax shall be due and payable on the last day of the 6th month following such date.

“(D) DEVELOPMENT RIGHT DEFINED.—For purposes of this paragraph, the term ‘development right’ means any right to use the land subject to the qualified conservation easement in which such right is retained for any commercial purpose which is not subordinate to and directly supportive of the use of such land as a farm for farming purposes (within the meaning of section 2032A(e)(5)).

“(6) ELECTION.—The election under this subsection shall be made on the return of the tax imposed by section 2001. Such an election, once made, shall be irrevocable.

“(7) CALCULATION OF ESTATE TAX DUE.—An executor making the election described in paragraph (6) shall, for purposes of calculating the amount of tax imposed by section 2001, include the value of any development right (as defined in paragraph (5)) retained by the donor in the conveyance of such qualified conservation easement. The computation of tax on any retained development right prescribed in this paragraph shall be done in such manner and on such forms as the Secretary shall prescribe.

“(8) DEFINITIONS.—For purposes of this subsection—

“(A) LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT.—The term ‘land subject to a qualified conservation easement’ means land—

“(i) which is located—

“(I) in or within 25 miles of an area which, on the date of the decedent’s death, is a metropolitan area (as defined by the Office of Management and Budget),

“(II) in or within 25 miles of an area which, on the date of the decedent’s death, is a national park or wilderness area designated as part of the National Wilderness Preservation System (unless it is determined by the Secretary that land in or within 25 miles of such a park or wilderness area is not under significant development pressure), or

“(III) in or within 10 miles of an area which, on the date of the decedent’s death, is an Urban National Forest (as designated by the Forest Service),

“(ii) which was owned by the decedent or a member of the decedent’s family at all times during the 3-year period ending on the date of the decedent’s death, and

“(iii) with respect to which a qualified conservation easement has been made by an individual described in subparagraph (C), as of the date of the election described in paragraph (6).

“(B) QUALIFIED CONSERVATION EASEMENT.—The term ‘qualified conservation easement’ means a qualified conservation contribution (as defined in section 170(h)(1)) of a qualified real property interest (as defined in section 170(h)(2)(C)), except that clause (iv) of section 170(h)(4)(A) shall not apply, and the restriction on the use of such interest described in section 170(h)(2)(C) shall include a prohibition on more than a de minimis use for a commercial recreational activity.

“(C) INDIVIDUAL DESCRIBED.—An individual is described in this subparagraph if such individual is—

“(i) the decedent,

“(ii) a member of the decedent’s family,

“(iii) the executor of the decedent’s estate, or

“(iv) the trustee of a trust the corpus of which includes the land to be subject to the qualified conservation easement.

“(D) MEMBER OF FAMILY.—The term ‘member of the decedent’s family’ means any member of the family (as defined in section 2032A(e)(2)) of the decedent.

“(9) APPLICATION OF THIS SECTION TO INTERESTS IN PARTNERSHIPS, CORPORATIONS, AND TRUSTS.—This section shall apply to an interest in a partnership, corporation, or trust if at least 30 percent of the entity is owned (directly or indirectly) by the decedent, as determined under the rules described in section 2033A(e)(3).”.

(b) CARRYOVER BASIS.—Section 1014(a) (relating to basis of property acquired from a decedent) is amended by striking “or” at the end of paragraphs (1) and (2), by striking the period at the end of paragraph (3) and inserting “, or” and by adding at the end the following new paragraph:

“(4) to the extent of the applicability of the exclusion described in section 2031(c), the basis in the hands of the decedent.”.

(c) QUALIFIED CONSERVATION CONTRIBUTION IS NOT A DISPOSITION.—Subsection (c) of section 2032A (relating to alternative valuation method) is amended by adding at the end the following new paragraph:

“(8) QUALIFIED CONSERVATION CONTRIBUTION IS NOT A DISPOSITION.—A qualified conservation contribution (as defined in section 170(h)) by gift or otherwise shall not be deemed a disposition under subsection (c)(1)(A).”.

(d) QUALIFIED CONSERVATION CONTRIBUTION WHERE SURFACE AND MINERAL RIGHTS ARE SEPARATED.—Section 170(h)(5)(B)(ii) (relating to special rule) is amended to read as follows:

“(ii) SPECIAL RULE.—With respect to any contribution of property in which the ownership of the surface estate and mineral interests has been and remains separated, subparagraph (A) shall be treated as met if the probability of surface mining occurring on such property is so remote as to be negligible.”.

(e) EFFECTIVE DATES.—

(1) EXCLUSION.—The amendments made by subsections (a) and (b) shall apply to estates of decedents dying after December 31, 1997.

(2) EASEMENTS.—The amendments made by subsections (c) and (d) shall apply to easements granted after December 31, 1997.

26 USC 1014
note.

26 USC 170 note.

Subtitle B—Generation-Skipping Tax Provision

SEC. 511. EXPANSION OF EXCEPTION FROM GENERATION-SKIPPING TRANSFER TAX FOR TRANSFERS TO INDIVIDUALS WITH DECEASED PARENTS.

(a) IN GENERAL.—Section 2651 (relating to generation assignment) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

“(e) SPECIAL RULE FOR PERSONS WITH A DECEASED PARENT.—

“(1) IN GENERAL.—For purposes of determining whether any transfer is a generation-skipping transfer, if—

“(A) an individual is a descendant of a parent of the transferor (or the transferor’s spouse or former spouse), and

“(B) such individual’s parent who is a lineal descendant of the parent of the transferor (or the transferor’s spouse or former spouse) is dead at the time the transfer (from which an interest of such individual is established or derived) is subject to a tax imposed by chapter 11 or 12 upon the transferor (and if there shall be more than 1 such time, then at the earliest such time),

such individual shall be treated as if such individual were a member of the generation which is 1 generation below the lower of the transferor’s generation or the generation assignment of the youngest living ancestor of such individual who is also a descendant of the parent of the transferor (or the transferor’s spouse or former spouse), and the generation assignment of any descendant of such individual shall be adjusted accordingly.

“(2) LIMITED APPLICATION OF SUBSECTION TO COLLATERAL HEIRS.—This subsection shall not apply with respect to a transfer to any individual who is not a lineal descendant of the transferor (or the transferor’s spouse or former spouse) if, at the time of the transfer, such transferor has any living lineal descendant.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 2612(c) (defining direct skip) is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(2) Section 2612(c)(2) (as so redesignated) is amended by striking “section 2651(e)(2)” and inserting “section 2651(f)(2)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to terminations, distributions, and transfers occurring after December 31, 1997.

26 USC 2612
note.

TITLE VI—EXTENSIONS

SEC. 601. RESEARCH TAX CREDIT.

(a) IN GENERAL.—Paragraph (1) of section 41(h) (relating to termination) is amended—

(1) by striking “May 31, 1997” and inserting “June 30, 1998”, and

(2) by striking in the last sentence “during the first 11 months of such taxable year.” and inserting “during the 24-month period beginning with the first month of such year. The 24 months referred to in the preceding sentence shall be reduced by the number of full months after June 1996 (and before the first month of such first taxable year) during which the taxpayer paid or incurred any amount which is taken into account in determining the credit under this section.”.

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (B) of section 41(c)(4) is amended to read as follows:

“(B) ELECTION.—An election under this paragraph shall apply to the taxable year for which made and all succeeding taxable years unless revoked with the consent of the Secretary.”.

(2) Paragraph (1) of section 45C(b) is amended by striking “May 31, 1997” and inserting “June 30, 1998”.

26 USC 41 note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after May 31, 1997.

SEC. 602. CONTRIBUTIONS OF STOCK TO PRIVATE FOUNDATIONS.

(a) IN GENERAL.—Clause (ii) of section 170(e)(5)(D) (relating to termination) is amended by striking “May 31, 1997” and inserting “June 30, 1998”.

26 USC 170 note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to contributions made after May 31, 1997.

SEC. 603. WORK OPPORTUNITY TAX CREDIT.

(a) EXTENSION.—Subparagraph (B) of section 51(c)(4) (relating to termination) is amended by striking “September 30, 1997” and inserting “June 30, 1998”.

(b) MODIFICATION OF ELIGIBILITY REQUIREMENT BASED ON PERIOD ON WELFARE.—

(1) IN GENERAL.—Subparagraph (A) of section 51(d)(2) (defining qualified IV-A recipient) is amended by striking all that follows “a IV-A program” and inserting “for any 9 months during the 18-month period ending on the hiring date.”.

(2) CONFORMING AMENDMENT.—Subparagraph (A) of section 51(d)(3) is amended to read as follows:

“(A) IN GENERAL.—The term ‘qualified veteran’ means any veteran who is certified by the designated local agency as being a member of a family receiving assistance under a food stamp program under the Food Stamp Act of 1977 for at least a 3-month period ending during the 12-month period ending on the hiring date.”.

(c) QUALIFIED SSI RECIPIENTS TREATED AS MEMBERS OF TARGETED GROUPS.—

(1) IN GENERAL.—Section 51(d)(1) (relating to members of targeted groups) is amended by striking “or” at the end of subparagraph (F), by striking the period at the end of subparagraph (G) and inserting “, or”, and by adding at the end the following new subparagraph:

“(H) a qualified SSI recipient.”.

(2) QUALIFIED SSI RECIPIENTS.—Section 51(d) is amended by redesignating paragraphs (9), (10), and (11) as paragraphs (10), (11), and (12), respectively, and by inserting after paragraph (8) the following new paragraph:

“(9) QUALIFIED SSI RECIPIENT.—The term ‘qualified SSI recipient’ means any individual who is certified by the designated local agency as receiving supplemental security income benefits under title XVI of the Social Security Act (including supplemental security income benefits of the type described in section 1616 of such Act or section 212 of Public Law 93-66) for any month ending within the 60-day period ending on the hiring date.”.

(d) PERCENTAGE OF WAGES ALLOWED AS CREDIT.—

(1) IN GENERAL.—Subsection (a) of section 51 (relating to determination of amount) is amended by striking “35 percent” and inserting “40 percent”.

(2) APPLICATION OF CREDIT FOR INDIVIDUALS PERFORMING FEWER THAN 400 HOURS OF SERVICES.—Paragraph (3) of section 51(i) is amended to read as follows:

“(3) INDIVIDUALS NOT MEETING MINIMUM EMPLOYMENT PERIODS.—

“(A) REDUCTION OF CREDIT FOR INDIVIDUALS PERFORMING FEWER THAN 400 HOURS OF SERVICE.—In the case of an individual who has performed at least 120 hours, but less than 400 hours, of service for the employer, subsection (a) shall be applied by substituting ‘25 percent’ for ‘40 percent’.

“(B) DENIAL OF CREDIT FOR INDIVIDUALS PERFORMING FEWER THAN 120 HOURS OF SERVICE.—No wages shall be taken into account under subsection (a) with respect to any individual unless such individual has performed at least 120 hours of service for the employer.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after September 30, 1997. 26 USC 51 note.

SEC. 604. ORPHAN DRUG TAX CREDIT.

(a) IN GENERAL.—Section 45C (relating to clinical testing expenses for certain drugs for rare diseases or conditions) is amended by striking subsection (e).

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to amounts paid or incurred after May 31, 1997. 26 USC 45C note.

TITLE VII—INCENTIVES FOR REVITALIZATION OF THE DISTRICT OF COLUMBIA

SEC. 701. TAX INCENTIVES FOR REVITALIZATION OF THE DISTRICT OF COLUMBIA.

(a) IN GENERAL.—Chapter 1 is amended by adding at the end the following new subchapter:

“Subchapter W—District of Columbia Enterprise Zone

“Sec. 1400. Establishment of DC Zone.

“Sec. 1400A. Tax-exempt economic development bonds.

“Sec. 1400B. Zero percent capital gains rate.

“Sec. 1400C. First-time homebuyer credit for District of Columbia.

“SEC. 1400. ESTABLISHMENT OF DC ZONE.

“(a) IN GENERAL.—For purposes of this title—

“(1) the applicable DC area is hereby designated as the District of Columbia Enterprise Zone, and

“(2) except as otherwise provided in this subchapter, the District of Columbia Enterprise Zone shall be treated as an empowerment zone designated under subchapter U.

“(b) APPLICABLE DC AREA.—For purposes of subsection (a), the term ‘applicable DC area’ means the area consisting of—

“(1) the census tracts located in the District of Columbia which are part of an enterprise community designated under subchapter U before the date of the enactment of this subchapter, and

“(2) all other census tracts—

“(A) which are located in the District of Columbia, and

“(B) for which the poverty rate is not less than than 20 percent.

“(c) DISTRICT OF COLUMBIA ENTERPRISE ZONE.—For purposes of this subchapter, the terms ‘District of Columbia Enterprise Zone’ and ‘DC Zone’ mean the District of Columbia Enterprise Zone designated by subsection (a).

“(d) SPECIAL RULES FOR APPLICATION OF EMPLOYMENT CREDIT.—

“(1) EMPLOYEES WHOSE PRINCIPAL PLACE OF ABODE IS IN DISTRICT OF COLUMBIA.—With respect to the DC Zone, section 1396(d)(1)(B) (relating to empowerment zone employment credit) shall be applied by substituting ‘the District of Columbia’ for ‘such empowerment zone’.

“(2) NO DECREASE OF PERCENTAGE IN 2002.—In the case of the DC Zone, section 1396 (relating to empowerment zone employment credit) shall be applied by substituting “20” for “15” in the table contained in section 1396(b). The preceding sentence shall apply only with respect to qualified zone employees, as defined in section 1396(d), determined by treating no area other than the DC Zone as an empowerment zone or enterprise community.

“(e) SPECIAL RULE FOR APPLICATION OF ENTERPRISE ZONE BUSINESS DEFINITION.—For purposes of this subchapter and for purposes of applying subchapter U with respect to the DC Zone, section 1397B shall be applied without regard to subsections (b)(6) and (c)(5) thereof.

“(f) TIME FOR WHICH DESIGNATION APPLICABLE.—

“(1) IN GENERAL.—The designation made by subsection (a) shall apply for the period beginning on January 1, 1998, and ending on December 31, 2002.

“(2) COORDINATION WITH DC ENTERPRISE COMMUNITY DESIGNATED UNDER SUBCHAPTER U.—The designation under subchapter U of the census tracts referred to in subsection (b)(1) as an enterprise community shall terminate on December 31, 2002.

“SEC. 1400A. TAX-EXEMPT ECONOMIC DEVELOPMENT BONDS.

“(a) IN GENERAL.—In the case of the District of Columbia Enterprise Zone, subparagraph (A) of section 1394(c)(1) (relating to limitation on amount of bonds) shall be applied by substituting ‘\$15,000,000’ for ‘\$3,000,000’.

“(b) PERIOD OF APPLICABILITY.—This section shall apply to bonds issued during the period beginning on January 1, 1998, and ending on December 31, 2002.

“SEC. 1400B. ZERO PERCENT CAPITAL GAINS RATE.

“(a) EXCLUSION.—Gross income shall not include qualified capital gain from the sale or exchange of any DC Zone asset held for more than 5 years.

“(b) DC ZONE ASSET.—For purposes of this section—

“(1) IN GENERAL.—The term ‘DC Zone asset’ means—

“(A) any DC Zone business stock,

“(B) any DC Zone partnership interest, and

“(C) any DC Zone business property.

“(2) DC ZONE BUSINESS STOCK.—

“(A) IN GENERAL.—The term ‘DC Zone business stock’ means any stock in a domestic corporation which is originally issued after December 31, 1997, if—

“(i) such stock is acquired by the taxpayer, before January 1, 2003, at its original issue (directly or through an underwriter) solely in exchange for cash,

“(ii) as of the time such stock was issued, such corporation was a DC Zone business (or, in the case of a new corporation, such corporation was being organized for purposes of being a DC Zone business), and

“(iii) during substantially all of the taxpayer’s holding period for such stock, such corporation qualified as a DC Zone business.

“(B) REDEMPTIONS.—A rule similar to the rule of section 1202(c)(3) shall apply for purposes of this paragraph.

“(3) DC ZONE PARTNERSHIP INTEREST.—The term ‘DC Zone partnership interest’ means any capital or profits interest in a domestic partnership which is originally issued after December 31, 1997, if—

“(A) such interest is acquired by the taxpayer, before January 1, 2003, from the partnership solely in exchange for cash,

“(B) as of the time such interest was acquired, such partnership was a DC Zone business (or, in the case of a new partnership, such partnership was being organized for purposes of being a DC Zone business), and

“(C) during substantially all of the taxpayer’s holding period for such interest, such partnership qualified as a DC Zone business.

A rule similar to the rule of paragraph (2)(B) shall apply for purposes of this paragraph.

“(4) DC ZONE BUSINESS PROPERTY.—

“(A) IN GENERAL.—The term ‘DC Zone business property’ means tangible property if—

“(i) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 1997, and before January 1, 2003,

“(ii) the original use of such property in the DC Zone commences with the taxpayer, and

“(iii) during substantially all of the taxpayer’s holding period for such property, substantially all of the use of such property was in a DC Zone business of the taxpayer.

“(B) SPECIAL RULE FOR BUILDINGS WHICH ARE SUBSTANTIALLY IMPROVED.—

“(i) IN GENERAL.—The requirements of clauses (i) and (ii) of subparagraph (A) shall be treated as met with respect to—

“(I) property which is substantially improved by the taxpayer before January 1, 2003, and

“(II) any land on which such property is located.

“(ii) SUBSTANTIAL IMPROVEMENT.—For purposes of clause (i), property shall be treated as substantially improved by the taxpayer only if, during any 24-month period beginning after December 31, 1997, additions

to basis with respect to such property in the hands of the taxpayer exceed the greater of—

“(I) an amount equal to the adjusted basis of such property at the beginning of such 24-month period in the hands of the taxpayer, or

“(II) \$5,000.

“(6) TREATMENT OF SUBSEQUENT PURCHASERS, ETC.—The term ‘DC Zone asset’ includes any property which would be a DC Zone asset but for paragraph (2)(A)(i), (3)(A), or (4)(A)(ii) in the hands of the taxpayer if such property was a DC Zone asset in the hands of a prior holder.

“(7) 5-YEAR SAFE HARBOR.—If any property ceases to be a DC Zone asset by reason of paragraph (2)(A)(iii), (3)(C), or (4)(A)(iii) after the 5-year period beginning on the date the taxpayer acquired such property, such property shall continue to be treated as meeting the requirements of such paragraph; except that the amount of gain to which subsection (a) applies on any sale or exchange of such property shall not exceed the amount which would be qualified capital gain had such property been sold on the date of such cessation.

“(c) DC ZONE BUSINESS.—For purposes of this section, the term ‘DC Zone business’ means any entity which is an enterprise zone business (as defined in section 1397B), determined—

“(1) after the application of section 1400(e),

“(2) by substituting “80 percent” for “50 percent” in subsections (b)(2) and (c)(1) of section 1397B, and

“(3) by treating no area other than the DC Zone as an empowerment zone or enterprise community.

“(d) TREATMENT OF ZONE AS INCLUDING CENSUS TRACTS WITH 10 PERCENT POVERTY RATE.—For purposes of applying this section (and for purposes of applying this subchapter and subchapter U with respect to this section), the DC Zone shall be treated as including all census tracts—

“(1) which are located in the District of Columbia, and

“(2) for which the poverty rate is not less than 10 percent.

“(e) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

“(1) QUALIFIED CAPITAL GAIN.—Except as otherwise provided in this subsection, the term ‘qualified capital gain’ means any gain recognized on the sale or exchange of—

“(A) a capital asset, or

“(B) property used in the trade or business (as defined in section 1231(b)).

“(2) GAIN BEFORE 1998 OR AFTER 2007 NOT QUALIFIED.—The term ‘qualified capital gain’ shall not include any gain attributable to periods before January 1, 1998, or after December 31, 2007.

“(3) CERTAIN GAIN NOT QUALIFIED.—The term ‘qualified capital gain’ shall not include any gain which would be treated as ordinary income under section 1245 or under section 1250 if section 1250 applied to all depreciation rather than the additional depreciation.

“(4) INTANGIBLES AND LAND NOT INTEGRAL PART OF DC ZONE BUSINESS.—The term ‘qualified capital gain’ shall not include any gain which is attributable to real property, or an intangible asset, which is not an integral part of a DC Zone business.

“(5) RELATED PARTY TRANSACTIONS.—The term ‘qualified capital gain’ shall not include any gain attributable, directly or indirectly, in whole or in part, to a transaction with a related person. For purposes of this paragraph, persons are related to each other if such persons are described in section 267(b) or 707(b)(1).

“(f) CERTAIN OTHER RULES TO APPLY.—Rules similar to the rules of subsections (g), (h), (i)(2), and (j) of section 1202 shall apply for purposes of this section.

“(g) SALES AND EXCHANGES OF INTERESTS IN PARTNERSHIPS AND S CORPORATIONS WHICH ARE DC ZONE BUSINESSES.—In the case of the sale or exchange of an interest in a partnership, or of stock in an S corporation, which was a DC Zone business during substantially all of the period the taxpayer held such interest or stock, the amount of qualified capital gain shall be determined without regard to—

“(1) any gain which is attributable to real property, or an intangible asset, which is not an integral part of a DC Zone business, and

“(2) any gain attributable to periods before January 1, 1998, or after December 31, 2007.

“SEC. 1400C. FIRST-TIME HOMEBUYER CREDIT FOR DISTRICT OF COLUMBIA.

“(a) ALLOWANCE OF CREDIT.—In the case of an individual who is a first-time homebuyer of a principal residence in the District of Columbia during any taxable year, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to so much of the purchase price of the residence as does not exceed \$5,000.

“(b) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

“(1) IN GENERAL.—The amount allowable as a credit under subsection (a) (determined without regard to this subsection) for the taxable year shall be reduced (but not below zero) by the amount which bears the same ratio to the credit so allowable as—

“(A) the excess (if any) of—

“(i) the taxpayer’s modified adjusted gross income for such taxable year, over

“(ii) \$70,000 (\$110,000 in the case of a joint return), bears to

“(B) \$20,000.

“(2) MODIFIED ADJUSTED GROSS INCOME.—For purposes of paragraph (1), the term ‘modified adjusted gross income’ means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.

“(c) FIRST-TIME HOMEBUYER.—For purposes of this section—

“(1) IN GENERAL.—The term ‘first-time homebuyer’ has the same meaning as when used in section 72(t)(8)(D)(i), except that ‘principal residence in the District of Columbia during the 1-year period’ shall be substituted for ‘principal residence during the 2-year period’ in subclause (I) thereof.

“(2) ONE-TIME ONLY.—If an individual is treated as a first-time homebuyer with respect to any principal residence, such

individual may not be treated as a first-time homebuyer with respect to any other principal residence.

“(3) PRINCIPAL RESIDENCE.—The term ‘principal residence’ has the same meaning as when used in section 121.

“(d) CARRYOVER OF CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a) for such taxable year reduced by the sum of the credits allowable under subpart A of part IV of subchapter A (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

“(e) SPECIAL RULES.—For purposes of this section—

“(1) ALLOCATION OF DOLLAR LIMITATION.—

“(A) MARRIED INDIVIDUALS FILING SEPARATELY.—In the case of a married individual filing a separate return, subsection (a) shall be applied by substituting ‘\$2,500’ for ‘\$5,000’.

“(B) OTHER TAXPAYERS.—If 2 or more individuals who are not married purchase a principal residence, the amount of the credit allowed under subsection (a) shall be allocated among such individuals in such manner as the Secretary may prescribe, except that the total amount of the credits allowed to all such individuals shall not exceed \$5,000.

“(2) PURCHASE.—

“(A) IN GENERAL.—The term ‘purchase’ means any acquisition, but only if—

“(i) the property is not acquired from a person whose relationship to the person acquiring it would result in the disallowance of losses under section 267 or 707(b) (but, in applying section 267 (b) and (c) for purposes of this section, paragraph (4) of section 267(c) shall be treated as providing that the family of an individual shall include only his spouse, ancestors, and lineal descendants), and

“(ii) the basis of the property in the hands of the person acquiring it is not determined—

“(I) in whole or in part by reference to the adjusted basis of such property in the hands of the person from whom acquired, or

“(II) under section 1014(a) (relating to property acquired from a decedent).

“(B) CONSTRUCTION.—A residence which is constructed by the taxpayer shall be treated as purchased by the taxpayer.

“(3) PURCHASE PRICE.—The term ‘purchase price’ means the adjusted basis of the principal residence on the date of acquisition (within the meaning of section 72(t)(8)(D)(iii)).

“(f) REPORTING.—If the Secretary requires information reporting under section 6045 by a person described in subsection (e)(2) thereof to verify the eligibility of taxpayers for the credit allowable by this section, the exception provided by section 6045(e)(5) shall not apply.

“(g) CREDIT TREATED AS NONREFUNDABLE PERSONAL CREDIT.—For purposes of this title, the credit allowed by this section shall be treated as a credit allowable under subpart A of part IV of subchapter A of this chapter.

“(h) BASIS ADJUSTMENT.—For purposes of this subtitle, if a credit is allowed under this section with respect to the purchase of any residence, the basis of such residence shall be reduced by the amount of the credit so allowed.

“(i) TERMINATION.—This section shall not apply to any property purchased after December 31, 2000.”.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (d) of section 39 is amended by adding at the end the following new paragraph:

“(8) NO CARRYBACK OF DC ZONE CREDITS BEFORE EFFECTIVE DATE.—No portion of the unused business credit for any taxable year which is attributable to the credits allowable under subchapter U by reason of section 1400 may be carried back to a taxable year ending before the date of the enactment of section 1400.”.

(2) Subsection (a) of section 1016 is amended by striking “and” at the end of paragraph (25), by striking the period at the end of paragraph (26) and inserting “, and”, and by adding at the end thereof the following new paragraph:

“(27) in the case of a residence with respect to which a credit was allowed under section 1400C, to the extent provided in section 1400C(h).”.

(c) CLERICAL AMENDMENT.—The table of subchapters for chapter 1 is amended by adding at the end the following new item:

“Subchapter W. District of Columbia Enterprise Zone.”.

(d) EFFECTIVE DATE.—Except as provided in subsection (c), the amendments made by this section shall take effect on the date of the enactment of this Act. 26 USC 39 note.

TITLE VIII—WELFARE-TO-WORK INCENTIVES

SEC. 801. INCENTIVES FOR EMPLOYING LONG-TERM FAMILY ASSISTANCE RECIPIENTS.

(a) IN GENERAL.—Subpart F of part IV of subchapter A of chapter 1 is amended by inserting after section 51 the following new section:

“SEC. 51A. TEMPORARY INCENTIVES FOR EMPLOYING LONG-TERM FAMILY ASSISTANCE RECIPIENTS.

“(a) DETERMINATION OF AMOUNT.—For purposes of section 38, the amount of the welfare-to-work credit determined under this section for the taxable year shall be equal to—

“(1) 35 percent of the qualified first-year wages for such year, and

“(2) 50 percent of the qualified second-year wages for such year.

“(b) QUALIFIED WAGES DEFINED.—For purposes of this section—

“(1) IN GENERAL.—The term ‘qualified wages’ means the wages paid or incurred by the employer during the taxable year to individuals who are long-term family assistance recipients.

“(2) QUALIFIED FIRST-YEAR WAGES.—The term ‘qualified first-year wages’ means, with respect to any individual, qualified wages attributable to service rendered during the 1-year

period beginning with the day the individual begins work for the employer.

“(3) QUALIFIED SECOND-YEAR WAGES.—The term ‘qualified second-year wages’ means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning on the day after the last day of the 1-year period with respect to such individual determined under paragraph (2).

“(4) ONLY FIRST \$10,000 OF WAGES PER YEAR TAKEN INTO ACCOUNT.—The amount of the qualified first-year wages, and the amount of qualified second-year wages, which may be taken into account with respect to any individual shall not exceed \$10,000 per year.

“(5) WAGES.—

“(A) IN GENERAL.—The term ‘wages’ has the meaning given such term by section 51(c), without regard to paragraph (4) thereof.

“(B) CERTAIN AMOUNTS TREATED AS WAGES.—The term ‘wages’ includes amounts paid or incurred by the employer which are excludable from such recipient’s gross income under—

“(i) section 105 (relating to amounts received under accident and health plans),

“(ii) section 106 (relating to contributions by employer to accident and health plans),

“(iii) section 127 (relating to educational assistance programs) or would be so excludable but for section 127(d), but only to the extent paid or incurred to a person not related to the employer, or

“(iv) section 129 (relating to dependent care assistance programs).

The amount treated as wages by clause (i) or (ii) for any period shall be based on the reasonable cost of coverage for the period, but shall not exceed the applicable premium for the period under section 4980B(f)(4).

“(C) SPECIAL RULES FOR AGRICULTURAL AND RAILWAY LABOR.—If such recipient is an employee to whom subparagraph (A) or (B) of section 51(h)(1) applies, rules similar to the rules of such subparagraphs shall apply except that—

“(i) such subparagraph (A) shall be applied by substituting ‘\$10,000’ for ‘\$6,000’, and

“(ii) such subparagraph (B) shall be applied by substituting ‘\$833.33’ for ‘\$500’.

“(c) LONG-TERM FAMILY ASSISTANCE RECIPIENTS.—For purposes of this section—

“(1) IN GENERAL.—The term ‘long-term family assistance recipient’ means any individual who is certified by the designated local agency (as defined in section 51(d)(10))—

“(A) as being a member of a family receiving assistance under a IV-A program (as defined in section 51(d)(2)(B)) for at least the 18-month period ending on the hiring date,

“(B)(i) as being a member of a family receiving such assistance for 18 months beginning after the date of the enactment of this section, and

“(ii) as having a hiring date which is not more than 2 years after the end of the earliest such 18-month period, or

“(C)(i) as being a member of a family which ceased to be eligible after the date of the enactment of this section for such assistance by reason of any limitation imposed by Federal or State law on the maximum period such assistance is payable to a family, and

“(ii) as having a hiring date which is not more than 2 years after the date of such cessation.

“(2) HIRING DATE.—The term ‘hiring date’ has the meaning given such term by section 51(d).

“(d) CERTAIN RULES TO APPLY.—

“(1) IN GENERAL.—Rules similar to the rules of section 52, and subsections (d)(11), (f), (g), (i) (as in effect on the day before the date of the enactment of the Taxpayer Relief Act of 1997), (j), and (k) of section 51, shall apply for purposes of this section.

“(2) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT, ETC.—References to section 51 in section 38(b), 280C(a), and 1396(c)(3) shall be treated as including references to this section.

“(e) COORDINATION WITH WORK OPPORTUNITY CREDIT.—If a credit is allowed under this section to an employer with respect to an individual for any taxable year, then for purposes of applying section 51 to such employer, such individual shall not be treated as a member of a targeted group for such taxable year.

“(f) TERMINATION.—This section shall not apply to individuals who begin work for the employer after April 30, 1999.”

(b) CLERICAL AMENDMENT.—The table of sections for subpart F of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 51 the following new item:

“Sec. 51A. Temporary incentives for employing long-term family assistance recipients.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after December 31, 1997. 26 USC 51A note.

TITLE IX—MISCELLANEOUS PROVISIONS

Subtitle A—Provisions Relating to Excise Taxes

SEC. 901. GENERAL REVENUE PORTION OF HIGHWAY MOTOR FUELS TAXES DEPOSITED INTO HIGHWAY TRUST FUND.

(a) IN GENERAL.—Paragraph (4) of section 9503(b) (relating to certain additional taxes not transferred to Highway Trust Fund) is amended to read as follows:

“(4) CERTAIN TAXES NOT TRANSFERRED TO HIGHWAY TRUST FUND.—For purposes of paragraphs (1) and (2), there shall not be taken into account the taxes imposed by—

“(A) section 4041(d),

“(B) section 4081 to the extent attributable to the rate specified in section 4081(a)(2)(B),

“(C) section 4041 or 4081 to the extent attributable to fuel used in a train,

“(D) in the case of fuels used as described in paragraph (4)(D), (5)(B), or (6)(D) of subsection (c), section 4041 or 4081—

“(i) with respect to so much of the rate of tax on gasoline or special motor fuels as exceeds 11.5 cents per gallon, and

“(ii) with respect to so much of the rate of tax on diesel fuel or kerosene as exceeds 17.5 cents per gallon,

“(E) in the case of fuels described in section 4041(b)(2)(A), 4041(k), or 4081(c), section 4041 or 4081 before October 1, 1999, with respect to a rate equal to 2.5 cents per gallon, or

“(F) in the case of fuels described in section 4081(c)(2), such section before October 1, 1999, with respect to a rate equal to 2.8 cents per gallon.”.

(b) MASS TRANSIT PORTION.—Section 9503(e)(2) (relating to transfers to Mass Transit Account) is amended by striking “2 cents” and inserting “2.85 cents”.

(c) LIMITATION ON EXPENDITURES.—Subsection (c) of section 9503 is amended by adding at the end the following new paragraph:

“(7) LIMITATION ON EXPENDITURES.—Notwithstanding any other provision of law, in calculating amounts under section 157(a) of title 23, United States Code, and sections 1013(c), 1015(a), and 1015(b) of the Intermodal Surface Transportation Efficiency Act of 1991 (Public Law 102-240; 105 Stat. 1914), deposits in the Highway Trust Fund resulting from the amendments made by the Taxpayer Relief Act of 1997 shall not be taken into account.”.

(d) TECHNICAL AMENDMENTS.—

(1) Section 9503 is amended by striking subsection (f).

(2) The last sentence of subparagraph (A) of section 9503(c)(2) is amended by striking “by taking into account only the Highway Trust Fund financing rate applicable to any fuel” and inserting “by taking into account only the portion of the taxes which are deposited into the Highway Trust Fund”.

(3) Paragraphs (4)(D), (5)(B), and (6)(D) of section 9503(c) are each amended by striking “attributable to the Highway Trust Fund financing rate” and inserting “deposited into the Highway Trust Fund”.

(e) DELAYED DEPOSITS OF HIGHWAY MOTOR FUEL TAX REVENUES.—Notwithstanding section 6302 of the Internal Revenue Code of 1986, in the case of deposits of taxes imposed by sections 4041 and 4081 (other than subsection (a)(2)(A)(ii)) of the Internal Revenue Code of 1986, the due date for any deposit which would (but for this subsection) be required to be made after July 31, 1998, and before October 1, 1998, shall be October 5, 1998.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxes received in the Treasury after September 30, 1997.

26 USC 6302
note.

26 USC 9503
note.

SEC. 902. REPEAL OF TAX ON DIESEL FUEL USED IN RECREATIONAL BOATS.

(a) **IN GENERAL.**—Subparagraph (B) of section 6421(e)(2) (defining off-highway business use) is amended by striking clauses (iii) and (iv).

(b) **CONFORMING AMENDMENTS.**—

(1) Subparagraph (A) of section 4041(a)(1) is amended—

(A) by striking “, a diesel-powered train, or a diesel-powered boat” each place it appears and inserting “or a diesel-powered train”, and

(B) by striking “vehicle, train, or boat” and inserting “vehicle or train”.

(2) Paragraph (1) of section 4041(a) is amended by striking subparagraph (D).

(3) Paragraph (3) of section 4083(a) is amended by striking “, a diesel-powered train, or a diesel-powered boat” and inserting “or a diesel-powered train”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on January 1, 1998. 26 USC 4041 note.

SEC. 903. CONTINUED APPLICATION OF TAX ON IMPORTED RECYCLED HALON-1211.

(a) **IN GENERAL.**—Paragraph (1) of section 4682(d) is amended by striking “recycled halon” and inserting “recycled Halon-1301 or recycled Halon-2402”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act. 26 USC 4682 note.

SEC. 904. UNIFORM RATE OF TAX ON VACCINES.

(a) **IN GENERAL.**—Subsection (b) of section 4131 is amended to read as follows:

“(b) **AMOUNT OF TAX.**—

“(1) **IN GENERAL.**—The amount of the tax imposed by subsection (a) shall be 75 cents per dose of any taxable vaccine.

“(2) **COMBINATIONS OF VACCINES.**—If any taxable vaccine is described in more than 1 subparagraph of section 4132(a)(1), the amount of the tax imposed by subsection (a) on such vaccine shall be the sum of the amounts for the vaccines which are so included.”.

(b) **TAXABLE VACCINES.**—Paragraph (1) of section 4132(a) is amended to read as follows:

“(1) **TAXABLE VACCINE.**—The term ‘taxable vaccine’ means any of the following vaccines which are manufactured or produced in the United States or entered into the United States for consumption, use, or warehousing:

“(A) Any vaccine containing diphtheria toxoid.

“(B) Any vaccine containing tetanus toxoid.

“(C) Any vaccine containing pertussis bacteria, extracted or partial cell bacteria, or specific pertussis antigens.

“(D) Any vaccine against measles.

“(E) Any vaccine against mumps.

“(F) Any vaccine against rubella.

“(G) Any vaccine containing polio virus.

“(H) Any Hib vaccine.

“(I) Any vaccine against hepatitis B.

“(J) Any vaccine against chicken pox.”.

(c) CONFORMING AMENDMENT.—Subsection (a) of section 4132 is amended by striking paragraphs (2), (3), (4), and (5) and by redesignating paragraphs (6) through (8) as paragraphs (2) through (4), respectively.

26 USC 4131
note.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the day after the date of the enactment of this Act.

26 USC 4132
note.

(e) LIMITATION ON CERTAIN CREDITS OR REFUNDS.—For purposes of applying section 4132(b) of the Internal Revenue Code of 1986 with respect to any claim for credit or refund filed before January 1, 1999, the amount of tax taken into account shall not exceed the tax computed under the rate in effect on the day after the date of the enactment of this Act.

SEC. 905. OPERATORS OF MULTIPLE GASOLINE RETAIL OUTLETS TREATED AS WHOLESALE DISTRIBUTOR FOR REFUND PURPOSES.

(a) IN GENERAL.—Subparagraph (B) of section 6416(a)(4) (defining wholesale distributor) is amended by adding at the end the following new sentence: “Such term includes any person who makes retail sales of gasoline at 10 or more retail motor fuel outlets.”.

26 USC 6416
note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to sales after the date of the enactment of this Act.

SEC. 906. EXEMPTION OF ELECTRIC AND OTHER CLEAN-FUEL MOTOR VEHICLES FROM LUXURY AUTOMOBILE CLASSIFICATION.

(a) IN GENERAL.—Subsection (a) of section 4001 (relating to imposition of tax) is amended to read as follows:

“(a) IMPOSITION OF TAX.—

“(1) IN GENERAL.—There is hereby imposed on the 1st retail sale of any passenger vehicle a tax equal to 10 percent of the price for which so sold to the extent such price exceeds the applicable amount.

“(2) APPLICABLE AMOUNT.—

“(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), the applicable amount is \$30,000.

“(B) QUALIFIED CLEAN-FUEL VEHICLE PROPERTY.—In the case of a passenger vehicle which is propelled by a fuel which is not a clean-burning fuel and to which is installed qualified clean-fuel vehicle property (as defined in section 179A(c)(1)(A)) for purposes of permitting such vehicle to be propelled by a clean-burning fuel, the applicable amount is equal to the sum of—

“(i) the dollar amount in effect under subparagraph (A), plus

“(ii) the increase in the price for which the passenger vehicle was sold (within the meaning of section 4002) due to the installation of such property.

“(C) PURPOSE BUILT PASSENGER VEHICLE.—

“(i) IN GENERAL.—In the case of a purpose built passenger vehicle, the applicable amount is equal to 150 percent of the dollar amount in effect under subparagraph (A).

“(ii) PURPOSE BUILT PASSENGER VEHICLE.—For purposes of clause (i), the term ‘purpose built passenger vehicle’ means a passenger vehicle produced by an original equipment manufacturer and designed so that the vehicle may be propelled primarily by electricity.”.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (e) of section 4001 (relating to inflation adjustment) is amended by striking “and section 4003(a)”.

(2) Subsection (f) of section 4001 (relating to phasedown) is amended by striking “subsection (a)” and inserting “subsection (a)(1)”.

(3) Subparagraph (A) of section 4003(a)(1) is amended by inserting “(other than property described in section 4001(a)(2)(B))” after “part or accessory”.

(4) Subparagraph (B) of section 4003(a)(2) is amended to read as follows:

“(B) the appropriate applicable amount as determined under section 4001(a)(2).”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales and installations occurring after the date of the enactment of this Act. 26 USC 4001 note.

SEC. 907. RATE OF TAX ON CERTAIN SPECIAL FUELS DETERMINED ON BASIS OF BTU EQUIVALENCY WITH GASOLINE.

(a) SPECIAL MOTOR FUELS.—

(1) IN GENERAL.—Paragraph (2) of section 4041(a) (relating to special motor fuels) is amended to read as follows:

“(2) SPECIAL MOTOR FUELS.—

“(A) IN GENERAL.—There is hereby imposed a tax on any liquid (other than kerosene, gas oil, fuel oil, or any product taxable under section 4081)—

“(i) sold by any person to an owner, lessee, or other operator of a motor vehicle or motorboat for use as a fuel in such motor vehicle or motorboat, or

“(ii) used by any person as a fuel in a motor vehicle or motorboat unless there was a taxable sale of such liquid under clause (i).

“(B) RATE OF TAX.—The rate of the tax imposed by this paragraph shall be—

“(i) except as otherwise provided in this subparagraph, the rate of tax specified in section 4081(a)(2)(A)(i) which is in effect at the time of such sale or use,

“(ii) 13.6 cents per gallon in the case of liquefied petroleum gas, and

“(iii) 11.9 cents per gallon in the case of liquefied natural gas.

In the case of any sale or use after September 30, 1999, clause (ii) shall be applied by substituting ‘3.2 cents’ for ‘13.6 cents’, and clause (iii) shall be applied by substituting ‘2.8 cents’ for ‘11.9 cents’.”.

(2) CONFORMING AMENDMENT.—Paragraph (1) of section 4041(d) is amended by inserting “and other than liquefied natural gas” after “liquefied petroleum gas”.

(b) METHANOL FUEL PRODUCED FROM NATURAL GAS.—Subparagraph (A) of section 4041(m)(1) is amended to read as follows:

“(A) the rate of the tax imposed by subsection (a)(2) shall be—

“(i) after September 30, 1997, and before October 1, 1999—

“(I) in the case of fuel none of the alcohol in which consists of ethanol, 9.15 cents per gallon, and

“(II) in any other case, 11.3 cents per gallon, and

“(ii) after September 30, 1999—

“(I) in the case of fuel none of the alcohol in which consists of ethanol, 2.15 cents per gallon, and

“(II) in any other case, 4.3 cents per gallon, and”.

26 USC 4041
note.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on October 1, 1997.

SEC. 908. MODIFICATION OF TAX TREATMENT OF HARD CIDER.

(a) **HARD CIDER CONTAINING LESS THAN 7 PERCENT ALCOHOL TAXED AS WINE.**—Subsection (b) of section 5041 (relating to imposition and rate of tax) is amended by striking “and” at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting “; and”, and by adding at the end the following new paragraph:

“(6) On hard cider derived primarily from apples or apple concentrate and water, containing no other fruit product, and containing at least one-half of 1 percent and less than 7 percent alcohol by volume, 22.6 cents per wine gallon.”.

(b) **APPLICATION OF SMALL PRODUCER CREDIT.**—Paragraph (1) of section 5041(c) (relating to credit for small domestic producers) is amended by adding at the end the following new sentence: “In the case of wine described in subsection (b)(6), the preceding sentence shall be applied by substituting ‘5.6 cents’ for ‘90 cents’.”.

26 USC 5041
note.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on October 1, 1997.

SEC. 909. STUDY OF FEASIBILITY OF MOVING COLLECTION POINT FOR DISTILLED SPIRITS EXCISE TAX.

(a) **IN GENERAL.**—The Secretary of the Treasury or his delegate shall conduct a study of options for changing the event on which the tax imposed by section 5001 of the Internal Revenue Code of 1986 is determined. One such option which shall be studied is determining such tax on removal from registered wholesale warehouses. In studying each such option, such Secretary shall focus on administrative issues including—

- (1) tax compliance,
- (2) the number of taxpayers required to pay the tax,
- (3) the types of financial responsibility requirements that might be required, and
- (4) special requirements regarding segregation of non-tax-paid distilled spirits from other products.

Such study shall review the effects of each such option on the Department of the Treasury (including staffing and other demands on budgetary resources) and the change in the period between the time such tax is currently paid and the time such tax would be paid under each such option.

(b) **REPORT.**—The report of such study shall be submitted to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives not later than March 31, 1998.

SEC. 910. CLARIFICATION OF AUTHORITY TO USE SEMI-GENERIC DESIGNATIONS ON WINE LABELS.

(a) IN GENERAL.—Section 5388 (relating to designation of wines) is amended by adding at the end the following new subsection:

“(c) USE OF SEMI-GENERIC DESIGNATIONS.—

“(1) IN GENERAL.—Semi-generic designations may be used to designate wines of an origin other than that indicated by such name only if—

“(A) there appears in direct conjunction therewith an appropriate appellation of origin disclosing the true place of origin of the wine, and

“(B) the wine so designated conforms to the standard of identity, if any, for such wine contained in the regulations under this section or, if there is no such standard, to the trade understanding of such class or type.

“(2) DETERMINATION OF WHETHER NAME IS SEMI-GENERIC.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), a name of geographic significance, which is also the designation of a class or type of wine, shall be deemed to have become semi-generic only if so found by the Secretary.

“(B) CERTAIN NAMES TREATED AS SEMI-GENERIC.—The following names shall be treated as semi-generic: Angelica, Burgundy, Claret, Chablis, Champagne, Chianti, Malaga, Marsala, Madeira, Moselle, Port, Rhine Wine or Hock, Sauterne, Haut Sauterne, Sherry, Tokay.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

26 USC 5388
note.

Subtitle B—Revisions Relating to Disasters**SEC. 911. AUTHORITY TO POSTPONE CERTAIN TAX-RELATED DEADLINES BY REASON OF PRESIDENTIALLY DECLARED DISASTER.**

(a) IN GENERAL.—Chapter 77 is amended by inserting after section 7508 the following new section:

“SEC. 7508A. AUTHORITY TO POSTPONE CERTAIN TAX-RELATED DEADLINES BY REASON OF PRESIDENTIALLY DECLARED DISASTER.

“(a) IN GENERAL.—In the case of a taxpayer determined by the Secretary to be affected by a Presidentially declared disaster (as defined by section 1033(h)(3)), the Secretary may prescribe regulations under which a period of up to 90 days may be disregarded in determining, under the internal revenue laws, in respect of any tax liability (including any penalty, additional amount, or addition to the tax) of such taxpayer—

“(1) whether any of the acts described in paragraph (1) of section 7508(a) were performed within the time prescribed therefor, and

“(2) the amount of any credit or refund.

“(b) INTEREST ON OVERPAYMENTS AND UNDERPAYMENTS.—Subsection (a) shall not apply for the purpose of determining interest on any overpayment or underpayment.”.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 77 is amended by inserting after the item relating to section 7508 the following new item:

“Sec. 7508A. Authority to postpone certain tax-related deadlines by reason of presidentially declared disaster.”.

26 USC 7508A
note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to any period for performing an act that has not expired before the date of the enactment of this Act.

SEC. 912. USE OF CERTAIN APPRAISALS TO ESTABLISH AMOUNT OF DISASTER LOSS.

(a) IN GENERAL.—Subsection (i) of section 165 is amended by adding at the end the following new paragraph:

“(4) USE OF DISASTER LOAN APPRAISALS TO ESTABLISH AMOUNT OF LOSS.—Nothing in this title shall be construed to prohibit the Secretary from prescribing regulations or other guidance under which an appraisal for the purpose of obtaining a loan of Federal funds or a loan guarantee from the Federal Government as a result of a Presidentially declared disaster (as defined by section 1033(h)(3)) may be used to establish the amount of any loss described in paragraph (1) or (2).”.

26 USC 165 note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 913. TREATMENT OF LIVESTOCK SOLD ON ACCOUNT OF WEATHER-RELATED CONDITIONS.

(a) DEFERRAL OF INCOME INCLUSION.—Subsection (e) of section 451 (relating to special rules for proceeds from livestock sold on account of drought) is amended—

(1) by striking “drought conditions, and that these drought conditions” in paragraph (1) and inserting “drought, flood, or other weather-related conditions, and that such conditions”; and

(2) by inserting “, FLOOD, OR OTHER WEATHER-RELATED CONDITIONS” after “DROUGHT” in the subsection heading.

(b) INVOLUNTARY CONVERSIONS.—Subsection (e) of section 1033 (relating to livestock sold on account of drought) is amended—

(1) by inserting “, flood, or other weather-related conditions” before the period at the end thereof; and

(2) by inserting “, FLOOD, OR OTHER WEATHER-RELATED CONDITIONS” after “DROUGHT” in the subsection heading.

26 USC 451 note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales and exchanges after December 31, 1996.

SEC. 914. MORTGAGE FINANCING FOR RESIDENCES LOCATED IN DISASTER AREAS.

Subsection (k) of section 143 (relating to mortgage revenue bonds; qualified mortgage bond and qualified veteran’s mortgage bond) is amended by adding at the end the following new paragraph:

“(11) SPECIAL RULES FOR RESIDENCES LOCATED IN DISASTER AREAS.—In the case of a residence located in an area determined by the President to warrant assistance from the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (as in effect on the date of the enactment of the Taxpayer Relief Act of 1997), this section shall be applied with the following modifications to financing provided with respect to such residence within 2 years after the date of the disaster declaration:

“(A) Subsection (d) (relating to 3-year requirement) shall not apply.

“(B) Subsections (e) and (f) (relating to purchase price requirement and income requirement) shall be applied as if such residence were a targeted area residence.

The preceding sentence shall apply only with respect to bonds issued after December 31, 1996, and before January 1, 1999.”.

Effective date.

SEC. 915. ABATEMENT OF INTEREST ON UNDERPAYMENTS BY TAXPAYERS IN PRESIDENTIALLY DECLARED DISASTER AREAS.

(a) **IN GENERAL.**—If the Secretary of the Treasury extends for any period the time for filing income tax returns under section 6081 of the Internal Revenue Code of 1986 and the time for paying income tax with respect to such returns under section 6161 of such Code (and waives any penalties relating to the failure to so file or so pay) for any individual located in a Presidentially declared disaster area, the Secretary shall, notwithstanding section 7508A(b) of such Code, abate for such period the assessment of any interest prescribed under section 6601 of such Code on such income tax.

26 USC 7508A note.

(b) **PRESIDENTIALLY DECLARED DISASTER AREA.**—For purposes of subsection (a), the term “Presidentially declared disaster area” means, with respect to any individual, any area which the President has determined during 1997 warrants assistance by the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

(c) **INDIVIDUAL.**—For purposes of this section, the term “individual” shall not include any estate or trust.

(d) **EFFECTIVE DATE.**—This section shall apply to disasters declared after December 31, 1996.

Subtitle C—Provisions Relating to Employment Taxes

SEC. 921. CLARIFICATION OF STANDARD TO BE USED IN DETERMINING EMPLOYMENT TAX STATUS OF SECURITIES BROKERS.

26 USC 3121 note.

(a) **IN GENERAL.**—In determining for purposes of the Internal Revenue Code of 1986 whether a registered representative of a securities broker-dealer is an employee (as defined in section 3121(d) of the Internal Revenue Code of 1986), no weight shall be given to instructions from the service recipient which are imposed only in compliance with investor protection standards imposed by the Federal Government, any State government, or a governing body pursuant to a delegation by a Federal or State agency.

(b) **EFFECTIVE DATE.**—Subsection (a) shall apply to services performed after December 31, 1997.

SEC. 922. CLARIFICATION OF EXEMPTION FROM SELF-EMPLOYMENT TAX FOR CERTAIN TERMINATION PAYMENTS RECEIVED BY FORMER INSURANCE SALESMEN.

(a) **INTERNAL REVENUE CODE.**—Section 1402 (relating to definitions) is amended by adding at the end the following new subsection:

“(k) **CODIFICATION OF TREATMENT OF CERTAIN TERMINATION PAYMENTS RECEIVED BY FORMER INSURANCE SALESMEN.**—Nothing in subsection (a) shall be construed as including in the net earnings

from self-employment of an individual any amount received during the taxable year from an insurance company on account of services performed by such individual as an insurance salesman for such company if—

“(1) such amount is received after termination of such individual’s agreement to perform such services for such company,

“(2) such individual performs no services for such company after such termination and before the close of such taxable year,

“(3) such individual enters into a covenant not to compete against such company which applies to at least the 1-year period beginning on the date of such termination, and

“(4) the amount of such payment—

“(A) depends primarily on policies sold by or credited to the account of such individual during the last year of such agreement or the extent to which such policies remain in force for some period after such termination, or both, and

“(B) does not depend to any extent on length of service or overall earnings from services performed for such company (without regard to whether eligibility for payment depends on length of service).”.

42 USC 411. (b) SOCIAL SECURITY ACT.—Section 211 of the Social Security Act is amended by adding at the end the following new subsection:

“Codification of Treatment of Certain Termination Payments
Received by Former Insurance Salesmen

“(j) Nothing in subsection (a) shall be construed as including in the net earnings from self-employment of an individual any amount received during the taxable year from an insurance company on account of services performed by such individual as an insurance salesman for such company if—

“(1) such amount is received after termination of such individual’s agreement to perform such services for such company,

“(2) such individual performs no services for such company after such termination and before the close of such taxable year,

“(3) such individual enters into a covenant not to compete against such company which applies to at least the 1-year period beginning on the date of such termination, and

“(4) the amount of such payment—

“(A) depends primarily on policies sold by or credited to the account of such individual during the last year of such agreement or the extent to which such policies remain in force for some period after such termination, or both, and

“(B) does not depend to any extent on length of service or overall earnings from services performed for such company (without regard to whether eligibility for payment depends on length of service).”.

26 USC 1402 note. (c) EFFECTIVE DATE.—The amendments made by this section shall apply to payments after December 31, 1997.

Subtitle D—Provisions Relating to Small Businesses

SEC. 931. WAIVER OF PENALTY THROUGH JUNE 30, 1998, ON SMALL BUSINESSES FAILING TO MAKE ELECTRONIC FUND TRANSFERS OF TAXES.

No penalty shall be imposed under the Internal Revenue Code of 1986 solely by reason of a failure by a person to use the electronic fund transfer system established under section 6302(h) of such Code if—

26 USC 6302
note.

- (1) such person is a member of a class of taxpayers first required to use such system on or after July 1, 1997, and
- (2) such failure occurs before July 1, 1998.

SEC. 932. CLARIFICATION OF TREATMENT OF HOME OFFICE USE FOR ADMINISTRATIVE AND MANAGEMENT ACTIVITIES.

(a) IN GENERAL.—Paragraph (1) of section 280A(c) is amended by adding at the end the following new sentence: “For purposes of subparagraph (A), the term ‘principal place of business’ includes a place of business which is used by the taxpayer for the administrative or management activities of any trade or business of the taxpayer if there is no other fixed location of such trade or business where the taxpayer conducts substantial administrative or management activities of such trade or business.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1998.

26 USC 280A
note.

SEC. 933. AVERAGING OF FARM INCOME OVER 3 YEARS.

(a) IN GENERAL.—Subchapter Q of chapter 1 (relating to readjustment of tax between years and special limitations) is amended by adding the following new part:

“PART I—INCOME AVERAGING

“Sec. 1301. Averaging of farm income.

“SEC. 1301. AVERAGING OF FARM INCOME.

“(a) IN GENERAL.—At the election of an individual engaged in a farming business, the tax imposed by section 1 for such taxable year shall be equal to the sum of—

“(1) a tax computed under such section on taxable income reduced by elected farm income, plus

“(2) the increase in tax imposed by section 1 which would result if taxable income for each of the 3 prior taxable years were increased by an amount equal to one-third of the elected farm income.

Any adjustment under this section for any taxable year shall be taken into account in applying this section for any subsequent taxable year.

“(b) DEFINITIONS.—In this section—

“(1) ELECTED FARM INCOME.—

“(A) IN GENERAL.—The term ‘elected farm income’ means so much of the taxable income for the taxable year—

“(i) which is attributable to any farming business; and

“(ii) which is specified in the election under subsection (a).

“(B) TREATMENT OF GAINS.—For purposes of subparagraph (A), gain from the sale or other disposition of property (other than land) regularly used by the taxpayer in such a farming business for a substantial period shall be treated as attributable to such a farming business.

“(2) INDIVIDUAL.—The term ‘individual’ shall not include any estate or trust.

“(3) FARMING BUSINESS.—The term ‘farming business’ has the meaning given such term by section 263A(e)(4).

“(c) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section, including regulations regarding—

“(1) the order and manner in which items of income, gain, deduction, or loss, or limitations on tax, shall be taken into account in computing the tax imposed by this chapter on the income of any taxpayer to whom this section applies for any taxable year, and

“(2) the treatment of any short taxable year.”.

(b) CLERICAL AMENDMENT.—The table of parts for such subchapter Q is amended by inserting before the item relating to part II the following new item:

“Part I. Income averaging.”.

26 USC 1301
note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997, and before January 1, 2001.

SEC. 934. INCREASE IN DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—The table contained in section 162(l)(1)(B) is amended to read as follows:

For taxable years beginning in calendar year—	The applicable percentage is—
1997	40
1998 and 1999	45
2000 and 2001	50
2002	60
2003 through 2005	80
2006	90
2007 and thereafter	100.”.

26 USC 162 note.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 935. MORATORIUM ON CERTAIN REGULATIONS.

No temporary or final regulation with respect to the definition of a limited partner under section 1402(a)(13) of the Internal Revenue Code of 1986 may be issued or made effective before July 1, 1998.

Subtitle E—Brownfields

SEC. 941. EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

(a) IN GENERAL.—Part VI of subchapter B of chapter 1 is amended by adding at the end the following new section:

“SEC. 198. EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

“(a) **IN GENERAL.**—A taxpayer may elect to treat any qualified environmental remediation expenditure which is paid or incurred by the taxpayer as an expense which is not chargeable to capital account. Any expenditure which is so treated shall be allowed as a deduction for the taxable year in which it is paid or incurred.

“(b) **QUALIFIED ENVIRONMENTAL REMEDIATION EXPENDITURE.**—For purposes of this section—

“(1) **IN GENERAL.**—The term ‘qualified environmental remediation expenditure’ means any expenditure—

“(A) which is otherwise chargeable to capital account, and

“(B) which is paid or incurred in connection with the abatement or control of hazardous substances at a qualified contaminated site.

“(2) **SPECIAL RULE FOR EXPENDITURES FOR DEPRECIABLE PROPERTY.**—Such term shall not include any expenditure for the acquisition of property of a character subject to the allowance for depreciation which is used in connection with the abatement or control of hazardous substances at a qualified contaminated site; except that the portion of the allowance under section 167 for such property which is otherwise allocated to such site shall be treated as a qualified environmental remediation expenditure.

“(c) **QUALIFIED CONTAMINATED SITE.**—For purposes of this section—

“(1) **QUALIFIED CONTAMINATED SITE.**—

“(A) **IN GENERAL.**—The term ‘qualified contaminated site’ means any area—

“(i) which is held by the taxpayer for use in a trade or business or for the production of income, or which is property described in section 1221(1) in the hands of the taxpayer,

“(ii) which is within a targeted area, and

“(iii) at or on which there has been a release (or threat of release) or disposal of any hazardous substance.

“(B) **TAXPAYER MUST RECEIVE STATEMENT FROM STATE ENVIRONMENTAL AGENCY.**—An area shall be treated as a qualified contaminated site with respect to expenditures paid or incurred during any taxable year only if the taxpayer receives a statement from the appropriate agency of the State in which such area is located that such area meets the requirements of clauses (ii) and (iii) of subparagraph (A).

“(C) **APPROPRIATE STATE AGENCY.**—For purposes of subparagraph (B), the chief executive officer of each State may, in consultation with the Administrator of the Environmental Protection Agency, designate the appropriate State environmental agency within 60 days of the date of the enactment of this section. If the chief executive officer of a State has not designated an appropriate State environmental agency within such 60-day period, the appropriate environmental agency for such State shall be designated by the Administrator of the Environmental Protection Agency.

“(2) **TARGETED AREA.**—

“(A) IN GENERAL.—The term ‘targeted area’ means—

“(i) any population census tract with a poverty rate of not less than 20 percent,

“(ii) a population census tract with a population of less than 2,000 if—

“(I) more than 75 percent of such tract is zoned for commercial or industrial use, and

“(II) such tract is contiguous to 1 or more other population census tracts which meet the requirement of clause (i) without regard to this clause,

“(iii) any empowerment zone or enterprise community (and any supplemental zone designated on December 21, 1994), and

“(iv) any site announced before February 1, 1997, as being included as a brownfields pilot project of the Environmental Protection Agency.

“(B) NATIONAL PRIORITIES LISTED SITES NOT INCLUDED.—Such term shall not include any site which is on, or proposed for, the national priorities list under section 105(a)(8)(B) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (as in effect on the date of the enactment of this section).

“(C) CERTAIN RULES TO APPLY.—For purposes of this paragraph the rules of sections 1392(b)(4) and 1393(a)(9) shall apply.

“(d) HAZARDOUS SUBSTANCE.—For purposes of this section—

“(1) IN GENERAL.—The term ‘hazardous substance’ means—

“(A) any substance which is a hazardous substance as defined in section 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, and

“(B) any substance which is designated as a hazardous substance under section 102 of such Act.

“(2) EXCEPTION.—Such term shall not include any substance with respect to which a removal or remedial action is not permitted under section 104 of such Act by reason of subsection (a)(3) thereof.

“(e) DEDUCTION RECAPTURED AS ORDINARY INCOME ON SALE, ETC.—Solely for purposes of section 1245, in the case of property to which a qualified environmental remediation expenditure would have been capitalized but for this section—

“(1) the deduction allowed by this section for such expenditure shall be treated as a deduction for depreciation, and

“(2) such property (if not otherwise section 1245 property) shall be treated as section 1245 property solely for purposes of applying section 1245 to such deduction.

“(f) COORDINATION WITH OTHER PROVISIONS.—Sections 280B and 468 shall not apply to amounts which are treated as expenses under this section.

“(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.

“(h) TERMINATION.—This section shall not apply to expenditures paid or incurred after December 31, 2000.”

(b) **CLERICAL AMENDMENT.**—The table of sections for part VI of subchapter B of chapter 1 is amended by adding at the end the following new item:

“Sec. 198. Expensing of environmental remediation costs.”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to expenditures paid or incurred after the date of the enactment of this Act, in taxable years ending after such date. 26 USC 198 note.

Subtitle F—Empowerment Zones, Enterprise Communities, Brownfields, and Community Development Financial Institutions

CHAPTER 1—ADDITIONAL EMPOWERMENT ZONES

SEC. 951. ADDITIONAL EMPOWERMENT ZONES.

(a) **IN GENERAL.**—Paragraph (2) of section 1391(b) (relating to designations of empowerment zones and enterprise communities) is amended—

- (1) by striking “9” and inserting “11”,
- (2) by striking “6” and inserting “8”, and
- (3) by striking “750,000” and inserting “1,000,000”.

(b) **SPECIAL RULES FOR APPLICATION OF EMPLOYMENT CREDIT.**—Subsection (b) of section 1396 (relating to empowerment zone employment credit) is amended—

- (1) by striking so much of the subsection as precedes the table and inserting the following:

“(b) **APPLICABLE PERCENTAGE.**—For purposes of this section—

“(1) **IN GENERAL.**—Except as provided in paragraph (2), the term ‘applicable percentage’ means the percentage determined in accordance with the following table:”, and

- (2) by adding at the end the following new paragraph:

“(2) **SPECIAL RULE.**—With respect to each empowerment zone designated pursuant to the amendments made by the Taxpayer Relief Act of 1997 to section 1391(b)(2), the following table shall apply in lieu of the table in paragraph (1):

“In the case of wages paid or incurred during calendar year—	The applicable percentage is—
2000 through 2004	20
2005	15
2006	10
2007	5.”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on the date of the enactment of this Act, except that designations of new empowerment zones made pursuant to such amendments shall be made during the 180-day period beginning on the date of the enactment of this Act. No designation pursuant to such amendments shall take effect before January 1, 2000. 26 USC 1391 note.

CHAPTER 2—NEW EMPOWERMENT ZONES**SEC. 952. DESIGNATION OF NEW EMPOWERMENT ZONES.**

(a) IN GENERAL.—Section 1391 (relating to designation procedure for empowerment zones and enterprise communities) is amended by adding at the end the following new subsection:

“(g) ADDITIONAL DESIGNATIONS PERMITTED.—

“(1) IN GENERAL.—In addition to the areas designated under subsection (a), the appropriate Secretaries may designate in the aggregate an additional 20 nominated areas as empowerment zones under this section, subject to the availability of eligible nominated areas. Of that number, not more than 15 may be designated in urban areas and not more than 5 may be designated in rural areas.

“(2) PERIOD DESIGNATIONS MAY BE MADE AND TAKE EFFECT.—A designation may be made under this subsection after the date of the enactment of this subsection and before January 1, 1999.

“(3) MODIFICATIONS TO ELIGIBILITY CRITERIA, ETC.—

“(A) POVERTY RATE REQUIREMENT.—

“(i) IN GENERAL.—A nominated area shall be eligible for designation under this subsection only if the poverty rate for each population census tract within the nominated area is not less than 20 percent and the poverty rate for at least 90 percent of the population census tracts within the nominated area is not less than 25 percent.

“(ii) TREATMENT OF CENSUS TRACTS WITH SMALL POPULATIONS.—A population census tract with a population of less than 2,000 shall be treated as having a poverty rate of not less than 25 percent if—

“(I) more than 75 percent of such tract is zoned for commercial or industrial use, and

“(II) such tract is contiguous to 1 or more other population census tracts which have a poverty rate of not less than 25 percent (determined without regard to this clause).

“(iii) EXCEPTION FOR DEVELOPABLE SITES.—Clause (i) shall not apply to up to 3 noncontiguous parcels in a nominated area which may be developed for commercial or industrial purposes. The aggregate area of noncontiguous parcels to which the preceding sentence applies with respect to any nominated area shall not exceed 2,000 acres.

“(iv) CERTAIN PROVISIONS NOT TO APPLY.—Section 1392(a)(4) (and so much of paragraphs (1) and (2) of section 1392(b) as relate to section 1392(a)(4)) shall not apply to an area nominated for designation under this subsection.

“(v) SPECIAL RULE FOR RURAL EMPOWERMENT ZONE.—The Secretary of Agriculture may designate not more than 1 empowerment zone in a rural area without regard to clause (i) if such area satisfies emigration criteria specified by the Secretary of Agriculture.

“(B) SIZE LIMITATION.—

“(i) IN GENERAL.—The parcels described in subparagraph (A)(iii) shall not be taken into account

in determining whether the requirement of subparagraph (A) or (B) of section 1392(a)(3) is met.

“(ii) SPECIAL RULE FOR RURAL AREAS.—If a population census tract (or equivalent division under section 1392(b)(4)) in a rural area exceeds 1,000 square miles or includes a substantial amount of land owned by the Federal, State, or local government, the nominated area may exclude such excess square mileage or governmentally owned land and the exclusion of that area will not be treated as violating the continuous boundary requirement of section 1392(a)(3)(B).

“(C) AGGREGATE POPULATION LIMITATION.—The aggregate population limitation under the last sentence of subsection (b)(2) shall not apply to a designation under paragraph (1)(B).

“(D) PREVIOUSLY DESIGNATED ENTERPRISE COMMUNITIES MAY BE INCLUDED.—Subsection (e)(5) shall not apply to any enterprise community designated under subsection (a) that is also nominated for designation under this subsection.

“(E) INDIAN RESERVATIONS MAY BE NOMINATED.—

“(i) IN GENERAL.—Section 1393(a)(4) shall not apply to an area nominated for designation under this subsection.

“(ii) SPECIAL RULE.—An area in an Indian reservation shall be treated as nominated by a State and a local government if it is nominated by the reservation governing body (as determined by the Secretary of Interior).”.

(b) EMPLOYMENT CREDIT NOT TO APPLY TO NEW EMPOWERMENT ZONES.—Section 1396 (relating to empowerment zone employment credit) is amended by adding at the end the following new subsection:

“(e) CREDIT NOT TO APPLY TO EMPOWERMENT ZONES DESIGNATED UNDER SECTION 1391(g).—This section shall be applied without regard to any empowerment zone designated under section 1391(g).”.

(c) INCREASED EXPENSING UNDER SECTION 179 NOT TO APPLY IN DEVELOPABLE SITES.—Section 1397A (relating to increase in expensing under section 179) is amended by adding at the end the following new subsection:

“(c) LIMITATION.—For purposes of this section, qualified zone property shall not include any property substantially all of the use of which is in any parcel described in section 1391(g)(3)(A)(iii).”.

(d) CONFORMING AMENDMENTS.—

(1) Subsections (e) and (f) of section 1391 are each amended by striking “subsection (a)” and inserting “this section”.

(2) Section 1391(c) is amended by striking “this section” and inserting “subsection (a)”.

SEC. 953. VOLUME CAP NOT TO APPLY TO ENTERPRISE ZONE FACILITY BONDS WITH RESPECT TO NEW EMPOWERMENT ZONES.

(a) IN GENERAL.—Section 1394 (relating to tax-exempt enterprise zone facility bonds) is amended by adding at the end the following new subsection:

“(f) BONDS FOR EMPOWERMENT ZONES DESIGNATED UNDER SECTION 1391(g).—

“(1) IN GENERAL.—In the case of a new empowerment zone facility bond—

“(A) such bond shall not be treated as a private activity bond for purposes of section 146, and

“(B) subsection (c) of this section shall not apply.

“(2) LIMITATION ON AMOUNT OF BONDS.—

“(A) IN GENERAL.—Paragraph (1) shall apply to a new empowerment zone facility bond only if such bond is designated for purposes of this subsection by the local government which nominated the area to which such bond relates.

“(B) LIMITATION ON BONDS DESIGNATED.—The aggregate face amount of bonds which may be designated under subparagraph (A) with respect to any empowerment zone shall not exceed—

“(i) \$60,000,000 if such zone is in a rural area,

“(ii) \$130,000,000 if such zone is in an urban area and the zone has a population of less than 100,000, and

“(iii) \$230,000,000 if such zone is in an urban area and the zone has a population of at least 100,000.

“(C) SPECIAL RULES.—

“(i) COORDINATION WITH LIMITATION IN SUBSECTION (c).—Bonds to which paragraph (1) applies shall not be taken into account in applying the limitation of subsection (c) to other bonds.

“(ii) CURRENT REFUNDING NOT TAKEN INTO ACCOUNT.—In the case of a refunding (or series of refundings) of a bond designated under this paragraph, the refunding obligation shall be treated as designated under this paragraph (and shall not be taken into account in applying subparagraph (B)) if—

“(I) the amount of the refunding bond does not exceed the outstanding amount of the refunded bond, and

“(II) the refunded bond is redeemed not later than 90 days after the date of issuance of the refunding bond.

“(3) NEW EMPOWERMENT ZONE FACILITY BOND.—For purposes of this subsection, the term ‘new empowerment zone facility bond’ means any bond which would be described in subsection (a) if only empowerment zones designated under section 1391(g) were taken into account under sections 1397B and 1397C.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to obligations issued after the date of the enactment of this Act.

26 USC 1394
note.

SEC. 954. MODIFICATION TO ELIGIBILITY CRITERIA FOR DESIGNATION OF FUTURE ENTERPRISE ZONES IN ALASKA OR HAWAII.

Section 1392 (relating to eligibility criteria) is amended by adding at the end the following new subsection:

“(d) SPECIAL ELIGIBILITY FOR NOMINATED AREAS LOCATED IN ALASKA OR HAWAII.—A nominated area in Alaska or Hawaii shall be treated as meeting the requirements of paragraphs (2), (3), and (4) of subsection (a) if for each census tract or block group within such area 20 percent or more of the families have income

which is 50 percent or less of the statewide median family income (as determined under section 143).”.

CHAPTER 3—TREATMENT OF EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES

SEC. 955. MODIFICATIONS TO ENTERPRISE ZONE FACILITY BOND RULES FOR ALL EMPOWERMENT ZONES AND ENTER- PRISE COMMUNITIES.

(a) MODIFICATIONS RELATING TO ENTERPRISE ZONE BUSINESS.—
Paragraph (3) of section 1394(b) (defining enterprise zone business)
is amended to read as follows:

“(3) ENTERPRISE ZONE BUSINESS.—

“(A) IN GENERAL.—Except as modified in this para-
graph, the term ‘enterprise zone business’ has the meaning
given such term by section 1397B.

“(B) MODIFICATIONS.—In applying section 1397B for
purposes of this section—

“(i) BUSINESSES IN ENTERPRISE COMMUNITIES
ELIGIBLE.—References in section 1397B to
empowerment zones shall be treated as including ref-
erences to enterprise communities.

“(ii) WAIVER OF REQUIREMENTS DURING STARTUP
PERIOD.—A business shall not fail to be treated as
an enterprise zone business during the startup period
if—

“(I) as of the beginning of the startup period,
it is reasonably expected that such business will
be an enterprise zone business (as defined in sec-
tion 1397B as modified by this paragraph) at the
end of such period, and

“(II) such business makes bona fide efforts
to be such a business.

“(iii) REDUCED REQUIREMENTS AFTER TESTING
PERIOD.—A business shall not fail to be treated as
an enterprise zone business for any taxable year begin-
ning after the testing period by reason of failing to
meet any requirement of subsection (b) or (c) of section
1397B if at least 35 percent of the employees of such
business for such year are residents of an
empowerment zone or an enterprise community. The
preceding sentence shall not apply to any business
which is not a qualified business by reason of para-
graph (1), (4), or (5) of section 1397B(d).

“(C) DEFINITIONS RELATING TO SUBPARAGRAPH (B).—
For purposes of subparagraph (B)—

“(i) STARTUP PERIOD.—The term ‘startup period’
means, with respect to any property being provided
for any business, the period before the first taxable
year beginning more than 2 years after the later of—

“(I) the date of issuance of the issue providing
such property, or

“(II) the date such property is first placed
in service after such issuance (or, if earlier, the
date which is 3 years after the date described
in subclause (I)).

“(ii) TESTING PERIOD.—The term ‘testing period’ means the first 3 taxable years beginning after the startup period.

“(D) PORTIONS OF BUSINESS MAY BE ENTERPRISE ZONE BUSINESS.—The term ‘enterprise zone business’ includes any trades or businesses which would qualify as an enterprise zone business (determined after the modifications of subparagraph (B)) if such trades or businesses were separately incorporated.”.

(b) MODIFICATIONS RELATING TO QUALIFIED ZONE PROPERTY.—Paragraph (2) of section 1394(b) (defining qualified zone property) is amended to read as follows:

“(2) QUALIFIED ZONE PROPERTY.—The term ‘qualified zone property’ has the meaning given such term by section 1397C; except that—

“(A) the references to empowerment zones shall be treated as including references to enterprise communities, and

“(B) section 1397C(a)(2) shall be applied by substituting ‘an amount equal to 15 percent of the adjusted basis’ for ‘an amount equal to the adjusted basis’.”.

26 USC 1394
note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

SEC. 956. MODIFICATIONS TO ENTERPRISE ZONE BUSINESS DEFINITION FOR ALL EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES.

(a) IN GENERAL.—Section 1397B (defining enterprise zone business) is amended—

(1) by striking “80 percent” in subsections (b)(2) and (c)(1) and inserting “50 percent”,

(2) by striking “substantially all” each place it appears in subsections (b) and (c) and inserting “a substantial portion”,

(3) by striking “, and exclusively related to,” in subsections (b)(4) and (c)(3),

(4) by adding at the end of subsection (d)(2) the following new flush sentence:

“For purposes of subparagraph (B), the lessor of the property may rely on a lessee’s certification that such lessee is an enterprise zone business.”,

(5) by striking “substantially all” in subsection (d)(3) and inserting “at least 50 percent”, and

(6) by adding at the end the following new subsection:

“(f) TREATMENT OF BUSINESSES STRADDLING CENSUS TRACT LINES.—For purposes of this section, if—

“(1) a business entity or proprietorship uses real property located within an empowerment zone,

“(2) the business entity or proprietorship also uses real property located outside the empowerment zone,

“(3) the amount of real property described in paragraph (1) is substantial compared to the amount of real property described in paragraph (2), and

“(4) the real property described in paragraph (2) is contiguous to part or all of the real property described in paragraph (1),

then all the services performed by employees, all business activities, all tangible property, and all intangible property of the business entity or proprietorship that occur in or is located on the real property described in paragraphs (1) and (2) shall be treated as occurring or situated in an empowerment zone.”.

(b) EFFECTIVE DATES.—

26 USC 1397B
note.

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning on or after the date of the enactment of this Act.

(2) SPECIAL RULE FOR ENTERPRISE ZONE FACILITY BONDS.—For purposes of section 1394(b) of the Internal Revenue Code of 1986, the amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

Subtitle G—Other Provisions

SEC. 961. USE OF ESTIMATES OF SHRINKAGE FOR INVENTORY ACCOUNTING.

(a) IN GENERAL.—Section 471 (relating to general rule for inventories) is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

“(b) ESTIMATES OF INVENTORY SHRINKAGE PERMITTED.—A method of determining inventories shall not be treated as failing to clearly reflect income solely because it utilizes estimates of inventory shrinkage that are confirmed by a physical count only after the last day of the taxable year if—

“(1) the taxpayer normally does a physical count of inventories at each location on a regular and consistent basis, and

“(2) the taxpayer makes proper adjustments to such inventories and to its estimating methods to the extent such estimates are greater than or less than the actual shrinkage.”.

(b) EFFECTIVE DATE.—

26 USC 471 note.

(1) IN GENERAL.—The amendment made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) COORDINATION WITH SECTION 481.—In the case of any taxpayer permitted by this section to change its method of accounting to a permissible method for any taxable year—

(A) such changes shall be treated as initiated by the taxpayer,

(B) such changes shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the period for taking into account the adjustments under section 481 by reason of such change shall be 4 years.

SEC. 962. ASSIGNMENT OF WORKMEN'S COMPENSATION LIABILITY ELIGIBLE FOR EXCLUSION RELATING TO PERSONAL INJURY LIABILITY ASSIGNMENTS.

(a) IN GENERAL.—Subsection (c) of section 130 (relating to certain personal injury liability assignments) is amended—

(1) by inserting “, or as compensation under any workmen's compensation act,” after “(whether by suit or agreement)” in the material preceding paragraph (1),

(2) by inserting “or the workmen’s compensation claim,” after “agreement,” in paragraph (1), and

(3) by striking “section 104(a)(2)” in paragraph (2)(D) and inserting “paragraph (1) or (2) of section 104(a)”.

26 USC 130 note.

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall apply to claims under workmen’s compensation acts filed after the date of the enactment of this Act.

SEC. 963. TAX-EXEMPT STATUS FOR CERTAIN STATE WORKER’S COMPENSATION ACT COMPANIES.

(a) **IN GENERAL.**—Section 501(c)(27) (relating to membership organizations under workmen’s compensation acts) is amended by adding at the end the following:

“(B) Any organization (including a mutual insurance company) if—

“(i) such organization is created by State law and is organized and operated under State law exclusively to—

“(I) provide workmen’s compensation insurance which is required by State law or with respect to which State law provides significant disincentives if such insurance is not purchased by an employer, and

“(II) provide related coverage which is incidental to workmen’s compensation insurance,

“(ii) such organization must provide workmen’s compensation insurance to any employer in the State (for employees in the State or temporarily assigned out-of-State) which seeks such insurance and meets other reasonable requirements relating thereto,

“(iii)(I) the State makes a financial commitment with respect to such organization either by extending the full faith and credit of the State to the initial debt of such organization or by providing the initial operating capital of such organization, and (II) in the case of periods after the date of enactment of this subparagraph, the assets of such organization revert to the State upon dissolution or State law does not permit the dissolution of such organization, and

“(iv) the majority of the board of directors or oversight body of such organization are appointed by the chief executive officer or other executive branch official of the State, by the State legislature, or by both.”.

(b) **CONFORMING AMENDMENTS.**—Section 501(c)(27) is amended by inserting “(A)” after “(27)”, by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively, and by redesignating clauses (i) and (ii) of subparagraphs (B) and (C) (before redesignation) as subclauses (I) and (II), respectively.

26 USC 501 note.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 964. ELECTION FOR 1987 PARTNERSHIPS TO CONTINUE EXCEPTION FROM TREATMENT OF PUBLICLY TRADED PARTNERSHIPS AS CORPORATIONS.

(a) **IN GENERAL.**—Section 7704 is amended by adding at the end the following new subsection:

“(g) **EXCEPTION FOR ELECTING 1987 PARTNERSHIPS.**—

“(1) **IN GENERAL.**—Subsection (a) shall not apply to an electing 1987 partnership.

“(2) ELECTING 1987 PARTNERSHIP.—For purposes of this subsection, the term ‘electing 1987 partnership’ means any publicly traded partnership if—

“(A) such partnership is an existing partnership (as defined in section 10211(c)(2) of the Revenue Reconciliation Act of 1987),

“(B) subsection (a) has not applied (and without regard to subsection (c)(1) would not have applied) to such partnership for all prior taxable years beginning after December 31, 1987, and before January 1, 1998, and

“(C) such partnership elects the application of this subsection, and consents to the application of the tax imposed by paragraph (3), for its first taxable year beginning after December 31, 1997.

A partnership which, but for this sentence, would be treated as an electing 1987 partnership shall cease to be so treated (and the election under subparagraph (C) shall cease to be in effect) as of the 1st day after December 31, 1997, on which there has been an addition of a substantial new line of business with respect to such partnership.

“(3) ADDITIONAL TAX ON ELECTING PARTNERSHIPS.—

“(A) IMPOSITION OF TAX.—There is hereby imposed for each taxable year on the income of each electing 1987 partnership a tax equal to 3.5 percent of such partnership’s gross income for the taxable year from the active conduct of trades and businesses by the partnership.

“(B) ADJUSTMENTS IN THE CASE OF TIERED PARTNERSHIPS.—For purposes of this paragraph, in the case of a partnership which is a partner in another partnership, the gross income referred to in subparagraph (A) shall include the partnership’s distributive share of the gross income of such other partnership from the active conduct of trades and businesses of such other partnership. A similar rule shall apply in the case of lower-tiered partnerships.

“(C) TREATMENT OF TAX.—For purposes of this title, the tax imposed by this paragraph shall be treated as imposed by chapter 1 other than for purposes of determining the amount of any credit allowable under chapter 1.

“(4) ELECTION.—An election and consent under this subsection shall apply to the taxable year for which made and all subsequent taxable years unless revoked by the partnership. Such revocation may be made without the consent of the Secretary, but, once so revoked, may not be reinstated.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1997.

26 USC 7704
note.

SEC. 965. EXCLUSION FROM UNRELATED BUSINESS TAXABLE INCOME FOR CERTAIN SPONSORSHIP PAYMENTS.

(a) IN GENERAL.—Section 513 (relating to unrelated trade or business income) is amended by adding at the end the following new subsection:

“(i) TREATMENT OF CERTAIN SPONSORSHIP PAYMENTS.—

“(1) IN GENERAL.—The term ‘unrelated trade or business’ does not include the activity of soliciting and receiving qualified sponsorship payments.

“(2) QUALIFIED SPONSORSHIP PAYMENTS.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘qualified sponsorship payment’ means any payment made by any person engaged in a trade or business with respect to which there is no arrangement or expectation that such person will receive any substantial return benefit other than the use or acknowledgement of the name or logo (or product lines) of such person’s trade or business in connection with the activities of the organization that receives such payment. Such a use or acknowledgement does not include advertising such person’s products or services (including messages containing qualitative or comparative language, price information, or other indications of savings or value, an endorsement, or an inducement to purchase, sell, or use such products or services).

“(B) LIMITATIONS.—

“(i) CONTINGENT PAYMENTS.—The term ‘qualified sponsorship payment’ does not include any payment if the amount of such payment is contingent upon the level of attendance at one or more events, broadcast ratings, or other factors indicating the degree of public exposure to one or more events.

“(ii) SAFE HARBOR DOES NOT APPLY TO PERIODICALS AND QUALIFIED CONVENTION AND TRADE SHOW ACTIVITIES.—The term ‘qualified sponsorship payment’ does not include—

“(I) any payment which entitles the payor to the use or acknowledgement of the name or logo (or product lines) of the payor’s trade or business in regularly scheduled and printed material published by or on behalf of the payee organization that is not related to and primarily distributed in connection with a specific event conducted by the payee organization, or

“(II) any payment made in connection with any qualified convention or trade show activity (as defined in subsection (d)(3)(B)).

“(3) ALLOCATION OF PORTIONS OF SINGLE PAYMENT.—For purposes of this subsection, to the extent that a portion of a payment would (if made as a separate payment) be a qualified sponsorship payment, such portion of such payment and the other portion of such payment shall be treated as separate payments.”

26 USC 513 note.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments solicited or received after December 31, 1997.

SEC. 966. ASSOCIATIONS OF HOLDERS OF TIMESHARE INTERESTS TO BE TAXED LIKE OTHER HOMEOWNERS ASSOCIATIONS.

(a) TIMESHARE ASSOCIATIONS INCLUDED AS HOMEOWNER ASSOCIATIONS.—

(1) IN GENERAL.—Paragraph (1) of section 528(c) (defining homeowners association) is amended—

(A) by striking “or a residential real estate management association” and inserting “, a residential real estate management association, or a timeshare association” in the material preceding subparagraph (A),

(B) by striking “or” at the end of clause (i) of subparagraph (B), by striking the period at the end of clause (ii) of subparagraph (B) and inserting “, or”, and by adding at the end of subparagraph (B) the following new clause:

“(iii) owners of timeshare rights to use, or timeshare ownership interests in, association property in the case of a timeshare association,” and

(C) by inserting “and, in the case of a timeshare association, for activities provided to or on behalf of members of the association” before the comma at the end of subparagraph (C).

(2) **TIMESHARE ASSOCIATION DEFINED.**—Subsection (c) of section 528 is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following new paragraph:

“(4) **TIMESHARE ASSOCIATION.**—The term ‘timeshare association’ means any organization (other than a condominium management association) meeting the requirement of subparagraph (A) of paragraph (1) if any member thereof holds a timeshare right to use, or a timeshare ownership interest in, real property constituting association property.”

(b) **EXEMPT FUNCTION INCOME.**—Paragraph (3) of section 528(d) is amended by striking “or” at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting “, or”, and by adding at the end the following new subparagraph:

“(C) owners of timeshare rights to use, or timeshare ownership interests in, real property in the case of a timeshare association.”

(c) **ASSOCIATION PROPERTY.**—Paragraph (5) of section 528(c), as redesignated by subsection (a)(2), is amended by adding at the end the following new flush sentence:

“In the case of a timeshare association, such term includes property in which the timeshare association, or members of the association, have rights arising out of recorded easements, covenants, or other recorded instruments to use property related to the timeshare project.”

(d) **RATE OF TAX.**—Subsection (b) of section 528 (relating to certain homeowners associations) is amended by inserting before the period “(32 percent of such income in the case of a timeshare association)”.

(e) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 1996. 26 USC 528 note.

SEC. 967. ADDITIONAL ADVANCE REFUNDING OF CERTAIN VIRGIN ISLAND BONDS.

Subclause (I) of section 149(d)(3)(A)(i) of the Internal Revenue Code of 1986 shall not apply to the second advance refunding of any issue of the Virgin Islands which was first advance refunded before June 9, 1997, if the debt provisions of the refunding bonds are changed to repeal the priority first lien requirement of the refunded bonds.

SEC. 968. NONRECOGNITION OF GAIN ON SALE OF STOCK TO CERTAIN FARMERS' COOPERATIVES.

(a) **IN GENERAL.**—Section 1042 (relating to sales of stock to employee stock ownership plans or certain cooperatives) is amended by adding at the end the following new subsection:

“(g) APPLICATION OF SECTION TO SALES OF STOCK IN AGRICULTURAL REFINERS AND PROCESSORS TO ELIGIBLE FARM COOPERATIVES.—

“(1) IN GENERAL.—This section shall apply to the sale of stock of a qualified refiner or processor to an eligible farmers’ cooperative.

“(2) QUALIFIED REFINER OR PROCESSOR.—For purposes of this subsection, the term ‘qualified refiner or processor’ means a domestic corporation—

“(A) substantially all of the activities of which consist of the active conduct of the trade or business of refining or processing agricultural or horticultural products, and

“(B) which, during the 1-year period ending on the date of the sale, purchases more than one-half of such products to be refined or processed from—

“(i) farmers who make up the eligible farmers’ cooperative which is purchasing stock in the corporation in a transaction to which this subsection is to apply, or

“(ii) such cooperative.

“(3) ELIGIBLE FARMERS’ COOPERATIVE.—For purposes of this section, the term ‘eligible farmers’ cooperative’ means an organization to which part I of subchapter T applies and which is engaged in the marketing of agricultural or horticultural products.

“(4) SPECIAL RULES.—In applying this section to a sale to which paragraph (1) applies—

“(A) the eligible farmers’ cooperative shall be treated in the same manner as a cooperative described in subsection (b)(1)(B),

“(B) subsection (b)(2) shall be applied by substituting ‘100 percent’ for ‘30 percent’ each place it appears,

“(C) the determination as to whether any stock in the domestic corporation is a qualified security shall be made without regard to whether the stock is an employer security or to subsection (c)(1)(A), and

“(D) paragraphs (2)(D) and (7) of subsection (c) shall not apply.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales after December 31, 1997.

26 USC 1042
note.

SEC. 969. INCREASED DEDUCTIBILITY OF BUSINESS MEAL EXPENSES FOR INDIVIDUALS SUBJECT TO FEDERAL HOURS OF SERVICE.

(a) IN GENERAL.—Section 274(n) (relating to only 50 percent of meal and entertainment expenses allowed as deduction) is amended by adding at the end the following new paragraph:

“(3) SPECIAL RULE FOR INDIVIDUALS SUBJECT TO FEDERAL HOURS OF SERVICE.—

“(A) IN GENERAL.—In the case of any expenses for food or beverages consumed while away from home (within the meaning of section 162(a)(2)) by an individual during, or incident to, the period of duty subject to the hours of service limitations of the Department of Transportation, paragraph (1) shall be applied by substituting ‘the applicable percentage’ for ‘50 percent’.

“(B) APPLICABLE PERCENTAGE.—For purposes of this paragraph, the term ‘applicable percentage’ means the percentage determined under the following table:

“For taxable years beginning in calendar year—	The applicable percentage is—
1998 or 1999	55
2000 or 2001	60
2002 or 2003	65
2004 or 2005	70
2006 or 2007	75
2008 or thereafter	80.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1997. 26 USC 274 note.

SEC. 970. CLARIFICATION OF DE MINIMIS FRINGE BENEFIT RULES TO NO-CHARGE EMPLOYEE MEALS.

(a) IN GENERAL.—Paragraph (2) of section 132(e) (defining de minimis fringe) is amended by adding at the end the following new sentence: “For purposes of subparagraph (B), an employee entitled under section 119 to exclude the value of a meal provided at such facility shall be treated as having paid an amount for such meal equal to the direct operating costs of the facility attributable to such meal.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1997. 26 USC 132 note.

SEC. 971. EXEMPTION OF THE INCREMENTAL COST OF A CLEAN FUEL VEHICLE FROM THE LIMITS ON DEPRECIATION FOR VEHICLES.

(a) IN GENERAL.—Section 280F(a)(1) (relating to limiting depreciation on luxury automobiles) is amended by adding at the end the following new subparagraph:

“(C) SPECIAL RULE FOR CERTAIN CLEAN-FUEL PASSENGER AUTOMOBILES.—

“(i) MODIFIED AUTOMOBILES.—In the case of a passenger automobile which is propelled by a fuel which is not a clean-burning fuel and to which is installed qualified clean-fuel vehicle property (as defined in section 179A(c)(1)(A)) for purposes of permitting such vehicle to be propelled by a clean burning fuel (as defined in section 179A(e)(1)), subparagraph (A) shall not apply to the cost of the installed qualified clean burning vehicle property.

“(ii) PURPOSE BUILT PASSENGER VEHICLES.—In the case of a purpose built passenger vehicle (as defined in section 4001(a)(2)(C)(ii)), each of the annual limitations specified in subparagraph (A) shall be tripled.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of enactment of this Act and before January 1, 2005. 26 USC 280F note.

SEC. 972. TEMPORARY SUSPENSION OF TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR MARGINAL PRODUCTION.

(a) IN GENERAL.—Paragraph (6) of section 613A(c) is amended by adding at the end the following new subparagraph:

“(H) TEMPORARY SUSPENSION OF TAXABLE INCOME LIMIT WITH RESPECT TO MARGINAL PRODUCTION.—The second sentence of subsection (a) of section 613 shall not apply to so much of the allowance for depletion as is determined under subparagraph (A) for any taxable year beginning after December 31, 1997, and before January 1, 2000.”.

26 USC 613A
note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1997.

SEC. 973. INCREASE IN STANDARD MILEAGE RATE EXPENSE DEDUCTION FOR CHARITABLE USE OF PASSENGER AUTOMOBILE.

(a) IN GENERAL.—Section 170(i) (relating to standard mileage rate for use of passenger automobile) is amended to read as follows:

“(i) STANDARD MILEAGE RATE FOR USE OF PASSENGER AUTOMOBILE.—For purposes of computing the deduction under this section for use of a passenger automobile, the standard mileage rate shall be 14 cents per mile.”.

26 USC 170 note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1997.

SEC. 974. CLARIFICATION OF TREATMENT OF CERTAIN RECEIVABLES PURCHASED BY COOPERATIVE HOSPITAL SERVICE ORGANIZATIONS.

(a) IN GENERAL.—Subparagraph (A) of section 501(e)(1) is amended by inserting “(including the purchase of patron accounts receivable on a recourse basis)” after “billing and collection”.

26 USC 501 note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1996.

SEC. 975. DEDUCTION IN COMPUTING ADJUSTED GROSS INCOME FOR EXPENSES IN CONNECTION WITH SERVICE PERFORMED BY CERTAIN OFFICIALS.

(a) IN GENERAL.—Paragraph (2) of section 62(a) (defining adjusted gross income) is amended by adding at the end the following new subparagraph:

“(C) CERTAIN EXPENSES OF OFFICIALS.—The deductions allowed by section 162 which consist of expenses paid or incurred with respect to services performed by an official as an employee of a State or a political subdivision thereof in a position compensated in whole or in part on a fee basis.”.

26 USC 62 note.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to expenses paid or incurred in taxable years beginning after December 31, 1986.

SEC. 976. COMBINED EMPLOYMENT TAX REPORTING DEMONSTRATION PROJECT.

26 USC 6103
note.

(a) IN GENERAL.—The Secretary of the Treasury shall provide for a demonstration project to assess the feasibility and desirability of expanding combined Federal and State tax reporting.

26 USC 6103
note.

(b) DESCRIPTION OF DEMONSTRATION PROJECT.—The demonstration project under subsection (a) shall be—

Montana.

(1) carried out between the Internal Revenue Service and the State of Montana for a period ending with the date which is 5 years after the date of the enactment of this Act,

(2) limited to the reporting of employment taxes, and

(3) limited to the disclosure of the taxpayer identity (as defined in section 6103(b)(6) of such Code) and the signature of the taxpayer.

(c) CONFORMING AMENDMENT.—Section 6103(d) is amended by adding at the end the following new paragraph:

“(5) DISCLOSURE FOR CERTAIN COMBINED REPORTING PROJECT.—The Secretary shall disclose taxpayer identities and signatures for purposes of the demonstration project described in section 967 of the Taxpayer Relief Act of 1997.”.

SEC. 977. ELECTIVE CARRYBACK OF EXISTING CARRYOVERS OF NATIONAL RAILROAD PASSENGER CORPORATION. 26 USC 172 note.

(a) ELECTIVE CARRYBACK.—

(1) IN GENERAL.—If the National Railroad Passenger Corporation (in this section referred to as the “Corporation”)—

(A) makes an election under this section for its first taxable year ending after September 30, 1997, and

(B) agrees to the conditions specified in paragraph

(2),

then the Corporation shall be treated as having made a payment of the tax imposed by chapter 1 of the Internal Revenue Code of 1986 for such first taxable year and the succeeding taxable year in an amount (for each such taxable year) equal to 50 percent of the amount determined under paragraph (3). Each such payment shall be treated as having been made by the Corporation on the last day prescribed by law (without regard to extensions) for filing its return of tax under chapter 1 of such Code for the taxable year to which such payment relates.

(2) CONDITIONS.—

(A) IN GENERAL.—This section shall only apply to the Corporation if it agrees (in such manner as the Secretary of the Treasury or his delegate may prescribe) to—

(i) except as provided in clause (ii), use any refund of the payment described in paragraph (1) (and any interest thereon) solely to finance qualified expenses of the Corporation, and

(ii) make the payments to non-Amtrak States as described in subsection (c).

(B) REPAYMENT.—

(i) IN GENERAL.—The Corporation shall repay to the United States any amount not used in accordance with this paragraph and any amount remaining unused as of January 1, 2010.

(ii) SPECIAL RULES.—For purposes of clause (i)—

(I) no amount shall be treated as remaining unused as of January 1, 2010, if it is obligated as of such date for a qualified expense, and

(II) the Corporation shall not be treated as failing to meet the requirements of clause (i) by reason of investing any amount for a temporary period.

(3) AMOUNT.—For purposes of paragraph (1)—

(A) IN GENERAL.—The amount determined under this paragraph shall be the lesser of—

(i) 35 percent of the Corporation’s existing qualified carryovers, or

(ii) the Corporation's net tax liability for the carryback period.

(B) DOLLAR LIMIT.—Such amount shall not exceed \$2,323,000,000.

(b) EXISTING QUALIFIED CARRYOVERS; NET TAX LIABILITY.—For purposes of this section—

(1) EXISTING QUALIFIED CARRYOVERS.—The term “existing qualified carryovers” means the aggregate of the amounts which are net operating loss carryovers under section 172(b) of the Internal Revenue Code of 1986 to the Corporation's first taxable year ending after September 30, 1997.

(2) NET TAX LIABILITY FOR CARRYBACK PERIOD.—

(A) IN GENERAL.—The Corporation's net tax liability for the carryback period is the aggregate of the net tax liability of the Corporation's railroad predecessors for taxable years in the carryback period.

(B) NET TAX LIABILITY.—The term “net tax liability” means, with respect to any taxable year, the amount of the tax imposed by chapter 1 of the Internal Revenue Code of 1986 (or any corresponding provision of prior law) for such taxable year, reduced by the sum of the credits allowable against such tax under such Code (or any corresponding provision of prior law).

(C) CARRYBACK PERIOD.—The term “carryback period” means the period—

(i) which begins with the first taxable year of any railroad predecessor beginning before January 1, 1971, for which there is a net tax liability, and

(ii) which ends with the last taxable year of any railroad predecessor beginning before January 1, 1971.

(3) RAILROAD PREDECESSOR.—

(A) IN GENERAL.—The term “railroad predecessor” means—

(i) any railroad which entered into a contract under section 401 or 404(a) of the Rail Passenger Service Act of 1970 relieving the railroad of its entire responsibility for the provision of intercity rail passenger service, and

(ii) any predecessor thereof.

(B) CONSOLIDATED RETURNS.—If any railroad described in subparagraph (A) was a member of an affiliated group which filed a consolidated return for any taxable year in the carryback period, each member of such group shall be treated as a railroad predecessor for such year.

(c) PAYMENTS TO NON-AMTRAK STATES.—

(1) IN GENERAL.—Within 30 days after receipt of any refund of any payment described in subsection (a)(1), the Corporation shall pay to each non-Amtrak State an amount equal to 1 percent of the amount of such refund.

(2) USE OF PAYMENT.—Each non-Amtrak State shall use the payment described in paragraph (1) (and any interest thereon) solely to finance qualified expenses of the State.

(3) REPAYMENT.—A non-Amtrak State shall pay to the United States—

(A) any portion of the payment received by the State under paragraph (1) (and any interest thereon) which is used for a purpose other than to finance qualified expenses

of the State or which remains unused as of January 1, 2010, or

(B) if such State ceases to be a non-Amtrak State, the portion of such payment (and any interest thereon) remaining as of the date of the cessation.

Rules similar to the rules of subsection (a)(2)(B) shall apply for purposes of this paragraph.

(d) TAX CONSEQUENCES.—

(1) REDUCTION IN CARRYOVERS.—If the Corporation elects the application of this section, the Corporation's existing qualified carryovers shall be reduced by an amount equal to the amount determined under subsection (a)(3) divided by 0.35.

(2) REDUCTION IN TAX PAID BY RAILROAD PREDECESSORS.—

(A) IN GENERAL.—The Secretary of the Treasury or his delegate shall appropriately adjust the tax account of each railroad predecessor to reduce the net tax liability of such predecessor for taxable years beginning in the carryback period which is offset by reason of the application of this section.

(B) FIFO ORDERING RULE.—The Secretary shall make the adjustments under subparagraph (A) first for the earliest year in the carryback period and then for each subsequent year in such period.

(C) NO EFFECT ON OTHER TAXPAYERS.—In no event shall any taxpayer other than the Corporation be allowed a refund or credit by reason of this section.

(D) WAIVER OF LIMITATIONS.—If the adjustment under subparagraph (A) is barred by the operation of any law or rule of law, such law or rule of law shall be waived solely for purposes of making such adjustment.

(3) TAX TREATMENT OF EXPENDITURES.—With respect to any payment by the Corporation of qualified expenses described in subsection (e)(1)(A) during any taxable year from the amount of any refund of the payment described in subsection (a)(1)—

(A) no deduction shall be allowed to the Corporation with respect to any amount paid or incurred which is attributable to such amount, and

(B) the basis of any property shall be reduced by the portion of the cost of such property which is attributable to such amount.

(4) PAYMENTS TO A NON-AMTRAK STATE.—No deduction shall be allowed to the Corporation under chapter 1 of the Internal Revenue Code of 1986 for any payment to a non-Amtrak State required under subsection (a)(2)(A)(ii).

(e) DEFINITIONS.—For purposes of this section—

(1) QUALIFIED EXPENSES.—The term “qualified expenses” means expenses incurred for—

(A) in the case of the Corporation—

(i) the acquisition of equipment, rolling stock, and other capital improvements, the upgrading of maintenance facilities, and the maintenance of existing equipment, in intercity passenger rail service, and

(ii) the payment of interest and principal on obligations incurred for such acquisition, upgrading, and maintenance, and

(B) in the case of a non-Amtrak State—

(i) the acquisition of equipment, rolling stock, and other capital improvements, the upgrading of maintenance facilities, and the maintenance of existing equipment, in intercity passenger rail service,

(ii) the acquisition of equipment, rolling stock, and other capital improvements, the upgrading of maintenance facilities, and the maintenance of existing equipment, in intercity bus service,

(iii) the purchase of intercity passenger rail services from the Corporation, and

(iv) the payment of interest and principal on obligations incurred for such acquisition, upgrading, maintenance, and purchase.

In the case of a non-Amtrak State which provides its own intercity passenger rail service on the date of the enactment of this paragraph, subparagraph (B) shall be applied by only taking into account clauses (i) and (iv).

(2) NON-AMTRAK STATE.—The term “non-Amtrak State” means, with respect to any payment, any State which does not receive intercity passenger rail service from the Corporation at any time during the period beginning on the date of the enactment of this Act and ending on the date of the payment.

(f) AUTHORIZING REFORM REQUIRED.—

(1) IN GENERAL.—The Secretary of the Treasury shall not make payment of any refund of any payment described in subsection (a)(1) earlier than the date of the enactment of Federal legislation, other than legislation included in this section, which is enacted after July 29, 1997, and which authorizes reforms of the National Railroad Passenger Corporation.

(2) NO INTEREST.—Notwithstanding any other provision of law, if the payment of any refund is delayed by reason of paragraph (1), no interest shall accrue with respect to such payment prior to the 45th day following the date of the enactment of Federal legislation described in paragraph (1).

(3) ESTIMATE OF REVENUE.—For purposes of estimating revenues under budget reconciliation, the impact of this section on Federal revenues shall be determined without regard to this subsection.

Subtitle H—Extension of Duty-Free Treatment Under Generalized System of Preferences

SEC. 981. GENERALIZED SYSTEM OF PREFERENCES.

(a) EXTENSION OF DUTY-FREE TREATMENT UNDER SYSTEM.—Section 505 of the Trade Act of 1974 (19 U.S.C. 2465) is amended by striking “May 31, 1997” and inserting “June 30, 1998”.

19 USC 465 note.

(b) RETROACTIVE APPLICATION FOR CERTAIN LIQUIDATIONS AND RELIQUIDATIONS.—

(1) IN GENERAL.—Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law and subject to paragraph (2), the entry—

(A) of any article to which duty-free treatment under title V of the Trade Act of 1974 would have applied if the entry had been made on May 31, 1997, and

(B) that was made after May 31, 1997, and before the date of the enactment of this Act, shall be liquidated or reliquidated as free of duty, and the Secretary of the Treasury shall refund any duty paid with respect to such entry. As used in this subsection, the term “entry” includes a withdrawal from warehouse for consumption.

(2) REQUESTS.—Liquidation or reliquidation may be made under paragraph (1) with respect to an entry only if a request therefor is filed with the Customs Service, within 180 days after the date of the enactment of this Act, that contains sufficient information to enable the Customs Service—

(A) to locate the entry; or

(B) to reconstruct the entry if it cannot be located.

TITLE X—REVENUES

Subtitle A—Financial Products

SEC. 1001. CONSTRUCTIVE SALES TREATMENT FOR APPRECIATED FINANCIAL POSITIONS.

(a) IN GENERAL.—Part IV of subchapter P of chapter 1 is amended by adding at the end the following new section:

“SEC. 1259. CONSTRUCTIVE SALES TREATMENT FOR APPRECIATED FINANCIAL POSITIONS.

“(a) IN GENERAL.—If there is a constructive sale of an appreciated financial position—

“(1) the taxpayer shall recognize gain as if such position were sold, assigned, or otherwise terminated at its fair market value on the date of such constructive sale (and any gain shall be taken into account for the taxable year which includes such date), and

“(2) for purposes of applying this title for periods after the constructive sale—

“(A) proper adjustment shall be made in the amount of any gain or loss subsequently realized with respect to such position for any gain taken into account by reason of paragraph (1), and

“(B) the holding period of such position shall be determined as if such position were originally acquired on the date of such constructive sale.

“(b) APPRECIATED FINANCIAL POSITION.—For purposes of this section—

“(1) IN GENERAL.—Except as provided in paragraph (2), the term ‘appreciated financial position’ means any position with respect to any stock, debt instrument, or partnership interest if there would be gain were such position sold, assigned, or otherwise terminated at its fair market value.

“(2) EXCEPTIONS.—The term ‘appreciated financial position’ shall not include—

“(A) any position with respect to debt if—

“(i) the debt unconditionally entitles the holder to receive a specified principal amount,

“(ii) the interest payments (or other similar amounts) with respect to such debt meet the requirements of clause (i) of section 860G(a)(1)(B), and

“(iii) such debt is not convertible (directly or indirectly) into stock of the issuer or any related person, and

“(B) any position which is marked to market under any provision of this title or the regulations thereunder.

“(3) POSITION.—The term ‘position’ means an interest, including a futures or forward contract, short sale, or option.

“(c) CONSTRUCTIVE SALE.—For purposes of this section—

“(1) IN GENERAL.—A taxpayer shall be treated as having made a constructive sale of an appreciated financial position if the taxpayer (or a related person)—

“(A) enters into a short sale of the same or substantially identical property,

“(B) enters into an offsetting notional principal contract with respect to the same or substantially identical property,

“(C) enters into a futures or forward contract to deliver the same or substantially identical property,

“(D) in the case of an appreciated financial position that is a short sale or a contract described in subparagraph (B) or (C) with respect to any property, acquires the same or substantially identical property, or

“(E) to the extent prescribed by the Secretary in regulations, enters into 1 or more other transactions (or acquires 1 or more positions) that have substantially the same effect as a transaction described in any of the preceding subparagraphs.

“(2) EXCEPTION FOR SALES OF NONPUBLICLY TRADED PROPERTY.—The term ‘constructive sale’ shall not include any contract for sale of any stock, debt instrument, or partnership interest which is not a marketable security (as defined in section 453(f)) if the contract settles within 1 year after the date such contract is entered into.

“(3) EXCEPTION FOR CERTAIN CLOSED TRANSACTIONS.—

“(A) IN GENERAL.—In applying this section, there shall be disregarded any transaction (which would otherwise be treated as a constructive sale) during the taxable year if—

“(i) such transaction is closed before the end of the 30th day after the close of such taxable year,

“(ii) the taxpayer holds the appreciated financial position throughout the 60-day period beginning on the date such transaction is closed, and

“(iii) at no time during such 60-day period is the taxpayer’s risk of loss with respect to such position reduced by reason of a circumstance which would be described in section 246(c)(4) if references to stock included references to such position.

“(B) TREATMENT OF POSITIONS WHICH ARE REESTABLISHED.—If—

“(i) a transaction, which would otherwise be treated as a constructive sale of an appreciated financial position, is closed during the taxable year or during the 30 days thereafter, and

“(ii) another substantially similar transaction is entered into during the 60-day period beginning on the date the transaction referred to in clause (i) is closed—

“(I) which also would otherwise be treated as a constructive sale of such position,

“(II) which is closed before the 30th day after the close of the taxable year in which the transaction referred to in clause (i) occurs, and

“(III) which meets the requirements of clauses (ii) and (iii) of subparagraph (A),

the transaction referred to in clause (ii) shall be disregarded for purposes of determining whether the requirements of subparagraph (A)(iii) are met with respect to the transaction described in clause (i).

“(4) RELATED PERSON.—A person is related to another person with respect to a transaction if—

“(A) the relationship is described in section 267(b) or 707(b), and

“(B) such transaction is entered into with a view toward avoiding the purposes of this section.

“(d) OTHER DEFINITIONS.—For purposes of this section—

“(1) FORWARD CONTRACT.—The term ‘forward contract’ means a contract to deliver a substantially fixed amount of property for a substantially fixed price.

“(2) OFFSETTING NOTIONAL PRINCIPAL CONTRACT.—The term ‘offsetting notional principal contract’ means, with respect to any property, an agreement which includes—

“(A) a requirement to pay (or provide credit for) all or substantially all of the investment yield (including appreciation) on such property for a specified period, and

“(B) a right to be reimbursed for (or receive credit for) all or substantially all of any decline in the value of such property.

“(e) SPECIAL RULES.—

“(1) TREATMENT OF SUBSEQUENT SALE OF POSITION WHICH WAS DEEMED SOLD.—If—

“(A) there is a constructive sale of any appreciated financial position,

“(B) such position is subsequently disposed of, and

“(C) at the time of such disposition, the transaction resulting in the constructive sale of such position is open with respect to the taxpayer or any related person,

solely for purposes of determining whether the taxpayer has entered into a constructive sale of any other appreciated financial position held by the taxpayer, the taxpayer shall be treated as entering into such transaction immediately after such disposition. For purposes of the preceding sentence, an assignment or other termination shall be treated as a disposition.

“(2) CERTAIN TRUST INSTRUMENTS TREATED AS STOCK.—

For purposes of this section, an interest in a trust which is actively traded (within the meaning of section 1092(d)(1)) shall be treated as stock unless substantially all (by value) of the property held by the trust is debt described in subsection (b)(2)(A).

“(3) MULTIPLE POSITIONS IN PROPERTY.—If a taxpayer holds multiple positions in property, the determination of whether a specific transaction is a constructive sale and, if so, which appreciated financial position is deemed sold shall be made in the same manner as actual sales.

“(f) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.”.

(b) ELECTION OF MARK TO MARKET FOR DEALERS IN COMMODITIES AND FOR TRADERS IN SECURITIES OR COMMODITIES.—Section 475 (relating to mark to market accounting method for dealers in securities) is amended by redesignating subsection (e) as subsection (g) and by inserting after subsection (d) the following new subsections:

“(e) ELECTION OF MARK TO MARKET FOR DEALERS IN COMMODITIES.—

“(1) IN GENERAL.—In the case of a dealer in commodities who elects the application of this subsection, this section shall apply to commodities held by such dealer in the same manner as this section applies to securities held by a dealer in securities.

“(2) COMMODITY.—For purposes of this subsection and subsection (f), the term ‘commodity’ means—

“(A) any commodity which is actively traded (within the meaning of section 1092(d)(1));

“(B) any notional principal contract with respect to any commodity described in subparagraph (A);

“(C) any evidence of an interest in, or a derivative instrument in, any commodity described in subparagraph (A) or (B), including any option, forward contract, futures contract, short position, and any similar instrument in such a commodity; and

“(D) any position which—

“(i) is not a commodity described in subparagraph (A), (B), or (C),

“(ii) is a hedge with respect to such a commodity, and

“(iii) is clearly identified in the taxpayer’s records as being described in this subparagraph before the close of the day on which it was acquired or entered into (or such other time as the Secretary may by regulations prescribe).

“(3) ELECTION.—An election under this subsection may be made without the consent of the Secretary. Such an election, once made, shall apply to the taxable year for which made and all subsequent taxable years unless revoked with the consent of the Secretary.

“(f) ELECTION OF MARK TO MARKET FOR TRADERS IN SECURITIES OR COMMODITIES.—

“(1) TRADERS IN SECURITIES.—

“(A) IN GENERAL.—In the case of a person who is engaged in a trade or business as a trader in securities and who elects to have this paragraph apply to such trade or business—

“(i) such person shall recognize gain or loss on any security held in connection with such trade or business at the close of any taxable year as if such security were sold for its fair market value on the last business day of such taxable year, and

“(ii) any gain or loss shall be taken into account for such taxable year.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence. The Secretary may provide by regulations for the application of this subparagraph at times other than the times provided in this subparagraph.

“(B) EXCEPTION.—Subparagraph (A) shall not apply to any security—

“(i) which is established to the satisfaction of the Secretary as having no connection to the activities of such person as a trader, and

“(ii) which is clearly identified in such person’s records as being described in clause (i) before the close of the day on which it was acquired, originated, or entered into (or such other time as the Secretary may by regulations prescribe).

If a security ceases to be described in clause (i) at any time after it was identified as such under clause (ii), subparagraph (A) shall apply to any changes in value of the security occurring after the cessation.

“(C) COORDINATION WITH SECTION 1259.—Any security to which subparagraph (A) applies and which was acquired in the normal course of the taxpayer’s activities as a trader in securities shall not be taken into account in applying section 1259 to any position to which subparagraph (A) does not apply.

“(D) OTHER RULES TO APPLY.—Rules similar to the rules of subsections (b)(4) and (d) shall apply to securities held by a person in any trade or business with respect to which an election under this paragraph is in effect.

“(2) TRADERS IN COMMODITIES.—In the case of a person who is engaged in a trade or business as a trader in commodities and who elects to have this paragraph apply to such trade or business, paragraph (1) shall apply to commodities held by such trader in connection with such trade or business in the same manner as paragraph (1) applies to securities held by a trader in securities.

“(3) ELECTION.—The elections under paragraphs (1) and (2) may be made separately for each trade or business and without the consent of the Secretary. Such an election, once made, shall apply to the taxable year for which made and all subsequent taxable years unless revoked with the consent of the Secretary.”.

(c) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter P of chapter 1 is amended by adding at the end the following new item:

“Sec. 1259. Constructive sales treatment for appreciated financial positions.”.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to any constructive sale after June 8, 1997.

(2) EXCEPTION FOR SALES OF POSITIONS, ETC. HELD BEFORE JUNE 9, 1997.—If—

(A) before June 9, 1997, the taxpayer entered into any transaction which is a constructive sale of any appreciated financial position, and

26 USC 475 note.

(B) before the close of the 30-day period beginning on the date of the enactment of this Act or before such later date as may be specified by the Secretary of the Treasury, such transaction and position are clearly identified in the taxpayer's records as offsetting, such transaction and position shall not be taken into account in determining whether any other constructive sale after June 8, 1997, has occurred. The preceding sentence shall cease to apply as of the date such transaction is closed or the taxpayer ceases to hold such position.

(3) SPECIAL RULE.—In the case of a decedent dying after June 8, 1997, if—

(A) there was a constructive sale on or before such date of any appreciated financial position,

(B) the transaction resulting in such constructive sale of such position remains open (with respect to the decedent or any related person)—

(i) for not less than 2 years after the date of such transaction (whether such period is before or after June 8, 1997), and

(ii) at any time during the 3-year period ending on the date of the decedent's death, and

(C) such transaction is not closed within the 30-day period beginning on the date of the enactment of this Act,

then, for purposes of such Code, such position (and the transaction resulting in such constructive sale) shall be treated as property constituting rights to receive an item of income in respect of a decedent under section 691 of such Code. Section 1014(c) of such Code shall not apply to so much of such position's or property's value (as included in the decedent's estate for purposes of chapter 11 of such Code) as exceeds its fair market value as of the date such transaction is closed.

(4) ELECTION OF MARK TO MARKET BY SECURITIES TRADERS AND TRADERS AND DEALERS IN COMMODITIES.—

(A) IN GENERAL.—The amendments made by subsection (b) shall apply to taxable years ending after the date of the enactment of this Act.

(B) 4-YEAR SPREAD OF ADJUSTMENTS.—In the case of a taxpayer who elects under subsection (e) or (f) of section 475 of the Internal Revenue Code of 1986 (as added by this section) to change its method of accounting for the taxable year which includes the date of the enactment of this Act—

(i) any identification required under such subsection with respect to securities and commodities held on the date of the enactment of this Act shall be treated as timely made if made on or before the 30th day after such date of enactment, and

(ii) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of such Code shall be taken into account ratably over the 4-taxable year period beginning with such first taxable year.

SEC. 1002. LIMITATION ON EXCEPTION FOR INVESTMENT COMPANIES UNDER SECTION 351.

(a) IN GENERAL.—Paragraph (1) of section 351(e) (relating to exceptions) is amended by adding at the end the following: “For purposes of the preceding sentence, the determination of whether a company is an investment company shall be made—

“(A) by taking into account all stock and securities held by the company, and

“(B) by treating as stock and securities—

“(i) money,

“(ii) stocks and other equity interests in a corporation, evidences of indebtedness, options, forward or futures contracts, notional principal contracts and derivatives,

“(iii) any foreign currency,

“(iv) any interest in a real estate investment trust, a common trust fund, a regulated investment company, a publicly-traded partnership (as defined in section 7704(b)) or any other equity interest (other than in a corporation) which pursuant to its terms or any other arrangement is readily convertible into, or exchangeable for, any asset described in any preceding clause, this clause or clause (v) or (viii),

“(v) except to the extent provided in regulations prescribed by the Secretary, any interest in a precious metal, unless such metal is used or held in the active conduct of a trade or business after the contribution,

“(vi) except as otherwise provided in regulations prescribed by the Secretary, interests in any entity if substantially all of the assets of such entity consist (directly or indirectly) of any assets described in any preceding clause or clause (viii),

“(vii) to the extent provided in regulations prescribed by the Secretary, any interest in any entity not described in clause (vi), but only to the extent of the value of such interest that is attributable to assets listed in clauses (i) through (v) or clause (viii), or

“(viii) any other asset specified in regulations prescribed by the Secretary.

The Secretary may prescribe regulations that, under appropriate circumstances, treat any asset described in clauses (i) through (v) as not so listed.”.

(b) EFFECTIVE DATE.—

26 USC 351 note.

(1) IN GENERAL.—The amendment made by subsection (a) shall apply to transfers after June 8, 1997, in taxable years ending after such date.

(2) BINDING CONTRACTS.—The amendment made by subsection (a) shall not apply to any transfer pursuant to a written binding contract in effect on June 8, 1997, and at all times thereafter before such transfer if such contract provides for the transfer of a fixed amount of property.

SEC. 1003. GAINS AND LOSSES FROM CERTAIN TERMINATIONS WITH RESPECT TO PROPERTY.

(a) APPLICATION OF CAPITAL TREATMENT TO PROPERTY OTHER THAN PERSONAL PROPERTY.—

(1) IN GENERAL.—Paragraph (1) of section 1234A (relating to gains and losses from certain terminations) is amended by striking “personal property (as defined in section 1092(d)(1))” and inserting “property”.

26 USC 1234A
note.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to terminations more than 30 days after the date of the enactment of this Act.

(b) TREATMENT OF SHORT SALES OF PROPERTY WHICH BECOMES SUBSTANTIALLY WORTHLESS.—

(1) IN GENERAL.—Section 1233 is amended by adding at the end the following new subsection:

“(h) SHORT SALES OF PROPERTY WHICH BECOMES SUBSTANTIALLY WORTHLESS.—

“(1) IN GENERAL.—If—

“(A) the taxpayer enters into a short sale of property, and

“(B) such property becomes substantially worthless, the taxpayer shall recognize gain in the same manner as if the short sale were closed when the property becomes substantially worthless. To the extent provided in regulations prescribed by the Secretary, the preceding sentence also shall apply with respect to any option with respect to property, any offsetting notional principal contract with respect to property, any futures or forward contract to deliver any property, and any other similar transaction.

“(2) STATUTE OF LIMITATIONS.—If property becomes substantially worthless during a taxable year and any short sale of such property remains open at the time such property becomes substantially worthless, then—

“(A) the statutory period for the assessment of any deficiency attributable to any part of the gain on such transaction shall not expire before the earlier of—

“(i) the date which is 3 years after the date the Secretary is notified by the taxpayer (in such manner as the Secretary may by regulations prescribe) of the substantial worthlessness of such property, or

“(ii) the date which is 6 years after the date the return for such taxable year is filed, and

“(B) such deficiency may be assessed before the date applicable under subparagraph (A) notwithstanding the provisions of any other law or rule of law which would otherwise prevent such assessment.”.

26 USC 1233
note.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to property which becomes substantially worthless after the date of the enactment of this Act.

(c) APPLICATION OF CAPITAL TREATMENT, ETC. TO OBLIGATIONS ISSUED BY NATURAL PERSONS.—

(1) IN GENERAL.—Section 1271(b) is amended to read as follows:

“(b) EXCEPTION FOR CERTAIN OBLIGATIONS.—

“(1) IN GENERAL.—This section shall not apply to—

“(A) any obligation issued by a natural person before June 9, 1997, and

“(B) any obligation issued before July 2, 1982, by an issuer which is not a corporation and is not a government or political subdivision thereof.

“(2) TERMINATION.—Paragraph (1) shall not apply to any obligation purchased (within the meaning of section 1272(d)(1)) after June 8, 1997.”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to sales, exchanges, and retirements after the date of enactment of this Act.

26 USC 1271
note.

SEC. 1004. DETERMINATION OF ORIGINAL ISSUE DISCOUNT WHERE POOLED DEBT OBLIGATIONS SUBJECT TO ACCELERATION.

(a) IN GENERAL.—Subparagraph (C) of section 1272(a)(6) (relating to debt instruments to which the paragraph applies) is amended by striking “or” at the end of clause (i), by striking the period at the end of clause (ii) and inserting “, or”, and by inserting after clause (ii) the following:

“(iii) any pool of debt instruments the yield on which may be affected by reason of prepayments (or to the extent provided in regulations, by reason of other events).

To the extent provided in regulations prescribed by the Secretary, in the case of a small business engaged in the trade or business of selling tangible personal property at retail, clause (iii) shall not apply to debt instruments incurred in the ordinary course of such trade or business while held by such business.”.

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

26 USC 1272
note.

(2) CHANGE IN METHOD OF ACCOUNTING.—In the case of any taxpayer required by this section to change its method of accounting for its first taxable year beginning after the date of the enactment of this Act—

(A) such change shall be treated as initiated by the taxpayer,

(B) such change shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account ratably over the 4-taxable year period beginning with such first taxable year.

SEC. 1005. DENIAL OF INTEREST DEDUCTIONS ON CERTAIN DEBT INSTRUMENTS.

(a) IN GENERAL.—Section 163 (relating to deduction for interest), as amended by title V, is amended by redesignating subsection (l) as subsection (m) and by inserting after subsection (k) the following new subsection:

“(l) DISALLOWANCE OF DEDUCTION ON CERTAIN DEBT INSTRUMENTS OF CORPORATIONS.—

“(1) IN GENERAL.—No deduction shall be allowed under this chapter for any interest paid or accrued on a disqualified debt instrument.

“(2) DISQUALIFIED DEBT INSTRUMENT.—For purposes of this subsection, the term ‘disqualified debt instrument’ means any indebtedness of a corporation which is payable in equity of the issuer or a related party.

“(3) SPECIAL RULES FOR AMOUNTS PAYABLE IN EQUITY.—For purposes of paragraph (2), indebtedness shall be treated as payable in equity of the issuer or a related party only if—

“(A) a substantial amount of the principal or interest is required to be paid or converted, or at the option of the issuer or a related party is payable in, or convertible into, such equity,

“(B) a substantial amount of the principal or interest is required to be determined, or at the option of the issuer or a related party is determined, by reference to the value of such equity, or

“(C) the indebtedness is part of an arrangement which is reasonably expected to result in a transaction described in subparagraph (A) or (B).

For purposes of this paragraph, principal or interest shall be treated as required to be so paid, converted, or determined if it may be required at the option of the holder or a related party and there is a substantial certainty the option will be exercised.

“(4) RELATED PARTY.—For purposes of this subsection, a person is a related party with respect to another person if such person bears a relationship to such other person described in section 267(b) or 707(b).

“(5) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection, including regulations preventing avoidance of this subsection through the use of an issuer other than a corporation.”.

26 USC 163 note.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall apply to disqualified debt instruments issued after June 8, 1997.

(2) TRANSITION RULE.—The amendment made by this section shall not apply to any instrument issued after June 8, 1997, if such instrument is—

(A) issued pursuant to a written agreement which was binding on such date and at all times thereafter,

(B) described in a ruling request submitted to the Internal Revenue Service on or before such date, or

(C) described on or before such date in a public announcement or in a filing with the Securities and Exchange Commission required solely by reason of the issuance.

Subtitle B—Corporate Organizations and Reorganizations

SEC. 1011. TAX TREATMENT OF CERTAIN EXTRAORDINARY DIVIDENDS.

(a) TREATMENT OF EXTRAORDINARY DIVIDENDS IN EXCESS OF BASIS.—Paragraph (2) of section 1059(a) (relating to corporate shareholder’s recognition of gain attributable to nontaxed portion of extraordinary dividends) is amended to read as follows:

“(2) AMOUNTS IN EXCESS OF BASIS.—If the nontaxed portion of such dividends exceeds such basis, such excess shall be treated as gain from the sale or exchange of such stock for

the taxable year in which the extraordinary dividend is received.”.

(b) TREATMENT OF REDEMPTIONS WHERE OPTIONS INVOLVED.—Paragraph (1) of section 1059(e) (relating to treatment of partial liquidations and non-pro rata redemptions) is amended to read as follows:

“(1) TREATMENT OF PARTIAL LIQUIDATIONS AND CERTAIN REDEMPTIONS.—Except as otherwise provided in regulations—

“(A) REDEMPTIONS.—In the case of any redemption of stock—

“(i) which is part of a partial liquidation (within the meaning of section 302(e)) of the redeeming corporation,

“(ii) which is not pro rata as to all shareholders, or

“(iii) which would not have been treated (in whole or in part) as a dividend if any options had not been taken into account under section 318(a)(4),

any amount treated as a dividend with respect to such redemption shall be treated as an extraordinary dividend to which paragraphs (1) and (2) of subsection (a) apply without regard to the period the taxpayer held such stock. In the case of a redemption described in clause (iii), only the basis in the stock redeemed shall be taken into account under subsection (a).

“(B) REORGANIZATIONS, ETC.—An exchange described in section 356 which is treated as a dividend shall be treated as a redemption of stock for purposes of applying subparagraph (A).”.

(c) TIME FOR REDUCTION.—Paragraph (1) of section 1059(d) is amended to read as follows:

“(1) TIME FOR REDUCTION.—Any reduction in basis under subsection (a)(1) shall be treated as occurring at the beginning of the ex-dividend date of the extraordinary dividend to which the reduction relates.”.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to distributions after May 3, 1995.

(2) TRANSITION RULE.—The amendments made by this section shall not apply to any distribution made pursuant to the terms of—

(A) a written binding contract in effect on May 3, 1995, and at all times thereafter before such distribution, or

(B) a tender offer outstanding on May 3, 1995.

(3) CERTAIN DIVIDENDS NOT PURSUANT TO CERTAIN REDEMPTIONS.—In determining whether the amendment made by subsection (a) applies to any extraordinary dividend other than a dividend treated as an extraordinary dividend under section 1059(e)(1) of the Internal Revenue Code of 1986 (as amended by this Act), paragraphs (1) and (2) shall be applied by substituting “September 13, 1995” for “May 3, 1995”.

26 USC 1059
note.

SEC. 1012. APPLICATION OF SECTION 355 TO DISTRIBUTIONS IN CONNECTION WITH ACQUISITIONS AND TO INTRAGROUP TRANSACTIONS.

(a) **DISTRIBUTIONS IN CONNECTION WITH ACQUISITIONS.**—Section 355 (relating to distributions of stock and securities of a controlled corporation) is amended by adding at the end the following new subsection:

“(e) **RECOGNITION OF GAIN ON CERTAIN DISTRIBUTIONS OF STOCK OR SECURITIES IN CONNECTION WITH ACQUISITIONS.**—

“(1) **GENERAL RULE.**—If there is a distribution to which this subsection applies, any stock or securities in the controlled corporation shall not be treated as qualified property for purposes of subsection (c)(2) of this section or section 361(c)(2).

“(2) **DISTRIBUTIONS TO WHICH SUBSECTION APPLIES.**—

“(A) **IN GENERAL.**—This subsection shall apply to any distribution—

“(i) to which this section (or so much of section 356 as relates to this section) applies, and

“(ii) which is part of a plan (or series of related transactions) pursuant to which 1 or more persons acquire directly or indirectly stock representing a 50-percent or greater interest in the distributing corporation or any controlled corporation.

“(B) **PLAN PRESUMED TO EXIST IN CERTAIN CASES.**—If 1 or more persons acquire directly or indirectly stock representing a 50-percent or greater interest in the distributing corporation or any controlled corporation during the 4-year period beginning on the date which is 2 years before the date of the distribution, such acquisition shall be treated as pursuant to a plan described in subparagraph (A)(ii) unless it is established that the distribution and the acquisition are not pursuant to a plan or series of related transactions.

“(C) **CERTAIN PLANS DISREGARDED.**—A plan (or series of related transactions) shall not be treated as described in subparagraph (A)(ii) if, immediately after the completion of such plan or transactions, the distributing corporation and all controlled corporations are members of a single affiliated group (as defined in section 1504 without regard to subsection (b) thereof).

“(D) **COORDINATION WITH SUBSECTION (d).**—This subsection shall not apply to any distribution to which subsection (d) applies.

“(3) **SPECIAL RULES RELATING TO ACQUISITIONS.**—

“(A) **CERTAIN ACQUISITIONS NOT TAKEN INTO ACCOUNT.**—Except as provided in regulations, the following acquisitions shall not be treated as described in paragraph (2)(A)(ii):

“(i) The acquisition of stock in any controlled corporation by the distributing corporation.

“(ii) The acquisition by a person of stock in any controlled corporation by reason of holding stock or securities in the distributing corporation.

“(iii) The acquisition by a person of stock in any successor corporation of the distributing corporation or any controlled corporation by reason of holding stock

or securities in such distributing or controlled corporation.

“(iv) The acquisition of stock in a corporation if shareholders owning directly or indirectly stock possessing—

“(I) more than 50 percent of the total combined voting power of all classes of stock entitled to vote, and

“(II) more than 50 percent of the total value of shares of all classes of stock, in the distributing corporation or any controlled corporation before such acquisition own directly or indirectly stock possessing such vote and value in such distributing or controlled corporation after such acquisition.

This subparagraph shall not apply to any acquisition if the stock held before the acquisition was acquired pursuant to a plan (or series of related transactions) described in paragraph (2)(A)(ii).

“(B) ASSET ACQUISITIONS.—Except as provided in regulations, for purposes of this subsection, if the assets of the distributing corporation or any controlled corporation are acquired by a successor corporation in a transaction described in subparagraph (A), (C), or (D) of section 368(a)(1) or any other transaction specified in regulations by the Secretary, the shareholders (immediately before the acquisition) of the corporation acquiring such assets shall be treated as acquiring stock in the corporation from which the assets were acquired.

“(4) DEFINITION AND SPECIAL RULES.—For purposes of this subsection—

“(A) 50-PERCENT OR GREATER INTEREST.—The term ‘50-percent or greater interest’ has the meaning given such term by subsection (d)(4).

“(B) DISTRIBUTIONS IN TITLE 11 OR SIMILAR CASE.—Paragraph (1) shall not apply to any distribution made in a title 11 or similar case (as defined in section 368(a)(3)).

“(C) AGGREGATION AND ATTRIBUTION RULES.—

“(i) AGGREGATION.—The rules of paragraph (7)(A) of subsection (d) shall apply.

“(ii) ATTRIBUTION.—Section 318(a)(2) shall apply in determining whether a person holds stock or securities in any corporation. Except as provided in regulations, section 318(a)(2)(C) shall be applied without regard to the phrase ‘50 percent or more in value’ for purposes of the preceding sentence.

“(D) SUCCESSORS AND PREDECESSORS.—For purposes of this subsection, any reference to a controlled corporation or a distributing corporation shall include a reference to any predecessor or successor of such corporation.

“(E) STATUTE OF LIMITATIONS.—If there is a distribution to which paragraph (1) applies—

“(i) the statutory period for the assessment of any deficiency attributable to any part of the gain recognized under this subsection by reason of such distribution shall not expire before the expiration of 3 years from the date the Secretary is notified by the taxpayer

(in such manner as the Secretary may by regulations prescribe) that such distribution occurred, and

“(ii) such deficiency may be assessed before the expiration of such 3-year period notwithstanding the provisions of any other law or rule of law which would otherwise prevent such assessment.

“(5) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection, including regulations—

“(A) providing for the application of this subsection where there is more than 1 controlled corporation,

“(B) treating 2 or more distributions as 1 distribution where necessary to prevent the avoidance of such purposes, and

“(C) providing for the application of rules similar to the rules of subsection (d)(6) where appropriate for purposes of paragraph (2)(B).”.

(b) SPECIAL RULES FOR CERTAIN INTRAGROUP TRANSACTIONS.—

(1) SECTION 355 NOT TO APPLY.—Section 355, as amended by subsection (a), is amended by adding at the end the following new subsection:

“(f) SECTION NOT TO APPLY TO CERTAIN INTRAGROUP DISTRIBUTIONS.—Except as provided in regulations, this section (or so much of section 356 as relates to this section) shall not apply to the distribution of stock from 1 member of an affiliated group (as defined in section 1504(a)) to another member of such group if such distribution is part of a plan (or series of related transactions) described in subsection (e)(2)(A)(ii) (determined after the application of subsection (e)).”.

(2) ADJUSTMENTS TO BASIS.—Section 358 (relating to basis to distributees) is amended by adding at the end the following new subsection:

“(g) ADJUSTMENTS IN INTRAGROUP TRANSACTIONS INVOLVING SECTION 355.—In the case of a distribution to which section 355 (or so much of section 356 as relates to section 355) applies and which involves the distribution of stock from 1 member of an affiliated group (as defined in section 1504(a) without regard to subsection (b) thereof) to another member of such group, the Secretary may, notwithstanding any other provision of this section, provide adjustments to the adjusted basis of any stock which—

“(1) is in a corporation which is a member of such group, and

“(2) is held by another member of such group, to appropriately reflect the proper treatment of such distribution.”.

(c) DETERMINATION OF CONTROL IN CERTAIN DIVISIVE TRANSACTIONS.—

(1) SECTION 351 TRANSACTIONS.—Section 351(c) (relating to special rule) is amended to read as follows:

“(c) SPECIAL RULES WHERE DISTRIBUTION TO SHAREHOLDERS.—In determining control for purposes of this section—

“(1) the fact that any corporate transferor distributes part or all of the stock in the corporation which it receives in the exchange to its shareholders shall not be taken into account, and

“(2) if the requirements of section 355 are met with respect to such distribution, the shareholders shall be treated as in control of such corporation immediately after the exchange

if the shareholders own (immediately after the distribution) stock possessing—

“(A) more than 50 percent of the total combined voting power of all classes of stock of such corporation entitled to vote, and

“(B) more than 50 percent of the total value of shares of all classes of stock of such corporation.”.

(2) D REORGANIZATIONS.—Section 368(a)(2)(H) (relating to special rule for determining whether certain transactions are qualified under paragraph (1)(D)) is amended to read as follows:

“(H) SPECIAL RULES FOR DETERMINING WHETHER CERTAIN TRANSACTIONS ARE QUALIFIED UNDER PARAGRAPH (1)(D).—For purposes of determining whether a transaction qualifies under paragraph (1)(D)—

“(i) in the case of a transaction with respect to which the requirements of subparagraphs (A) and (B) of section 354(b)(1) are met, the term ‘control’ has the meaning given such term by section 304(c), and

“(ii) in the case of a transaction with respect to which the requirements of section 355 are met, the shareholders described in paragraph (1)(D) shall be treated as having control of the corporation to which the assets are transferred if such shareholders own (immediately after the distribution) stock possessing—

“(I) more than 50 percent of the total combined voting power of all classes of stock of such corporation entitled to vote, and

“(II) more than 50 percent of the total value of shares of all classes of stock of such corporation.”.

(d) EFFECTIVE DATES.—

(1) SECTION 355 RULES.—The amendments made by subsections (a) and (b) shall apply to distributions after April 16, 1997, pursuant to a plan (or series of related transactions) which involves an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 occurring after such date.

(2) DIVISIVE TRANSACTIONS.—The amendments made by subsection (c) shall apply to transfers after the date of the enactment of this Act.

(3) TRANSITION RULE.—The amendments made by this section shall not apply to any distribution pursuant to a plan (or series of related transactions) which involves an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 (or, in the case of the amendments made by subsection (c), any transfer) occurring after April 16, 1997, if such acquisition or transfer is—

(A) made pursuant to an agreement which was binding on such date and at all times thereafter,

(B) described in a ruling request submitted to the Internal Revenue Service on or before such date, or

(C) described on or before such date in a public announcement or in a filing with the Securities and Exchange Commission required solely by reason of the acquisition or transfer.

This paragraph shall not apply to any agreement, ruling request, or public announcement or filing unless it identifies

26 USC 351 note.

the acquirer of the distributing corporation or any controlled corporation, or the transferee, whichever is applicable.

SEC. 1013. TAX TREATMENT OF REDEMPTIONS INVOLVING RELATED CORPORATIONS.

(a) **STOCK PURCHASES BY RELATED CORPORATIONS.**—The last sentence of section 304(a)(1) (relating to acquisition by related corporation other than subsidiary) is amended to read as follows: “To the extent that such distribution is treated as a distribution to which section 301 applies, the transferor and the acquiring corporation shall be treated in the same manner as if the transferor had transferred the stock so acquired to the acquiring corporation in exchange for stock of the acquiring corporation in a transaction to which section 351(a) applies, and then the acquiring corporation had redeemed the stock it was treated as issuing in such transaction.”.

(b) **COORDINATION WITH SECTION 1059.**—Clause (iii) of section 1059(e)(1)(A), as amended by this title, is amended to read as follows:

“(iii) which would not have been treated (in whole or in part) as a dividend if—

“(I) any options had not been taken into account under section 318(a)(4), or

“(II) section 304(a) had not applied.”.

(c) **SPECIAL RULE FOR ACQUISITIONS BY FOREIGN CORPORATIONS.**—Section 304(b) (relating to special rules for application of subsection (a)) is amended by adding at the end the following new paragraph:

“(5) **ACQUISITIONS BY FOREIGN CORPORATIONS.**—

“(A) **IN GENERAL.**—In the case of any acquisition to which subsection (a) applies in which the acquiring corporation is a foreign corporation, the only earnings and profits taken into account under paragraph (2)(A) shall be those earnings and profits—

“(i) which are attributable (under regulations prescribed by the Secretary) to stock of the acquiring corporation owned (within the meaning of section 958(a)) by a corporation or individual which is—

“(I) a United States shareholder (within the meaning of section 951(b)) of the acquiring corporation, and

“(II) the transferor or a person who bears a relationship to the transferor described in section 267(b) or 707(b), and

“(ii) which were accumulated during the period or periods such stock was owned by such person while the acquiring corporation was a controlled foreign corporation.

“(B) **APPLICATION OF SECTION 1248.**—For purposes of subparagraph (A), the rules of section 1248(d) shall apply except to the extent otherwise provided by the Secretary.

“(C) **REGULATIONS.**—The Secretary shall prescribe such regulations as are appropriate to carry out the purposes of this paragraph.”.

(d) **EFFECTIVE DATE.**—

(1) **IN GENERAL.**—The amendments made by this section shall apply to distributions and acquisitions after June 8, 1997.

(2) TRANSITION RULE.—The amendments made by this section shall not apply to any distribution or acquisition after June 8, 1997, if such distribution or acquisition is—

(A) made pursuant to a written agreement which was binding on such date and at all times thereafter,

(B) described in a ruling request submitted to the Internal Revenue Service on or before such date, or

(C) described in a public announcement or filing with the Securities and Exchange Commission on or before such date.

SEC. 1014. CERTAIN PREFERRED STOCK TREATED AS BOOT.

(a) SECTION 351.—Section 351 (relating to transfer to corporation controlled by transferor) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

“(g) NONQUALIFIED PREFERRED STOCK NOT TREATED AS STOCK.—

“(1) IN GENERAL.—In the case of a person who transfers property to a corporation and receives nonqualified preferred stock—

“(A) subsection (a) shall not apply to such transferor,

“(B) subsection (b) shall apply to such transferor, and

“(C) such nonqualified preferred stock shall be treated as other property for purposes of applying subsection (b).

“(2) NONQUALIFIED PREFERRED STOCK.—For purposes of paragraph (1)—

“(A) IN GENERAL.—The term ‘nonqualified preferred stock’ means preferred stock if—

“(i) the holder of such stock has the right to require the issuer or a related person to redeem or purchase the stock,

“(ii) the issuer or a related person is required to redeem or purchase such stock,

“(iii) the issuer or a related person has the right to redeem or purchase the stock and, as of the issue date, it is more likely than not that such right will be exercised, or

“(iv) the dividend rate on such stock varies in whole or in part (directly or indirectly) with reference to interest rates, commodity prices, or other similar indices.

“(B) LIMITATIONS.—Clauses (i), (ii), and (iii) of subparagraph (A) shall apply only if the right or obligation referred to therein may be exercised within the 20-year period beginning on the issue date of such stock and such right or obligation is not subject to a contingency which, as of the issue date, makes remote the likelihood of the redemption or purchase.

“(C) EXCEPTIONS FOR CERTAIN RIGHTS OR OBLIGATIONS.—

“(i) IN GENERAL.—A right or obligation shall not be treated as described in clause (i), (ii), or (iii) of subparagraph (A) if—

“(I) it may be exercised only upon the death, disability, or mental incompetency of the holder, or

“(II) in the case of a right or obligation to redeem or purchase stock transferred in connection with the performance of services for the issuer or a related person (and which represents reasonable compensation), it may be exercised only upon the holder’s separation from service from the issuer or a related person.

“(ii) EXCEPTION.—Clause (i)(I) shall not apply if the stock relinquished in the exchange, or the stock acquired in the exchange is in—

“(I) a corporation if any class of stock in such corporation or a related party is readily tradable on an established securities market or otherwise, or

“(II) any other corporation if such exchange is part of a transaction or series of transactions in which such corporation is to become a corporation described in subclause (I).

“(3) DEFINITIONS.—For purposes of this subsection—

“(A) PREFERRED STOCK.—The term ‘preferred stock’ means stock which is limited and preferred as to dividends and does not participate in corporate growth to any significant extent.

“(B) RELATED PERSON.—A person shall be treated as related to another person if they bear a relationship to such other person described in section 267(b) or 707(b).

“(4) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection and sections 354(a)(2)(C), 355(a)(3)(D), and 356(e). The Secretary may also prescribe regulations, consistent with the treatment under this subsection and such sections, for the treatment of nonqualified preferred stock under other provisions of this title.”

(b) SECTION 354.—Paragraph (2) of section 354(a) (relating to exchanges of stock and securities in certain reorganizations) is amended by adding at the end the following new subparagraph:

“(C) NONQUALIFIED PREFERRED STOCK.—

“(i) IN GENERAL.—Nonqualified preferred stock (as defined in section 351(g)(2)) received in exchange for stock other than nonqualified preferred stock (as so defined) shall not be treated as stock or securities.

“(ii) RECAPITALIZATIONS OF FAMILY-OWNED CORPORATIONS.—

“(I) IN GENERAL.—Clause (i) shall not apply in the case of a recapitalization under section 368(a)(1)(E) of a family-owned corporation.

“(II) FAMILY-OWNED CORPORATION.—For purposes of this clause, except as provided in regulations, the term ‘family-owned corporation’ means any corporation which is described in clause (i) of section 447(d)(2)(C) throughout the 8-year period beginning on the date which is 5 years before the date of the recapitalization. For purposes of the preceding sentence, stock shall not be treated as owned by a family member during any period described in section 355(d)(6)(B).”

(c) SECTION 355.—Paragraph (3) of section 355(a) is amended by adding at the end the following new subparagraph:

“(D) NONQUALIFIED PREFERRED STOCK.—Nonqualified preferred stock (as defined in section 351(g)(2)) received in a distribution with respect to stock other than nonqualified preferred stock (as so defined) shall not be treated as stock or securities.”.

(d) SECTION 356.—Section 356 is amended by redesignating subsections (e) and (f) as subsections (f) and (g), respectively, and by inserting after subsection (d) the following new subsection:

“(e) NONQUALIFIED PREFERRED STOCK TREATED AS OTHER PROPERTY.—For purposes of this section—

“(1) IN GENERAL.—Except as provided in paragraph (2), the term ‘other property’ includes nonqualified preferred stock (as defined in section 351(g)(2)).

“(2) EXCEPTION.—The term ‘other property’ does not include nonqualified preferred stock (as so defined) to the extent that, under section 354 or 355, such preferred stock would be permitted to be received without the recognition of gain.”.

(e) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 354(a)(2) and subparagraph (C) of section 355(a)(3)(C) are each amended by inserting “(including nonqualified preferred stock, as defined in section 351(g)(2))” after “stock”.

(2) Subparagraph (A) of section 354(a)(3) and subparagraph (A) of section 355(a)(4) are each amended by inserting “nonqualified preferred stock and” after “including”.

(3) Section 1036 is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

“(b) NONQUALIFIED PREFERRED STOCK NOT TREATED AS STOCK.—For purposes of this section, nonqualified preferred stock (as defined in section 351(g)(2)) shall be treated as property other than stock.”.

(f) EFFECTIVE DATE.—

26 USC 351 note.

(1) IN GENERAL.—The amendments made by this section shall apply to transactions after June 8, 1997.

(2) TRANSITION RULE.—The amendments made by this section shall not apply to any transaction after June 8, 1997, if such transaction is—

(A) made pursuant to a written agreement which was binding on such date and at all times thereafter,

(B) described in a ruling request submitted to the Internal Revenue Service on or before such date, or

(C) described on or before such date in a public announcement or in a filing with the Securities and Exchange Commission required solely by reason of the transaction.

SEC. 1015. MODIFICATION OF HOLDING PERIOD APPLICABLE TO DIVIDENDS RECEIVED DEDUCTION.

(a) IN GENERAL.—Subparagraph (A) of section 246(c)(1) is amended to read as follows:

“(A) which is held by the taxpayer for 45 days or less during the 90-day period beginning on the date which is 45 days before the date on which such share becomes ex-dividend with respect to such dividend, or”.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 246(c) is amended to read as follows:

“(2) 90-DAY RULE IN THE CASE OF CERTAIN PREFERENCE DIVIDENDS.—In the case of stock having preference in dividends, if the taxpayer receives dividends with respect to such stock which are attributable to a period or periods aggregating in excess of 366 days, paragraph (1)(A) shall be applied—

“(A) by substituting ‘90 days’ for ‘45 days’ each place it appears, and

“(B) by substituting ‘180-day period’ for ‘90-day period’.”

(2) Paragraph (3) of section 246(c) is amended by adding “and” at the end of subparagraph (A), by striking subparagraph (B), and by redesignating subparagraph (C) as subparagraph (B).

26 USC 246 note.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to dividends received or accrued after the 30th day after the date of the enactment of this Act.

(2) TRANSITIONAL RULE.—The amendments made by this section shall not apply to dividends received or accrued during the 2-year period beginning on the date of the enactment of this Act if—

(A) the dividend is paid with respect to stock held by the taxpayer on June 8, 1997, and all times thereafter until the dividend is received,

(B) such stock is continuously subject to a position described in section 246(c)(4) of the Internal Revenue Code of 1986 on June 8, 1997, and all times thereafter until the dividend is received, and

(C) such stock and position are clearly identified in the taxpayer’s records within 30 days after the date of the enactment of this Act.

Stock shall not be treated as meeting the requirement of subparagraph (B) if the position is sold, closed, or otherwise terminated and reestablished.

Subtitle C—Administrative Provisions

SEC. 1021. REPORTING OF CERTAIN PAYMENTS MADE TO ATTORNEYS.

(a) IN GENERAL.—Section 6045 (relating to returns of brokers) is amended by adding at the end the following new subsection:

“(f) RETURN REQUIRED IN THE CASE OF PAYMENTS TO ATTORNEYS.—

“(1) IN GENERAL.—Any person engaged in a trade or business and making a payment (in the course of such trade or business) to which this subsection applies shall file a return under subsection (a) and a statement under subsection (b) with respect to such payment.

“(2) APPLICATION OF SUBSECTION.—

“(A) IN GENERAL.—This subsection shall apply to any payment to an attorney in connection with legal services (whether or not such services are performed for the payor).

“(B) EXCEPTION.—This subsection shall not apply to the portion of any payment which is required to be reported

under section 6041(a) (or would be so required but for the dollar limitation contained therein) or section 6051.”.

(b) **REPORTING OF ATTORNEYS’ FEES PAYABLE TO CORPORATIONS.**—The regulations providing an exception under section 6041 of the Internal Revenue Code of 1986 for payments made to corporations shall not apply to payments of attorneys’ fees.

(c) **EFFECTIVE DATE.**—The amendment made by this section shall apply to payments made after December 31, 1997.

26 USC 6045
note.

SEC. 1022. DECREASE OF THRESHOLD FOR REPORTING PAYMENTS TO CORPORATIONS PERFORMING SERVICES FOR FEDERAL AGENCIES.

(a) **IN GENERAL.**—Subsection (d) of section 6041A (relating to returns regarding payments of remuneration for services and direct sales) is amended by adding at the end the following new paragraph:

“(3) **PAYMENTS TO CORPORATIONS BY FEDERAL EXECUTIVE AGENCIES.**—

“(A) **IN GENERAL.**—Notwithstanding any regulation prescribed by the Secretary before the date of the enactment of this paragraph, subsection (a) shall apply to remuneration paid to a corporation by any Federal executive agency (as defined in section 6050M(b)).

“(B) **EXCEPTION.**—Subparagraph (A) shall not apply to—

“(i) services under contracts described in section 6050M(e)(3) with respect to which the requirements of section 6050M(e)(2) are met, and

“(ii) such other services as the Secretary may specify in regulations prescribed after the date of the enactment of this paragraph.”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to returns the due date for which (determined without regard to any extension) is more than 90 days after the date of the enactment of this Act.

26 USC 6041A
note.

SEC. 1023. DISCLOSURE OF RETURN INFORMATION FOR ADMINISTRATION OF CERTAIN VETERANS PROGRAMS.

(a) **GENERAL RULE.**—Clause (viii) of section 6103(l)(7)(D) (relating to disclosure of return information to Federal, State, and local agencies administering certain programs) is amended by striking “1998” and inserting “2003”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

26 USC 6103
note.

SEC. 1024. CONTINUOUS LEVY ON CERTAIN PAYMENTS.

(a) **IN GENERAL.**—Section 6331 (relating to levy and distraint) is amended—

(1) by redesignating subsection (h) as subsection (i), and

(2) by inserting after subsection (g) the following new subsection:

“(h) **CONTINUING LEVY ON CERTAIN PAYMENTS.**—

“(1) **IN GENERAL.**—The effect of a levy on specified payments to or received by a taxpayer shall be continuous from the date such levy is first made until such levy is released. Notwithstanding section 6334, such continuous levy shall attach to up to 15 percent of any specified payment due to the taxpayer.

“(2) **SPECIFIED PAYMENT.**—For the purposes of paragraph (1), the term ‘specified payment’ means—

“(A) any Federal payment other than a payment for which eligibility is based on the income or assets (or both) of a payee,

“(B) any payment described in paragraph (4), (7), (9), or (11) of section 6334(a), and

“(C) any annuity or pension payment under the Railroad Retirement Act or benefit under the Railroad Unemployment Insurance Act.”.

26 USC 6331
note.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to levies issued after the date of the enactment of this Act.

SEC. 1025. MODIFICATION OF LEVY EXEMPTION.

(a) **IN GENERAL.**—Section 6334 (relating to property exempt from levy) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

“(f) **LEVY ALLOWED ON CERTAIN SPECIFIED PAYMENTS.**—Any payment described in subparagraph (B) or (C) of section 6331(h)(2) shall not be exempt from levy if the Secretary approves the levy thereon under section 6331(h).”.

26 USC 6334
note.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to levies issued after the date of the enactment of this Act.

SEC. 1026. CONFIDENTIALITY AND DISCLOSURE OF RETURNS AND RETURN INFORMATION.

(a) **IN GENERAL.**—Subsection (k) of section 6103 is amended by adding at the end the following new paragraph:

“(8) **LEVIES ON CERTAIN GOVERNMENT PAYMENTS.**—

“(A) **DISCLOSURE OF RETURN INFORMATION IN LEVIES ON FINANCIAL MANAGEMENT SERVICE.**—In serving a notice of levy, or release of such levy, with respect to any applicable government payment, the Secretary may disclose to officers and employees of the Financial Management Service—

“(i) return information, including taxpayer identity information,

“(ii) the amount of any unpaid liability under this title (including penalties and interest), and

“(iii) the type of tax and tax period to which such unpaid liability relates.

“(B) **RESTRICTION ON USE OF DISCLOSED INFORMATION.**—Return information disclosed under subparagraph (A) may be used by officers and employees of the Financial Management Service only for the purpose of, and to the extent necessary in, transferring levied funds in satisfaction of the levy, maintaining appropriate agency records in regard to such levy or the release thereof, notifying the taxpayer and the agency certifying such payment that the levy has been honored, or in the defense of any litigation ensuing from the honor of such levy.

“(C) **APPLICABLE GOVERNMENT PAYMENT.**—For purposes of this paragraph, the term ‘applicable government payment’ means—

“(i) any Federal payment (other than a payment for which eligibility is based on the income or assets

(or both) of a payee) certified to the Financial Management Service for disbursement, and

“(ii) any other payment which is certified to the Financial Management Service for disbursement and which the Secretary designates by published notice.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 6103(p) is amended—

(A) in paragraph (3)(A), by striking “(2), or (6)” and inserting “(2), (6), or (8)”, and

(B) in paragraph (4), by inserting “(k)(8),” after “(j) (1) or (2),” each place it appears.

(2) Section 552a(a)(8)(B) of title 5, United States Code, is amended by striking “or” at the end of clause (v), by adding “or” at the end of clause (vi), and by adding at the end the following new clause:

“(vii) matches performed incident to a levy described in section 6103(k)(8) of the Internal Revenue Code of 1986;”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to levies issued after the date of the enactment of this Act. 26 USC 6103 note.

SEC. 1027. RETURNS OF BENEFICIARIES OF ESTATES AND TRUSTS REQUIRED TO FILE RETURNS CONSISTENT WITH ESTATE OR TRUST RETURN OR TO NOTIFY SECRETARY OF INCONSISTENCY.

(a) DOMESTIC ESTATES AND TRUSTS.—Section 6034A (relating to information to beneficiaries of estates and trusts) is amended by adding at the end the following new subsection:

“(c) BENEFICIARY’S RETURN MUST BE CONSISTENT WITH ESTATE OR TRUST RETURN OR SECRETARY NOTIFIED OF INCONSISTENCY.—

“(1) IN GENERAL.—A beneficiary of any estate or trust to which subsection (a) applies shall, on such beneficiary’s return, treat any reported item in a manner which is consistent with the treatment of such item on the applicable entity’s return.

“(2) NOTIFICATION OF INCONSISTENT TREATMENT.—

“(A) IN GENERAL.—In the case of any reported item, if—

“(i)(I) the applicable entity has filed a return but the beneficiary’s treatment on such beneficiary’s return is (or may be) inconsistent with the treatment of the item on the applicable entity’s return, or

“(II) the applicable entity has not filed a return, and

“(ii) the beneficiary files with the Secretary a statement identifying the inconsistency, paragraph (1) shall not apply to such item.

“(B) BENEFICIARY RECEIVING INCORRECT INFORMATION.—A beneficiary shall be treated as having complied with clause (ii) of subparagraph (A) with respect to a reported item if the beneficiary—

“(i) demonstrates to the satisfaction of the Secretary that the treatment of the reported item on the beneficiary’s return is consistent with the treatment of the item on the statement furnished under subsection (a) to the beneficiary by the applicable entity, and

“(ii) elects to have this paragraph apply with respect to that item.

“(3) EFFECT OF FAILURE TO NOTIFY.—In any case—

“(A) described in subparagraph (A)(i)(I) of paragraph (2), and

“(B) in which the beneficiary does not comply with subparagraph (A)(ii) of paragraph (2),

any adjustment required to make the treatment of the items by such beneficiary consistent with the treatment of the items on the applicable entity’s return shall be treated as arising out of mathematical or clerical errors and assessed according to section 6213(b)(1). Paragraph (2) of section 6213(b) shall not apply to any assessment referred to in the preceding sentence.

“(4) DEFINITIONS.—For purposes of this subsection—

“(A) REPORTED ITEM.—The term ‘reported item’ means any item for which information is required to be furnished under subsection (a).

“(B) APPLICABLE ENTITY.—The term ‘applicable entity’ means the estate or trust of which the taxpayer is the beneficiary.

“(5) ADDITION TO TAX FOR FAILURE TO COMPLY WITH SECTION.—For addition to tax in the case of a beneficiary’s negligence in connection with, or disregard of, the requirements of this section, see part II of subchapter A of chapter 68.”.

(b) FOREIGN TRUSTS.—Subsection (d) of section 6048 (relating to information with respect to certain foreign trusts) is amended by adding at the end the following new paragraph:

“(5) UNITED STATES PERSON’S RETURN MUST BE CONSISTENT WITH TRUST RETURN OR SECRETARY NOTIFIED OF INCONSISTENCY.—Rules similar to the rules of section 6034A(c) shall apply to items reported by a trust under subsection (b)(1)(B) and to United States persons referred to in such subsection.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns of beneficiaries and owners filed after the date of the enactment of this Act.

26 USC 6034A
note.

SEC. 1028. REGISTRATION AND OTHER PROVISIONS RELATING TO CONFIDENTIAL CORPORATE TAX SHELTERS.

(a) IN GENERAL.—Section 6111 (relating to registration of tax shelters) is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting after subsection (c) the following new subsection:

“(d) CERTAIN CONFIDENTIAL ARRANGEMENTS TREATED AS TAX SHELTERS.—

“(1) IN GENERAL.—For purposes of this section, the term ‘tax shelter’ includes any entity, plan, arrangement, or transaction—

“(A) a significant purpose of the structure of which is the avoidance or evasion of Federal income tax for a direct or indirect participant which is a corporation,

“(B) which is offered to any potential participant under conditions of confidentiality, and

“(C) for which the tax shelter promoters may receive fees in excess of \$100,000 in the aggregate.

“(2) CONDITIONS OF CONFIDENTIALITY.—For purposes of paragraph (1)(B), an offer is under conditions of confidentiality if—

“(A) the potential participant to whom the offer is made (or any other person acting on behalf of such participant) has an understanding or agreement with or for the benefit of any promoter of the tax shelter that such participant (or such other person) will limit disclosure of the tax shelter or any significant tax features of the tax shelter, or

“(B) any promoter of the tax shelter—

“(i) claims, knows, or has reason to know,

“(ii) knows or has reason to know that any other person (other than the potential participant) claims, or

“(iii) causes another person to claim,

that the tax shelter (or any aspect thereof) is proprietary to any person other than the potential participant or is otherwise protected from disclosure to or use by others.

For purposes of this subsection, the term ‘promoter’ means any person or any related person (within the meaning of section 267 or 707) who participates in the organization, management, or sale of the tax shelter.

“(3) PERSONS OTHER THAN PROMOTER REQUIRED TO REGISTER IN CERTAIN CASES.—

“(A) IN GENERAL.—If—

“(i) the requirements of subsection (a) are not met with respect to any tax shelter (as defined in paragraph (1)) by any tax shelter promoter, and

“(ii) no tax shelter promoter is a United States person,

then each United States person who discussed participation in such shelter shall register such shelter under subsection (a).

“(B) EXCEPTION.—Subparagraph (A) shall not apply to a United States person who discussed participation in a tax shelter if—

“(i) such person notified the promoter in writing (not later than the close of the 90th day after the day on which such discussions began) that such person would not participate in such shelter, and

“(ii) such person does not participate in such shelter.

“(4) OFFER TO PARTICIPATE TREATED AS OFFER FOR SALE.—

For purposes of subsections (a) and (b), an offer to participate in a tax shelter (as defined in paragraph (1)) shall be treated as an offer for sale.”.

(b) PENALTY.—Subsection (a) of section 6707 (relating to failure to furnish information regarding tax shelters) is amended by adding at the end the following new paragraph:

“(3) CONFIDENTIAL ARRANGEMENTS.—

“(A) IN GENERAL.—In the case of a tax shelter (as defined in section 6111(d)), the penalty imposed under paragraph (1) shall be an amount equal to the greater of—

“(i) 50 percent of the fees paid to all promoters of the tax shelter with respect to offerings made before

the date such shelter is registered under section 6111, or

“(ii) \$10,000.

Clause (i) shall be applied by substituting ‘75 percent’ for ‘50 percent’ in the case of an intentional failure or act described in paragraph (1).

“(B) SPECIAL RULE FOR PARTICIPANTS REQUIRED TO REGISTER SHELTER.—In the case of a person required to register such a tax shelter by reason of section 6111(d)(3)—

“(i) such person shall be required to pay the penalty under paragraph (1) only if such person actually participated in such shelter,

“(ii) the amount of such penalty shall be determined by taking into account under subparagraph (A)(i) only the fees paid by such person, and

“(iii) such penalty shall be in addition to the penalty imposed on any other person for failing to register such shelter.”.

(c) MODIFICATIONS TO SUBSTANTIAL UNDERSTATEMENT PENALTY.—

(1) RESTRICTION ON REASONABLE BASIS FOR CORPORATE UNDERSTATEMENT OF INCOME TAX.—Subparagraph (B) of section 6662(d)(2) is amended by adding at the end the following new flush sentence:

“For purposes of clause (ii)(II), in no event shall a corporation be treated as having a reasonable basis for its tax treatment of an item attributable to a multiple-party financing transaction if such treatment does not clearly reflect the income of the corporation.”.

(2) MODIFICATION TO DEFINITION OF TAX SHELTER.—Clause (iii) of section 6662(d)(2)(C) is amended by striking “the principal purpose” and inserting “a significant purpose”.

(d) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 6707(a) is amended by striking “The penalty” and inserting “Except as provided in paragraph (3), the penalty”.

(2) Subparagraph (A) of section 6707(a)(1) is amended by striking “paragraph (2)” and inserting “paragraph (2) or (3), as the case may be”.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to any tax shelter (as defined in section 6111(d) of the Internal Revenue Code of 1986, as amended by this section) interests in which are offered to potential participants after the Secretary of the Treasury prescribes guidance with respect to meeting requirements added by such amendments.

(2) MODIFICATIONS TO SUBSTANTIAL UNDERSTATEMENT PENALTY.—The amendments made by subsection (c) shall apply to items with respect to transactions entered into after the date of the enactment of this Act.

Subtitle D—Excise and Employment Tax Provisions

SEC. 1031. EXTENSION AND MODIFICATION OF TAXES FUNDING AIRPORT AND AIRWAY TRUST FUND; INCREASED DEPOSITS INTO SUCH FUND.

(a) FUEL TAXES.—

(1) AVIATION FUEL.—Clause (ii) of section 4091(b)(3)(A) is amended by striking “September 30, 1997” and inserting “September 30, 2007”.

(2) AVIATION GASOLINE.—Subparagraph (B) of section 4081(d)(2) is amended by striking “September 30, 1997” and inserting “September 30, 2007”.

(3) NONCOMMERCIAL AVIATION.—Subparagraph (B) of section 4041(c)(3) is amended by striking “September 30, 1997” and inserting “September 30, 2007”.

(b) TICKET TAXES.—

(1) PERSONS.—Clause (ii) of section 4261(g)(1)(A) is amended by striking “September 30, 1997” and inserting “September 30, 2007”.

(2) PROPERTY.—Clause (ii) of section 4271(d)(1)(A) is amended by striking “September 30, 1997” and inserting “September 30, 2007”.

(c) MODIFICATIONS TO TAX ON TRANSPORTATION OF PERSONS BY AIR.—

(1) IN GENERAL.—Section 4261 (relating to imposition of tax) is amended by striking subsections (a), (b), and (c) and inserting the following new subsections:

“(a) IN GENERAL.—There is hereby imposed on the amount paid for taxable transportation of any person a tax equal to 7.5 percent of the amount so paid.

“(b) DOMESTIC SEGMENTS OF TAXABLE TRANSPORTATION.—

“(1) IN GENERAL.—There is hereby imposed on the amount paid for each domestic segment of taxable transportation by air a tax in the amount determined in accordance with the following table for the period in which the segment begins:

In the case of segments beginning:

	The tax is:
After September 30, 1997, and before October 1, 1998	\$1.00
After September 30, 1998, and before October 1, 1999	\$2.00
After September 30, 1999, and before January 1, 2000	\$2.25
During 2000	\$2.50
During 2001	\$2.75
During 2002 or thereafter	\$3.00.

“(2) DOMESTIC SEGMENT.—For purposes of this section, the term ‘domestic segment’ means any segment consisting of 1 takeoff and 1 landing and which is taxable transportation described in section 4262(a)(1).

“(3) CHANGES IN SEGMENTS BY REASON OF REROUTING.—If—

“(A) transportation is purchased between 2 locations on specified flights, and

“(B) there is a change in the route taken between such 2 locations which changes the number of domestic segments, but there is no change in the amount charged for such transportation,

the tax imposed by paragraph (1) shall be determined without regard to such change in route.

“(c) USE OF INTERNATIONAL TRAVEL FACILITIES.—

“(1) IN GENERAL.—There is hereby imposed a tax of \$12.00 on any amount paid (whether within or without the United States) for any transportation of any person by air, if such transportation begins or ends in the United States.

“(2) EXCEPTION FOR TRANSPORTATION ENTIRELY TAXABLE UNDER SUBSECTION (a).—This subsection shall not apply to any transportation all of which is taxable under subsection (a) (determined without regard to sections 4281 and 4282).

“(3) SPECIAL RULE FOR ALASKA AND HAWAII.—In any case in which the tax imposed by paragraph (1) applies to a domestic segment beginning or ending in Alaska or Hawaii, such tax shall apply only to departures and shall be at the rate of \$6.”.

(2) SPECIAL RULES.—Section 4261 is amended by redesignating subsections (e), (f), and (g) as subsections (f), (g), and (h), respectively, and by inserting after subsection (d) the following new subsection:

“(e) SPECIAL RULES.—

“(1) SEGMENTS TO AND FROM RURAL AIRPORTS.—

“(A) EXCEPTION FROM SEGMENT TAX.—The tax imposed by subsection (b)(1) shall not apply to any domestic segment beginning or ending at an airport which is a rural airport for the calendar year in which such segment begins or ends (as the case may be).

“(B) RURAL AIRPORT.—For purposes of this paragraph, the term ‘rural airport’ means, with respect to any calendar year, any airport if—

“(i) there were fewer than 100,000 commercial passengers departing by air during the second preceding calendar year from such airport, and

“(ii) such airport—

“(I) is not located within 75 miles of another airport which is not described in clause (i), or

“(II) is receiving essential air service subsidies as of the date of the enactment of this paragraph.

“(C) NO PHASEIN OF REDUCED TICKET TAX.—In the case of transportation beginning before October 1, 1999—

“(i) IN GENERAL.—Paragraph (5) shall not apply to any domestic segment beginning or ending at an airport which is a rural airport for the calendar year in which such segment begins or ends (as the case may be).

“(ii) TRANSPORTATION INVOLVING MULTIPLE SEGMENTS.—In the case of transportation involving more than 1 domestic segment at least 1 of which does not begin or end at a rural airport, the 7.5 percent rate applicable by reason of clause (i) shall be applied by taking into account only an amount which bears the same ratio to the amount paid for such transportation as the number of specified miles in domestic segments which begin or end at a rural airport bears to the total number of specified miles in such transportation.

“(2) AMOUNTS PAID OUTSIDE THE UNITED STATES.—In the case of amounts paid outside the United States for taxable transportation, the taxes imposed by subsections (a) and (b) shall apply only if such transportation begins and ends in the United States.

“(3) AMOUNTS PAID FOR RIGHT TO AWARD FREE OR REDUCED RATE AIR TRANSPORTATION.—

“(A) IN GENERAL.—Any amount paid (and the value of any other benefit provided) to an air carrier (or any related person) for the right to provide mileage awards for (or other reductions in the cost of) any transportation of persons by air shall be treated for purposes of subsection (a) as an amount paid for taxable transportation, and such amount shall be taxable under subsection (a) without regard to any other provision of this subchapter.

“(B) CONTROLLED GROUP.—For purposes of subparagraph (A), a corporation and all wholly owned subsidiaries of such corporation shall be treated as 1 corporation.

“(C) REGULATIONS.—The Secretary shall prescribe rules which reallocate items of income, deduction, credit, exclusion, or other allowance to the extent necessary to prevent the avoidance of tax imposed by reason of this paragraph. The Secretary may prescribe rules which exclude from the tax imposed by subsection (a) amounts attributable to mileage awards which are used other than for transportation of persons by air.

“(4) INFLATION ADJUSTMENT OF DOLLAR RATES OF TAX.—

“(A) IN GENERAL.—In the case of taxable events in a calendar year after the last nonindexed year, the \$3.00 amount contained in subsection (b) and each dollar amount contained in subsection (c) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting the year before the last nonindexed year for ‘calendar year 1992’ in subparagraph (B) thereof. If any increase determined under the preceding sentence is not a multiple of 10 cents, such increase shall be rounded to the nearest multiple of 10 cents.

“(B) LAST NONINDEXED YEAR.—For purposes of subparagraph (A), the last nonindexed year is—

“(i) 2002 in the case of the \$3.00 amount contained in subsection (b), and

“(ii) 1998 in the case of the dollar amounts contained in subsection (c).

“(C) TAXABLE EVENT.—For purposes of subparagraph (A), in the case of the tax imposed subsection (b), the beginning of the domestic segment shall be treated as the taxable event.

“(5) RATES OF TICKET TAX FOR TRANSPORTATION BEGINNING BEFORE OCTOBER 1, 1999.—Subsection (a) shall be applied by substituting for ‘7.5 percent’—

“(A) ‘9 percent’ in the case of transportation beginning after September 30, 1997, and before October 1, 1998, and

“(B) ‘8 percent’ in the case of transportation beginning after September 30, 1998, and before October 1, 1999.”.

(3) SECONDARY LIABILITY OF CARRIER FOR UNPAID TAX.— Subsection (c) of section 4263 is amended by striking “subchapter—” and all that follows and inserting “subchapter, such tax shall be paid by the carrier providing the initial segment of such transportation which begins or ends in the United States.”.

(d) INCREASED AIRPORT AND AIRWAY TRUST FUND DEPOSITS.—

(1) Paragraph (1) of section 9502(b) is amended—

(A) by striking “(to the extent that the rate of the tax on such gasoline exceeds 4.3 cents per gallon)” in subparagraph (C),

(B) by striking “to the extent attributable to the Airport and Airway Trust Fund financing rate” in subparagraph (D), and

(C) by adding at the end the following flush sentence: “There shall not be taken into account under paragraph (1) so much of the taxes imposed by sections 4081 and 4091 as are determined at the rates specified in section 4081(a)(2)(B) or 4091(b)(2).”.

(2) Section 9502 is amended by striking subsection (f).

(e) EFFECTIVE DATES.—

(1) FUEL TAXES.—The amendments made by subsection (a) shall apply take effect on October 1, 1997.

(2) TICKET TAXES.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendments made by subsections (b) and (c) shall apply to transportation beginning on or after October 1, 1997.

(B) TREATMENT OF AMOUNTS PAID FOR TICKETS PURCHASED BEFORE OCTOBER 1, 1997.—The amendments made by subsection (c) shall not apply to amounts paid before October 1, 1997; except that—

(i) the amendment made to section 4261(c) of the Internal Revenue Code of 1986 shall apply to amounts paid more than 7 days after the date of the enactment of this Act for transportation beginning on or after October 1, 1997, and

(ii) the amendment made to section 4263(c) of such Code shall apply to the extent related to taxes imposed under the amendment made to such section 4261(c) on the amounts described in clause (i).

(C) AMOUNTS PAID FOR RIGHT TO AWARD MILEAGE AWARDS.—

(i) IN GENERAL.—Paragraph (3) of section 4261(e) of the Internal Revenue Code of 1986 (as added by the amendment made by subsection (c)) shall apply to amounts paid (and other benefits provided) after September 30, 1997.

(ii) PAYMENTS WITHIN CONTROLLED GROUP.—For purposes of clause (i), any amount paid after June 11, 1997, and before October 1, 1997, by 1 member of a controlled group for a right which is described in such section 4261(e)(3) and is furnished by another member of such group after September 30, 1997, shall

26 USC 4041
note.

26 USC 4261
note.

be treated as paid after September 30, 1997. For purposes of the preceding sentence, all persons treated as a single employer under subsection (a) or (b) of section 52 of such Code shall be treated as members of a controlled group.

(3) INCREASED DEPOSITS INTO AIRPORT AND AIRWAY TRUST FUND.—The amendments made by subsection (d) shall apply with respect to taxes received in the Treasury on and after October 1, 1997. 26 USC 9502 note.

(g) DELAYED DEPOSITS OF AIRPORT TRUST FUND TAX REVENUES.—Notwithstanding section 6302 of the Internal Revenue Code of 1986— 26 USC 6302 note.

(1) in the case of deposits of taxes imposed by section 4261 of such Code, the due date for any such deposit which would (but for this subsection) be required to be made after August 14, 1997, and before October 1, 1997, shall be October 10, 1997,

(2) in the case of deposits of taxes imposed by section 4261 of such Code, the due date for any such deposit which would (but for this subsection) be required to be made after August 14, 1998, and before October 1, 1998, shall be October 5, 1998, and

(3) in the case of deposits of taxes imposed by sections 4081(a)(2)(A)(ii), 4091, and 4271 of such Code, the due date for any such deposit which would (but for this subsection) be required to be made after July 31, 1998, and before October 1, 1998, shall be October 5, 1998.

SEC. 1032. KEROSENE TAXED AS DIESEL FUEL.

(a) IN GENERAL.—Subsection (a) of section 4083 (defining taxable fuel) is amended by striking “and” at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting “, and”, and by adding at the end the following new subparagraph:

“(C) kerosene.”.

(b) RATE OF TAX.—Clause (iii) of section 4081(a)(2)(A) is amended by inserting “or kerosene” after “diesel fuel”.

(c) EXEMPTIONS FROM TAX; REFUNDS TO VENDORS.—

(1) IN GENERAL.—Section 4082 (relating to exemptions for diesel fuel) is amended by striking “diesel fuel” each place it appears in subsections (a), (c), and (d) and inserting “diesel fuel and kerosene”.

(2) CERTAIN KEROSENE EXEMPT FROM DYEING REQUIREMENT.—Section 4082 is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting after subsection (c) the following new subsection:

“(d) ADDITIONAL EXCEPTIONS TO DYEING REQUIREMENTS FOR

KEROSENE.—

“(1) AVIATION-GRADE KEROSENE.—Subsection (a)(2) shall not apply to a removal, entry, or sale of aviation-grade kerosene (as determined under regulations prescribed by the Secretary) if the person receiving the kerosene is registered under section 4101 with respect to the tax imposed by section 4091.

Regulations.

“(2) USE FOR NON-FUEL FEEDSTOCK PURPOSES.—Subsection (a)(2) shall not apply to kerosene—

“(A) received by pipeline or vessel for use by the person receiving the kerosene in the manufacture or production

of any substance (other than gasoline, diesel fuel, or special fuels referred to in section 4041), or

“(B) to the extent provided in regulations, removed or entered—

“(i) for such a use by the person removing or entering the kerosene, or

“(ii) for resale by such person for such a use by the purchaser,

but only if the person receiving, removing, or entering the kerosene and such purchaser (if any) are registered under section 4101 with respect to the tax imposed by section 4081.

“(3) WHOLESALE DISTRIBUTORS.—To the extent provided in regulations, subsection (a)(2) shall not apply to a removal, entry, or sale of kerosene to a wholesale distributor of kerosene if such distributor—

“(A) is registered under section 4101 with respect to the tax imposed by section 4081 on kerosene, and

“(B) sells kerosene exclusively to ultimate vendors described in section 6427(l)(5)(B) with respect to kerosene.”.

(3) REFUNDS.—

(A) Subsection (l) of section 6427 is amended by inserting “or kerosene” after “diesel fuel” each place it appears in paragraphs (1), (2), and (5) (including the heading for paragraph (5)).

(B) Paragraph (5) of section 6427(l) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

“(B) SALES OF KEROSENE NOT FOR USE IN MOTOR FUEL.—Paragraph (1)(A) shall not apply to kerosene sold by a vendor—

“(i) for any use if such sale is from a pump which (as determined under regulations prescribed by the Secretary) is not suitable for use in fueling any diesel-powered highway vehicle or train, or

“(ii) to the extent provided by the Secretary, for blending with heating oil to be used during periods of extreme or unseasonable cold.”.

(C) Subparagraph (C) of section 6427(l)(5), as redesignated by subparagraph (B) of this paragraph, is amended by striking “subparagraph (A)” and inserting “subparagraph (A) or (B)”.

(D) The heading for subsection (l) of section 6427 is amended by inserting “, KEROSENE,” after “DIESEL FUEL”.

(E) Clause (i) of section 6427(i)(5)(A) is amended by inserting “(\$100 or more in the case of kerosene)” after “\$200 or more”.

(d) CERTAIN APPROVED TERMINALS OF REGISTERED PERSONS REQUIRED TO OFFER DYED DIESEL FUEL AND KEROSENE FOR NON-TAXABLE PURPOSES.—Section 4101 is amended by adding at the end the following new subsection:

“(e) CERTAIN APPROVED TERMINALS OF REGISTERED PERSONS REQUIRED TO OFFER DYED DIESEL FUEL AND KEROSENE FOR NON-TAXABLE PURPOSES.—

“(1) IN GENERAL.—A terminal for kerosene or diesel fuel may not be an approved facility for storage of non-tax-paid diesel fuel or kerosene under this section unless the operator

of such terminal offers dyed diesel fuel and kerosene for removal for nontaxable use in accordance with section 4082(a).

“(2) EXCEPTION.—Paragraph (1) shall not apply to any terminal exclusively providing aviation-grade kerosene by pipeline to an airport.”.

(e) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 4041(a), as amended by title IX, is amended by striking “kerosene,”.

(2) Paragraph (1) of section 4041(c) is amended by striking “any liquid” and inserting “kerosene and any other liquid”.

(3)(A) The heading for section 4082 is amended by inserting “AND KEROSENE” after “DIESEL FUEL”.

(B) The table of sections for subpart A of part III of subchapter A of chapter 32 is amended by inserting “and kerosene” after “diesel fuel” in the item relating to section 4082.

(4) Subsection (b) of section 4083 is amended by striking “gasoline, diesel fuel,” and inserting “taxable fuels”.

(5) Subsection (a) of section 4093 is amended by striking “any liquid” and inserting “kerosene and any other liquid”.

(6) The material following subparagraph (F) of section 6416(b)(2) is amended by inserting “or kerosene” after “diesel fuel”.

(7) Paragraphs (1) and (3) of section 6427(f), and the heading for section 6427(f), are each amended by inserting “kerosene,” after “diesel fuel,”.

(8) Paragraph (2) of section 6427(f) is amended by striking “or diesel fuel” each place it appears and inserting “, diesel fuel, or kerosene”.

(9) Subparagraph (A) of section 6427(i)(3) is amended by striking “or diesel fuel” and inserting “, diesel fuel, or kerosene”.

(10) The heading for paragraph (4) of section 6427(i) is amended to read as follows:

“(4) SPECIAL RULE FOR REFUNDS UNDER SUBSECTION (l).—”.

(11) Paragraph (1) of section 6715(c) is amended by inserting “or kerosene” after “diesel fuel”.

(12)(A) The text of section 7232 is amended by striking “gasoline, lubricating oil, diesel fuel” and inserting “any taxable fuel (as defined in section 4083)”.

(B) The section heading for section 7232 is amended to read as follows:

“SEC. 7232. FAILURE TO REGISTER UNDER SECTION 4101, FALSE REPRESENTATIONS OF REGISTRATION STATUS, ETC.”.

(C) The table of sections for part II of subchapter A of chapter 75 is amended by striking the item relating to section 7232 and inserting the following:

“Sec. 7232. Failure to register under section 4101, false representations of registration status, etc.”.

(13) Sections 9503(b)(1)(E) and 9508(b)(2) are each amended by striking “and diesel fuel” and inserting “, diesel fuel, and kerosene”.

(14) Subparagraph (B) of section 9503(b)(5) is amended by striking “or diesel fuel” and inserting “, diesel fuel, or kerosene”.

(f) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 1, 1998.

26 USC 4041
note.

26 USC 4081
note.

(g) FLOOR STOCK TAXES.—

(1) IMPOSITION OF TAX.—In the case of kerosene which is held on July 1, 1998, by any person, there is hereby imposed a floor stocks tax of 24.4 cents per gallon.

(2) LIABILITY FOR TAX AND METHOD OF PAYMENT.—

(A) LIABILITY FOR TAX.—A person holding kerosene on July 1, 1998, to which the tax imposed by paragraph (1) applies shall be liable for such tax.

(B) METHOD OF PAYMENT.—The tax imposed by paragraph (1) shall be paid in such manner as the Secretary shall prescribe.

(C) TIME FOR PAYMENT.—The tax imposed by paragraph (1) shall be paid on or before August 31, 1998.

(3) DEFINITIONS.—For purposes of this subsection—

(A) HELD BY A PERSON.—Kerosene shall be considered as “held by a person” if title thereto has passed to such person (whether or not delivery to the person has been made).

(B) SECRETARY.—The term “Secretary” means the Secretary of the Treasury or his delegate.

(4) EXCEPTION FOR EXEMPT USES.—The tax imposed by paragraph (1) shall not apply to kerosene held by any person exclusively for any use to the extent a credit or refund of the tax imposed by section 4081 of the Internal Revenue Code of 1986 is allowable for such use.

(5) EXCEPTION FOR FUEL HELD IN VEHICLE TANK.—No tax shall be imposed by paragraph (1) on kerosene held in the tank of a motor vehicle or motorboat.

(6) EXCEPTION FOR CERTAIN AMOUNTS OF FUEL.—

(A) IN GENERAL.—No tax shall be imposed by paragraph (1) on kerosene held on July 1, 1998, by any person if the aggregate amount of kerosene held by such person on such date does not exceed 2,000 gallons. The preceding sentence shall apply only if such person submits to the Secretary (at the time and in the manner required by the Secretary) such information as the Secretary shall require for purposes of this paragraph.

(B) EXEMPT FUEL.—For purposes of subparagraph (A), there shall not be taken into account fuel held by any person which is exempt from the tax imposed by paragraph (1) by reason of paragraph (4) or (5).

(C) CONTROLLED GROUPS.—For purposes of this paragraph—

(i) CORPORATIONS.—

(I) IN GENERAL.—All persons treated as a controlled group shall be treated as 1 person.

(II) CONTROLLED GROUP.—The term “controlled group” has the meaning given to such term by subsection (a) of section 1563 of such Code; except that for such purposes the phrase “more than 50 percent” shall be substituted for the phrase “at least 80 percent” each place it appears in such subsection.

(ii) NONINCORPORATED PERSONS UNDER COMMON CONTROL.—Under regulations prescribed by the Secretary, principles similar to the principles of clause (i) shall apply to a group of persons under common

control where 1 or more of such persons is not a corporation.

(7) COORDINATION WITH SECTION 4081.—No tax shall be imposed by paragraph (1) on kerosene to the extent that tax has been (or will be) imposed on such kerosene under section 4081 or 4091 of such Code.

(8) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, applicable with respect to the taxes imposed by section 4081 of such Code shall, insofar as applicable and not inconsistent with the provisions of this subsection, apply with respect to the floor stock taxes imposed by paragraph (1) to the same extent as if such taxes were imposed by such section 4081.

SEC. 1033. RESTORATION OF LEAKING UNDERGROUND STORAGE TANK TRUST FUND TAXES.

Paragraph (3) of section 4081(d) is amended by striking “shall not apply after December 31, 1995” and inserting “shall apply after September 30, 1997, and before April 1, 2005”.

SEC. 1034. APPLICATION OF COMMUNICATIONS TAX TO PREPAID TELEPHONE CARDS.

(a) IN GENERAL.—Section 4251 is amended by adding at the end the following new subsection:

“(d) TREATMENT OF PREPAID TELEPHONE CARDS.—

“(1) IN GENERAL.—For purposes of this subchapter, in the case of communications services acquired by means of a prepaid telephone card—

“(A) the face amount of such card shall be treated as the amount paid for such communications services, and

“(B) that amount shall be treated as paid when the card is transferred by any telecommunications carrier to any person who is not such a carrier.

“(2) DETERMINATION OF FACE AMOUNT IN ABSENCE OF SPECIFIED DOLLAR AMOUNT.—In the case of any prepaid telephone card which entitles the user other than to a specified dollar amount of use, the face amount shall be determined under regulations prescribed by the Secretary.

“(3) PREPAID TELEPHONE CARD.—For purposes of this subsection, the term ‘prepaid telephone card’ means any card or other similar arrangement which permits its holder to obtain communications services and pay for such services in advance.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid in calendar months beginning more than 60 days after the date of the enactment of this Act. 26 USC 4251 note.

SEC. 1035. EXTENSION OF TEMPORARY UNEMPLOYMENT TAX.

Section 3301 (relating to rate of unemployment tax) is amended—

(1) by striking “1998” in paragraph (1) and inserting “2007”, and

(2) by striking “1999” in paragraph (2) and inserting “2008”.

Subtitle E—Provisions Relating to Tax-Exempt Entities

SEC. 1041. EXPANSION OF LOOK-THRU RULE FOR INTEREST, ANNUITIES, ROYALTIES, AND RENTS DERIVED BY SUBSIDIARIES OF TAX-EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Paragraph (13) of section 512(b) is amended to read as follows:

“(13) SPECIAL RULES FOR CERTAIN AMOUNTS RECEIVED FROM CONTROLLED ENTITIES.—

“(A) IN GENERAL.—If an organization (in this paragraph referred to as the ‘controlling organization’) receives (directly or indirectly) a specified payment from another entity which it controls (in this paragraph referred to as the ‘controlled entity’), notwithstanding paragraphs (1), (2), and (3), the controlling organization shall include such payment as an item of gross income derived from an unrelated trade or business to the extent such payment reduces the net unrelated income of the controlled entity (or increases any net unrelated loss of the controlled entity). There shall be allowed all deductions of the controlling organization directly connected with amounts treated as derived from an unrelated trade or business under the preceding sentence.

“(B) NET UNRELATED INCOME OR LOSS.—For purposes of this paragraph—

“(i) NET UNRELATED INCOME.—The term ‘net unrelated income’ means—

“(I) in the case of a controlled entity which is not exempt from tax under section 501(a), the portion of such entity’s taxable income which would be unrelated business taxable income if such entity were exempt from tax under section 501(a) and had the same exempt purposes (as defined in section 513A(a)(5)(A)) as the controlling organization, or

“(II) in the case of a controlled entity which is exempt from tax under section 501(a), the amount of the unrelated business taxable income of the controlled entity.

“(ii) NET UNRELATED LOSS.—The term ‘net unrelated loss’ means the net operating loss adjusted under rules similar to the rules of clause (i).

“(C) SPECIFIED PAYMENT.—For purposes of this paragraph, the term ‘specified payment’ means any interest, annuity, royalty, or rent.

“(D) DEFINITION OF CONTROL.—For purposes of this paragraph—

“(i) CONTROL.—The term ‘control’ means—

“(I) in the case of a corporation, ownership (by vote or value) of more than 50 percent of the stock in such corporation,

“(II) in the case of a partnership, ownership of more than 50 percent of the profits interests or capital interests in such partnership, or

“(III) in any other case, ownership of more than 50 percent of the beneficial interests in the entity.

“(ii) CONSTRUCTIVE OWNERSHIP.—Section 318 (relating to constructive ownership of stock) shall apply for purposes of determining ownership of stock in a corporation. Similar principles shall apply for purposes of determining ownership of interests in any other entity.

Applicability.

“(E) RELATED PERSONS.—The Secretary shall prescribe such rules as may be necessary or appropriate to prevent avoidance of the purposes of this paragraph through the use of related persons.”.

(b) EFFECTIVE DATE.—

26 USC 512 note.

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

(2) BINDING CONTRACTS.—The amendments made by this section shall not apply to any payment made during the first 2 taxable years beginning on or after the date of the enactment of this Act if such payment is made pursuant to a written binding contract in effect on June 8, 1997, and at all times thereafter before such payment.

SEC. 1042. TERMINATION OF CERTAIN EXCEPTIONS FROM RULES RELATING TO EXEMPT ORGANIZATIONS WHICH PROVIDE COMMERCIAL-TYPE INSURANCE.

26 USC 833 note.

(a) IN GENERAL.—Subparagraphs (A) and (B) of section 1012(c)(4) of the Tax Reform Act of 1986 shall not apply to any taxable year beginning after December 31, 1997.

(b) SPECIAL RULES.—In the case of an organization to which section 501(m) of the Internal Revenue Code of 1986 applies solely by reason of the amendment made by subsection (a)—

(1) no adjustment shall be made under section 481 (or any other provision) of such Code on account of a change in its method of accounting for its first taxable year beginning after December 31, 1997, and

(2) for purposes of determining gain or loss, the adjusted basis of any asset held on the 1st day of such taxable year shall be treated as equal to its fair market value as of such day.

(c) RESERVE WEAKENING AFTER JUNE 8, 1997.—Any reserve weakening after June 8, 1997, by an organization described in subsection (b) shall be treated as occurring in such organization's 1st taxable year beginning after December 31, 1997.

(d) REGULATIONS.—The Secretary of the Treasury or his delegate may prescribe rules for providing proper adjustments for organizations described in subsection (b) with respect to short taxable years which begin during 1998 by reason of section 843 of the Internal Revenue Code of 1986.

Subtitle F—Foreign Provisions

SEC. 1051. DEFINITION OF FOREIGN PERSONAL HOLDING COMPANY INCOME.

(a) INCOME FROM NOTIONAL PRINCIPAL CONTRACTS AND PAYMENTS IN LIEU OF DIVIDENDS.—

(1) IN GENERAL.—Paragraph (1) of section 954(c) (defining foreign personal holding company income) is amended by adding at the end the following new subparagraphs:

“(F) INCOME FROM NOTIONAL PRINCIPAL CONTRACTS.—Net income from notional principal contracts. Any item of income, gain, deduction, or loss from a notional principal contract entered into for purposes of hedging any item described in any preceding subparagraph shall not be taken into account for purposes of this subparagraph but shall be taken into account under such other subparagraph.

“(G) PAYMENTS IN LIEU OF DIVIDENDS.—Payments in lieu of dividends which are made pursuant to an agreement to which section 1058 applies.”.

(2) CONFORMING AMENDMENT.—Subparagraph (B) of section 954(c)(1) is amended—

(A) by striking the second sentence, and

(B) by striking “also” in the last sentence.

(b) EXCEPTION FOR DEALERS.—Paragraph (2) of section 954(c) is amended by adding at the end the following new subparagraph:

“(C) EXCEPTION FOR DEALERS.—Except as provided in subparagraph (A), (E), or (G) of paragraph (1) or by regulations, in the case of a regular dealer in property (within the meaning of paragraph (1)(B)), forward contracts, option contracts, or similar financial instruments (including notional principal contracts and all instruments referenced to commodities), there shall not be taken into account in computing foreign personal holding income any item of income, gain, deduction, or loss from any transaction (including hedging transactions) entered into in the ordinary course of such dealer’s trade or business as such a dealer.”.

26 USC 954 note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 1052. PERSONAL PROPERTY USED PREDOMINANTLY IN THE UNITED STATES TREATED AS NOT PROPERTY OF A LIKE KIND WITH RESPECT TO PROPERTY USED PREDOMINANTLY OUTSIDE THE UNITED STATES.

(a) IN GENERAL.—Subsection (h) of section 1031 (relating to exchange of property held for productive use or investment) is amended to read as follows:

“(h) SPECIAL RULES FOR FOREIGN REAL AND PERSONAL PROPERTY.—For purposes of this section—

“(1) REAL PROPERTY.—Real property located in the United States and real property located outside the United States are not property of a like kind.

“(2) PERSONAL PROPERTY.—

“(A) IN GENERAL.—Personal property used predominantly within the United States and personal property

used predominantly outside the United States are not property of a like kind.

“(B) PREDOMINANT USE.—Except as provided in subparagraph (C) and (D), the predominant use of any property shall be determined based on—

“(i) in the case of the property relinquished in the exchange, the 2-year period ending on the date of such relinquishment, and

“(ii) in the case of the property acquired in the exchange, the 2-year period beginning on the date of such acquisition.

“(C) PROPERTY HELD FOR LESS THAN 2 YEARS.—Except in the case of an exchange which is part of a transaction (or series of transactions) structured to avoid the purposes of this subsection—

“(i) only the periods the property was held by the person relinquishing the property (or any related person) shall be taken into account under subparagraph (B)(i), and

“(ii) only the periods the property was held by the person acquiring the property (or any related person) shall be taken into account under subparagraph (B)(ii).

“(D) SPECIAL RULE FOR CERTAIN PROPERTY.—Property described in any subparagraph of section 168(g)(4) shall be treated as used predominantly in the United States.”.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall apply to transfers after June 8, 1997, in taxable years ending after such date.

(2) BINDING CONTRACTS.—The amendment made by this section shall not apply to any transfer pursuant to a written binding contract in effect on June 8, 1997, and at all times thereafter before the disposition of property. A contract shall not fail to meet the requirements of the preceding sentence solely because—

(A) it provides for a sale in lieu of an exchange, or

(B) the property to be acquired as replacement property was not identified under such contract before June 9, 1997.

26 USC 1031
note.

SEC. 1053. HOLDING PERIOD REQUIREMENT FOR CERTAIN FOREIGN TAXES.

(a) IN GENERAL.—Section 901 is amended by redesignating subsection (k) as subsection (l) and by inserting after subsection (j) the following new subsection:

“(k) MINIMUM HOLDING PERIOD FOR CERTAIN TAXES.—

“(1) WITHHOLDING TAXES.—

“(A) IN GENERAL.—In no event shall a credit be allowed under subsection (a) for any withholding tax on a dividend with respect to stock in a corporation if—

“(i) such stock is held by the recipient of the dividend for 15 days or less during the 30-day period beginning on the date which is 15 days before the date on which such share becomes ex-dividend with respect to such dividend, or

“(ii) to the extent that the recipient of the dividend is under an obligation (whether pursuant to a short

sale or otherwise) to make related payments with respect to positions in substantially similar or related property.

“(B) WITHHOLDING TAX.—For purposes of this paragraph, the term ‘withholding tax’ includes any tax determined on a gross basis; but does not include any tax which is in the nature of a prepayment of a tax imposed on a net basis.

“(2) DEEMED PAID TAXES.—In the case of income, war profits, or excess profits taxes deemed paid under section 853, 902, or 960 through a chain of ownership of stock in 1 or more corporations, no credit shall be allowed under subsection (a) for such taxes if—

“(A) any stock of any corporation in such chain (the ownership of which is required to obtain credit under subsection (a) for such taxes) is held for less than the period described in paragraph (1)(A)(i), or

“(B) the corporation holding the stock is under an obligation referred to in paragraph (1)(A)(ii).

“(3) 45-DAY RULE IN THE CASE OF CERTAIN PREFERENCE DIVIDENDS.—In the case of stock having preference in dividends and dividends with respect to such stock which are attributable to a period or periods aggregating in excess of 366 days, paragraph (1)(A)(i) shall be applied—

“(A) by substituting ‘45 days’ for ‘15 days’ each place it appears, and

“(B) by substituting ‘90-day period’ for ‘30-day period’.

“(4) EXCEPTION FOR CERTAIN TAXES PAID BY SECURITIES DEALERS.—

“(A) IN GENERAL.—Paragraphs (1) and (2) shall not apply to any qualified tax with respect to any security held in the active conduct in a foreign country of a securities business of any person—

“(i) who is registered as a securities broker or dealer under section 15(a) of the Securities Exchange Act of 1934,

“(ii) who is registered as a Government securities broker or dealer under section 15C(a) of such Act, or

“(iii) who is licensed or authorized in such foreign country to conduct securities activities in such country and is subject to bona fide regulation by a securities regulating authority of such country.

“(B) QUALIFIED TAX.—For purposes of subparagraph (A), the term ‘qualified tax’ means a tax paid to a foreign country (other than the foreign country referred to in subparagraph (A)) if—

“(i) the dividend to which such tax is attributable is subject to taxation on a net basis by the country referred to in subparagraph (A), and

“(ii) such country allows a credit against its net basis tax for the full amount of the tax paid to such other foreign country.

“(C) REGULATIONS.—The Secretary may prescribe such regulations as may be appropriate to carry out this paragraph, including regulations to prevent the abuse of the

exception provided by this paragraph and to treat other taxes as qualified taxes.

“(5) CERTAIN RULES TO APPLY.—For purposes of this subsection, the rules of paragraphs (3) and (4) of section 246(c) shall apply.

“(6) TREATMENT OF BONA FIDE SALES.—If a person’s holding period is reduced by reason of the application of the rules of section 246(c)(4) to any contract for the bona fide sale of stock, the determination of whether such person’s holding period meets the requirements of paragraph (2) with respect to taxes deemed paid under section 902 or 960 shall be made as of the date such contract is entered into.

“(7) TAXES ALLOWED AS DEDUCTION, ETC.—Sections 275 and 78 shall not apply to any tax which is not allowable as a credit under subsection (a) by reason of this subsection.”.

(b) NOTICE OF WITHHOLDING TAXES PAID BY REGULATED INVESTMENT COMPANY.—Subsection (c) of section 853 (relating to foreign tax credit allowed to shareholders) is amended by adding at the end the following new sentence: “Such notice shall also include the amount of such taxes which (without regard to the election under this section) would not be allowable as a credit under section 901(a) to the regulated investment company by reason of section 901(k).”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to dividends paid or accrued more than 30 days after the date of the enactment of this Act.

26 USC 853 note.

SEC. 1054. DENIAL OF TREATY BENEFITS FOR CERTAIN PAYMENTS THROUGH HYBRID ENTITIES.

(a) IN GENERAL.—Section 894 (relating to income affected by treaty) is amended by inserting after subsection (b) the following new subsection:

“(c) DENIAL OF TREATY BENEFITS FOR CERTAIN PAYMENTS THROUGH HYBRID ENTITIES.—

“(1) APPLICATION TO CERTAIN PAYMENTS.—A foreign person shall not be entitled under any income tax treaty of the United States with a foreign country to any reduced rate of any withholding tax imposed by this title on an item of income derived through an entity which is treated as a partnership (or is otherwise treated as fiscally transparent) for purposes of this title if—

“(A) such item is not treated for purposes of the taxation laws of such foreign country as an item of income of such person,

“(B) the treaty does not contain a provision addressing the applicability of the treaty in the case of an item of income derived through a partnership, and

“(C) the foreign country does not impose tax on a distribution of such item of income from such entity to such person.

“(2) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to determine the extent to which a taxpayer to which paragraph (1) does not apply shall not be entitled to benefits under any income tax treaty of the United States with respect to any payment received by, or income attributable to any activities of, an entity organized in any jurisdiction (including the United

States) that is treated as a partnership or is otherwise treated as fiscally transparent for purposes of this title (including a common investment trust under section 584, a grantor trust, or an entity that is disregarded for purposes of this title) and is treated as fiscally nontransparent for purposes of the tax laws of the jurisdiction of residence of the taxpayer.”.

26 USC 894 note.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply upon the date of enactment of this Act.

SEC. 1055. INTEREST ON UNDERPAYMENTS NOT REDUCED BY FOREIGN TAX CREDIT CARRYBACKS.

(a) **IN GENERAL.**—Subsection (d) of section 6601 is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and by inserting after paragraph (1) the following new paragraph:

“(2) **FOREIGN TAX CREDIT CARRYBACKS.**—If any credit allowed for any taxable year is increased by reason of a carryback of tax paid or accrued to foreign countries or possessions of the United States, such increase shall not affect the computation of interest under this section for the period ending with the filing date for the taxable year in which such taxes were in fact paid or accrued, or, with respect to any portion of such credit carryback from a taxable year attributable to a net operating loss carryback or a capital loss carryback from a subsequent taxable year, such increase shall not affect the computation of interest under this section for the period ending with the filing date for such subsequent taxable year.”.

(b) **CONFORMING AMENDMENT TO REFUNDS ATTRIBUTABLE TO FOREIGN TAX CREDIT CARRYBACKS.**—

(1) **IN GENERAL.**—Subsection (f) of section 6611 is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and by inserting after paragraph (1) the following new paragraph:

“(2) **FOREIGN TAX CREDIT CARRYBACKS.**—For purposes of subsection (a), if any overpayment of tax imposed by subtitle A results from a carryback of tax paid or accrued to foreign countries or possessions of the United States, such overpayment shall be deemed not to have been made before the filing date for the taxable year in which such taxes were in fact paid or accrued, or, with respect to any portion of such credit carryback from a taxable year attributable to a net operating loss carryback or a capital loss carryback from a subsequent taxable year, such overpayment shall be deemed not to have been made before the filing date for such subsequent taxable year.”.

(2) **CONFORMING AMENDMENTS.**—

(A) Paragraph (4) of section 6611(f) (as so redesignated) is amended—

(i) by striking “PARAGRAPHS (1) AND (2)” and inserting “PARAGRAPHS (1), (2), AND (3)”, and

(ii) by striking “paragraph (1) or (2)” each place it appears and inserting “paragraph (1), (2), or (3)”.

(B) Clause (ii) of section 6611(f)(4)(B) (as so redesignated) is amended by striking “and” at the end of subclause (I), by redesignating subclause (II) as subclause (III), and by inserting after subclause (I) the following new subclause:

“(II) in the case of a carryback of taxes paid or accrued to foreign countries or possessions of the United States, the taxable year in which such taxes were in fact paid or accrued (or, with respect to any portion of such carryback from a taxable year attributable to a net operating loss carryback or a capital loss carryback from a subsequent taxable year, such subsequent taxable year), and”.

(C) Subclause (III) of section 6611(f)(4)(B)(ii) (as so redesignated) is amended by inserting “(as defined in paragraph (3)(B))” after “credit carryback” the first place it appears.

(D) Section 6611 is amended by striking subsection (g) and by redesignating subsections (h) and (i) as subsections (g) and (h), respectively.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to foreign tax credit carrybacks arising in taxable years beginning after the date of the enactment of this Act. 26 USC 6601 note.

SEC. 1056. CLARIFICATION OF PERIOD OF LIMITATIONS ON CLAIM FOR CREDIT OR REFUND ATTRIBUTABLE TO FOREIGN TAX CREDIT CARRYFORWARD.

(a) **IN GENERAL.**—Subparagraph (A) of section 6511(d)(3) is amended by striking “for the year with respect to which the claim is made” and inserting “for the year in which such taxes were actually paid or accrued”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to taxes paid or accrued in taxable years beginning after the date of the enactment of this Act. 26 USC 6511 note.

SEC. 1057. REPEAL OF EXCEPTION TO ALTERNATIVE MINIMUM FOREIGN TAX CREDIT LIMIT.

(a) **IN GENERAL.**—Section 59(a)(2) (relating to limitation to 90 percent of tax) is amended by striking subparagraph (C).

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act. 26 USC 59 note.

Subtitle G—Partnership Provisions

SEC. 1061. ALLOCATION OF BASIS AMONG PROPERTIES DISTRIBUTED BY PARTNERSHIP.

(a) **IN GENERAL.**—Subsection (c) of section 732 is amended to read as follows:

“(c) **ALLOCATION OF BASIS.**—

“(1) **IN GENERAL.**—The basis of distributed properties to which subsection (a)(2) or (b) is applicable shall be allocated—

“(A)(i) first to any unrealized receivables (as defined in section 751(c)) and inventory items (as defined in section 751(d)(2)) in an amount equal to the adjusted basis of each such property to the partnership, and

“(ii) if the basis to be allocated is less than the sum of the adjusted bases of such properties to the partnership, then, to the extent any decrease is required in order to have the adjusted bases of such properties equal the basis to be allocated, in the manner provided in paragraph (3), and

“(B) to the extent of any basis remaining after the allocation under subparagraph (A), to other distributed properties—

“(i) first by assigning to each such other property such other property’s adjusted basis to the partnership, and

“(ii) then, to the extent any increase or decrease in basis is required in order to have the adjusted bases of such other distributed properties equal such remaining basis, in the manner provided in paragraph (2) or (3), whichever is appropriate.

“(2) METHOD OF ALLOCATING INCREASE.—Any increase required under paragraph (1)(B) shall be allocated among the properties—

“(A) first to properties with unrealized appreciation in proportion to their respective amounts of unrealized appreciation before such increase (but only to the extent of each property’s unrealized appreciation), and

“(B) then, to the extent such increase is not allocated under subparagraph (A), in proportion to their respective fair market values.

“(3) METHOD OF ALLOCATING DECREASE.—Any decrease required under paragraph (1)(A) or (1)(B) shall be allocated—

“(A) first to properties with unrealized depreciation in proportion to their respective amounts of unrealized depreciation before such decrease (but only to the extent of each property’s unrealized depreciation), and

“(B) then, to the extent such decrease is not allocated under subparagraph (A), in proportion to their respective adjusted bases (as adjusted under subparagraph (A)).”.

26 USC 732 note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to distributions after the date of the enactment of this Act.

SEC. 1062. REPEAL OF REQUIREMENT THAT INVENTORY BE SUBSTANTIALLY APPRECIATED WITH RESPECT TO SALE OR EXCHANGE OF PARTNERSHIP INTEREST.

(a) IN GENERAL.—Paragraph (2) of section 751(a) is amended to read as follows:

“(2) inventory items of the partnership,”.

(b) CONFORMING AMENDMENTS.—

(1)(A) Paragraph (1) of section 751(b) is amended by striking subparagraphs (A) and (B) and inserting the following new subparagraphs:

“(A) partnership property which is—

“(i) unrealized receivables, or

“(ii) inventory items which have appreciated substantially in value, in exchange for all or a part of his interest in other partnership property (including money), or

“(B) partnership property (including money) other than property described in subparagraph (A)(i) or (ii) in exchange for all or a part of his interest in partnership property described in subparagraph (A)(i) or (ii).”.

(B) Subsection (b) of section 751 is amended by adding at the end the following new paragraph:

“(3) SUBSTANTIAL APPRECIATION.—For purposes of paragraph (1)—

“(A) IN GENERAL.—Inventory items of the partnership shall be considered to have appreciated substantially in value if their fair market value exceeds 120 percent of the adjusted basis to the partnership of such property.

“(B) CERTAIN PROPERTY EXCLUDED.—For purposes of subparagraph (A), there shall be excluded any inventory property if a principal purpose for acquiring such property was to avoid the provisions of this subsection relating to inventory items.”

(2) Subsection (d) of section 751 is amended to read as follows:

“(d) INVENTORY ITEMS.—For purposes of this subchapter, the term ‘inventory items’ means—

“(1) property of the partnership of the kind described in section 1221(1),

“(2) any other property of the partnership which, on sale or exchange by the partnership, would be considered property other than a capital asset and other than property described in section 1231,

“(3) any other property of the partnership which, if sold or exchanged by the partnership, would result in a gain taxable under subsection (a) of section 1246 (relating to gain on foreign investment company stock), and

“(4) any other property held by the partnership which, if held by the selling or distributee partner, would be considered property of the type described in paragraph (1), (2), or (3).”

(3) Sections 724(d)(2), 731(a)(2)(B), 731(c)(6), 732(c)(1)(A) (as amended by the preceding section), 735(a)(2), and 735(c)(1) are each amended by striking “section 751(d)(2)” and inserting “section 751(d)”.

(c) EFFECTIVE DATE.—

26 USC 724 note.

(1) IN GENERAL.—The amendments made by this section shall apply to sales, exchanges, and distributions after the date of the enactment of this Act.

(2) BINDING CONTRACTS.—The amendments made by this section shall not apply to any sale or exchange pursuant to a written binding contract in effect on June 8, 1997, and at all times thereafter before such sale or exchange.

SEC. 1063. EXTENSION OF TIME FOR TAXING PRECONTRIBUTION GAIN.

(a) IN GENERAL.—Sections 704(c)(1)(B) and 737(b)(1) are each amended by striking “5 years” and inserting “7 years”.

(b) EFFECTIVE DATE.—

26 USC 704 note.

(1) IN GENERAL.—The amendment made by subsection (a) shall apply to property contributed to a partnership after June 8, 1997.

(2) BINDING CONTRACTS.—The amendment made by subsection (a) shall not apply to any property contributed pursuant to a written binding contract in effect on June 8, 1997, and at all times thereafter before such contribution if such contract provides for the contribution of a fixed amount of property.

Subtitle H—Pension Provisions

SEC. 1071. PENSION ACCRUED BENEFIT DISTRIBUTABLE WITHOUT CONSENT INCREASED TO \$5,000.

(a) AMENDMENT TO 1986 CODE.—

(1) IN GENERAL.—Subparagraph (A) of section 411(a)(11) (relating to restrictions on certain mandatory distributions) is amended by striking “\$3,500” and inserting “\$5,000”.

(2) CONFORMING AMENDMENTS.—

(A) Section 411(a)(7)(B), paragraphs (1) and (2) of section 417(e), and section 457(e)(9) are each amended by striking “\$3,500” each place it appears (other than the headings) and inserting “the dollar limit under section 411(a)(11)(A)”.

(B) The headings for paragraphs (1) and (2) of section 417(e) and subparagraph (A) of section 457(e)(9) are each amended by striking “\$3,500” and inserting “DOLLAR LIMIT”.

(b) AMENDMENTS TO ERISA.—

(1) IN GENERAL.—Section 203(e)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(e)(1)) is amended by striking “\$3,500” and inserting “\$5,000”.

(2) CONFORMING AMENDMENTS.—Sections 204(d)(1) and 205(g) (1) and (2) (29 U.S.C. 1054(d)(1) and 1055(g) (1) and (2)) are each amended by striking “\$3,500” and inserting “the dollar limit under section 203(e)(1)”.

26 USC 411 note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after the date of the enactment of this Act.

SEC. 1072. ELECTION TO RECEIVE TAXABLE CASH COMPENSATION IN LIEU OF NONTAXABLE PARKING BENEFITS.

(a) IN GENERAL.—Section 132(f)(4) (relating to benefits not in lieu of compensation) is amended by adding at the end the following new sentence: “This paragraph shall not apply to any qualified parking provided in lieu of compensation which otherwise would have been includible in gross income of the employee, and no amount shall be included in the gross income of the employee solely because the employee may choose between the qualified parking and compensation.”

26 USC 132 note.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 1073. REPEAL OF EXCESS DISTRIBUTION AND EXCESS RETIREMENT ACCUMULATION TAX.

(a) REPEAL OF EXCESS DISTRIBUTION AND EXCESS RETIREMENT ACCUMULATION TAX.—Section 4980A (relating to excess distributions from qualified retirement plans) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 691(c)(1) is amended by striking subparagraph (C).

(2) Section 2013 is amended by striking subsection (g).

(3) Section 2053(c)(1)(B) is amended by striking the last sentence.

(4) Section 6018(a) is amended by striking paragraph (4).

(c) EFFECTIVE DATES.—

42 USC 4980A
note.

(1) **EXCESS DISTRIBUTION TAX REPEAL.**—Except as provided in paragraph (2), the repeal made by subsection (a) shall apply to excess distributions received after December 31, 1996. Applicability.

(2) **EXCESS RETIREMENT ACCUMULATION TAX REPEAL.**—The repeal made by subsection (a) with respect to section 4980A(d) of the Internal Revenue Code of 1986 and the amendments made by subsection (b) shall apply to estates of decedents dying after December 31, 1996.

SEC. 1074. INCREASE IN TAX ON PROHIBITED TRANSACTIONS.

(a) **IN GENERAL.**—Section 4975(a) is amended by striking “10 percent” and inserting “15 percent”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to prohibited transactions occurring after the date of the enactment of this Act. 26 USC 4975 note.

SEC. 1075. BASIS RECOVERY RULES FOR ANNUITIES OVER MORE THAN ONE LIFE.

(a) **IN GENERAL.**—Section 72(d)(1)(B) is amended by adding at the end the following new clause:

“(iv) **NUMBER OF ANTICIPATED PAYMENTS WHERE MORE THAN ONE LIFE.**—If the annuity is payable over the lives of more than 1 individual, the number of anticipated payments shall be determined as follows:

“If the combined ages of annuitants are:

The number is:

Not more than 110	410
More than 110 but not more than 120	360
More than 120 but not more than 130	310
More than 130 but not more than 140	260
More than 140	210.”.

(b) **CONFORMING AMENDMENT.**—Section 72(d)(1)(B)(iii) is amended—

(1) by inserting “If the annuity is payable over the life of a single individual, the number of anticipated payments shall be determined as follows:” after the heading and before the table, and

(2) by striking “primary” in the table.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply with respect to annuity starting dates beginning after December 31, 1997. 26 USC 72 note.

Subtitle I—Other Revenue Provisions

SEC. 1081. TERMINATION OF SUSPENSE ACCOUNTS FOR FAMILY CORPORATIONS REQUIRED TO USE ACCRUAL METHOD OF ACCOUNTING.

(a) **IN GENERAL.**—Subsection (i) of section 447 (relating to method of accounting for corporations engaged in farming) is amended by striking paragraphs (3) and (4), by redesignating paragraphs (5) and (6) as paragraphs (3) and (4), respectively, and by adding at the end the following new paragraph:

“(5) **TERMINATION.**—

“(A) **IN GENERAL.**—No suspense account may be established under this subsection by any corporation required by this section to change its method of accounting for any taxable year ending after June 8, 1997.

“(B) PHASEOUT OF EXISTING SUSPENSE ACCOUNTS.—

“(i) IN GENERAL.—Each suspense account under this subsection shall be reduced (but not below zero) for each taxable year beginning after June 8, 1997, by an amount equal to the lesser of—

“(I) the applicable portion of such account, or

“(II) 50 percent of the taxable income of the corporation for the taxable year, or, if the corporation has no taxable income for such year, the amount of any net operating loss (as defined in section 172(c)) for such taxable year.

For purposes of the preceding sentence, the amount of taxable income and net operating loss shall be determined without regard to this paragraph.

“(ii) COORDINATION WITH OTHER REDUCTIONS.—The amount of the applicable portion for any taxable year shall be reduced (but not below zero) by the amount of any reduction required for such taxable year under any other provision of this subsection.

“(iv) INCLUSION IN INCOME.—Any reduction in a suspense account under this paragraph shall be included in gross income for the taxable year of the reduction.

“(C) APPLICABLE PORTION.—For purposes of subparagraph (B), the term ‘applicable portion’ means, for any taxable year, the amount which would ratably reduce the amount in the account (after taking into account prior reductions) to zero over the period consisting of such taxable year and the remaining taxable years in such first 20 taxable years.

“(D) AMOUNTS AFTER 20TH YEAR.—Any amount in the account as of the close of the 20th year referred to in subparagraph (C) shall be treated as the applicable portion for each succeeding year thereafter to the extent not reduced under this paragraph for any prior taxable year after such 20th year.”.

26 USC 447 note.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after June 8, 1997.

SEC. 1082. MODIFICATION OF TAXABLE YEARS TO WHICH NET OPERATING LOSSES MAY BE CARRIED.

(a) IN GENERAL.—Subparagraph (A) of section 172(b)(1) (relating to years to which loss may be carried) is amended—

(1) by striking “3” in clause (i) and inserting “2”, and

(2) by striking “15” in clause (ii) and inserting “20”.

(b) RETENTION OF 3-YEAR CARRYBACK FOR CERTAIN LOSSES.—Paragraph (1) of section 172(b) is amended by adding at the end the following new subparagraph:

“(F) RETENTION OF 3-YEAR CARRYBACK IN CERTAIN CASES.—

“(i) IN GENERAL.—Subparagraph (A)(i) shall be applied by substituting ‘3 years’ for ‘2 years’ with respect to the portion of the net operating loss for the taxable year which is an eligible loss with respect to the taxpayer.

“(ii) ELIGIBLE LOSS.—For purposes of clause (i), the term ‘eligible loss’ means—

“(I) in the case of an individual, losses of property arising from fire, storm, shipwreck, or other casualty, or from theft,

“(II) in the case of a taxpayer which is a small business, net operating losses attributable to Presidentially declared disasters (as defined in section 1033(h)(3)), and

“(III) in the case of a taxpayer engaged in the trade or business of farming (as defined in section 263A(e)(4)), net operating losses attributable to such Presidentially declared disasters.

“(iii) SMALL BUSINESS.—For purposes of this subparagraph, the term ‘small business’ means a corporation or partnership which meets the gross receipts test of section 448(c) for the taxable year in which the loss arose (or, in the case of a sole proprietorship, which would meet such test if such proprietorship were a corporation).”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to net operating losses for taxable years beginning after the date of the enactment of this Act. 26 USC 172 note.

SEC. 1083. MODIFICATIONS TO TAXABLE YEARS TO WHICH UNUSED CREDITS MAY BE CARRIED.

(a) IN GENERAL.—Section 39(a) (relating to unused credits) is amended—

(1) in paragraph (1), by striking “3” each place it appears and inserting “1” and by striking “15” each place it appears and inserting “20”; and

(2) in paragraph (2), by striking “18” each place it appears and inserting “22” and by striking “17” each place it appears and inserting “21”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to credits arising in taxable years beginning after December 31, 1997. 26 USC 39 note.

SEC. 1084. EXPANSION OF DENIAL OF DEDUCTION FOR CERTAIN AMOUNTS PAID IN CONNECTION WITH INSURANCE.

(a) DENIAL OF DEDUCTION FOR PREMIUMS.—

(1) IN GENERAL.—Paragraph (1) of section 264(a) is amended to read as follows:

“(1) Premiums on any life insurance policy, or endowment or annuity contract, if the taxpayer is directly or indirectly a beneficiary under the policy or contract.”.

(2) EXCEPTIONS.—Section 264 is amended by redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively, and by inserting after subsection (a) the following new subsection:

“(b) EXCEPTIONS TO SUBSECTION (a)(1).—Subsection (a)(1) shall not apply to—

“(1) any annuity contract described in section 72(s)(5), and

“(2) any annuity contract to which section 72(u) applies.”.

(b) INTEREST ON POLICY LOANS.—

(1) IN GENERAL.—Paragraph (4) of section 264(a) is amended by striking “individual, who” and all that follows and inserting “individual.”.

(2) COORDINATION WITH TRANSFERS FOR VALUE.—Paragraph (2) of section 101(a) is amended by adding at the end the following new flush sentence:

“The term ‘other amounts’ in the first sentence of this paragraph includes interest paid or accrued by the transferee on indebtedness with respect to such contract or any interest therein if such interest paid or accrued is not allowable as a deduction by reason of section 264(a)(4).”

(c) PRO RATA ALLOCATION OF INTEREST EXPENSE TO POLICY CASH VALUES.—Section 264 is amended by adding at the end the following new subsection:

“(f) PRO RATA ALLOCATION OF INTEREST EXPENSE TO POLICY CASH VALUES.—

“(1) IN GENERAL.—No deduction shall be allowed for that portion of the taxpayer’s interest expense which is allocable to unborrowed policy cash values.

“(2) ALLOCATION.—For purposes of paragraph (1), the portion of the taxpayer’s interest expense which is allocable to unborrowed policy cash values is an amount which bears the same ratio to such interest expense as—

“(A) the taxpayer’s average unborrowed policy cash values of life insurance policies, and annuity and endowment contracts, issued after June 8, 1997, bears to

“(B) the sum of—

“(i) in the case of assets of the taxpayer which are life insurance policies or annuity or endowment contracts, the average unborrowed policy cash values of such policies and contracts, and

“(ii) in the case of assets of the taxpayer not described in clause (i), the average adjusted bases (within the meaning of section 1016) of such assets.

“(3) UNBORROWED POLICY CASH VALUE.—For purposes of this subsection, the term ‘unborrowed policy cash value’ means, with respect to any life insurance policy or annuity or endowment contract, the excess of—

“(A) the cash surrender value of such policy or contract determined without regard to any surrender charge, over

“(B) the amount of any loan with respect to such policy or contract.

“(4) EXCEPTION FOR CERTAIN POLICIES AND CONTRACTS.—

“(A) POLICIES AND CONTRACTS COVERING 20-PERCENT OWNERS, OFFICERS, DIRECTORS, AND EMPLOYEES.—Paragraph (1) shall not apply to any policy or contract owned by an entity engaged in a trade or business if such policy or contract covers only 1 individual and if such individual is (at the time first covered by the policy or contract)—

“(i) a 20-percent owner of such entity, or

“(ii) an individual (not described in clause (i)) who is an officer, director, or employee of such trade or business.

A policy or contract covering a 20-percent owner of such entity shall not be treated as failing to meet the requirements of the preceding sentence by reason of covering the joint lives of such owner and such owner’s spouse.

“(B) CONTRACTS SUBJECT TO CURRENT INCOME INCLUSION.—Paragraph (1) shall not apply to any annuity contract to which section 72(u) applies.

“(C) COORDINATION WITH PARAGRAPH (2).—Any policy or contract to which paragraph (1) does not apply by reason of this paragraph shall not be taken into account under paragraph (2).

“(D) 20-PERCENT OWNER.—For purposes of subparagraph (A), the term ‘20-percent owner’ has the meaning given such term by subsection (e)(4).

“(5) EXCEPTION FOR POLICIES AND CONTRACTS HELD BY NATURAL PERSONS; TREATMENT OF PARTNERSHIPS AND S CORPORATIONS.—

“(A) POLICIES AND CONTRACTS HELD BY NATURAL PERSONS.—

“(i) IN GENERAL.—This subsection shall not apply to any policy or contract held by a natural person.

“(ii) EXCEPTION WHERE BUSINESS IS BENEFICIARY.—If a trade or business is directly or indirectly the beneficiary under any policy or contract, such policy or contract shall be treated as held by such trade or business and not by a natural person.

“(iii) SPECIAL RULES.—

“(I) CERTAIN TRADES OR BUSINESSES NOT TAKEN INTO ACCOUNT.—Clause (ii) shall not apply to any trade or business carried on as a sole proprietorship and to any trade or business performing services as an employee.

“(II) LIMITATION ON UNBORROWED CASH VALUE.—The amount of the unborrowed cash value of any policy or contract which is taken into account by reason of clause (ii) shall not exceed the benefit to which the trade or business is directly or indirectly entitled under the policy or contract.

“(iv) REPORTING.—The Secretary shall require such reporting from policyholders and issuers as is necessary to carry out clause (ii). Any report required under the preceding sentence shall be treated as a statement referred to in section 6724(d)(1).

“(B) TREATMENT OF PARTNERSHIPS AND S CORPORATIONS.—In the case of a partnership or S corporation, this subsection shall be applied at the partnership and corporate levels.

“(6) SPECIAL RULES.—

“(A) COORDINATION WITH SUBSECTION (a) AND SECTION 265.—If interest on any indebtedness is disallowed under subsection (a) or section 265—

“(i) such disallowed interest shall not be taken into account for purposes of applying this subsection, and

“(ii) the amount otherwise taken into account under paragraph (2)(B) shall be reduced (but not below zero) by the amount of such indebtedness.

“(B) COORDINATION WITH SECTION 263A.—This subsection shall be applied before the application of section 263A (relating to capitalization of certain expenses where taxpayer produces property).

“(7) INTEREST EXPENSE.—The term ‘interest expense’ means the aggregate amount allowable to the taxpayer as a deduction

for interest (within the meaning of section 265(b)(4)) for the taxable year (determined without regard to this subsection, section 265(b), and section 291).

“(8) AGGREGATION RULES.—

“(A) IN GENERAL.—All members of a controlled group (within the meaning of subsection (d)(5)(B)) shall be treated as 1 taxpayer for purposes of this subsection.

“(B) TREATMENT OF INSURANCE COMPANIES.—This subsection shall not apply to an insurance company subject to tax under subchapter L, and subparagraph (A) shall be applied without regard to any member of an affiliated group which is an insurance company.”.

(b) TREATMENT OF INSURANCE COMPANIES.—

(1)(A) Clause (ii) of section 805(a)(4)(C) is amended by inserting “, or out of the increase for the taxable year in policy cash values (within the meaning of subparagraph (F)) of life insurance policies and annuity and endowment contracts to which section 264(f) applies,” after “tax-exempt interest”.

(B) Clause (iii) of section 805(a)(4)(D) is amended by striking “and” and inserting “, the increase for the taxable year in policy cash values (within the meaning of subparagraph (F)) of life insurance policies and annuity and endowment contracts to which section 264(f) applies, and”.

(C) Paragraph (4) of section 805(a) is amended by adding at the end the following new subparagraph:

“(F) INCREASE IN POLICY CASH VALUES.—For purposes of subparagraphs (C) and (D)—

“(i) IN GENERAL.—The increase in the policy cash value for any taxable year with respect to policy or contract is the amount of the increase in the adjusted cash value during such taxable year determined without regard to—

“(I) gross premiums paid during such taxable year, and

“(II) distributions (other than amounts includible in the policyholder’s gross income) during such taxable year to which section 72(e) applies.

“(ii) ADJUSTED CASH VALUE.—For purposes of clause (i), the term ‘adjusted cash value’ means the cash surrender value of the policy or contract increased by the sum of—

“(I) commissions payable with respect to such policy or contract for the taxable year, and

“(II) asset management fees, surrender charges, mortality and expense charges, and any other fees or charges specified in regulations prescribed by the Secretary which are imposed (or which would be imposed were the policy or contract canceled) with respect to such policy or contract for the taxable year.”.

(2)(A) Subparagraph (B) of section 807(a)(2) is amended by striking “interest,” and inserting “interest and the amount of the policyholder’s share of the increase for the taxable year in policy cash values (within the meaning of section 805(a)(4)(F)) of life insurance policies and annuity and endowment contracts to which section 264(f) applies,”.

(B) Subparagraph (B) of section 807(b)(1) is amended by striking “interest,” and inserting “interest and the amount of the policyholder’s share of the increase for the taxable year in policy cash values (within the meaning of section 805(a)(4)(F)) of life insurance policies and annuity and endowment contracts to which section 264(f) applies,”.

(3) Paragraph (1) of section 812(d) is amended by striking “and” at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting “, and”, and by adding at the end the following new subparagraph:

“(D) the increase for any taxable year in the policy cash values (within the meaning of section 805(a)(4)(F)) of life insurance policies and annuity and endowment contracts to which section 264(f) applies.”.

(4) Subparagraph (B) of section 832(b)(5) is amended by striking “and” at the end of clause (i), by striking the period at the end of clause (ii) and inserting “, and”, and by adding at the end the following new clause:

“(iii) the increase for the taxable year in policy cash values (within the meaning of section 805(a)(4)(F)) of life insurance policies and annuity and endowment contracts to which section 264(f) applies.”.

(c) CONFORMING AMENDMENT.—Subparagraph (A) of section 265(b)(4) is amended by inserting “, section 264,” before “and section 291”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to contracts issued after June 8, 1997, in taxable years ending after such date. For purposes of the preceding sentence, any material increase in the death benefit or other material change in the contract shall be treated as a new contract but the addition of covered lives shall be treated as a new contract only with respect to such additional covered lives. For purposes of this subsection, an increase in the death benefit under a policy or contract issued in connection with a lapse described in section 501(d)(2) of the Health Insurance Portability and Accountability Act of 1996 shall not be treated as a new contract.

26 USC 101 note.

SEC. 1085. IMPROVED ENFORCEMENT OF THE APPLICATION OF THE EARNED INCOME CREDIT.

(a) RESTRICTIONS ON AVAILABILITY OF EARNED INCOME CREDIT FOR TAXPAYERS WHO IMPROPERLY CLAIMED CREDIT IN PRIOR YEAR.—

(1) IN GENERAL.—Section 32 is amended by redesignating subsections (k) and (l) as subsections (l) and (m), respectively, and by inserting after subsection (j) the following new subsection:

“(k) RESTRICTIONS ON TAXPAYERS WHO IMPROPERLY CLAIMED CREDIT IN PRIOR YEAR.—

“(1) TAXPAYERS MAKING PRIOR FRAUDULENT OR RECKLESS CLAIMS.—

“(A) IN GENERAL.—No credit shall be allowed under this section for any taxable year in the disallowance period.

“(B) DISALLOWANCE PERIOD.—For purposes of paragraph (1), the disallowance period is—

“(i) the period of 10 taxable years after the most recent taxable year for which there was a final determination that the taxpayer’s claim of credit under this section was due to fraud, and

“(ii) the period of 2 taxable years after the most recent taxable year for which there was a final determination that the taxpayer’s claim of credit under this section was due to reckless or intentional disregard of rules and regulations (but not due to fraud).

“(2) TAXPAYERS MAKING IMPROPER PRIOR CLAIMS.—In the case of a taxpayer who is denied credit under this section for any taxable year as a result of the deficiency procedures under subchapter B of chapter 63, no credit shall be allowed under this section for any subsequent taxable year unless the taxpayer provides such information as the Secretary may require to demonstrate eligibility for such credit.”.

(2) DUE DILIGENCE REQUIREMENT ON INCOME TAX RETURN PREPARERS.—Section 6695 is amended by adding at the end the following new subsection:

“(g) FAILURE TO BE DILIGENT IN DETERMINING ELIGIBILITY FOR EARNED INCOME CREDIT.—Any person who is an income tax return preparer with respect to any return or claim for refund who fails to comply with due diligence requirements imposed by the Secretary by regulations with respect to determining eligibility for, or the amount of, the credit allowable by section 32 shall pay a penalty of \$100 for each such failure.”.

(3) EXTENSION PROCEDURES APPLICABLE TO MATHEMATICAL OR CLERICAL ERRORS.—Paragraph (2) of section 6213(g) (relating to the definition of mathematical or clerical errors) is amended by striking “and” at the end of subparagraph (H), by striking the period at the end of subparagraph (I) and inserting “, and”, and by inserting after subparagraph (I) the following new subparagraph:

“(J) an omission of information required by section 32(k)(2) (relating to taxpayers making improper prior claims of earned income credit).”.

(b) INCREASE IN NET LOSS DISREGARDED FOR MODIFIED ADJUSTED GROSS INCOME.—Section 32(c)(5)(B)(iv) is amended by striking “50 percent” and inserting “75 percent”.

(c) WORKFARE PAYMENTS NOT INCLUDED IN EARNED INCOME.—Section 32(c)(2)(B) is amended by striking “and” at the end of clause (iii), by striking the period at the end of clause (iv) and inserting “, and”, and by adding at the end the following new clause:

“(v) no amount described in subparagraph (A) received for service performed in work activities as defined in paragraph (4) or (7) of section 407(d) of the Social Security Act to which the taxpayer is assigned under any State program under part A of title IV of such Act, but only to the extent such amount is subsidized under such State program.”.

(d) CERTAIN NONTAXABLE INCOME INCLUDED IN MODIFIED ADJUSTED GROSS INCOME.—Section 32(c)(5)(B) is amended—

- (1) by striking “and” at the end of clause (iii),
- (2) by striking the period at the end of clause (iv)(III),
- (3) by inserting after clause (iv)(III) the following new clauses:

“(v) interest received or accrued during the taxable year which is exempt from tax imposed by this chapter, and

“(vi) amounts received as a pension or annuity, and any distributions or payments received from an individual retirement plan, by the taxpayer during the taxable year to the extent not included in gross income.”, and

(4) by adding at the end the following new sentence: “Clause (vi) shall not include any amount which is not includible in gross income by reason of section 402(c), 403(a)(4), 403(b), 408(d) (3), (4), or (5), or 457(e)(10).”.

(e) EFFECTIVE DATES.—

26 USC 32 note.

(1) The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1996.

(2) The amendments made by subsections (b), (c), and (d) shall apply to taxable years beginning after December 31, 1997.

SEC. 1086. LIMITATION ON PROPERTY FOR WHICH INCOME FORECAST METHOD MAY BE USED.

(a) LIMITATION.—Subsection (g) of section 167 is amended by adding at the end the following new paragraph:

“(6) LIMITATION ON PROPERTY FOR WHICH INCOME FORECAST METHOD MAY BE USED.—The depreciation deduction allowable under this section may be determined under the income forecast method or any similar method only with respect to—

“(A) property described in paragraph (3) or (4) of section 168(f),

“(B) copyrights,

“(C) books,

“(D) patents, and

“(E) other property specified in regulations.

Such methods may not be used with respect to any amortizable section 197 intangible (as defined in section 197(c)).”.

(b) DEPRECIATION PERIOD FOR RENT-TO-OWN PROPERTY.—

(1) IN GENERAL.—Subparagraph (A) of section 168(e)(3) (relating to 3-year property) is amended by striking “and” at the end of clause (i), by striking the period at the end of clause (ii) and inserting “, and”, and by adding at the end the following new clause:

“(iii) any qualified rent-to-own property.”.

(2) 4-YEAR CLASS LIFE.—The table contained in section 168(g)(3)(B) is amended by inserting before the first item the following new item:

“(A)(iii) 4 ”.

(3) DEFINITION OF QUALIFIED RENT-TO-OWN PROPERTY.—Subsection (i) of section 168 is amended by adding at the end the following new paragraph:

“(14) QUALIFIED RENT-TO-OWN PROPERTY.—

“(A) IN GENERAL.—The term ‘qualified rent-to-own property’ means property held by a rent-to-own dealer for purposes of being subject to a rent-to-own contract.

“(B) RENT-TO-OWN DEALER.—The term ‘rent-to-own dealer’ means a person that, in the ordinary course of business, regularly enters into rent-to-own contracts with customers for the use of consumer property, if a substantial portion of those contracts terminate and the property is returned to such person before the receipt of all payments

required to transfer ownership of the property from such person to the customer.

“(C) CONSUMER PROPERTY.—The term ‘consumer property’ means tangible personal property of a type generally used within the home for personal use.

“(D) RENT-TO-OWN CONTRACT.—The term ‘rent-to-own contract’ means any lease for the use of consumer property between a rent-to-own dealer and a customer who is an individual which—

“(i) is titled ‘Rent-to-Own Agreement’ or ‘Lease Agreement with Ownership Option,’ or uses other similar language,

“(ii) provides for level (or decreasing where no payment is less than 40 percent of the largest payment), regular periodic payments (for a payment period which is a week or month),

“(iii) provides that legal title to such property remains with the rent-to-own dealer until the customer makes all the payments described in clause (ii) or early purchase payments required under the contract to acquire legal title to the item of property,

“(iv) provides a beginning date and a maximum period of time for which the contract may be in effect that does not exceed 156 weeks or 36 months from such beginning date (including renewals or options to extend),

“(v) provides for payments within the 156-week or 36-month period that, in the aggregate, generally exceed the normal retail price of the consumer property plus interest,

“(vi) provides for payments under the contract that, in the aggregate, do not exceed \$10,000 per item of consumer property,

“(vii) provides that the customer does not have any legal obligation to make all the payments referred to in clause (ii) set forth under the contract, and that at the end of each payment period the customer may either continue to use the consumer property by making the payment for the next payment period or return such property to the rent-to-own dealer in good working order, in which case the customer does not incur any further obligations under the contract and is not entitled to a return of any payments previously made under the contract, and

“(viii) provides that the customer has no right to sell, sublease, mortgage, pawn, pledge, encumber, or otherwise dispose of the consumer property until all the payments stated in the contract have been made.”.

26 USC 167 note.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after the date of the enactment of this Act.

SEC. 1087. EXPANSION OF REQUIREMENT THAT INVOLUNTARILY CONVERTED PROPERTY BE REPLACED WITH PROPERTY ACQUIRED FROM AN UNRELATED PERSON.

(a) IN GENERAL.—Subsection (i) of section 1033 is amended to read as follows:

“(i) REPLACEMENT PROPERTY MUST BE ACQUIRED FROM UNRELATED PERSON IN CERTAIN CASES.—

“(1) IN GENERAL.—If the property which is involuntarily converted is held by a taxpayer to which this subsection applies, subsection (a) shall not apply if the replacement property or stock is acquired from a related person. The preceding sentence shall not apply to the extent that the related person acquired the replacement property or stock from an unrelated person during the period applicable under subsection (a)(2)(B).

“(2) TAXPAYERS TO WHICH SUBSECTION APPLIES.—This subsection shall apply to—

“(A) a C corporation,

“(B) a partnership in which 1 or more C corporations own, directly or indirectly (determined in accordance with section 707(b)(3)), more than 50 percent of the capital interest, or profits interest, in such partnership at the time of the involuntary conversion, and

“(C) any other taxpayer if, with respect to property which is involuntarily converted during the taxable year, the aggregate of the amount of realized gain on such property on which there is realized gain exceeds \$100,000.

In the case of a partnership, subparagraph (C) shall apply with respect to the partnership and with respect to each partner. A similar rule shall apply in the case of an S corporation and its shareholders.

Applicability.

“(3) RELATED PERSON.—For purposes of this subsection, a person is related to another person if the person bears a relationship to the other person described in section 267(b) or 707(b)(1).”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to involuntary conversions occurring after June 8, 1997.

26 USC 1003 note.

SEC. 1088. TREATMENT OF EXCEPTION FROM INSTALLMENT SALES RULES FOR SALES OF PROPERTY BY A MANUFACTURER TO A DEALER.

(a) IN GENERAL.—Paragraph (2) of section 811(c) of the Tax Reform Act of 1986 is hereby repealed.

26 USC 453C note.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall apply to taxable years beginning more than 1 year after the date of the enactment of this Act.

26 USC 453C note.

(2) COORDINATION WITH SECTION 481.—In the case of any taxpayer required by this section to change its method of accounting for any taxable year—

(A) such changes shall be treated as initiated by the taxpayer,

(B) such changes shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the net amount of the adjustments required to be taken into account under section 481(a) of the Internal Revenue Code of 1986 shall be taken into account ratably over the 4 taxable year period beginning with the first

taxable year beginning after the date of the enactment of this Act.

SEC. 1089. LIMITATIONS ON CHARITABLE REMAINDER TRUST ELIGIBILITY FOR CERTAIN TRUSTS.

(a) **LIMITATION ON NONCHARITABLE DISTRIBUTIONS.**—

(1) **IN GENERAL.**—Paragraphs (1)(A) and (2)(A) of section 664(d) (relating to charitable remainder trusts) are each amended by inserting “nor more than 50 percent” after “not less than 5 percent”.

26 USC 664 note.

(2) **EFFECTIVE DATE.**—The amendment made by paragraph (1) shall apply to transfers in trust after June 18, 1997.

(b) **MINIMUM CHARITABLE BENEFIT.**—

(1) **CHARITABLE REMAINDER ANNUITY TRUSTS.**—Paragraph (1) of section 664(d) is amended by striking “and” at the end of subparagraph (B), by striking the period at the end of subparagraph (C), and by adding at the end the following new subparagraph:

“(D) the value (determined under section 7520) of such remainder interest is at least 10 percent of the initial net fair market value of all property placed in the trust.”

(2) **CHARITABLE REMAINDER UNITRUSTS.**—Paragraph (2) of section 664(d) is amended by striking “and” at the end of subparagraph (B), by striking the period at the end of subparagraph (C), and by adding at the end the following new subparagraph:

“(D) with respect to each contribution of property to the trust, the value (determined under section 7520) of such remainder interest in such property is at least 10 percent of the net fair market value of such property as of the date such property is contributed to the trust.”

(3) **VOID OR REFORMED TRUST.**—Paragraph (3) of section 2055(e) is amended by adding at the end the following new subparagraph:

“(J) **VOID OR REFORMED TRUST IN CASES OF INSUFFICIENT REMAINDER INTERESTS.**—In the case of a trust that would qualify (or could be reformed to qualify pursuant to subparagraph (B)) but for failure to satisfy the requirement of paragraph (1)(D) or (2)(D) of section 664(d), such trust may be—

“(i) declared null and void ab initio, or

“(ii) changed by reformation, amendment, or otherwise to meet such requirement by reducing the payout rate or the duration (or both) of any noncharitable beneficiary’s interest to the extent necessary to satisfy such requirement,

pursuant to a proceeding that is commenced within the period required in subparagraph (C)(iii). In a case described in clause (i), no deduction shall be allowed under this title for any transfer to the trust and any transactions entered into by the trust prior to being declared void shall be treated as entered into by the transferor.”

(4) **SEVERANCE OF CERTAIN ADDITIONAL CONTRIBUTIONS.**—Subsection (d) of section 664 is amended by adding at the end the following new paragraph:

“(4) **SEVERANCE OF CERTAIN ADDITIONAL CONTRIBUTIONS.**—

Regulations.

If—

“(A) any contribution is made to a trust which before the contribution is a charitable remainder unitrust, and
“(B) such contribution would (but for this paragraph) result in such trust ceasing to be a charitable unitrust by reason of paragraph (2)(D),
such contribution shall be treated as a transfer to a separate trust under regulations prescribed by the Secretary.”.

(5) CONFORMING AMENDMENT.—Section 2055(e)(3)(G) is amended by inserting “(or other proceeding pursuant to subparagraph (J)” after “reformation”.

(6) EFFECTIVE DATES.—

26 USC 664 note.

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendments made by this subsection shall apply to transfers in trust after July 28, 1997.

(B) SPECIAL RULE FOR CERTAIN DECEDENTS.—The amendments made by this subsection shall not apply to transfers in trust under the terms of a will (or other testamentary instrument) executed on or before July 28, 1997, if the decedent—

(i) dies before January 1, 1999, without having republished the will (or amended such instrument) by codicil or otherwise, or

(ii) was on July 28, 1997, under a mental disability to change the disposition of his property and did not regain his competence to dispose of such property before the date of his death.

SEC. 1090. EXPANDED SSA RECORDS FOR TAX ENFORCEMENT.

(a) EXPANSION OF COORDINATED ENFORCEMENT EFFORTS OF IRS AND HHS OFFICE OF CHILD SUPPORT ENFORCEMENT.—

(1) STATE REPORTING OF SSN OF CHILD.—Section 454A(e)(4)(D) of the Social Security Act (42 U.S.C. 654a(e)(4)(D)) is amended by striking “the birth date of any child” and inserting “the birth date and, beginning not later than October 1, 1999, the social security number, of any child”.

(2) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—Section 453(h) of such Act (42 U.S.C. 653(h)) is amended—

(A) in paragraph (2), by adding at the end the following: “Beginning not later than October 1, 1999, the information referred to in paragraph (1) shall include the names and social security numbers of the children of such individuals.”; and

(B) by adding at the end the following:

“(3) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information described in paragraph (2) for the purpose of administering those sections of the Internal Revenue Code of 1986 which grant tax benefits based on support or residence of children.”.

(3) COORDINATION BETWEEN SECRETARIES.—The Secretary of the Treasury and the Secretary of Health and Human Services shall consult regarding the implementation issues resulting from the amendments made by this subsection, including interim deadlines for States that may be able before October 1, 1999, to provide the data required by such amendments. The Secretaries shall report to Congress on the results of such consultation.

42 USC 653 note.

Reports.

42 USC 653 note.

(4) **EFFECTIVE DATE.**—The amendments made by this subsection shall take effect on October 1, 1998.

(b) **REQUIRED SUBMISSION OF SSN'S ON APPLICATIONS.**—

(1) **IN GENERAL.**—Section 205(c)(2) of the Social Security Act (42 U.S.C. 405(c)(2)) is amended—

(A) in subparagraph (B)(ii), by adding at the end the following new sentence: “With respect to an application for a social security account number for an individual who has not attained the age of 18 before such application, such evidence shall include the information described in subparagraph (C)(ii).”,

(B) in the second sentence of subparagraph (C)(ii), insert “the Commissioner of Social Security and” after “available to”, and

(C) by adding at the end the following new subparagraph:

“(H) The Commissioner of Social Security shall share with the Secretary of the Treasury the information obtained by the Commissioner pursuant to the second sentence of subparagraph (B)(ii) and to subparagraph (C)(ii) for the purpose of administering those sections of the Internal Revenue Code of 1986 which grant tax benefits based on support or residence of children.”.

42 USC 405 note.

(2) **EFFECTIVE DATES.**—

(A) The amendment made by paragraph (1)(A) shall apply to applications made after the date which is 180 days after the date of the enactment of this Act.

(B) The amendments made by subparagraphs (B) and (C) of paragraph (1) shall apply to information obtained on, before, or after the date of the enactment of this Act.

SEC. 1091. MODIFICATION OF ESTIMATED TAX SAFE HARBORS.

(a) **IN GENERAL.**—Clause (i) of section 6654(d)(1)(C) (relating to limitation on use of preceding year's tax) is amended to read as follows:

“(i) **IN GENERAL.**—If the adjusted gross income shown on the return of the individual for the preceding taxable year beginning in any calendar year exceeds \$150,000, clause (ii) of subparagraph (B) shall be applied by substituting the applicable percentage for ‘100 percent’. For purposes of the preceding sentence, the applicable percentage shall be determined in accordance with the following table:

“If the preceding taxable year begins in:	The applicable percentage is:
1998, 1999, or 2000	105
2001	112
2002 or thereafter	110.

This clause shall not apply in the case of a preceding taxable year beginning in calendar year 1997.”.

26 USC 6654 note.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply with respect to any installment payment for taxable years beginning after December 31, 1997.

TITLE XI—SIMPLIFICATION AND OTHER FOREIGN-RELATED PROVISIONS

Subtitle A—General Provisions

SEC. 1101. CERTAIN INDIVIDUALS EXEMPT FROM FOREIGN TAX CREDIT LIMITATION.

(a) GENERAL RULE.—Section 904 (relating to limitations on foreign tax credit) is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

“(j) CERTAIN INDIVIDUALS EXEMPT.—

“(1) IN GENERAL.—In the case of an individual to whom this subsection applies for any taxable year—

“(A) the limitation of subsection (a) shall not apply,

“(B) no taxes paid or accrued by the individual during such taxable year may be deemed paid or accrued under subsection (c) in any other taxable year, and

“(C) no taxes paid or accrued by the individual during any other taxable year may be deemed paid or accrued under subsection (c) in such taxable year.

“(2) INDIVIDUALS TO WHOM SUBSECTION APPLIES.—This subsection shall apply to an individual for any taxable year if—

“(A) the entire amount of such individual’s gross income for the taxable year from sources without the United States consists of qualified passive income,

“(B) the amount of the creditable foreign taxes paid or accrued by the individual during the taxable year does not exceed \$300 (\$600 in the case of a joint return), and

“(C) such individual elects to have this subsection apply for the taxable year.

“(3) DEFINITIONS.—For purposes of this subsection—

“(A) QUALIFIED PASSIVE INCOME.—The term ‘qualified passive income’ means any item of gross income if—

“(i) such item of income is passive income (as defined in subsection (d)(2)(A) without regard to clause (iii) thereof), and

“(ii) such item of income is shown on a payee statement furnished to the individual.

“(B) CREDITABLE FOREIGN TAXES.—The term ‘creditable foreign taxes’ means any taxes for which a credit is allowable under section 901; except that such term shall not include any tax unless such tax is shown on a payee statement furnished to such individual.

“(C) PAYEE STATEMENT.—The term ‘payee statement’ has the meaning given to such term by section 6724(d)(2).

“(D) ESTATES AND TRUSTS NOT ELIGIBLE.—This subsection shall not apply to any estate or trust.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1997. 26 USC 904 note.

SEC. 1102. EXCHANGE RATE USED IN TRANSLATING FOREIGN TAXES.

(a) ACCRUED TAXES TRANSLATED BY USING AVERAGE RATE FOR YEAR TO WHICH TAXES RELATE.—

(1) IN GENERAL.—Subsection (a) of section 986 (relating to translation of foreign taxes) is amended to read as follows:
 “(a) FOREIGN INCOME TAXES.—

“(1) TRANSLATION OF ACCRUED TAXES.—

“(A) IN GENERAL.—For purposes of determining the amount of the foreign tax credit, in the case of a taxpayer who takes foreign income taxes into account when accrued, the amount of any foreign income taxes (and any adjustment thereto) shall be translated into dollars by using the average exchange rate for the taxable year to which such taxes relate.

“(B) EXCEPTION FOR CERTAIN TAXES.—Subparagraph (A) shall not apply to any foreign income taxes—

“(i) paid after the date 2 years after the close of the taxable year to which such taxes relate, or

“(ii) paid before the beginning of the taxable year to which such taxes relate.

“(C) EXCEPTION FOR INFLATIONARY CURRENCIES.—Subparagraph (A) shall not apply to any foreign income taxes the liability for which is denominated in any inflationary currency (as determined under regulations).

“(D) CROSS REFERENCE.—

“For adjustments where tax is not paid within 2 years, see section 905(e).

“(2) TRANSLATION OF TAXES TO WHICH PARAGRAPH (1) DOES NOT APPLY.—For purposes of determining the amount of the foreign tax credit, in the case of any foreign income taxes to which subparagraph (A) of paragraph (1) does not apply—

“(A) such taxes shall be translated into dollars using the exchange rates as of the time such taxes were paid to the foreign country or possession of the United States, and

“(B) any adjustment to the amount of such taxes shall be translated into dollars using—

“(i) except as provided in clause (ii), the exchange rate as of the time when such adjustment is paid to the foreign country or possession, or

“(ii) in the case of any refund or credit of foreign income taxes, using the exchange rate as of the time of the original payment of such foreign income taxes.

“(3) FOREIGN INCOME TAXES.—For purposes of this subsection, the term ‘foreign income taxes’ means any income, war profits, or excess profits taxes paid or accrued to any foreign country or to any possession of the United States.”.

(2) ADJUSTMENT WHEN NOT PAID WITHIN 2 YEARS AFTER YEAR TO WHICH TAXES RELATE.—Subsection (c) of section 905 is amended to read as follows:

“(c) ADJUSTMENTS TO ACCRUED TAXES.—

“(1) IN GENERAL.—If—

“(A) accrued taxes when paid differ from the amounts claimed as credits by the taxpayer,

“(B) accrued taxes are not paid before the date 2 years after the close of the taxable year to which such taxes relate, or

“(C) any tax paid is refunded in whole or in part, the taxpayer shall notify the Secretary, who shall redetermine the amount of the tax for the year or years affected. The

Notification.

Secretary may prescribe adjustments to the pools of post-1986 foreign income taxes and the pools of post-1986 undistributed earnings under sections 902 and 960 in lieu of the redetermination under the preceding sentence.

“(2) SPECIAL RULE FOR TAXES NOT PAID WITHIN 2 YEARS.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), in making the redetermination under paragraph (1), no credit shall be allowed for accrued taxes not paid before the date referred to in subparagraph (B) of paragraph (1).

“(B) TAXES SUBSEQUENTLY PAID.—Any such taxes if subsequently paid—

“(i) shall be taken into account—

“(I) in the case of taxes deemed paid under section 902 or section 960, for the taxable year in which paid (and no redetermination shall be made under this section by reason of such payment), and

“(II) in any other case, for the taxable year to which such taxes relate, and

“(ii) shall be translated as provided in section 986(a)(2)(A).

“(3) ADJUSTMENTS.—The amount of tax (if any) due on any redetermination under paragraph (1) shall be paid by the taxpayer on notice and demand by the Secretary, and the amount of tax overpaid (if any) shall be credited or refunded to the taxpayer in accordance with subchapter B of chapter 66 (section 6511 et seq.).

“(4) BOND REQUIREMENTS.—In the case of any tax accrued but not paid, the Secretary, as a condition precedent to the allowance of the credit provided in this subpart, may require the taxpayer to give a bond, with sureties satisfactory to and approved by the Secretary, in such sum as the Secretary may require, conditioned on the payment by the taxpayer of any amount of tax found due on any such redetermination. Any such bond shall contain such further conditions as the Secretary may require.

“(5) OTHER SPECIAL RULES.—In any redetermination under paragraph (1) by the Secretary of the amount of tax due from the taxpayer for the year or years affected by a refund, the amount of the taxes refunded for which credit has been allowed under this section shall be reduced by the amount of any tax described in section 901 imposed by the foreign country or possession of the United States with respect to such refund; but no credit under this subpart, or deduction under section 164, shall be allowed for any taxable year with respect to any such tax imposed on the refund. No interest shall be assessed or collected on any amount of tax due on any redetermination by the Secretary, resulting from a refund to the taxpayer, for any period before the receipt of such refund, except to the extent interest was paid by the foreign country or possession of the United States on such refund for such period.”.

(b) AUTHORITY TO USE AVERAGE RATES.—

(1) IN GENERAL.—Subsection (a) of section 986 (as amended by subsection (a)) is amended by redesignating paragraph (3)

as paragraph (4) and inserting after paragraph (2) the following new paragraph:

Regulations.

“(3) **AUTHORITY TO PERMIT USE OF AVERAGE RATES.**—To the extent prescribed in regulations, the average exchange rate for the period (specified in such regulations) during which the taxes or adjustment is paid may be used instead of the exchange rate as of the time of such payment.”.

(2) **DETERMINATION OF AVERAGE RATES.**—Subsection (c) of section 989 is amended by striking “and” at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting “, and”, and by adding at the end thereof the following new paragraph:

“(6) setting forth procedures for determining the average exchange rate for any period.”.

(3) **CONFORMING AMENDMENTS.**—Subsection (b) of section 989 is amended by striking “weighted” each place it appears. (c) **EFFECTIVE DATES.**—

26 USC 986 note.

(1) **IN GENERAL.**—The amendments made by subsections (a)(1) and (b) shall apply to taxes paid or accrued in taxable years beginning after December 31, 1997.

26 USC 905 note.

(2) **SUBSECTION (a)(2).**—The amendment made by subsection (a)(2) shall apply to taxes which relate to taxable years beginning after December 31, 1997.

SEC. 1103. ELECTION TO USE SIMPLIFIED SECTION 904 LIMITATION FOR ALTERNATIVE MINIMUM TAX.

(a) **GENERAL RULE.**—Subsection (a) of section 59 (relating to alternative minimum tax foreign tax credit) is amended by adding at the end thereof the following new paragraph:

“(3) **ELECTION TO USE SIMPLIFIED SECTION 904 LIMITATION.**—

“(A) **IN GENERAL.**—In determining the alternative minimum tax foreign tax credit for any taxable year to which an election under this paragraph applies—

“(i) subparagraph (B) of paragraph (1) shall not apply, and

“(ii) the limitation of section 904 shall be based on the proportion which—

“(I) the taxpayer’s taxable income (as determined for purposes of the regular tax) from sources without the United States (but not in excess of the taxpayer’s entire alternative minimum taxable income), bears to

“(II) the taxpayer’s entire alternative minimum taxable income for the taxable year.

“(B) **ELECTION.**—

“(i) **IN GENERAL.**—An election under this paragraph may be made only for the taxpayer’s first taxable year which begins after December 31, 1997, and for which the taxpayer claims an alternative minimum tax foreign tax credit.

Applicability.

“(ii) **ELECTION REVOCABLE ONLY WITH CONSENT.**—An election under this paragraph, once made, shall apply to the taxable year for which made and all subsequent taxable years unless revoked with the consent of the Secretary.”.

26 USC 59 note.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 1104. TREATMENT OF PERSONAL TRANSACTIONS BY INDIVIDUALS UNDER FOREIGN CURRENCY RULES.

(a) GENERAL RULE.—Subsection (e) of section 988 (relating to application to individuals) is amended to read as follows:

“(e) APPLICATION TO INDIVIDUALS.—

“(1) IN GENERAL.—The preceding provisions of this section shall not apply to any section 988 transaction entered into by an individual which is a personal transaction.

“(2) EXCLUSION FOR CERTAIN PERSONAL TRANSACTIONS.—If—

“(A) nonfunctional currency is disposed of by an individual in any transaction, and

“(B) such transaction is a personal transaction, no gain shall be recognized for purposes of this subtitle by reason of changes in exchange rates after such currency was acquired by such individual and before such disposition. The preceding sentence shall not apply if the gain which would otherwise be recognized on the transaction exceeds \$200.

“(3) PERSONAL TRANSACTIONS.—For purposes of this subsection, the term ‘personal transaction’ means any transaction entered into by an individual, except that such term shall not include any transaction to the extent that expenses properly allocable to such transaction meet the requirements of—

“(A) section 162 (other than traveling expenses described in subsection (a)(2) thereof), or

“(B) section 212 (other than that part of section 212 dealing with expenses incurred in connection with taxes).”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

26 USC 988 note.

SEC. 1105. FOREIGN TAX CREDIT TREATMENT OF DIVIDENDS FROM NONCONTROLLED SECTION 902 CORPORATIONS.

(a) SEPARATE BASKET ONLY TO APPLY TO PRE-2003 EARNINGS.—

(1) IN GENERAL.—Subparagraph (E) of section 904(d)(1) is amended to read as follows:

“(E) in the case of a corporation, dividends from noncontrolled section 902 corporations out of earnings and profits accumulated in taxable years beginning before January 1, 2003.”.

(2) AGGREGATION OF NON-PFICS.—Subparagraph (E) of section 904(d)(2) (relating to noncontrolled section 902 corporations) is amended by adding at the end the following new clause:

“(iv) ALL NON-PFICS TREATED AS ONE.—All noncontrolled section 902 corporations which are not passive foreign investment companies (as defined in section 1297) shall be treated as one noncontrolled section 902 corporation for purposes of paragraph (1).”.

(3) CONFORMING AMENDMENTS.—Subparagraphs (C)(iii)(II) and (D) of section 904(d)(2) are each amended by inserting “out of earnings and profits accumulated in taxable years beginning before January 1, 2003” after “corporation”.

(b) APPLICATION OF LOOK-THRU RULES TO DIVIDENDS OF NONCONTROLLED SECTION 902 CORPORATIONS ATTRIBUTABLE TO POST-2002 EARNINGS.—Section 904(d) is amended by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and by inserting after paragraph (3) the following new paragraph:

“(4) LOOK-THRU APPLIES TO DIVIDENDS FROM NONCONTROLLED SECTION 902 CORPORATIONS.—

“(A) IN GENERAL.—For purposes of this subsection, any applicable dividend shall be treated as income in a separate category in proportion to the ratio of—

“(i) the portion of the earnings and profits described in subparagraph (B)(ii) attributable to income in such category, to

“(ii) the total amount of such earnings and profits.

“(B) APPLICABLE DIVIDEND.—For purposes of subparagraph (A), the term ‘applicable dividend’ means any dividend—

“(i) from a noncontrolled section 902 corporation with respect to the taxpayer, and

“(ii) paid out of earnings and profits accumulated in taxable years beginning after December 31, 2002.

“(C) SPECIAL RULES.—

“(i) IN GENERAL.—Rules similar to the rules of paragraph (3)(F) shall apply for purposes of this paragraph.

“(ii) EARNINGS AND PROFITS.—For purposes of this paragraph and paragraph (1)(E)—

“(I) IN GENERAL.—The rules of section 316 shall apply.

“(II) REGULATIONS.—The Secretary may prescribe regulations regarding the treatment of distributions out of earnings and profits for periods prior to the taxpayer’s acquisition of such stock.”.

Applicability.

26 USC 904 note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2002.

Subtitle B—Treatment of Controlled Foreign Corporations

SEC. 1111. GAIN ON CERTAIN STOCK SALES BY CONTROLLED FOREIGN CORPORATIONS TREATED AS DIVIDENDS.

(a) GENERAL RULE.—Section 964 (relating to miscellaneous provisions) is amended by adding at the end thereof the following new subsection:

“(e) GAIN ON CERTAIN STOCK SALES BY CONTROLLED FOREIGN CORPORATIONS TREATED AS DIVIDENDS.—

“(1) IN GENERAL.—If a controlled foreign corporation sells or exchanges stock in any other foreign corporation, gain recognized on such sale or exchange shall be included in the gross income of such controlled foreign corporation as a dividend to the same extent that it would have been so included under section 1248(a) if such controlled foreign corporation were a United States person. For purposes of determining the amount which would have been so includible, the determination of whether such other foreign corporation was a controlled foreign corporation shall be made without regard to the preceding sentence.

“(2) SAME COUNTRY EXCEPTION NOT APPLICABLE.—Clause (i) of section 954(c)(3)(A) shall not apply to any amount treated as a dividend by reason of paragraph (1).

“(3) CLARIFICATION OF DEEMED SALES.—For purposes of this subsection, a controlled foreign corporation shall be treated as having sold or exchanged any stock if, under any provision of this subtitle, such controlled foreign corporation is treated as having gain from the sale or exchange of such stock.”.

(b) AMENDMENT OF SECTION 904(d).—Clause (i) of section 904(d)(2)(E) is amended by striking “and except as provided in regulations, the taxpayer was a United States shareholder in such corporation”.

(c) EFFECTIVE DATES.—

(1) The amendment made by subsection (a) shall apply to gain recognized on transactions occurring after the date of the enactment of this Act. 26 USC 964 note.

(2) The amendment made by subsection (b) shall apply to distributions after the date of the enactment of this Act. 26 USC 904 note.

SEC. 1112. MISCELLANEOUS MODIFICATIONS TO SUBPART F.

(a) SECTION 1248 GAIN TAKEN INTO ACCOUNT IN DETERMINING PRO RATA SHARE.—

(1) IN GENERAL.—Paragraph (2) of section 951(a) (defining pro rata share of subpart F income) is amended by adding at the end thereof the following new sentence: “For purposes of subparagraph (B), any gain included in the gross income of any person as a dividend under section 1248 shall be treated as a distribution received by such person with respect to the stock involved.”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to dispositions after the date of the enactment of this Act. 26 USC 951 note.

(b) BASIS ADJUSTMENTS IN STOCK HELD BY FOREIGN CORPORATION.—

(1) IN GENERAL.—Section 961 (relating to adjustments to basis of stock in controlled foreign corporations and of other property) is amended by adding at the end thereof the following new subsection:

“(c) BASIS ADJUSTMENTS IN STOCK HELD BY FOREIGN CORPORATION.—Under regulations prescribed by the Secretary, if a United States shareholder is treated under section 958(a)(2) as owning any stock in a controlled foreign corporation which is actually owned by another controlled foreign corporation, adjustments similar to the adjustments provided by subsections (a) and (b) shall be made to the basis of such stock in the hands of such other controlled foreign corporation, but only for the purposes of determining the amount included under section 951 in the gross income of such United States shareholder (or any other United States shareholder who acquires from any person any portion of the interest of such United States shareholder by reason of which such shareholder was treated as owning such stock, but only to the extent of such portion, and subject to such proof of identity of such interest as the Secretary may prescribe by regulations).” Regulations.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply for purposes of determining inclusions for taxable years of United States shareholders beginning after December 31, 1997. 26 USC 961 note.

(c) CLARIFICATION OF TREATMENT OF BRANCH TAX EXEMPTIONS OR REDUCTIONS.—

(1) **IN GENERAL.**—Subsection (b) of section 952 is amended by adding at the end thereof the following new sentence: “For purposes of this subsection, any exemption (or reduction) with respect to the tax imposed by section 884 shall not be taken into account.”.

26 USC 952 note.

(2) **EFFECTIVE DATE.**—The amendment made by paragraph (1) shall apply to taxable years beginning after December 31, 1986.

SEC. 1113. INDIRECT FOREIGN TAX CREDIT ALLOWED FOR CERTAIN LOWER TIER COMPANIES.

(a) **SECTION 902 CREDIT.**—

(1) **IN GENERAL.**—Subsection (b) of section 902 (relating to deemed taxes increased in case of certain 2nd and 3rd tier foreign corporations) is amended to read as follows:

“(b) **DEEMED TAXES INCREASED IN CASE OF CERTAIN LOWER TIER CORPORATIONS.**—

“(1) **IN GENERAL.**—If—

“(A) any foreign corporation is a member of a qualified group, and

“(B) such foreign corporation owns 10 percent or more of the voting stock of another member of such group from which it receives dividends in any taxable year, such foreign corporation shall be deemed to have paid the same proportion of such other member’s post-1986 foreign income taxes as would be determined under subsection (a) if such foreign corporation were a domestic corporation.

“(2) **QUALIFIED GROUP.**—For purposes of paragraph (1), the term ‘qualified group’ means—

“(A) the foreign corporation described in subsection (a), and

“(B) any other foreign corporation if—

“(i) the domestic corporation owns at least 5 percent of the voting stock of such other foreign corporation indirectly through a chain of foreign corporations connected through stock ownership of at least 10 percent of their voting stock,

“(ii) the foreign corporation described in subsection (a) is the first tier corporation in such chain, and

“(iii) such other corporation is not below the sixth tier in such chain.

The term ‘qualified group’ shall not include any foreign corporation below the third tier in the chain referred to in clause (i) unless such foreign corporation is a controlled foreign corporation (as defined in section 957) and the domestic corporation is a United States shareholder (as defined in section 951(b)) in such foreign corporation. Paragraph (1) shall apply to those taxes paid by a member of the qualified group below the third tier only with respect to periods during which it was a controlled foreign corporation.”.

(2) **CONFORMING AMENDMENTS.**—

(A) Subparagraph (B) of section 902(c)(3) is amended by adding “or” at the end of clause (i) and by striking clauses (ii) and (iii) and inserting the following new clause:

“(ii) the requirements of subsection (b)(2) are met with respect to such foreign corporation.”.

(B) Subparagraph (B) of section 902(c)(4) is amended by striking “3rd foreign corporation” and inserting “sixth tier foreign corporation”.

(C) The heading for paragraph (3) of section 902(c) is amended by striking “WHERE DOMESTIC CORPORATION ACQUIRES 10 PERCENT OF FOREIGN CORPORATION” and inserting “WHERE FOREIGN CORPORATION FIRST QUALIFIES”.

(D) Paragraph (3) of section 902(c) is amended by striking “ownership” each place it appears.

(b) SECTION 960 CREDIT.—Paragraph (1) of section 960(a) (relating to special rules for foreign tax credits) is amended to read as follows:

“(1) DEEMED PAID CREDIT.—For purposes of subpart A of this part, if there is included under section 951(a) in the gross income of a domestic corporation any amount attributable to earnings and profits of a foreign corporation which is a member of a qualified group (as defined in section 902(b)) with respect to the domestic corporation, then, except to the extent provided in regulations, section 902 shall be applied as if the amount so included were a dividend paid by such foreign corporation (determined by applying section 902(c) in accordance with section 904(d)(3)(B)).”.

Applicability.

(c) EFFECTIVE DATE.—

26 USC 902 note.

(1) IN GENERAL.—The amendments made by this section shall apply to taxes of foreign corporations for taxable years of such corporations beginning after the date of enactment of this Act.

(2) SPECIAL RULE.—In the case of any chain of foreign corporations described in clauses (i) and (ii) of section 902(b)(2)(B) of the Internal Revenue Code of 1986 (as amended by this section), no liquidation, reorganization, or similar transaction in a taxable year beginning after the date of the enactment of this Act shall have the effect of permitting taxes to be taken into account under section 902 of the Internal Revenue Code of 1986 which could not have been taken into account under such section but for such transaction.

Subtitle C—Treatment of Passive Foreign Investment Companies

SEC. 1121. UNITED STATES SHAREHOLDERS OF CONTROLLED FOREIGN CORPORATIONS NOT SUBJECT TO PFIC INCLUSION.

Section 1296 is amended by adding at the end the following new subsection:

“(e) EXCEPTION FOR UNITED STATES SHAREHOLDERS OF CONTROLLED FOREIGN CORPORATIONS.—

“(1) IN GENERAL.—For purposes of this part, a corporation shall not be treated with respect to a shareholder as a passive foreign investment company during the qualified portion of such shareholder’s holding period with respect to stock in such corporation.

“(2) QUALIFIED PORTION.—For purposes of this subsection, the term ‘qualified portion’ means the portion of the shareholder’s holding period—

“(A) which is after December 31, 1997, and

“(B) during which the shareholder is a United States shareholder (as defined in section 951(b)) of the corporation and the corporation is a controlled foreign corporation.

“(3) NEW HOLDING PERIOD IF QUALIFIED PORTION ENDS.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), if the qualified portion of a shareholder’s holding period with respect to any stock ends after December 31, 1997, solely for purposes of this part, the shareholder’s holding period with respect to such stock shall be treated as beginning as of the first day following such period.

“(B) EXCEPTION.—Subparagraph (A) shall not apply if such stock was, with respect to such shareholder, stock in a passive foreign investment company at any time before the qualified portion of the shareholder’s holding period with respect to such stock and no election under section 1298(b)(1) is made.”.

SEC. 1122. ELECTION OF MARK TO MARKET FOR MARKETABLE STOCK IN PASSIVE FOREIGN INVESTMENT COMPANY.

(a) IN GENERAL.—Part VI of subchapter P of chapter 1 is amended by redesignating subpart C as subpart D, by redesignating sections 1296 and 1297 as sections 1297 and 1298, respectively, and by inserting after subpart B the following new subpart:

“Subpart C—Election of Mark to Market For Marketable Stock

“Sec. 1296. Election of mark to market for marketable stock.

“SEC. 1296. ELECTION OF MARK TO MARKET FOR MARKETABLE STOCK.

“(a) GENERAL RULE.—In the case of marketable stock in a passive foreign investment company which is owned (or treated under subsection (g) as owned) by a United States person at the close of any taxable year of such person, at the election of such person—

“(1) If the fair market value of such stock as of the close of such taxable year exceeds its adjusted basis, such United States person shall include in gross income for such taxable year an amount equal to the amount of such excess.

“(2) If the adjusted basis of such stock exceeds the fair market value of such stock as of the close of such taxable year, such United States person shall be allowed a deduction for such taxable year equal to the lesser of—

“(A) the amount of such excess, or

“(B) the unreversed inclusions with respect to such stock.

“(b) BASIS ADJUSTMENTS.—

“(1) IN GENERAL.—The adjusted basis of stock in a passive foreign investment company—

“(A) shall be increased by the amount included in the gross income of the United States person under subsection (a)(1) with respect to such stock, and

“(B) shall be decreased by the amount allowed as a deduction to the United States person under subsection (a)(2) with respect to such stock.

“(2) SPECIAL RULE FOR STOCK CONSTRUCTIVELY OWNED.—In the case of stock in a passive foreign investment company

which the United States person is treated as owning under subsection (g)—

“(A) the adjustments under paragraph (1) shall apply to such stock in the hands of the person actually holding such stock but only for purposes of determining the subsequent treatment under this chapter of the United States person with respect to such stock, and

“(B) similar adjustments shall be made to the adjusted basis of the property by reason of which the United States person is treated as owning such stock.

“(C) CHARACTER AND SOURCE RULES.—

“(1) ORDINARY TREATMENT.—

“(A) GAIN.—Any amount included in gross income under subsection (a)(1), and any gain on the sale or other disposition of marketable stock in a passive foreign investment company (with respect to which an election under this section is in effect), shall be treated as ordinary income.

“(B) LOSS.—Any—

“(i) amount allowed as a deduction under subsection (a)(2), and

“(ii) loss on the sale or other disposition of marketable stock in a passive foreign investment company (with respect to which an election under this section is in effect) to the extent that the amount of such loss does not exceed the unreversed inclusions with respect to such stock,

shall be treated as an ordinary loss. The amount so treated shall be treated as a deduction allowable in computing adjusted gross income.

“(2) SOURCE.—The source of any amount included in gross income under subsection (a)(1) (or allowed as a deduction under subsection (a)(2)) shall be determined in the same manner as if such amount were gain or loss (as the case may be) from the sale of stock in the passive foreign investment company.

“(d) UNREVERSED INCLUSIONS.—For purposes of this section, the term ‘unreversed inclusions’ means, with respect to any stock in a passive foreign investment company, the excess (if any) of—

“(1) the amount included in gross income of the taxpayer under subsection (a)(1) with respect to such stock for prior taxable years, over

“(2) the amount allowed as a deduction under subsection (a)(2) with respect to such stock for prior taxable years.

The amount referred to in paragraph (1) shall include any amount which would have been included in gross income under subsection (a)(1) with respect to such stock for any prior taxable year but for section 1291.

“(e) MARKETABLE STOCK.—For purposes of this section—

“(1) IN GENERAL.—The term ‘marketable stock’ means—

“(A) any stock which is regularly traded on—

“(i) a national securities exchange which is registered with the Securities and Exchange Commission or the national market system established pursuant to section 11A of the Securities and Exchange Act of 1934, or

Applicability.

“(ii) any exchange or other market which the Secretary determines has rules adequate to carry out the purposes of this part,

“(B) to the extent provided in regulations, stock in any foreign corporation which is comparable to a regulated investment company and which offers for sale or has outstanding any stock of which it is the issuer and which is redeemable at its net asset value, and

“(C) to the extent provided in regulations, any option on stock described in subparagraph (A) or (B).

Applicability.

“(2) SPECIAL RULE FOR REGULATED INVESTMENT COMPANIES.—In the case of any regulated investment company which is offering for sale or has outstanding any stock of which it is the issuer and which is redeemable at its net asset value, all stock in a passive foreign investment company which it owns directly or indirectly shall be treated as marketable stock for purposes of this section. Except as provided in regulations, similar treatment as marketable stock shall apply in the case of any other regulated investment company which publishes net asset valuations at least annually.

Applicability.

“(f) TREATMENT OF CONTROLLED FOREIGN CORPORATIONS WHICH ARE SHAREHOLDERS IN PASSIVE FOREIGN INVESTMENT COMPANIES.—In the case of a foreign corporation which is a controlled foreign corporation and which owns (or is treated under subsection (g) as owning) stock in a passive foreign investment company—

“(1) this section (other than subsection (c)(2)) shall apply to such foreign corporation in the same manner as if such corporation were a United States person, and

“(2) for purposes of subpart F of part III of subchapter N—

“(A) any amount included in gross income under subsection (a)(1) shall be treated as foreign personal holding company income described in section 954(c)(1)(A), and

“(B) any amount allowed as a deduction under subsection (a)(2) shall be treated as a deduction allocable to foreign personal holding company income so described.

“(g) STOCK OWNED THROUGH CERTAIN FOREIGN ENTITIES.—Except as provided in regulations—

“(1) IN GENERAL.—For purposes of this section, stock owned, directly or indirectly, by or for a foreign partnership or foreign trust or foreign estate shall be considered as being owned proportionately by its partners or beneficiaries. Stock considered to be owned by a person by reason of the application of the preceding sentence shall, for purposes of applying such sentence, be treated as actually owned by such person.

“(2) TREATMENT OF CERTAIN DISPOSITIONS.—In any case in which a United States person is treated as owning stock in a passive foreign investment company by reason of paragraph (1)—

“(A) any disposition by the United States person or by any other person which results in the United States person being treated as no longer owning such stock, and

“(B) any disposition by the person owning such stock, shall be treated as a disposition by the United States person of the stock in the passive foreign investment company.

“(h) COORDINATION WITH SECTION 851(b).—For purposes of paragraphs (2) and (3) of section 851(b), any amount included in gross income under subsection (a) shall be treated as a dividend.

“(i) STOCK ACQUIRED FROM A DECEDENT.—In the case of stock of a passive foreign investment company which is acquired by bequest, devise, or inheritance (or by the decedent’s estate) and with respect to which an election under this section was in effect as of the date of the decedent’s death, notwithstanding section 1014, the basis of such stock in the hands of the person so acquiring it shall be the adjusted basis of such stock in the hands of the decedent immediately before his death (or, if lesser, the basis which would have been determined under section 1014 without regard to this subsection).

“(j) COORDINATION WITH SECTION 1291 FOR FIRST YEAR OF ELECTION.—

“(1) TAXPAYERS OTHER THAN REGULATED INVESTMENT COMPANIES.—

“(A) IN GENERAL.—If the taxpayer elects the application of this section with respect to any marketable stock in a corporation after the beginning of the taxpayer’s holding period in such stock, and if the requirements of subparagraph (B) are not satisfied, section 1291 shall apply to—

“(i) any distributions with respect to, or disposition of, such stock in the first taxable year of the taxpayer for which such election is made, and

“(ii) any amount which, but for section 1291, would have been included in gross income under subsection (a) with respect to such stock for such taxable year in the same manner as if such amount were gain on the disposition of such stock.

“(B) REQUIREMENTS.—The requirements of this subparagraph are met if, with respect to each of such corporation’s taxable years for which such corporation was a passive foreign investment company and which begin after December 31, 1986, and included any portion of the taxpayer’s holding period in such stock, such corporation was treated as a qualified electing fund under this part with respect to the taxpayer.

“(2) SPECIAL RULES FOR REGULATED INVESTMENT COMPANIES.—

“(A) IN GENERAL.—If a regulated investment company elects the application of this section with respect to any marketable stock in a corporation after the beginning of the taxpayer’s holding period in such stock, then, with respect to such company’s first taxable year for which such company elects the application of this section with respect to such stock—

“(i) section 1291 shall not apply to such stock with respect to any distribution or disposition during, or amount included in gross income under this section for, such first taxable year, but

“(ii) such regulated investment company’s tax under this chapter for such first taxable year shall be increased by the aggregate amount of interest which would have been determined under section 1291(c)(3) if section 1291 were applied without regard to this subparagraph.

Clause (ii) shall not apply if for the preceding taxable year the company elected to mark to market the stock held by such company as of the last day of such preceding taxable year.

“(B) DISALLOWANCE OF DEDUCTION.—No deduction shall be allowed to any regulated investment company for the increase in tax under subparagraph (A)(ii).

Applicability.

“(k) ELECTION.—This section shall apply to marketable stock in a passive foreign investment company which is held by a United States person only if such person elects to apply this section with respect to such stock. Such an election shall apply to the taxable year for which made and all subsequent taxable years unless—

“(1) such stock ceases to be marketable stock, or

“(2) the Secretary consents to the revocation of such election.

“(l) TRANSITION RULE FOR INDIVIDUALS BECOMING SUBJECT TO UNITED STATES TAX.—If any individual becomes a United States person in a taxable year beginning after December 31, 1997, solely for purposes of this section, the adjusted basis (before adjustments under subsection (b)) of any marketable stock in a passive foreign investment company owned by such individual on the first day of such taxable year shall be treated as being the greater of its fair market value on such first day or its adjusted basis on such first day.”.

(b) COORDINATION WITH INTEREST CHARGE, ETC.—

(1) Paragraph (1) of section 1291(d) is amended by adding at the end the following new flush sentence:

“Except as provided in section 1296(j), this section also shall not apply if an election under section 1296(k) is in effect for the taxpayer’s taxable year.”.

(2) The subsection heading for subsection (d) of section 1291 is amended by striking “SUBPART B” and inserting “SUBPARTS B AND C”.

(3) Subparagraph (A) of section 1291(a)(3) is amended to read as follows:

“(A) HOLDING PERIOD.—The taxpayer’s holding period shall be determined under section 1223; except that—

“(i) for purposes of applying this section to an excess distribution, such holding period shall be treated as ending on the date of such distribution, and

“(ii) if section 1296 applied to such stock with respect to the taxpayer for any prior taxable year, such holding period shall be treated as beginning on the first day of the first taxable year beginning after the last taxable year for which section 1296 so applied.”.

(c) TREATMENT OF MARK-TO-MARKET GAIN UNDER SECTION 4982.—

(1) Subsection (e) of section 4982 is amended by adding at the end thereof the following new paragraph:

“(6) TREATMENT OF GAIN RECOGNIZED UNDER SECTION 1296.—For purposes of determining a regulated investment company’s ordinary income—

Applicability.

“(A) notwithstanding paragraph (1)(C), section 1296 shall be applied as if such company’s taxable year ended on October 31, and

“(B) any ordinary gain or loss from an actual disposition of stock in a passive foreign investment company during the portion of the calendar year after October 31 shall be taken into account in determining such regulated investment company’s ordinary income for the following calendar year.

In the case of a company making an election under paragraph (4), the preceding sentence shall be applied by substituting the last day of the company’s taxable year for October 31.”.

(2) Subsection (b) of section 852 is amended by adding at the end thereof the following new paragraph:

“(10) SPECIAL RULE FOR CERTAIN LOSSES ON STOCK IN PASSIVE FOREIGN INVESTMENT COMPANY.—To the extent provided in regulations, the taxable income of a regulated investment company (other than a company to which an election under section 4982(e)(4) applies) shall be computed without regard to any net reduction in the value of any stock of a passive foreign investment company with respect to which an election under section 1296(k) is in effect occurring after October 31 of the taxable year, and any such reduction shall be treated as occurring on the first day of the following taxable year.”.

(3) Subsection (c) of section 852 is amended by inserting after “October 31 of such year” the following: “, without regard to any net reduction in the value of any stock of a passive foreign investment company with respect to which an election under section 1296(k) is in effect occurring after October 31 of such year,”.

(d) CONFORMING AMENDMENTS.—

(1) Sections 532(b)(4) and 542(c)(10) are each amended by striking “section 1296” and inserting “section 1297”.

(2) Subsection (f) of section 551 is amended by striking “section 1297(b)(5)” and inserting “section 1298(b)(5)”.

(3) Subsections (a)(1) and (d) of section 1293 are each amended by striking “section 1297(a)” and inserting “section 1298(a)”.

(4) Paragraph (3) of section 1297(b), as redesignated by subsection (a), is hereby repealed.

(5) The table of sections for subpart D of part VI of subchapter P of chapter 1, as redesignated by subsection (a), is amended to read as follows:

“Sec. 1297. Passive foreign investment company.

“Sec. 1298. Special rules.”.

(6) The table of subparts for part VI of subchapter P of chapter 1 is amended by striking the last item and inserting the following new items:

“Subpart C. Election of mark to market for marketable stock.

“Subpart D. General provisions.”.

(e) CLARIFICATION OF GAIN RECOGNITION ELECTION.—The last sentence of section 1298(b)(1), as so redesignated, is amended by inserting “(determined without regard to the preceding sentence)” after “investment company”.

SEC. 1123. VALUATION OF ASSETS FOR PASSIVE FOREIGN INVESTMENT COMPANY DETERMINATION.

(a) IN GENERAL.—Section 1297, as redesignated by section 1122, is amended by adding at the end the following new subsection:

“(e) METHODS FOR MEASURING ASSETS.—

“(1) DETERMINATION USING VALUE.—The determination under subsection (a)(2) shall be made on the basis of the value of the assets of a foreign corporation if—

“(A) such corporation is a publicly traded corporation for the taxable year, or

“(B) paragraph (2) does not apply to such corporation for the taxable year.

“(2) DETERMINATION USING ADJUSTED BASES.—The determination under subsection (a)(2) shall be based on the adjusted bases (as determined for the purposes of computing earnings and profits) of the assets of a foreign corporation if such corporation is not described in paragraph (1)(A) and such corporation—

“(A) is a controlled foreign corporation, or

“(B) elects the application of this paragraph.

An election under subparagraph (B), once made, may be revoked only with the consent of the Secretary.

“(3) PUBLICLY TRADED CORPORATION.—For purposes of this subsection, a foreign corporation shall be treated as a publicly traded corporation if the stock in the corporation is regularly traded on—

“(A) a national securities exchange which is registered with the Securities and Exchange Commission or the national market system established pursuant to section 11A of the Securities and Exchange Act of 1934, or

“(B) any exchange or other market which the Secretary determines has rules adequate to carry out the purposes of this subsection.”.

(b) CONFORMING AMENDMENTS.—Section 1297(a), as redesignated by section 1122, is amended—

(1) by striking “(by value)” and inserting “(as determined in accordance with subsection (e))”, and

(2) by striking the last two sentences.

26 USC 532 note. **SEC. 1124. EFFECTIVE DATE.**

The amendments made by this subtitle shall apply to—

(1) taxable years of United States persons beginning after December 31, 1997, and

(2) taxable years of foreign corporations ending with or within such taxable years of United States persons.

Subtitle D—Repeal of Excise Tax on Transfers to Foreign Entities

SEC. 1131. REPEAL OF EXCISE TAX ON TRANSFERS TO FOREIGN ENTITIES; RECOGNITION OF GAIN ON CERTAIN TRANSFERS TO FOREIGN TRUSTS AND ESTATES.

(a) REPEAL OF EXCISE TAX.—Chapter 5 (relating to transfers to avoid income tax) is hereby repealed.

(b) RECOGNITION OF GAIN ON CERTAIN TRANSFERS TO FOREIGN TRUSTS AND ESTATES.—Subpart F of part I of subchapter J of chapter 1 is amended by adding at the end the following new section:

“SEC. 684. RECOGNITION OF GAIN ON CERTAIN TRANSFERS TO CERTAIN FOREIGN TRUSTS AND ESTATES.

“(a) IN GENERAL.—Except as provided in regulations, in the case of any transfer of property by a United States person to a foreign estate or trust, for purposes of this subtitle, such transfer shall be treated as a sale or exchange for an amount equal to the fair market value of the property transferred, and the transferor shall recognize as gain the excess of—

“(1) the fair market value of the property so transferred, over

“(2) the adjusted basis (for purposes of determining gain) of such property in the hands of the transferor.

“(b) EXCEPTION.—Subsection (a) shall not apply to a transfer to a trust by a United States person to the extent that any person is treated as the owner of such trust under section 671.

“(c) TREATMENT OF TRUSTS WHICH BECOME FOREIGN TRUSTS.—If a trust which is not a foreign trust becomes a foreign trust, such trust shall be treated for purposes of this section as having transferred, immediately before becoming a foreign trust, all of its assets to a foreign trust.”.

(b) OTHER ANTI-AVOIDANCE PROVISIONS REPLACING REPEALED EXCISE TAX.—

(1) GAIN RECOGNITION ON EXCHANGES INVOLVING FOREIGN PERSONS.—Section 1035 is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

“(c) EXCHANGES INVOLVING FOREIGN PERSONS.—To the extent provided in regulations, subsection (a) shall not apply to any exchange having the effect of transferring property to any person other than a United States person.”.

(2) TRANSFERS TO FOREIGN CORPORATIONS.—Section 367 is amended by adding at the end the following new subsection:

“(f) OTHER TRANSFERS.—To the extent provided in regulations, if a United States person transfers property to a foreign corporation as paid-in surplus or as a contribution to capital (in a transaction not otherwise described in this section), such transfer shall be treated as a sale or exchange for an amount equal to the fair market value of the property transferred, and the transferor shall recognize as gain the excess of—

“(1) the fair market value of the property so transferred, over

“(2) the adjusted basis (for purposes of determining gain) of such property in the hands of the transferor.”.

(3) CERTAIN TRANSFERS TO PARTNERSHIPS.—Section 721 is amended by adding at the end the following new subsection:

“(c) REGULATIONS RELATING TO CERTAIN TRANSFERS TO PARTNERSHIPS.—The Secretary may provide by regulations that subsection (a) shall not apply to gain realized on the transfer of property to a partnership if such gain, when recognized, will be includible in the gross income of a person other than a United States person.”.

(4) REPEAL OF U.S. SOURCE TREATMENT OF DEEMED ROYALTIES.—Subparagraph (C) of section 367(d)(2) is amended to read as follows:

“(C) AMOUNTS RECEIVED TREATED AS ORDINARY INCOME.—For purposes of this chapter, any amount included in gross income by reason of this subsection shall be treated as ordinary income.”.

(5) TRANSFERS OF INTANGIBLES TO PARTNERSHIPS.—

(A) Subsection (d) of section 367 is amended by adding at the end the following new paragraph:

“(3) REGULATIONS RELATING TO TRANSFERS OF INTANGIBLES TO PARTNERSHIPS.—The Secretary may provide by regulations that the rules of paragraph (2) also apply to the transfer of intangible property by a United States person to a partnership in circumstances consistent with the purposes of this subsection.”.

(B) Section 721 is amended by adding at the end the following new subsection:

“(d) TRANSFERS OF INTANGIBLES.—

“For regulatory authority to treat intangibles transferred to a partnership as sold, see section 367(d)(3).”.

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Subsection (h) of section 814 is amended by striking “or 1491”.

(2) Section 1057 (relating to election to treat transfer to foreign trust, etc., as taxable exchange) is hereby repealed.

(3) Section 6422 is amended by striking paragraph (5) and by redesignating paragraphs (6) through (13) as paragraphs (5) through (12), respectively.

(4) The table of chapters for subtitle A is amended by striking the item relating to chapter 5.

(5) The table of sections for part IV of subchapter O of chapter 1 is amended by striking the item relating to section 1057.

(6) The table of sections for subpart F of part I of subchapter J of chapter 1 is amended by adding at the end the following new item:

“Sec. 684. Recognition of gain on certain transfers to certain foreign trusts and estates.”.

26 USC 367 note.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

Subtitle E—Information Reporting

SEC. 1141. CLARIFICATION OF APPLICATION OF RETURN REQUIREMENT TO FOREIGN PARTNERSHIPS.

(a) IN GENERAL.—Section 6031 (relating to return of partnership income) is amended by adding at the end the following new subsection:

“(e) FOREIGN PARTNERSHIPS.—

“(1) EXCEPTION FOR FOREIGN PARTNERSHIP.—Except as provided in paragraph (2), the preceding provisions of this section shall not apply to a foreign partnership.

“(2) CERTAIN FOREIGN PARTNERSHIPS REQUIRED TO FILE RETURN.—Except as provided in regulations prescribed by the Secretary, this section shall apply to a foreign partnership for any taxable year if for such year, such partnership has—

“(A) gross income derived from sources within the United States, or

“(B) gross income which is effectively connected with the conduct of a trade or business within the United States.

The Secretary may provide simplified filing procedures for foreign partnerships to which this section applies.”.

(b) SANCTION FOR FAILURE BY FOREIGN PARTNERSHIP TO COMPLY WITH SECTION 6031 TO INCLUDE DENIAL OF DEDUCTIONS.—Subsection (f) of section 6231 is amended—

(1) by striking “LOSSES AND” in the heading and inserting “DEDUCTIONS, LOSSES, AND”, and

(2) by striking “loss or” each place it appears and inserting “deduction, loss, or”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act. 26 USC 6031 note.

SEC. 1142. CONTROLLED FOREIGN PARTNERSHIPS SUBJECT TO INFORMATION REPORTING COMPARABLE TO INFORMATION REPORTING FOR CONTROLLED FOREIGN CORPORATIONS.

(a) IN GENERAL.—So much of section 6038 (relating to information with respect to certain foreign corporations) as precedes paragraph (2) of subsection (a) is amended to read as follows:

“SEC. 6038. INFORMATION REPORTING WITH RESPECT TO CERTAIN FOREIGN CORPORATIONS AND PARTNERSHIPS.

“(a) REQUIREMENT.—

“(1) IN GENERAL.—Every United States person shall furnish, with respect to any foreign business entity which such person controls, such information as the Secretary may prescribe relating to—

“(A) the name, the principal place of business, and the nature of business of such entity, and the country under whose laws such entity is incorporated (or organized in the case of a partnership);

“(B) in the case of a foreign corporation, its post-1986 undistributed earnings (as defined in section 902(c));

“(C) a balance sheet for such entity listing assets, liabilities, and capital;

“(D) transactions between such entity and—

“(i) such person,

“(ii) any corporation or partnership which such person controls, and

“(iii) any United States person owning, at the time the transaction takes place—

“(I) in the case of a foreign corporation, 10 percent or more of the value of any class of stock outstanding of such corporation, and

“(II) in the case of a foreign partnership, at least a 10-percent interest in such partnership; and

“(E)(i) in the case of a foreign corporation, a description of the various classes of stock outstanding, and a list showing the name and address of, and number of shares held by, each United States person who is a shareholder of record owning at any time during the annual accounting period 5 percent or more in value of any class of stock outstanding of such foreign corporation, and

“(ii) information comparable to the information described in clause (i) in the case of a foreign partnership.

The Secretary may also require the furnishing of any other information which is similar or related in nature to that specified in the preceding sentence or which the Secretary determines to be appropriate to carry out the provisions of this title.”.

(b) DEFINITIONS.—

(1) IN GENERAL.—Subsection (e) of section 6038 (relating to definitions) is amended—

(A) by redesignating paragraphs (1) and (2) as paragraphs (2) and (4), respectively,

(B) by inserting before paragraph (2) (as so redesignated) the following new paragraph:

“(1) FOREIGN BUSINESS ENTITY.—The term ‘foreign business entity’ means a foreign corporation and a foreign partnership.”, and

(C) by inserting after paragraph (2) (as so redesignated) the following new paragraph:

“(3) PARTNERSHIP-RELATED DEFINITIONS.—

“(A) CONTROL.—A person is in control of a partnership if such person owns directly or indirectly more than a 50 percent interest in such partnership.

“(B) 50-PERCENT INTEREST.—For purposes of subparagraph (A), a 50-percent interest in a partnership is—

“(i) an interest equal to 50 percent of the capital interest, or 50 percent of the profits interest, in such partnership, or

“(ii) to the extent provided in regulations, an interest to which 50 percent of the deductions or losses of such partnership are allocated.

For purposes of the preceding sentence, rules similar to the rules of section 267(c) (other than paragraph (3)) shall apply.

“(C) 10-PERCENT INTEREST.—A 10-percent interest in a partnership is an interest which would be described in subparagraph (B) if ‘10 percent’ were substituted for ‘50 percent’ each place it appears.”.

(2) CLERICAL AMENDMENT.—The paragraph heading for paragraph (2) of section 6038(e) (as so redesignated) is amended by inserting “OF CORPORATION” after “CONTROL”.

(c) MODIFICATION OF SANCTIONS ON PARTNERSHIPS AND CORPORATIONS FOR FAILURE TO FURNISH INFORMATION.—

(1) IN GENERAL.—Subsection (b) of section 6038 is amended—

(A) by striking “\$1,000” each place it appears and inserting “\$10,000”, and

(B) by striking “\$24,000” in paragraph (2) and inserting “\$50,000”.

(d) REPORTING BY 10-PERCENT PARTNERS.—Subsection (a) of section 6038 is amended by adding at the end the following new paragraph:

“(5) INFORMATION REQUIRED FROM 10-PERCENT PARTNER OF CONTROLLED FOREIGN PARTNERSHIP.—In the case of a foreign partnership which is controlled by United States persons holding at least 10-percent interests (but not by any one United States person), the Secretary may require each United States person who holds a 10-percent interest in such partnership to furnish information relating to such partnership, including

information relating to such partner's ownership interests in the partnership and allocations to such partner of partnership items.”.

(e) TECHNICAL AMENDMENTS.—

(1) The following provisions of section 6038 are each amended by striking “foreign corporation” each place it appears and inserting “foreign business entity”:

- (A) Paragraphs (2) and (3) of subsection (a).
- (B) Subsection (b).
- (C) Subsection (c) other than paragraph (1)(B) thereof.
- (D) Subsection (d).
- (E) Subsection (e)(4) (as redesignated by subsection (b)).

(2) Subparagraph (B) of section 6038(c)(1) is amended by inserting “in the case of a foreign business entity which is a foreign corporation.” after “(B)”.

(3) Paragraph (8) of section 318(b) is amended by striking “6038(d)(1)” and inserting “6038(d)(2)”.

(4) Paragraph (4) of section 901(k) is amended by striking “foreign corporation” and inserting “foreign corporation or partnership”.

(5) The table of sections for subpart A of part III of subchapter A of chapter 61 is amended by striking the item relating to section 6038 and inserting the following new item:

“Sec. 6038. Information reporting with respect to certain foreign corporations and partnerships.”.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to annual accounting periods beginning after the date of the enactment of this Act. 26 USC 318 note.

SEC. 1143. MODIFICATIONS RELATING TO RETURNS REQUIRED TO BE FILED BY REASON OF CHANGES IN OWNERSHIP INTERESTS IN FOREIGN PARTNERSHIP.

(a) NO RETURN REQUIRED UNLESS CHANGES INVOLVE 10-PERCENT INTEREST IN PARTNERSHIP.—

(1) IN GENERAL.—Subsection (a) of section 6046A (relating to returns as to interests in foreign partnerships) is amended by adding at the end the following new sentence: “Paragraphs (1) and (2) shall apply to any acquisition or disposition only if the United States person directly or indirectly holds at least a 10-percent interest in such partnership either before or after such acquisition or disposition, and paragraph (3) shall apply to any change only if the change is equivalent to at least a 10-percent interest in such partnership.”.

Applicability.

(2) 10-PERCENT INTEREST.—Section 6046A is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

“(d) 10-PERCENT INTEREST.—For purposes of subsection (a), a 10-percent interest in a partnership is an interest described in section 6038(e)(3)(C).”.

(b) MODIFICATION OF PENALTY ON FAILURE TO REPORT CHANGES IN OWNERSHIP INTERESTS IN FOREIGN CORPORATIONS AND PARTNERSHIPS.—Subsection (a) of section 6679 (relating to failure to file returns, etc., with respect to foreign corporations or foreign partnerships) is amended to read as follows:

“(a) CIVIL PENALTY.—

“(1) IN GENERAL.—In addition to any criminal penalty provided by law, any person required to file a return under section 6035, 6046, or 6046A who fails to file such return at the time provided in such section, or who files a return which does not show the information required pursuant to such section, shall pay a penalty of \$10,000, unless it is shown that such failure is due to reasonable cause.

“(2) INCREASE IN PENALTY WHERE FAILURE CONTINUES AFTER NOTIFICATION.—If any failure described in paragraph (1) continues for more than 90 days after the day on which the Secretary mails notice of such failure to the United States person, such person shall pay a penalty (in addition to the amount required under paragraph (1)) of \$10,000 for each 30-day period (or fraction thereof) during which such failure continues after the expiration of such 90-day period. The increase in any penalty under this paragraph shall not exceed \$50,000.

“(3) REDUCED PENALTY FOR RETURNS RELATING TO FOREIGN PERSONAL HOLDING COMPANIES.—In the case of a return required under section 6035, paragraph (1) shall be applied by substituting ‘\$1,000’ for ‘\$10,000’, and paragraph (2) shall not apply.”.

26 USC 6046A
note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers and changes after the date of the enactment of this Act.

**SEC. 1144. TRANSFERS OF PROPERTY TO FOREIGN PARTNERSHIPS
SUBJECT TO INFORMATION REPORTING COMPARABLE
TO INFORMATION REPORTING FOR SUCH TRANSFERS TO
FOREIGN CORPORATIONS.**

(a) IN GENERAL.—Paragraph (1) of section 6038B(a) (relating to notice of certain transfers to foreign corporations) is amended to read as follows:

“(1) transfers property to—

“(A) a foreign corporation in an exchange described in section 332, 351, 354, 355, 356, or 361, or

“(B) a foreign partnership in a contribution described in section 721 or in any other contribution described in regulations prescribed by the Secretary.”.

(b) EXCEPTIONS.—Section 6038B is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

“(b) EXCEPTIONS FOR CERTAIN TRANSFERS TO FOREIGN PARTNERSHIPS; SPECIAL RULE.—

Applicability.

“(1) EXCEPTIONS.—Subsection (a)(1)(B) shall apply to a transfer by a United States person to a foreign partnership only if—

“(A) the United States person holds (immediately after the transfer) directly or indirectly at least a 10-percent interest (as defined in section 6046A(d)) in the partnership, or

“(B) the value of the property transferred (when added to the value of the property transferred by such person or any related person to such partnership or a related partnership during the 12-month period ending on the date of the transfer) exceeds \$100,000.

For purposes of the preceding sentence, the value of any transferred property is its fair market value at the time of its transfer.

“(2) SPECIAL RULE.—If by reason of an adjustment under section 482 or otherwise, a contribution described in subsection (a)(1) is deemed to have been made, such contribution shall be treated for purposes of this section as having been made not earlier than the date specified by the Secretary.”.

(c) MODIFICATION OF PENALTY APPLICABLE TO FOREIGN CORPORATIONS AND PARTNERSHIPS.—

(1) IN GENERAL.—Paragraph (1) of section 6038B(b) is amended by striking “equal to” and all that follows and inserting “equal to 10 percent of the fair market value of the property at the time of the exchange (and, in the case of a contribution described in subsection (a)(1)(B), such person shall recognize gain as if the contributed property had been sold for such value at the time of such contribution).”.

(2) LIMIT ON PENALTY.—Section 6038B(b) is amended by adding at the end the following new paragraph:

“(3) LIMIT ON PENALTY.—The penalty under paragraph (1) with respect to any exchange shall not exceed \$100,000 unless the failure with respect to such exchange was due to intentional disregard.”.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to transfers made after the date of the enactment of this Act.

(2) ELECTION OF RETROACTIVE EFFECT.—Section 1494(c) of the Internal Revenue Code of 1986 shall not apply to any transfer after August 20, 1996, if all applicable reporting requirements under section 6038B of such Code (as amended by this section) are satisfied. The Secretary of the Treasury or his delegate may prescribe simplified reporting requirements under the preceding sentence.

26 USC 6038B
note.

SEC. 1145. EXTENSION OF STATUTE OF LIMITATIONS FOR FOREIGN TRANSFERS.

(a) IN GENERAL.—Paragraph (8) of section 6501(c) (relating to failure to notify Secretary under section 6038B) is amended to read as follows:

“(8) FAILURE TO NOTIFY SECRETARY OF CERTAIN FOREIGN TRANSFERS.—In the case of any information which is required to be reported to the Secretary under section 6038, 6038A, 6038B, 6046, 6046A, or 6048, the time for assessment of any tax imposed by this title with respect to any event or period to which such information relates shall not expire before the date which is 3 years after the date on which the Secretary is furnished the information required to be reported under such section.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to information the due date for the reporting of which is after the date of the enactment of this Act.

SEC. 1146. INCREASE IN FILING THRESHOLDS FOR RETURNS AS TO ORGANIZATION OF FOREIGN CORPORATIONS AND ACQUISITIONS OF STOCK IN SUCH CORPORATIONS.

(a) IN GENERAL.—Subsection (a) of section 6046 (relating to returns as to organization or reorganization of foreign corporations and as to acquisitions of their stock) is amended to read as follows:

“(a) REQUIREMENT OF RETURN.—

“(1) IN GENERAL.—A return complying with the requirements of subsection (b) shall be made by—

“(A) each United States citizen or resident who becomes an officer or director of a foreign corporation if a United States person (as defined in section 7701(a)(30)) meets the stock ownership requirements of paragraph (2) with respect to such corporation,

“(B) each United States person—

“(i) who acquires stock which, when added to any stock owned on the date of such acquisition, meets the stock ownership requirements of paragraph (2) with respect to a foreign corporation, or

“(ii) who acquires stock which, without regard to stock owned on the date of such acquisition, meets the stock ownership requirements of paragraph (2) with respect to a foreign corporation,

“(C) each person (not described in subparagraph (B)) who is treated as a United States shareholder under section 953(c) with respect to a foreign corporation, and

“(D) each person who becomes a United States person while meeting the stock ownership requirements of paragraph (2) with respect to stock of a foreign corporation.

In the case of a foreign corporation with respect to which any person is treated as a United States shareholder under section 953(c), subparagraph (A) shall be treated as including a reference to each United States person who is an officer or director of such corporation.

“(2) STOCK OWNERSHIP REQUIREMENTS.—A person meets the stock ownership requirements of this paragraph with respect to any corporation if such person owns 10 percent or more of—

“(A) the total combined voting power of all classes of stock of such corporation entitled to vote, or

“(B) the total value of the stock of such corporation.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on January 1, 1998.

26 USC 6046
note.

Subtitle F—Determination of Foreign or Domestic Status of Partnerships

SEC. 1151. DETERMINATION OF FOREIGN OR DOMESTIC STATUS OF PARTNERSHIPS.

(a) IN GENERAL.—Paragraph (4) of section 7701(a) is amended by inserting before the period “unless, in the case of a partnership, the Secretary provides otherwise by regulations”.

(b) EFFECTIVE DATE.—Any regulations issued with respect to the amendment made by subsection (a) shall apply to partnerships created or organized after the date determined under section 7805(b)

26 USC 7701
note.

of the Internal Revenue Code of 1986 (without regard to paragraph (2) thereof) with respect to such regulations.

Subtitle G—Other Simplification Provisions

SEC. 1161. TRANSITION RULE FOR CERTAIN TRUSTS.

(a) IN GENERAL.—Paragraph (3) of section 1907(a) of the Small Business Job Protection Act of 1996 is amended by adding at the end the following flush sentence:

26 USC 7701
note.

“To the extent prescribed in regulations by the Secretary of the Treasury or his delegate, a trust which was in existence on August 20, 1996 (other than a trust treated as owned by the grantor under subpart E of part I of subchapter J of chapter 1 of the Internal Revenue Code of 1986), and which was treated as a United States person on the day before the date of the enactment of this Act may elect to continue to be treated as a United States person notwithstanding section 7701(a)(30)(E) of such Code.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the amendments made by section 1907(a) of the Small Business Job Protection Act of 1996.

26 USC 7701
note.

SEC. 1162. REPEAL OF STOCK AND SECURITIES SAFE HARBOR REQUIREMENT THAT PRINCIPAL OFFICE BE OUTSIDE THE UNITED STATES.

(a) IN GENERAL.—The last sentence of clause (ii) of section 864(b)(2)(A) (relating to stock or securities) is amended by striking “, or in the case of a corporation” and all that follows and inserting a period.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1997.

26 USC 864 note.

SEC. 1163. MISCELLANEOUS CLARIFICATIONS.

(a) ATTRIBUTION OF DEEMED PAID FOREIGN TAXES TO PRIOR DISTRIBUTIONS.—Subparagraph (B) of section 902(c)(2) is amended by striking “deemed paid with respect to” and inserting “attributable to”.

(b) FINANCIAL SERVICES INCOME DETERMINED WITHOUT REGARD TO HIGH-TAXED INCOME.—Subclause (II) of section 904(d)(2)(C)(i) is amended by striking “subclause (I)” and inserting “subclauses (I) and (III)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

26 USC 902 note.

Subtitle H—Other Provisions

SEC. 1171. TREATMENT OF COMPUTER SOFTWARE AS FSC EXPORT PROPERTY.

(a) IN GENERAL.—Subparagraph (B) of section 927(a)(2) (relating to property excluded from eligibility as FSC export property) is amended by inserting “, and other than computer software (whether or not patented)” before “, for commercial or home use”.

26 USC 927 note.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to gross receipts attributable to periods after December 31, 1997, in taxable years ending after such date.

SEC. 1172. ADJUSTMENT OF DOLLAR LIMITATION ON SECTION 911 EXCLUSION.

(a) **GENERAL RULE.**—Paragraph (2) of section 911(b) is amended by—

(1) by striking “of \$70,000” in subparagraph (A) and inserting “equal to the exclusion amount for the calendar year in which such taxable year begins”, and

(2) by adding at the end the following new subparagraph:

“(D) **EXCLUSION AMOUNT.**—

“(i) **IN GENERAL.**—The exclusion amount for any calendar year is the exclusion amount determined in accordance with the following table (as adjusted by clause (ii)):

“For calendar year—	The exclusion amount is—
1998	\$72,000
1999	74,000
2000	76,000
2001	78,000
2002 and thereafter	80,000.

“(ii) **INFLATION ADJUSTMENT.**—In the case of any taxable year beginning in a calendar year after 2007, the \$80,000 amount in clause (i) shall be increased by an amount equal to the product of—

“(I) such dollar amount, and

“(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘2006’ for ‘1992’ in subparagraph (B) thereof.

If any increase determined under the preceding sentence is not a multiple of \$100, such increase shall be rounded to the next lowest multiple of \$100.”.

26 USC 911 note.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 1173. UNITED STATES PROPERTY NOT TO INCLUDE CERTAIN ASSETS ACQUIRED BY DEALERS IN ORDINARY COURSE OF TRADE OR BUSINESS.

(a) **IN GENERAL.**—Section 956(c)(2) is amended by striking “and” at the end of subparagraph (H), by striking the period at the end of subparagraph (I) and inserting a semicolon, and by adding at the end the following new subparagraphs:

“(J) deposits of cash or securities made or received on commercial terms in the ordinary course of a United States or foreign person’s business as a dealer in securities or in commodities, but only to the extent such deposits are made or received as collateral or margin for (i) a securities loan, notional principal contract, options contract, forward contract, or futures contract, or (ii) any other financial transaction in which the Secretary determines that it is customary to post collateral or margin; and

“(K) an obligation of a United States person to the extent the principal amount of the obligation does not

exceed the fair market value of readily marketable securities sold or purchased pursuant to a sale and repurchase agreement or otherwise posted or received as collateral for the obligation in the ordinary course of its business by a United States or foreign person which is a dealer in securities or commodities.

For purposes of subparagraphs (J) and (K), the term ‘dealer in securities’ has the meaning given such term by section 475(c)(1), and the term ‘dealer in commodities’ has the meaning given such term by section 475(e), except that such term shall include a futures commission merchant.”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 1997, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end. 26 USC 956 note.

SEC. 1174. TREATMENT OF NONRESIDENT ALIENS ENGAGED IN INTERNATIONAL TRANSPORTATION SERVICES.

(a) **SOURCING RULES.**—

(1) **IN GENERAL.**—Section 861(a)(3) is amended by adding at the end the following new flush sentence:

“In addition, except for purposes of sections 79 and 105 and subchapter D, compensation for labor or services performed in the United States shall not be deemed to be income from sources within the United States if the labor or services are performed by a nonresident alien individual in connection with the individual’s temporary presence in the United States as a regular member of the crew of a foreign vessel engaged in transportation between the United States and a foreign country or a possession of the United States.”.

(2) **TRANSPORTATION INCOME.**—Subparagraph (B) of section 863(c)(2) is amended by adding at the end the following flush sentence:

“In the case of transportation income derived from, or in connection with, a vessel, this subparagraph shall only apply if the taxpayer is a citizen or resident alien.”.

(b) **PRESENCE IN UNITED STATES.**—

(1) **IN GENERAL.**—Paragraph (7) of section 7701(b) is amended by adding at the end the following new subparagraph:

“(D) **CREW MEMBERS TEMPORARILY PRESENT.**—An individual who is temporarily present in the United States on any day as a regular member of the crew of a foreign vessel engaged in transportation between the United States and a foreign country or a possession of the United States shall not be treated as present in the United States on such day unless such individual otherwise engages in any trade or business in the United States on such day.”.

(2) **CONFORMING AMENDMENT.**—Subparagraph (A) of section 7701(b)(7) is amended by striking “or (C)” and inserting “, (C), or (D)”.

(c) **EFFECTIVE DATES.**—

(1) **IN GENERAL.**—The amendments made by this section shall apply to remuneration for services performed in taxable years beginning after December 31, 1997.

(2) **PRESENCE.**—The amendment made by subsection (b) shall apply to taxable years beginning after December 31, 1997.

26 USC 7701
note.

SEC. 1175. EXEMPTION FOR ACTIVE FINANCING INCOME.

(a) EXEMPTION FROM FOREIGN PERSONAL HOLDING COMPANY INCOME.—Section 954 is amended by adding at the end the following new subsection:

“(h) SPECIAL RULE FOR INCOME DERIVED IN THE ACTIVE CONDUCT OF BANKING, FINANCING, OR SIMILAR BUSINESSES.—

“(1) IN GENERAL.—For purposes of subsection (c)(1), foreign personal holding company income shall not include income which is—

“(A) derived in the active conduct by a controlled foreign corporation of a banking, financing, or similar business, but only if the corporation is predominantly engaged in the active conduct of such business,

“(B) received from a person other than a related person (within the meaning of subsection (d)(3)) and derived from the investments made by a qualifying insurance company of its reserves or of 80 percent of its unearned premiums (as both are determined in the manner prescribed under paragraph (4)), or

“(C) received from a person other than a related person (within the meaning of subsection (d)(3)) and derived from investments made by a qualifying insurance company of an amount of its assets equal to—

“(i) in the case of contracts regulated in the country in which sold as property, casualty, or health insurance contracts, one-third of its premiums earned on such insurance contracts during the taxable year (as defined in section 832(b)(4)), and

“(ii) in the case of contracts regulated in the country in which sold as life insurance or annuity contracts, the greater of—

“(I) 10 percent of the reserves described in subparagraph (B) for such contracts, or

“(II) in the case of a qualifying insurance company which is a start-up company, \$10,000,000.

“(2) PRINCIPLES FOR DETERMINING APPLICABLE INCOME.—

“(A) BANKING AND FINANCING INCOME.—The determination as to whether income is described in paragraph (1)(A) shall be made—

“(i) except as provided in clause (ii), in accordance with the applicable principles of section 904(d)(2)(C)(ii), except that such income shall include income from all leases entered into in the ordinary course of the active conduct of a banking, financing, or similar business, and

“(ii) in the case of a corporation described in paragraph (3)(B), in accordance with the applicable principles of section 1296(b) (as in effect on the day before the enactment of the Taxpayer Relief Act of 1997) for determining what is not passive income.

“(B) INSURANCE INCOME.—Under rules prescribed by the Secretary, for purposes of paragraphs (1) (B) and (C)—

“(i) in the case of contracts which are separate account-type contracts (including variable contracts not meeting the requirements of section 817), only income specifically allocable to such contracts shall be taken into account, and

“(ii) in the case of other contracts, income not allocable under clause (i) shall be allocated ratably among such contracts.

“(C) LOOK-THRU RULES.—The Secretary shall prescribe regulations consistent with the principles of section 904(d)(3) which provide that dividends, interest, income equivalent to interest, rents, or royalties received or accrued from a related person (within the meaning of subsection (d)(3)) shall be subject to look-thru treatment for purposes of this subsection.

Regulations.

“(3) PREDOMINANTLY ENGAGED.—For purposes of paragraph (1)(A), a corporation shall be deemed predominantly engaged in the active conduct of a banking, financing, or similar business only if—

“(A) more than 70 percent of its gross income is derived from such business from transactions with persons which are not related persons (as defined in subsection (d)(3)) and which are located within the country under the laws of which the controlled foreign corporation is created or organized, or

“(B) the corporation is—

“(i) engaged in the active conduct of a banking or securities business (within the meaning of section 1296(b), as in effect before the enactment of the Taxpayer Relief Act of 1997), or

“(ii) a qualified bank affiliate or a qualified securities affiliate (within the meaning of the proposed regulations under such section 1296(b)).

“(4) METHODS FOR DETERMINING UNEARNED PREMIUMS AND RESERVES.—For purposes of paragraph (1)(B)—

“(A) PROPERTY AND CASUALTY CONTRACTS.—The unearned premiums and reserves of a qualifying insurance company with respect to property, casualty, or health insurance contracts shall be determined using the same methods and interest rates which would be used if such company were subject to tax under subchapter L.

“(B) LIFE INSURANCE AND ANNUITY CONTRACTS.—The reserves of a qualifying insurance company with respect to life insurance or annuity contracts shall be determined under the method described in paragraph (5) which such company elects to apply for purposes of this paragraph. Such election shall be made at such time and in such manner as the Secretary may prescribe and, once made, shall be irrevocable without the consent of the Secretary.

“(C) LIMITATION ON RESERVES.—In no event shall the reserve determined under this paragraph for any contract as of any time exceed the amount which would be taken into account with respect to such contract as of such time in determining foreign annual statement reserves (less any catastrophe or deficiency reserves).

“(5) METHODS.—The methods described in this paragraph are as follows:

“(A) U.S. METHOD.—The method which would apply if the qualifying insurance company were subject to tax under subchapter L, except that the interest rate used shall be an interest rate determined for the foreign country in which such company is created or organized and which

is calculated in the same manner as the Federal mid-term rate under section 1274(d).

“(B) FOREIGN METHOD.—A preliminary term method, except that the interest rate used shall be the interest rate determined for the foreign country in which such company is created or organized and which is calculated in the same manner as the Federal mid-term rate under section 1274(d). If a qualifying insurance company uses such a preliminary term method with respect to contracts insuring risks located in such foreign country, such method shall apply if such company elects the method under this clause.

“(C) CASH SURRENDER VALUE.—A method under which reserves are equal to the net surrender value (as defined in section 807(e)(1)(A)) of the contract.

“(6) DEFINITIONS.—For purposes of this subsection—

“(A) TERMS RELATING TO INSURANCE COMPANIES.—

“(i) QUALIFYING INSURANCE COMPANY.—The term ‘qualifying insurance company’ means any entity which—

“(I) is subject to regulation as an insurance company under the laws of its country of incorporation,

“(II) realizes at least 50 percent of its net written premiums from the insurance or reinsurance of risks located within the country in which such entity is created or organized, and

“(III) is engaged in the active conduct of an insurance business and would be subject to tax under subchapter L if it were a domestic corporation.

“(ii) START-UP COMPANY.—A qualifying insurance company shall be treated as a start-up company if such company (and any predecessor) has not been engaged in the active conduct of an insurance business for more than 5 years as of the beginning of the taxable year of such company.

“(B) LOCATED.—For purposes of paragraph (3)(A)—

“(i) IN GENERAL.—A person shall be treated as located—

“(I) except as provided in subclause (II), within the country in which it maintains an office or other fixed place of business through which it engages in a trade or business and by which the transaction is effected, or

“(II) in the case of a natural person, within the country in which such person is physically located when such person enters into a transaction.

“(ii) SPECIAL RULE FOR QUALIFIED BUSINESS UNITS.—Gross income derived by a corporation’s qualified business unit (within the meaning of section 989(a)) from transactions with persons which are not related persons (as defined in subsection (d)(3)) and which are located in the country in which the qualified business unit both maintains its principal office and conducts substantial business activity shall be treated as derived from transactions with persons which are

not related persons (as defined in subsection (d)(3)) and which are located within the country under the laws of which the controlled foreign corporation is created or organized.

“(7) ANTI-ABUSE RULES.—For purposes of applying this subsection, there shall be disregarded any item of income, gain, loss, or deduction with respect to any transaction or series of transactions one of the principal purposes of which is qualifying income or gain for the exclusion under this section, including any change in the method of computing reserves or any other transaction or series of transactions a principal purpose of which is the acceleration or deferral of any item in order to claim the benefits of such exclusion through the application of this subsection.

“(8) COORDINATION WITH SECTION 953.—This subsection shall not apply to investment income allocable to contracts that insure related party risks or risks located in a foreign country other than the country in which the qualifying insurance company is created or organized.

“(9) APPLICATION.—This subsection shall apply to the first full taxable year of a foreign corporation beginning after December 31, 1997, and before January 1, 1999, and to taxable years of United States shareholders with or within which such taxable year of such foreign corporation ends.”.

(b) EXEMPTION FROM FOREIGN BASE COMPANY SERVICES INCOME.—Paragraph (2) of section 954(e) is amended by striking “or” at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting “, or”, and by adding at the end the following:

“(C) in the case of taxable years described in subsection (h)(8), the active conduct by a controlled foreign corporation of a banking, financing, insurance, or similar business, but only if the corporation is predominantly engaged in the active conduct of such business (within the meaning of subsection (h)(3)) or is a qualifying insurance company.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to the first full taxable year of a foreign corporation beginning after December 31, 1997, and before January 1, 1999, and to taxable years of United States shareholders with or within which such taxable year of such foreign corporation ends.

26 USC 954 note.

TITLE XII—SIMPLIFICATION PROVISIONS RELATING TO INDIVIDUALS AND BUSINESSES

Subtitle A—Provisions Relating to Individuals

SEC. 1201. BASIC STANDARD DEDUCTION AND MINIMUM TAX EXEMPTION AMOUNT FOR CERTAIN DEPENDENTS.

(a) BASIC STANDARD DEDUCTION.—

(1) IN GENERAL.—Paragraph (5) of section 63(c) (relating to limitation on basic standard deduction in the case of certain dependents) is amended by striking “shall not exceed” and

all that follows and inserting “shall not exceed the greater of—

“(A) \$500, or

“(B) the sum of \$250 and such individual’s earned income.”.

(2) CONFORMING AMENDMENT.—Paragraph (4) of section 63(c) is amended—

(A) by striking “(5)(A)” in the material preceding subparagraph (A) and inserting “(5)”, and

(B) by striking “by substituting” and all that follows in subparagraph (B) and inserting “by substituting for ‘calendar year 1992’ in subparagraph (B) thereof—

“(i) ‘calendar year 1987’ in the case of the dollar amounts contained in paragraph (2) or (5)(A) or subsection (f), and

“(ii) ‘calendar year 1997’ in the case of the dollar amount contained in paragraph (5)(B).”.

(b) MINIMUM TAX EXEMPTION AMOUNT.—

(1) IN GENERAL.—Subsection (j) of section 59 is amended to read as follows:

“(j) TREATMENT OF UNEARNED INCOME OF MINOR CHILDREN.—

“(1) IN GENERAL.—In the case of a child to whom section 1(g) applies, the exemption amount for purposes of section 55 shall not exceed the sum of—

“(A) such child’s earned income (as defined in section 911(d)(2)) for the taxable year, plus

“(B) \$5,000.

“(2) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 1998, the dollar amount in paragraph (1)(B) shall be increased by an amount equal to the product of—

“(A) such dollar amount, and

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘1997’ for ‘1992’ in subparagraph (B) thereof.

If any increase determined under the preceding sentence is not a multiple of \$50, such increase shall be rounded to the nearest multiple of \$50.”.

(2) CONFORMING AMENDMENT.—Clause (iv) of section 6103(e)(1)(A) is amended by striking “or 59(j)”.

26 USC 59 note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 1202. INCREASE IN AMOUNT OF TAX EXEMPT FROM ESTIMATED TAX REQUIREMENTS.

(a) IN GENERAL.—Paragraph (1) of section 6654(e) (relating to exception where tax is small amount) is amended by striking “\$500” and inserting “\$1,000”.

26 USC 6654 note.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 1203. TREATMENT OF CERTAIN REIMBURSED EXPENSES OF RURAL MAIL CARRIERS.

(a) IN GENERAL.—Section 162 (relating to trade or business expenses) is amended by redesignating subsection (o) as subsection (p) and by inserting after subsection (n) the following new subsection:

“(o) TREATMENT OF CERTAIN REIMBURSED EXPENSES OF RURAL MAIL CARRIERS.—

“(1) GENERAL RULE.—In the case of any employee of the United States Postal Service who performs services involving the collection and delivery of mail on a rural route and who receives qualified reimbursements for the expenses incurred by such employee for the use of a vehicle in performing such services—

“(A) the amount allowable as a deduction under this chapter for the use of a vehicle in performing such services shall be equal to the amount of such qualified reimbursements; and

“(B) such qualified reimbursements shall be treated as paid under a reimbursement or other expense allowance arrangement for purposes of section 62(a)(2)(A) (and section 62(c) shall not apply to such qualified reimbursements).

“(2) DEFINITION OF QUALIFIED REIMBURSEMENTS.—For purposes of this subsection, the term ‘qualified reimbursements’ means the amounts paid by the United States Postal Service to employees as an equipment maintenance allowance under the 1991 collective bargaining agreement between the United States Postal Service and the National Rural Letter Carriers’ Association. Amounts paid as an equipment maintenance allowance by such Postal Service under later collective bargaining agreements that supersede the 1991 agreement shall be considered qualified reimbursements if such amounts do not exceed the amounts that would have been paid under the 1991 agreement, adjusted for changes in the Consumer Price Index (as defined in section 1(f)(5)) since 1991.”.

(b) TECHNICAL AMENDMENT.—Section 6008 of the Technical and Miscellaneous Revenue Act of 1988 is hereby repealed.

26 USC 162 note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

26 USC 162 note.

SEC. 1204. TREATMENT OF TRAVELING EXPENSES OF CERTAIN FEDERAL EMPLOYEES ENGAGED IN CRIMINAL INVESTIGATIONS.

(a) IN GENERAL.—Subsection (a) of section 162 is amended by adding at the end the following new sentence: “The preceding sentence shall not apply to any Federal employee during any period for which such employee is certified by the Attorney General (or the designee thereof) as traveling on behalf of the United States in temporary duty status to investigate, or provide support services for the investigation of, a Federal crime.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to amounts paid or incurred with respect to taxable years ending after the date of the enactment of this Act.

26 USC 162 note.

SEC. 1205. PAYMENT OF TAX BY COMMERCIALLY ACCEPTABLE MEANS.

(a) GENERAL RULE.—Section 6311 is amended to read as follows:

“SEC. 6311. PAYMENT OF TAX BY COMMERCIALLY ACCEPTABLE MEANS.

“(a) AUTHORITY TO RECEIVE.—It shall be lawful for the Secretary to receive for internal revenue taxes (or in payment for internal revenue stamps) any commercially acceptable means that the Secretary deems appropriate to the extent and under the conditions provided in regulations prescribed by the Secretary.

“(b) **ULTIMATE LIABILITY.**—If a check, money order, or other method of payment, including payment by credit card, debit card, or charge card so received is not duly paid, or is paid and subsequently charged back to the Secretary, the person by whom such check, or money order, or other method of payment has been tendered shall remain liable for the payment of the tax or for the stamps, and for all legal penalties and additions, to the same extent as if such check, money order, or other method of payment had not been tendered.

“(c) **LIABILITY OF BANKS AND OTHERS.**—If any certified, treasurer’s, or cashier’s check (or other guaranteed draft), or any money order, or any other means of payment that has been guaranteed by a financial institution (such as a credit card, debit card, or charge card transaction which has been guaranteed expressly by a financial institution) so received is not duly paid, the United States shall, in addition to its right to exact payment from the party originally indebted therefor, have a lien for—

“(1) the amount of such check (or draft) upon all assets of the financial institution on which drawn,

“(2) the amount of such money order upon all the assets of the issuer thereof, or

“(3) the guaranteed amount of any other transaction upon all the assets of the institution making such guarantee, and such amount shall be paid out of such assets in preference to any other claims whatsoever against such financial institution, issuer, or guaranteeing institution, except the necessary costs and expenses of administration and the reimbursement of the United States for the amount expended in the redemption of the circulating notes of such financial institution.

“(d) **PAYMENT BY OTHER MEANS.**—

“(1) **AUTHORITY TO PRESCRIBE REGULATIONS.**—The Secretary shall prescribe such regulations as the Secretary deems necessary to receive payment by commercially acceptable means, including regulations that—

“(A) specify which methods of payment by commercially acceptable means will be acceptable,

“(B) specify when payment by such means will be considered received,

“(C) identify types of nontax matters related to payment by such means that are to be resolved by persons ultimately liable for payment and financial intermediaries, without the involvement of the Secretary, and

“(D) ensure that tax matters will be resolved by the Secretary, without the involvement of financial intermediaries.

“(2) **AUTHORITY TO ENTER INTO CONTRACTS.**—Notwithstanding section 3718(f) of title 31, United States Code, the Secretary is authorized to enter into contracts to obtain services related to receiving payment by other means where cost beneficial to the Government. The Secretary may not pay any fee or provide any other consideration under such contracts.

“(3) **SPECIAL PROVISIONS FOR USE OF CREDIT CARDS.**—If use of credit cards is accepted as a method of payment of taxes pursuant to subsection (a)—

“(A) a payment of internal revenue taxes (or a payment for internal revenue stamps) by a person by use of a credit card shall not be subject to section 161 of the Truth in

Lending Act (15 U.S.C. 1666), or to any similar provisions of State law, if the error alleged by the person is an error relating to the underlying tax liability, rather than an error relating to the credit card account such as a computational error or numerical transposition in the credit card transaction or an issue as to whether the person authorized payment by use of the credit card,

“(B) a payment of internal revenue taxes (or a payment for internal revenue stamps) shall not be subject to section 170 of the Truth in Lending Act (15 U.S.C. 1666i), or to any similar provisions of State law,

“(C) a payment of internal revenue taxes (or a payment for internal revenue stamps) by a person by use of a debit card shall not be subject to section 908 of the Electronic Fund Transfer Act (15 U.S.C. 1693f), or to any similar provisions of State law, if the error alleged by the person is an error relating to the underlying tax liability, rather than an error relating to the debit card account such as a computational error or numerical transposition in the debit card transaction or an issue as to whether the person authorized payment by use of the debit card,

“(D) the term ‘creditor’ under section 103(f) of the Truth in Lending Act (15 U.S.C. 1602(f)) shall not include the Secretary with respect to credit card transactions in payment of internal revenue taxes (or payment for internal revenue stamps), and

“(E) notwithstanding any other provision of law to the contrary, in the case of payment made by credit card or debit card transaction of an amount owed to a person as the result of the correction of an error under section 161 of the Truth in Lending Act (15 U.S.C. 1666) or section 908 of the Electronic Fund Transfer Act (15 U.S.C. 1693f), the Secretary is authorized to provide such amount to such person as a credit to that person’s credit card or debit card account through the applicable credit card or debit card system.

“(e) CONFIDENTIALITY OF INFORMATION.—

“(1) IN GENERAL.—Except as otherwise authorized by this subsection, no person may use or disclose any information relating to credit or debit card transactions obtained pursuant to section 6103(k)(8) other than for purposes directly related to the processing of such transactions, or the billing or collection of amounts charged or debited pursuant thereto.

“(2) EXCEPTIONS.—

“(A) Debit or credit card issuers or others acting on behalf of such issuers may also use and disclose such information for purposes directly related to servicing an issuer’s accounts.

“(B) Debit or credit card issuers or others directly involved in the processing of credit or debit card transactions or the billing or collection of amounts charged or debited thereto may also use and disclose such information for purposes directly related to—

“(i) statistical risk and profitability assessment;

“(ii) transferring receivables, accounts, or interest therein;

“(iii) auditing the account information;

“(iv) complying with Federal, State, or local law; and

“(v) properly authorized civil, criminal, or regulatory investigation by Federal, State, or local authorities.

“(3) PROCEDURES.—Use and disclosure of information under this paragraph shall be made only to the extent authorized by written procedures promulgated by the Secretary.

“(4) CROSS REFERENCE.—

“**For provision providing for civil damages for violation of paragraph (1), see section 7431.**”.

(b) CLERICAL AMENDMENT.—The table of sections for subchapter B of chapter 64 is amended by striking the item relating to section 6311 and inserting the following:

“Sec. 6311. Payment of tax by commercially acceptable means.”.

(c) AMENDMENTS TO SECTIONS 6103 AND 7431 WITH RESPECT TO DISCLOSURE AUTHORIZATION.—

(1) Subsection (k) of section 6103 (relating to confidentiality and disclosure of returns and return information) is amended by adding at the end the following new paragraph:

“(8) DISCLOSURE OF INFORMATION TO ADMINISTER SECTION 6311.—The Secretary may disclose returns or return information to financial institutions and others to the extent the Secretary deems necessary for the administration of section 6311. Disclosures of information for purposes other than to accept payments by checks or money orders shall be made only to the extent authorized by written procedures promulgated by the Secretary.”.

(2) Section 7431 (relating to civil damages for unauthorized disclosure of returns and return information) is amended by adding at the end the following new subsection:

“(g) SPECIAL RULE FOR INFORMATION OBTAINED UNDER SECTION 6103(k)(8).—For purposes of this section, any reference to section 6103 shall be treated as including a reference to section 6311(e).”.

(3) Section 6103(p)(3)(A) is amended by striking “or (6)” and inserting “(6), or (8)”.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the day 9 months after the date of the enactment of this Act.

26 USC 6103
note.

Subtitle B—Provisions Relating to Businesses Generally

SEC. 1211. MODIFICATIONS TO LOOK-BACK METHOD FOR LONG-TERM CONTRACTS.

(a) LOOK-BACK METHOD NOT TO APPLY IN CERTAIN CASES.—Subsection (b) of section 460 (relating to percentage of completion method) is amended by adding at the end the following new paragraph:

“(6) ELECTION TO HAVE LOOK-BACK METHOD NOT APPLY IN DE MINIMIS CASES.—

“(A) AMOUNTS TAKEN INTO ACCOUNT AFTER COMPLETION OF CONTRACT.—Paragraph (1)(B) shall not apply with respect to any taxable year (beginning after the taxable year in which the contract is completed) if—

“(i) the cumulative taxable income (or loss) under the contract as of the close of such taxable year, is within

“(ii) 10 percent of the cumulative look-back taxable income (or loss) under the contract as of the close of the most recent taxable year to which paragraph (1)(B) applied (or would have applied but for subparagraph (B)).

“(B) DE MINIMIS DISCREPANCIES.—Paragraph (1)(B) shall not apply in any case to which it would otherwise apply if—

“(i) the cumulative taxable income (or loss) under the contract as of the close of each prior contract year, is within

“(ii) 10 percent of the cumulative look-back income (or loss) under the contract as of the close of such prior contract year.

“(C) DEFINITIONS.—For purposes of this paragraph—

“(i) CONTRACT YEAR.—The term ‘contract year’ means any taxable year for which income is taken into account under the contract.

“(ii) LOOK-BACK INCOME OR LOSS.—The look-back income (or loss) is the amount which would be the taxable income (or loss) under the contract if the allocation method set forth in paragraph (2)(A) were used in determining taxable income.

“(iii) DISCOUNTING NOT APPLICABLE.—The amounts taken into account after the completion of the contract shall be determined without regard to any discounting under the 2nd sentence of paragraph (2).

“(D) CONTRACTS TO WHICH PARAGRAPH APPLIES.—This paragraph shall only apply if the taxpayer makes an election under this subparagraph. Unless revoked with the consent of the Secretary, such an election shall apply to all long-term contracts completed during the taxable year for which election is made or during any subsequent taxable year.”.

(b) MODIFICATION OF INTEREST RATE.—

(1) IN GENERAL.—Subparagraph (C) of section 460(b)(2) is amended by striking “the overpayment rate established by section 6621” and inserting “the adjusted overpayment rate (as defined in paragraph (7))”.

(2) ADJUSTED OVERPAYMENT RATE.—Subsection (b) of section 460 is amended by adding at the end the following new paragraph:

“(7) ADJUSTED OVERPAYMENT RATE.—

“(A) IN GENERAL.—The adjusted overpayment rate for any interest accrual period is the overpayment rate in effect under section 6621 for the calendar quarter in which such interest accrual period begins.

“(B) INTEREST ACCRUAL PERIOD.—For purposes of subparagraph (A), the term ‘interest accrual period’ means the period—

“(i) beginning on the day after the return due date for any taxable year of the taxpayer, and

“(ii) ending on the return due date for the following taxable year.

For purposes of the preceding sentence, the term ‘return due date’ means the date prescribed for filing the return of the tax imposed by this chapter (determined without regard to extensions).”.

26 USC 460 note.

(c) **EFFECTIVE DATE.**—

(1) **IN GENERAL.**—Except as provided in paragraph (2), the amendments made by this section shall apply to contracts completed in taxable years ending after the date of the enactment of this Act.

(2) **SUBSECTION (b).**—The amendments made by subsection (b) shall apply for purposes of section 167(g) of the Internal Revenue Code of 1986 to property placed in service after September 13, 1995.

SEC. 1212. MINIMUM TAX TREATMENT OF CERTAIN PROPERTY AND CASUALTY INSURANCE COMPANIES.

(a) **IN GENERAL.**—Clause (i) of section 56(g)(4)(B) (relating to inclusion of items included for purposes of computing earnings and profits) is amended by adding at the end the following new sentence: “In the case of any insurance company taxable under section 831(b), this clause shall not apply to any amount not described in section 834(b).”.

26 USC 56 note.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1997.

SEC. 1213. QUALIFIED LESSEE CONSTRUCTION ALLOWANCES FOR SHORT-TERM LEASES.

(a) **IN GENERAL.**—Part III of subchapter B of chapter 1 is amended by inserting after section 109 the following new section:

“SEC. 110. QUALIFIED LESSEE CONSTRUCTION ALLOWANCES FOR SHORT-TERM LEASES.

“(a) **IN GENERAL.**—Gross income of a lessee does not include any amount received in cash (or treated as a rent reduction) by a lessee from a lessor—

“(1) under a short-term lease of retail space, and

“(2) for the purpose of such lessee’s constructing or improving qualified long-term real property for use in such lessee’s trade or business at such retail space, but only to the extent that such amount does not exceed the amount expended by the lessee for such construction or improvement.

“(b) **CONSISTENT TREATMENT BY LESSOR.**—Qualified long-term real property constructed or improved in connection with any amount excluded from a lessee’s income by reason of subsection (a) shall be treated as nonresidential real property of the lessor (including for purposes of section 168(i)(8)(B)).

“(c) **DEFINITIONS.**—For purposes of this section—

“(1) **QUALIFIED LONG-TERM REAL PROPERTY.**—The term ‘qualified long-term real property’ means nonresidential real property which is part of, or otherwise present at, the retail space referred to in subsection (a) and which reverts to the lessor at the termination of the lease.

“(2) **SHORT-TERM LEASE.**—The term ‘short-term lease’ means a lease (or other agreement for occupancy or use) of retail space for 15 years or less (as determined under the rules of section 168(i)(3)).

“(3) RETAIL SPACE.—The term ‘retail space’ means real property leased, occupied, or otherwise used by a lessee in its trade or business of selling tangible personal property or services to the general public.

“(d) INFORMATION REQUIRED TO BE FURNISHED TO SECRETARY.—Under regulations, the lessee and lessor described in subsection (a) shall, at such times and in such manner as may be provided in such regulations, furnish to the Secretary— Regulations.

“(1) information concerning the amounts received (or treated as a rent reduction) and expended as described in subsection (a), and

“(2) any other information which the Secretary deems necessary to carry out the provisions of this section.”.

(b) TREATMENT AS INFORMATION RETURN.—Subparagraph (A) of section 6724(d)(1)(A) is amended by striking “or” at the end of clause (vii), by adding “or” at the end of clause (viii), and by adding at the end the following new clause:

“(ix) section 110(d) (relating to qualified lessee construction allowances for short-term leases).”.

(c) CROSS REFERENCE.—Paragraph (8) of section 168(i) (relating to treatment of leasehold improvements) is amended by adding at the end the following new subparagraph:

“(C) CROSS REFERENCE.—

“For treatment of qualified long-term real property constructed or improved in connection with cash or rent reduction from lessor to lessee, see section 110(b).”.

(d) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by inserting after the item relating to section 109 the following new item:

“Sec. 110. Qualified lessee construction allowances for short-term leases.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to leases entered into after the date of the enactment of this Act. 26 USC 110 note.

Subtitle C—Simplification Relating to Electing Large Partnerships

PART I—GENERAL PROVISIONS

SEC. 1221. SIMPLIFIED FLOW-THROUGH FOR ELECTING LARGE PARTNERSHIPS.

(a) GENERAL RULE.—Subchapter K (relating to partners and partnerships) is amended by adding at the end the following new part:

“PART IV—SPECIAL RULES FOR ELECTING LARGE PARTNERSHIPS

“Sec. 771. Application of subchapter to electing large partnerships.

“Sec. 772. Simplified flow-through.

“Sec. 773. Computations at partnership level.

“Sec. 774. Other modifications.

“Sec. 775. Electing large partnership defined.

“Sec. 776. Special rules for partnerships holding oil and gas properties.

“Sec. 777. Regulations.

“SEC. 771. APPLICATION OF SUBCHAPTER TO ELECTING LARGE PARTNERSHIPS.

“The preceding provisions of this subchapter to the extent inconsistent with the provisions of this part shall not apply to an electing large partnership and its partners.

“SEC. 772. SIMPLIFIED FLOW-THROUGH.

“(a) GENERAL RULE.—In determining the income tax of a partner of an electing large partnership, such partner shall take into account separately such partner’s distributive share of the partnership’s—

“(1) taxable income or loss from passive loss limitation activities,

“(2) taxable income or loss from other activities,

“(3) net capital gain (or net capital loss)—

“(A) to the extent allocable to passive loss limitation activities, and

“(B) to the extent allocable to other activities,

“(4) tax-exempt interest,

“(5) applicable net AMT adjustment separately computed for—

“(A) passive loss limitation activities, and

“(B) other activities,

“(6) general credits,

“(7) low-income housing credit determined under section 42,

“(8) rehabilitation credit determined under section 47,

“(9) foreign income taxes,

“(10) the credit allowable under section 29, and

“(11) other items to the extent that the Secretary determines that the separate treatment of such items is appropriate.

“(b) SEPARATE COMPUTATIONS.—In determining the amounts required under subsection (a) to be separately taken into account by any partner, this section and section 773 shall be applied separately with respect to such partner by taking into account such partner’s distributive share of the items of income, gain, loss, deduction, or credit of the partnership.

Applicability.

“(c) TREATMENT AT PARTNER LEVEL.—

“(1) IN GENERAL.—Except as provided in this subsection, rules similar to the rules of section 702(b) shall apply to any partner’s distributive share of the amounts referred to in subsection (a).

“(2) INCOME OR LOSS FROM PASSIVE LOSS LIMITATION ACTIVITIES.—For purposes of this chapter, any partner’s distributive share of any income or loss described in subsection (a)(1) shall be treated as an item of income or loss (as the case may be) from the conduct of a trade or business which is a single passive activity (as defined in section 469). A similar rule shall apply to a partner’s distributive share of amounts referred to in paragraphs (3)(A) and (5)(A) of subsection (a).

“(3) INCOME OR LOSS FROM OTHER ACTIVITIES.—

“(A) IN GENERAL.—For purposes of this chapter, any partner’s distributive share of any income or loss described in subsection (a)(2) shall be treated as an item of income or expense (as the case may be) with respect to property held for investment.

“(B) DEDUCTIONS FOR LOSS NOT SUBJECT TO SECTION 67.—The deduction under section 212 for any loss described in subparagraph (A) shall not be treated as a miscellaneous itemized deduction for purposes of section 67.

“(4) TREATMENT OF NET CAPITAL GAIN OR LOSS.—For purposes of this chapter, any partner’s distributive share of any gain or loss described in subsection (a)(3) shall be treated as a long-term capital gain or loss, as the case may be.

“(5) MINIMUM TAX TREATMENT.—In determining the alternative minimum taxable income of any partner, such partner’s distributive share of any applicable net AMT adjustment shall be taken into account in lieu of making the separate adjustments provided in sections 56, 57, and 58 with respect to the items of the partnership. Except as provided in regulations, the applicable net AMT adjustment shall be treated, for purposes of section 53, as an adjustment or item of tax preference not specified in section 53(d)(1)(B)(ii).

“(6) GENERAL CREDITS.—A partner’s distributive share of the amount referred to in paragraph (6) of subsection (a) shall be taken into account as a current year business credit.

“(d) OPERATING RULES.—For purposes of this section—

“(1) PASSIVE LOSS LIMITATION ACTIVITY.—The term ‘passive loss limitation activity’ means—

“(A) any activity which involves the conduct of a trade or business, and

“(B) any rental activity.

For purposes of the preceding sentence, the term ‘trade or business’ includes any activity treated as a trade or business under paragraph (5) or (6) of section 469(c).

“(2) TAX-EXEMPT INTEREST.—The term ‘tax-exempt interest’ means interest excludable from gross income under section 103.

“(3) APPLICABLE NET AMT ADJUSTMENT.—

“(A) IN GENERAL.—The applicable net AMT adjustment is—

“(i) with respect to taxpayers other than corporations, the net adjustment determined by using the adjustments applicable to individuals, and

“(ii) with respect to corporations, the net adjustment determined by using the adjustments applicable to corporations.

“(B) NET ADJUSTMENT.—The term ‘net adjustment’ means the net adjustment in the items attributable to passive loss activities or other activities (as the case may be) which would result if such items were determined with the adjustments of sections 56, 57, and 58.

“(4) TREATMENT OF CERTAIN SEPARATELY STATED ITEMS.—

“(A) EXCLUSION FOR CERTAIN PURPOSES.—In determining the amounts referred to in paragraphs (1) and (2) of subsection (a), any net capital gain or net capital loss (as the case may be), and any item referred to in subsection (a)(11), shall be excluded.

“(B) ALLOCATION RULES.—The net capital gain shall be treated—

“(i) as allocable to passive loss limitation activities to the extent the net capital gain does not exceed the net capital gain determined by only taking into

account gains and losses from sales and exchanges of property used in connection with such activities, and

“(ii) as allocable to other activities to the extent such gain exceeds the amount allocated under clause (i).

Applicability.

A similar rule shall apply for purposes of allocating any net capital loss.

“(C) NET CAPITAL LOSS.—The term ‘net capital loss’ means the excess of the losses from sales or exchanges of capital assets over the gains from sales or exchange of capital assets.

“(5) GENERAL CREDITS.—The term ‘general credits’ means any credit other than the low-income housing credit, the rehabilitation credit, the foreign tax credit, and the credit allowable under section 29.

“(6) FOREIGN INCOME TAXES.—The term ‘foreign income taxes’ means taxes described in section 901 which are paid or accrued to foreign countries and to possessions of the United States.

“(e) SPECIAL RULE FOR UNRELATED BUSINESS TAX.—In the case of a partner which is an organization subject to tax under section 511, such partner’s distributive share of any items shall be taken into account separately to the extent necessary to comply with the provisions of section 512(c)(1).

“(f) SPECIAL RULES FOR APPLYING PASSIVE LOSS LIMITATIONS.—If any person holds an interest in an electing large partnership other than as a limited partner—

“(1) paragraph (2) of subsection (c) shall not apply to such partner, and

“(2) such partner’s distributive share of the partnership items allocable to passive loss limitation activities shall be taken into account separately to the extent necessary to comply with the provisions of section 469.

The preceding sentence shall not apply to any items allocable to an interest held as a limited partner.

“SEC. 773. COMPUTATIONS AT PARTNERSHIP LEVEL.

“(a) GENERAL RULE.—

“(1) TAXABLE INCOME.—The taxable income of an electing large partnership shall be computed in the same manner as in the case of an individual except that—

“(A) the items described in section 772(a) shall be separately stated, and

“(B) the modifications of subsection (b) shall apply.

“(2) ELECTIONS.—All elections affecting the computation of the taxable income of an electing large partnership or the computation of any credit of an electing large partnership shall be made by the partnership; except that the election under section 901, and any election under section 108, shall be made by each partner separately.

“(3) LIMITATIONS, ETC.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), all limitations and other provisions affecting the computation of the taxable income of an electing large partnership or the computation of any credit of an electing large

Applicability.

partnership shall be applied at the partnership level (and not at the partner level).

“(B) CERTAIN LIMITATIONS APPLIED AT PARTNER LEVEL.—The following provisions shall be applied at the partner level (and not at the partnership level):

“(i) Section 68 (relating to overall limitation on itemized deductions).

“(ii) Sections 49 and 465 (relating to at risk limitations).

“(iii) Section 469 (relating to limitation on passive activity losses and credits).

“(iv) Any other provision specified in regulations.

“(4) COORDINATION WITH OTHER PROVISIONS.—Paragraphs (2) and (3) shall apply notwithstanding any other provision of this chapter other than this part.

Applicability.

“(b) MODIFICATIONS TO DETERMINATION OF TAXABLE INCOME.—

In determining the taxable income of an electing large partnership—

“(1) CERTAIN DEDUCTIONS NOT ALLOWED.—The following deductions shall not be allowed:

“(A) The deduction for personal exemptions provided in section 151.

“(B) The net operating loss deduction provided in section 172.

“(C) The additional itemized deductions for individuals provided in part VII of subchapter B (other than section 212 thereof).

“(2) CHARITABLE DEDUCTIONS.—In determining the amount allowable under section 170, the limitation of section 170(b)(2) shall apply.

“(3) COORDINATION WITH SECTION 67.—In lieu of applying section 67, 70 percent of the amount of the miscellaneous itemized deductions shall be disallowed.

“(c) SPECIAL RULES FOR INCOME FROM DISCHARGE OF INDEBTEDNESS.—If an electing large partnership has income from the discharge of any indebtedness—

“(1) such income shall be excluded in determining the amounts referred to in section 772(a), and

“(2) in determining the income tax of any partner of such partnership—

“(A) such income shall be treated as an item required to be separately taken into account under section 772(a), and

“(B) the provisions of section 108 shall be applied without regard to this part.

“SEC. 774. OTHER MODIFICATIONS.

“(a) TREATMENT OF CERTAIN OPTIONAL ADJUSTMENTS, ETC.—

In the case of an electing large partnership—

“(1) computations under section 773 shall be made without regard to any adjustment under section 743(b) or 108(b), but

“(2) a partner’s distributive share of any amount referred to in section 772(a) shall be appropriately adjusted to take into account any adjustment under section 743(b) or 108(b) with respect to such partner.

“(b) CREDIT RECAPTURE DETERMINED AT PARTNERSHIP LEVEL.—

“(1) IN GENERAL.—In the case of an electing large partnership—

“(A) any credit recapture shall be taken into account by the partnership, and

“(B) the amount of such recapture shall be determined as if the credit with respect to which the recapture is made had been fully utilized to reduce tax.

“(2) METHOD OF TAKING RECAPTURE INTO ACCOUNT.—An electing large partnership shall take into account a credit recapture by reducing the amount of the appropriate current year credit to the extent thereof, and if such recapture exceeds the amount of such current year credit, the partnership shall be liable to pay such excess.

“(3) DISPOSITIONS NOT TO TRIGGER RECAPTURE.—No credit recapture shall be required by reason of any transfer of an interest in an electing large partnership.

“(4) CREDIT RECAPTURE.—For purposes of this subsection, the term ‘credit recapture’ means any increase in tax under section 42(j) or 50(a).

“(c) PARTNERSHIP NOT TERMINATED BY REASON OF CHANGE IN OWNERSHIP.—Subparagraph (B) of section 708(b)(1) shall not apply to an electing large partnership.

“(d) PARTNERSHIP ENTITLED TO CERTAIN CREDITS.—The following shall be allowed to an electing large partnership and shall not be taken into account by the partners of such partnership:

“(1) The credit provided by section 34.

“(2) Any credit or refund under section 852(b)(3)(D).

“(e) TREATMENT OF REMIC RESIDUALS.—For purposes of applying section 860E(e)(6) to any electing large partnership—

“(1) all interests in such partnership shall be treated as held by disqualified organizations,

“(2) in lieu of applying subparagraph (C) of section 860E(e)(6), the amount subject to tax under section 860E(e)(6) shall be excluded from the gross income of such partnership, and

“(3) subparagraph (D) of section 860E(e)(6) shall not apply.

“(f) SPECIAL RULES FOR APPLYING CERTAIN INSTALLMENT SALE RULES.—In the case of an electing large partnership—

“(1) the provisions of sections 453(l)(3) and 453A shall be applied at the partnership level, and

“(2) in determining the amount of interest payable under such sections, such partnership shall be treated as subject to tax under this chapter at the highest rate of tax in effect under section 1 or 11.

“SEC. 775. ELECTING LARGE PARTNERSHIP DEFINED.

“(a) GENERAL RULE.—For purposes of this part—

“(1) IN GENERAL.—The term ‘electing large partnership’ means, with respect to any partnership taxable year, any partnership if—

“(A) the number of persons who were partners in such partnership in the preceding partnership taxable year equaled or exceeded 100, and

“(B) such partnership elects the application of this part.

To the extent provided in regulations, a partnership shall cease to be treated as an electing large partnership for any partnership taxable year if in such taxable year fewer than 100 persons were partners in such partnership.

“(2) ELECTION.—The election under this subsection shall apply to the taxable year for which made and all subsequent taxable years unless revoked with the consent of the Secretary.

Applicability.

“(b) SPECIAL RULES FOR CERTAIN SERVICE PARTNERSHIPS.—

“(1) CERTAIN PARTNERS NOT COUNTED.—For purposes of this section, the term ‘partner’ does not include any individual performing substantial services in connection with the activities of the partnership and holding an interest in such partnership, or an individual who formerly performed substantial services in connection with such activities and who held an interest in such partnership at the time the individual performed such services.

“(2) EXCLUSION.—For purposes of this part, an election under subsection (a) shall not be effective with respect to any partnership if substantially all the partners of such partnership—

“(A) are individuals performing substantial services in connection with the activities of such partnership or are personal service corporations (as defined in section 269A(b)) the owner-employees (as defined in section 269A(b)) of which perform such substantial services,

“(B) are retired partners who had performed such substantial services, or

“(C) are spouses of partners who are performing (or had previously performed) such substantial services.

“(3) SPECIAL RULE FOR LOWER TIER PARTNERSHIPS.—For purposes of this subsection, the activities of a partnership shall include the activities of any other partnership in which the partnership owns directly an interest in the capital and profits of at least 80 percent.

“(c) EXCLUSION OF COMMODITY POOLS.—For purposes of this part, an election under subsection (a) shall not be effective with respect to any partnership the principal activity of which is the buying and selling of commodities (not described in section 1221(1)), or options, futures, or forwards with respect to such commodities.

“(d) SECRETARY MAY RELY ON TREATMENT ON RETURN.—If, on the partnership return of any partnership, such partnership is treated as an electing large partnership, such treatment shall be binding on such partnership and all partners of such partnership but not on the Secretary.

“SEC. 776. SPECIAL RULES FOR PARTNERSHIPS HOLDING OIL AND GAS PROPERTIES.

“(a) COMPUTATION OF PERCENTAGE DEPLETION.—In the case of an electing large partnership, except as provided in subsection (b)—

“(1) the allowance for depletion under section 611 with respect to any partnership oil or gas property shall be computed at the partnership level without regard to any provision of section 613A requiring such allowance to be computed separately by each partner,

“(2) such allowance shall be determined without regard to the provisions of section 613A(c) limiting the amount of production for which percentage depletion is allowable and without regard to paragraph (1) of section 613A(d), and

“(3) paragraph (3) of section 705(a) shall not apply.

“(b) TREATMENT OF CERTAIN PARTNERS.—

“(1) IN GENERAL.—In the case of a disqualified person, the treatment under this chapter of such person’s distributive share of any item of income, gain, loss, deduction, or credit attributable to any partnership oil or gas property shall be determined without regard to this part. Such person’s distributive share of any such items shall be excluded for purposes of making determinations under sections 772 and 773.

“(2) DISQUALIFIED PERSON.—For purposes of paragraph (1), the term ‘disqualified person’ means, with respect to any partnership taxable year—

“(A) any person referred to in paragraph (2) or (4) of section 613A(d) for such person’s taxable year in which such partnership taxable year ends, and

“(B) any other person if such person’s average daily production of domestic crude oil and natural gas for such person’s taxable year in which such partnership taxable year ends exceeds 500 barrels.

“(3) AVERAGE DAILY PRODUCTION.—For purposes of paragraph (2), a person’s average daily production of domestic crude oil and natural gas for any taxable year shall be computed as provided in section 613A(c)(2)—

“(A) by taking into account all production of domestic crude oil and natural gas (including such person’s proportionate share of any production of a partnership),

“(B) by treating 6,000 cubic feet of natural gas as a barrel of crude oil, and

“(C) by treating as 1 person all persons treated as 1 taxpayer under section 613A(c)(8) or among whom allocations are required under such section.

“SEC. 777. REGULATIONS.

“The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this part.”.

(b) CLERICAL AMENDMENT.—The table of parts for subchapter K of chapter 1 is amended by adding at the end the following new item:

“Part IV. Special rules for electing large partnerships.”.

26 USC 771 note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to partnership taxable years beginning after December 31, 1997.

SEC. 1222. SIMPLIFIED AUDIT PROCEDURES FOR ELECTING LARGE PARTNERSHIPS.

(a) GENERAL RULE.—Chapter 63 is amended by adding at the end thereof the following new subchapter:

“Subchapter D—Treatment of electing large partnerships

“Part I. Treatment of partnership items and adjustments.

“Part II. Partnership level adjustments.

“Part III. Definitions and special rules.

“PART I—TREATMENT OF PARTNERSHIP ITEMS AND ADJUSTMENTS

“Sec. 6240. Application of subchapter.

“Sec. 6241. Partner’s return must be consistent with partnership return.

“Sec. 6242. Procedures for taking partnership adjustments into account.

“SEC. 6240. APPLICATION OF SUBCHAPTER.

“(a) GENERAL RULE.—This subchapter shall only apply to electing large partnerships and partners in such partnerships.

“(b) COORDINATION WITH OTHER PARTNERSHIP AUDIT PROCEDURES.—

“(1) IN GENERAL.—Subchapter C of this chapter shall not apply to any electing large partnership other than in its capacity as a partner in another partnership which is not an electing large partnership.

“(2) TREATMENT WHERE PARTNER IN OTHER PARTNERSHIP.—If an electing large partnership is a partner in another partnership which is not an electing large partnership—

“(A) subchapter C of this chapter shall apply to items of such electing large partnership which are partnership items with respect to such other partnership, but

“(B) any adjustment under such subchapter C shall be taken into account in the manner provided by section 6242.

“SEC. 6241. PARTNER’S RETURN MUST BE CONSISTENT WITH PARTNERSHIP RETURN.

“(a) GENERAL RULE.—A partner of any electing large partnership shall, on the partner’s return, treat each partnership item attributable to such partnership in a manner which is consistent with the treatment of such partnership item on the partnership return.

“(b) UNDERPAYMENT DUE TO INCONSISTENT TREATMENT ASSESSED AS MATH ERROR.—Any underpayment of tax by a partner by reason of failing to comply with the requirements of subsection (a) shall be assessed and collected in the same manner as if such underpayment were on account of a mathematical or clerical error appearing on the partner’s return. Paragraph (2) of section 6213(b) shall not apply to any assessment of an underpayment referred to in the preceding sentence.

“(c) ADJUSTMENTS NOT TO AFFECT PRIOR YEAR OF PARTNERS.—

“(1) IN GENERAL.—Except as provided in paragraph (2), subsections (a) and (b) shall apply without regard to any adjustment to the partnership item under part II.

“(2) CERTAIN CHANGES IN DISTRIBUTIVE SHARE TAKEN INTO ACCOUNT BY PARTNER.—

“(A) IN GENERAL.—To the extent that any adjustment under part II involves a change under section 704 in a partner’s distributive share of the amount of any partnership item shown on the partnership return, such adjustment shall be taken into account in applying this title to such partner for the partner’s taxable year for which such item was required to be taken into account.

“(B) COORDINATION WITH DEFICIENCY PROCEDURES.—

“(i) IN GENERAL.—Subchapter B shall not apply to the assessment or collection of any underpayment of tax attributable to an adjustment referred to in subparagraph (A).

“(ii) ADJUSTMENT NOT PRECLUDED.—Notwithstanding any other law or rule of law, nothing in subchapter B (or in any proceeding under subchapter B) shall preclude the assessment or collection of any underpayment of tax (or the allowance of any credit or refund

of any overpayment of tax) attributable to an adjustment referred to in subparagraph (A) and such assessment or collection or allowance (or any notice thereof) shall not preclude any notice, proceeding, or determination under subchapter B.

“(C) PERIOD OF LIMITATIONS.—The period for—

“(i) assessing any underpayment of tax, or

“(ii) filing a claim for credit or refund of any overpayment of tax,
attributable to an adjustment referred to in subparagraph (A) shall not expire before the close of the period prescribed by section 6248 for making adjustments with respect to the partnership taxable year involved.

“(D) TIERED STRUCTURES.—If the partner referred to in subparagraph (A) is another partnership or an S corporation, the rules of this paragraph shall also apply to persons holding interests in such partnership or S corporation (as the case may be); except that, if such partner is an electing large partnership, the adjustment referred to in subparagraph (A) shall be taken into account in the manner provided by section 6242.

“(d) ADDITION TO TAX FOR FAILURE TO COMPLY WITH SECTION.—

“For addition to tax in case of partner’s disregard of requirements of this section, see part II of subchapter A of chapter 68.

“SEC. 6242. PROCEDURES FOR TAKING PARTNERSHIP ADJUSTMENTS INTO ACCOUNT.

“(a) ADJUSTMENTS FLOW THROUGH TO PARTNERS FOR YEAR IN WHICH ADJUSTMENT TAKES EFFECT.—

“(1) IN GENERAL.—If any partnership adjustment with respect to any partnership item takes effect (within the meaning of subsection (d)(2)) during any partnership taxable year and if an election under paragraph (2) does not apply to such adjustment, such adjustment shall be taken into account in determining the amount of such item for the partnership taxable year in which such adjustment takes effect. In applying this title to any person who is (directly or indirectly) a partner in such partnership during such partnership taxable year, such adjustment shall be treated as an item actually arising during such taxable year.

“(2) PARTNERSHIP LIABLE IN CERTAIN CASES.—If—

“(A) a partnership elects under this paragraph to not take an adjustment into account under paragraph (1),

“(B) a partnership does not make such an election but in filing its return for any partnership taxable year fails to take fully into account any partnership adjustment as required under paragraph (1), or

“(C) any partnership adjustment involves a reduction in a credit which exceeds the amount of such credit determined for the partnership taxable year in which the adjustment takes effect,

the partnership shall pay to the Secretary an amount determined by applying the rules of subsection (b)(4) to the adjustments not so taken into account and any excess referred to in subparagraph (C).

“(3) OFFSETTING ADJUSTMENTS TAKEN INTO ACCOUNT.—If a partnership adjustment requires another adjustment in a

taxable year after the adjusted year and before the partnership taxable year in which such partnership adjustment takes effect, such other adjustment shall be taken into account under this subsection for the partnership taxable year in which such partnership adjustment takes effect.

“(4) COORDINATION WITH PART II.—Amounts taken into account under this subsection for any partnership taxable year shall continue to be treated as adjustments for the adjusted year for purposes of determining whether such amounts may be readjusted under part II.

“(b) PARTNERSHIP LIABLE FOR INTEREST AND PENALTIES.—

“(1) IN GENERAL.—If a partnership adjustment takes effect during any partnership taxable year and such adjustment results in an imputed underpayment for the adjusted year, the partnership—

“(A) shall pay to the Secretary interest computed under paragraph (2), and

“(B) shall be liable for any penalty, addition to tax, or additional amount as provided in paragraph (3).

“(2) DETERMINATION OF AMOUNT OF INTEREST.—The interest computed under this paragraph with respect to any partnership adjustment is the interest which would be determined under chapter 67—

“(A) on the imputed underpayment determined under paragraph (4) with respect to such adjustment,

“(B) for the period beginning on the day after the return due date for the adjusted year and ending on the return due date for the partnership taxable year in which such adjustment takes effect (or, if earlier, in the case of any adjustment to which subsection (a)(2) applies, the date on which the payment under subsection (a)(2) is made).

Proper adjustments in the amount determined under the preceding sentence shall be made for adjustments required for partnership taxable years after the adjusted year and before the year in which the partnership adjustment takes effect by reason of such partnership adjustment.

“(3) PENALTIES.—A partnership shall be liable for any penalty, addition to tax, or additional amount for which it would have been liable if such partnership had been an individual subject to tax under chapter 1 for the adjusted year and the imputed underpayment determined under paragraph (4) were an actual underpayment (or understatement) for such year.

“(4) IMPUTED UNDERPAYMENT.—For purposes of this subsection, the imputed underpayment determined under this paragraph with respect to any partnership adjustment is the underpayment (if any) which would result—

“(A) by netting all adjustments to items of income, gain, loss, or deduction and by treating any net increase in income as an underpayment equal to the amount of such net increase multiplied by the highest rate of tax in effect under section 1 or 11 for the adjusted year, and

“(B) by taking adjustments to credits into account as increases or decreases (whichever is appropriate) in the amount of tax.

For purposes of the preceding sentence, any net decrease in a loss shall be treated as an increase in income and a similar rule shall apply to a net increase in a loss.

“(c) ADMINISTRATIVE PROVISIONS.—

“(1) IN GENERAL.—Any payment required by subsection (a)(2) or (b)(1)(A)—

“(A) shall be assessed and collected in the same manner as if it were a tax imposed by subtitle C, and

“(B) shall be paid on or before the return due date for the partnership taxable year in which the partnership adjustment takes effect.

“(2) INTEREST.—For purposes of determining interest, any payment required by subsection (a)(2) or (b)(1)(A) shall be treated as an underpayment of tax.

“(3) PENALTIES.—

“(A) IN GENERAL.—In the case of any failure by any partnership to pay on the date prescribed therefor any amount required by subsection (a)(2) or (b)(1)(A), there is hereby imposed on such partnership a penalty of 10 percent of the underpayment. For purposes of the preceding sentence, the term ‘underpayment’ means the excess of any payment required under this section over the amount (if any) paid on or before the date prescribed therefor.

“(B) ACCURACY-RELATED AND FRAUD PENALTIES MADE APPLICABLE.—For purposes of part II of subchapter A of chapter 68, any payment required by subsection (a)(2) shall be treated as an underpayment of tax.

“(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

“(1) PARTNERSHIP ADJUSTMENT.—The term ‘partnership adjustment’ means any adjustment in the amount of any partnership item of an electing large partnership.

“(2) WHEN ADJUSTMENT TAKES EFFECT.—A partnership adjustment takes effect—

“(A) in the case of an adjustment pursuant to the decision of a court in a proceeding brought under part II, when such decision becomes final,

“(B) in the case of an adjustment pursuant to any administrative adjustment request under section 6251, when such adjustment is allowed by the Secretary, or

“(C) in any other case, when such adjustment is made.

“(3) ADJUSTED YEAR.—The term ‘adjusted year’ means the partnership taxable year to which the item being adjusted relates.

“(4) RETURN DUE DATE.—The term ‘return due date’ means, with respect to any taxable year, the date prescribed for filing the partnership return for such taxable year (determined without regard to extensions).

“(5) ADJUSTMENTS INVOLVING CHANGES IN CHARACTER.—Under regulations, appropriate adjustments in the application of this section shall be made for purposes of taking into account partnership adjustments which involve a change in the character of any item of income, gain, loss, or deduction.

“(e) PAYMENTS NONDEDUCTIBLE.—No deduction shall be allowed under subtitle A for any payment required to be made by an electing large partnership under this section.

“PART II—PARTNERSHIP LEVEL ADJUSTMENTS

“Subpart A. Adjustments by Secretary.

“Subpart B. Claims for adjustments by partnership.

“Subpart A—Adjustments by Secretary

“Sec. 6245. Secretarial authority.

“Sec. 6246. Restrictions on partnership adjustments.

“Sec. 6247. Judicial review of partnership adjustment.

“Sec. 6248. Period of limitations for making adjustments.

“SEC. 6245. SECRETARIAL AUTHORITY.

“(a) GENERAL RULE.—The Secretary is authorized and directed to make adjustments at the partnership level in any partnership item to the extent necessary to have such item be treated in the manner required.

“(b) NOTICE OF PARTNERSHIP ADJUSTMENT.—

“(1) IN GENERAL.—If the Secretary determines that a partnership adjustment is required, the Secretary is authorized to send notice of such adjustment to the partnership by certified mail or registered mail. Such notice shall be sufficient if mailed to the partnership at its last known address even if the partnership has terminated its existence.

“(2) FURTHER NOTICES RESTRICTED.—If the Secretary mails a notice of a partnership adjustment to any partnership for any partnership taxable year and the partnership files a petition under section 6247 with respect to such notice, in the absence of a showing of fraud, malfeasance, or misrepresentation of a material fact, the Secretary shall not mail another such notice to such partnership with respect to such taxable year.

“(3) AUTHORITY TO RESCIND NOTICE WITH PARTNERSHIP CONSENT.—The Secretary may, with the consent of the partnership, rescind any notice of a partnership adjustment mailed to such partnership. Any notice so rescinded shall not be treated as a notice of a partnership adjustment, for purposes of this section, section 6246, and section 6247, and the taxpayer shall have no right to bring a proceeding under section 6247 with respect to such notice. Nothing in this subsection shall affect any suspension of the running of any period of limitations during any period during which the rescinded notice was outstanding.

“SEC. 6246. RESTRICTIONS ON PARTNERSHIP ADJUSTMENTS.

“(a) GENERAL RULE.—Except as otherwise provided in this chapter, no adjustment to any partnership item may be made (and no levy or proceeding in any court for the collection of any amount resulting from such adjustment may be made, begun or prosecuted) before—

“(1) the close of the 90th day after the day on which a notice of a partnership adjustment was mailed to the partnership, and

“(2) if a petition is filed under section 6247 with respect to such notice, the decision of the court has become final.

“(b) PREMATURE ACTION MAY BE ENJOINED.—Notwithstanding section 7421(a), any action which violates subsection (a) may be

enjoined in the proper court, including the Tax Court. The Tax Court shall have no jurisdiction to enjoin any action under this subsection unless a timely petition has been filed under section 6247 and then only in respect of the adjustments that are the subject of such petition.

“(c) EXCEPTIONS TO RESTRICTIONS ON ADJUSTMENTS.—

“(1) ADJUSTMENTS ARISING OUT OF MATH OR CLERICAL ERRORS.—

Applicability.

“(A) IN GENERAL.—If the partnership is notified that, on account of a mathematical or clerical error appearing on the partnership return, an adjustment to a partnership item is required, rules similar to the rules of paragraphs (1) and (2) of section 6213(b) shall apply to such adjustment.

“(B) SPECIAL RULE.—If an electing large partnership is a partner in another electing large partnership, any adjustment on account of such partnership’s failure to comply with the requirements of section 6241(a) with respect to its interest in such other partnership shall be treated as an adjustment referred to in subparagraph (A), except that paragraph (2) of section 6213(b) shall not apply to such adjustment.

“(2) PARTNERSHIP MAY WAIVE RESTRICTIONS.—The partnership shall at any time (whether or not a notice of partnership adjustment has been issued) have the right, by a signed notice in writing filed with the Secretary, to waive the restrictions provided in subsection (a) on the making of any partnership adjustment.

“(d) LIMIT WHERE NO PROCEEDING BEGUN.—If no proceeding under section 6247 is begun with respect to any notice of a partnership adjustment during the 90-day period described in subsection (a), the amount for which the partnership is liable under section 6242 (and any increase in any partner’s liability for tax under chapter 1 by reason of any adjustment under section 6242(a)) shall not exceed the amount determined in accordance with such notice.

“SEC. 6247. JUDICIAL REVIEW OF PARTNERSHIP ADJUSTMENT.

“(a) GENERAL RULE.—Within 90 days after the date on which a notice of a partnership adjustment is mailed to the partnership with respect to any partnership taxable year, the partnership may file a petition for a readjustment of the partnership items for such taxable year with—

“(1) the Tax Court,

“(2) the district court of the United States for the district in which the partnership’s principal place of business is located, or

“(3) the Claims Court.

“(b) JURISDICTIONAL REQUIREMENT FOR BRINGING ACTION IN DISTRICT COURT OR CLAIMS COURT.—

“(1) IN GENERAL.—A readjustment petition under this section may be filed in a district court of the United States or the Claims Court only if the partnership filing the petition deposits with the Secretary, on or before the date the petition is filed, the amount for which the partnership would be liable under section 6242(b) (as of the date of the filing of the petition) if the partnership items were adjusted as provided by the

notice of partnership adjustment. The court may by order provide that the jurisdictional requirements of this paragraph are satisfied where there has been a good faith attempt to satisfy such requirement and any shortfall of the amount required to be deposited is timely corrected.

“(2) INTEREST PAYABLE.—Any amount deposited under paragraph (1), while deposited, shall not be treated as a payment of tax for purposes of this title (other than chapter 67).

“(c) SCOPE OF JUDICIAL REVIEW.—A court with which a petition is filed in accordance with this section shall have jurisdiction to determine all partnership items of the partnership for the partnership taxable year to which the notice of partnership adjustment relates and the proper allocation of such items among the partners (and the applicability of any penalty, addition to tax, or additional amount for which the partnership may be liable under section 6242(b)).

“(d) DETERMINATION OF COURT REVIEWABLE.—Any determination by a court under this section shall have the force and effect of a decision of the Tax Court or a final judgment or decree of the district court or the Claims Court, as the case may be, and shall be reviewable as such. The date of any such determination shall be treated as being the date of the court’s order entering the decision.

“(e) EFFECT OF DECISION DISMISSING ACTION.—If an action brought under this section is dismissed other than by reason of a rescission under section 6245(b)(3), the decision of the court dismissing the action shall be considered as its decision that the notice of partnership adjustment is correct, and an appropriate order shall be entered in the records of the court.

“SEC. 6248. PERIOD OF LIMITATIONS FOR MAKING ADJUSTMENTS.

“(a) GENERAL RULE.—Except as otherwise provided in this section, no adjustment under this subpart to any partnership item for any partnership taxable year may be made after the date which is 3 years after the later of—

“(1) the date on which the partnership return for such taxable year was filed, or

“(2) the last day for filing such return for such year (determined without regard to extensions).

“(b) EXTENSION BY AGREEMENT.—The period described in subsection (a) (including an extension period under this subsection) may be extended by an agreement entered into by the Secretary and the partnership before the expiration of such period.

“(c) SPECIAL RULE IN CASE OF FRAUD, ETC.—

“(1) FALSE RETURN.—In the case of a false or fraudulent partnership return with intent to evade tax, the adjustment may be made at any time.

“(2) SUBSTANTIAL OMISSION OF INCOME.—If any partnership omits from gross income an amount properly includible therein which is in excess of 25 percent of the amount of gross income stated in its return, subsection (a) shall be applied by substituting ‘6 years’ for ‘3 years’.

“(3) NO RETURN.—In the case of a failure by a partnership to file a return for any taxable year, the adjustment may be made at any time.

“(4) RETURN FILED BY SECRETARY.—For purposes of this section, a return executed by the Secretary under subsection

(b) of section 6020 on behalf of the partnership shall not be treated as a return of the partnership.

“(d) **SUSPENSION WHEN SECRETARY MAILED NOTICE OF ADJUSTMENT.**—If notice of a partnership adjustment with respect to any taxable year is mailed to the partnership, the running of the period specified in subsection (a) (as modified by the other provisions of this section) shall be suspended—

“(1) for the period during which an action may be brought under section 6247 (and, if a petition is filed under section 6247 with respect to such notice, until the decision of the court becomes final), and

“(2) for 1 year thereafter.

“Subpart B—Claims for Adjustments by Partnership

“Sec. 6251. Administrative adjustment requests.

“Sec. 6252. Judicial review where administrative adjustment request is not allowed in full.

“SEC. 6251. ADMINISTRATIVE ADJUSTMENT REQUESTS.

“(a) **GENERAL RULE.**—A partnership may file a request for an administrative adjustment of partnership items for any partnership taxable year at any time which is—

“(1) within 3 years after the later of—

“(A) the date on which the partnership return for such year is filed, or

“(B) the last day for filing the partnership return for such year (determined without regard to extensions), and

“(2) before the mailing to the partnership of a notice of a partnership adjustment with respect to such taxable year.

“(b) **SECRETARIAL ACTION.**—If a partnership files an administrative adjustment request under subsection (a), the Secretary may allow any part of the requested adjustments.

“(c) **SPECIAL RULE IN CASE OF EXTENSION UNDER SECTION 6248.**—If the period described in section 6248(a) is extended pursuant to an agreement under section 6248(b), the period prescribed by subsection (a)(1) shall not expire before the date 6 months after the expiration of the extension under section 6248(b).

“SEC. 6252. JUDICIAL REVIEW WHERE ADMINISTRATIVE ADJUSTMENT REQUEST IS NOT ALLOWED IN FULL.

“(a) **IN GENERAL.**—If any part of an administrative adjustment request filed under section 6251 is not allowed by the Secretary, the partnership may file a petition for an adjustment with respect to the partnership items to which such part of the request relates with—

“(1) the Tax Court,

“(2) the district court of the United States for the district in which the principal place of business of the partnership is located, or

“(3) the Claims Court.

“(b) **PERIOD FOR FILING PETITION.**—A petition may be filed under subsection (a) with respect to partnership items for a partnership taxable year only—

“(1) after the expiration of 6 months from the date of filing of the request under section 6251, and

“(2) before the date which is 2 years after the date of such request.

The 2-year period set forth in paragraph (2) shall be extended for such period as may be agreed upon in writing by the partnership and the Secretary.

“(c) COORDINATION WITH SUBPART A.—

“(1) NOTICE OF PARTNERSHIP ADJUSTMENT BEFORE FILING OF PETITION.—No petition may be filed under this section after the Secretary mails to the partnership a notice of a partnership adjustment for the partnership taxable year to which the request under section 6251 relates.

“(2) NOTICE OF PARTNERSHIP ADJUSTMENT AFTER FILING BUT BEFORE HEARING OF PETITION.—If the Secretary mails to the partnership a notice of a partnership adjustment for the partnership taxable year to which the request under section 6251 relates after the filing of a petition under this subsection but before the hearing of such petition, such petition shall be treated as an action brought under section 6247 with respect to such notice, except that subsection (b) of section 6247 shall not apply.

“(3) NOTICE MUST BE BEFORE EXPIRATION OF STATUTE OF LIMITATIONS.—A notice of a partnership adjustment for the partnership taxable year shall be taken into account under paragraphs (1) and (2) only if such notice is mailed before the expiration of the period prescribed by section 6248 for making adjustments to partnership items for such taxable year.

“(d) SCOPE OF JUDICIAL REVIEW.—Except in the case described in paragraph (2) of subsection (c), a court with which a petition is filed in accordance with this section shall have jurisdiction to determine only those partnership items to which the part of the request under section 6251 not allowed by the Secretary relates and those items with respect to which the Secretary asserts adjustments as offsets to the adjustments requested by the partnership.

“(e) DETERMINATION OF COURT REVIEWABLE.—Any determination by a court under this section shall have the force and effect of a decision of the Tax Court or a final judgment or decree of the district court or the Claims Court, as the case may be, and shall be reviewable as such. The date of any such determination shall be treated as being the date of the court’s order entering the decision.

“PART III—DEFINITIONS AND SPECIAL RULES

“Sec. 6255. Definitions and special rules.

“SEC. 6255. DEFINITIONS AND SPECIAL RULES.

“(a) DEFINITIONS.—For purposes of this subchapter—

“(1) ELECTING LARGE PARTNERSHIP.—The term ‘electing large partnership’ has the meaning given to such term by section 775.

“(2) PARTNERSHIP ITEM.—The term ‘partnership item’ has the meaning given to such term by section 6231(a)(3).

“(b) PARTNERS BOUND BY ACTIONS OF PARTNERSHIP, ETC.—

“(1) DESIGNATION OF PARTNER.—Each electing large partnership shall designate (in the manner prescribed by the Secretary) a partner (or other person) who shall have the sole

authority to act on behalf of such partnership under this subchapter. In any case in which such a designation is not in effect, the Secretary may select any partner as the partner with such authority.

“(2) BINDING EFFECT.—An electing large partnership and all partners of such partnership shall be bound—

“(A) by actions taken under this subchapter by the partnership, and

“(B) by any decision in a proceeding brought under this subchapter.

“(c) PARTNERSHIPS HAVING PRINCIPAL PLACE OF BUSINESS OUTSIDE THE UNITED STATES.—For purposes of sections 6247 and 6252, a principal place of business located outside the United States shall be treated as located in the District of Columbia.

“(d) TREATMENT WHERE PARTNERSHIP CEASES TO EXIST.—If a partnership ceases to exist before a partnership adjustment under this subchapter takes effect, such adjustment shall be taken into account by the former partners of such partnership under regulations prescribed by the Secretary.

“(e) DATE DECISION BECOMES FINAL.—For purposes of this subchapter, the principles of section 7481(a) shall be applied in determining the date on which a decision of a district court or the Claims Court becomes final.

“(f) PARTNERSHIPS IN CASES UNDER TITLE 11 OF THE UNITED STATES CODE.—

“(1) SUSPENSION OF PERIOD OF LIMITATIONS ON MAKING ADJUSTMENT, ASSESSMENT, OR COLLECTION.—The running of any period of limitations provided in this subchapter on making a partnership adjustment (or provided by section 6501 or 6502 on the assessment or collection of any amount required to be paid under section 6242) shall, in a case under title 11 of the United States Code, be suspended during the period during which the Secretary is prohibited by reason of such case from making the adjustment (or assessment or collection) and—

“(A) for adjustment or assessment, 60 days thereafter, and

“(B) for collection, 6 months thereafter.

Applicability.

A rule similar to the rule of section 6213(f)(2) shall apply for purposes of section 6246.

“(2) SUSPENSION OF PERIOD OF LIMITATION FOR FILING FOR JUDICIAL REVIEW.—The running of the period specified in section 6247(a) or 6252(b) shall, in a case under title 11 of the United States Code, be suspended during the period during which the partnership is prohibited by reason of such case from filing a petition under section 6247 or 6252 and for 60 days thereafter.

“(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the provisions of this subchapter, including regulations—

“(1) to prevent abuse through manipulation of the provisions of this subchapter, and

“(2) providing that this subchapter shall not apply to any case described in section 6231(c)(1) (or the regulations prescribed thereunder) where the application of this subchapter to such a case would interfere with the effective and efficient enforcement of this title.

In any case to which this subchapter does not apply by reason of paragraph (2), rules similar to the rules of sections 6229(f) and 6255(f) shall apply.” Applicability.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 7421 is amended by inserting “6246(b),” after “6213(a).”

(2) Subsection (c) of section 7459 is amended by striking “or section 6228(a)” and inserting “, 6228(a), 6247, or 6252”.

(3) Subparagraph (E) of section 7482(b)(1) is amended by striking “or 6228(a)” and inserting “, 6228(a), 6247, or 6252”.

(4)(A) The text of section 7485(b) is amended by striking “or 6228(a)” and inserting “, 6228(a), 6247, or 6252”.

(B) The subsection heading for section 7485(b) is amended to read as follows:

“(b) BOND IN CASE OF APPEAL OF CERTAIN PARTNERSHIP-RELATED DECISIONS.—”.

(c) CLERICAL AMENDMENT.—The table of subchapters for chapter 63 is amended by adding at the end thereof the following new item:

“Subchapter D. Treatment of electing large partnerships.”.

SEC. 1223. DUE DATE FOR FURNISHING INFORMATION TO PARTNERS OF ELECTING LARGE PARTNERSHIPS.

(a) GENERAL RULE.—Subsection (b) of section 6031 (relating to copies to partners) is amended by adding at the end the following new sentence: “In the case of an electing large partnership (as defined in section 775), such information shall be furnished on or before the first March 15 following the close of such taxable year.”.

(b) TREATMENT AS INFORMATION RETURN.—Section 6724 is amended by adding at the end the following new subsection:

“(e) SPECIAL RULE FOR CERTAIN PARTNERSHIP RETURNS.—If any partnership return under section 6031(a) is required under section 6011(e) to be filed on magnetic media or in other machine-readable form, for purposes of this part, each schedule required to be included with such return with respect to each partner shall be treated as a separate information return.”.

SEC. 1224. RETURNS REQUIRED ON MAGNETIC MEDIA.

Paragraph (2) of section 6011(e) (relating to returns on magnetic media) is amended by adding at the end thereof the following new sentence:

“Notwithstanding the preceding sentence, the Secretary shall require partnerships having more than 100 partners to file returns on magnetic media.”.

SEC. 1225. TREATMENT OF PARTNERSHIP ITEMS OF INDIVIDUAL RETIREMENT ACCOUNTS.

Subsection (b) of section 6012 is amended by adding at the end thereof the following new paragraph:

“(6) IRA SHARE OF PARTNERSHIP INCOME.—In the case of a trust which is exempt from taxation under section 408(e), for purposes of this section, the trust’s distributive share of items of gross income and gain of any partnership to which subchapter C or D of chapter 63 applies shall be treated as equal to the trust’s distributive share of the taxable income of such partnership.”.

26 USC 6011
note.

SEC. 1226. EFFECTIVE DATE.

The amendments made by this part shall apply to partnership taxable years ending on or after December 31, 1997.

**PART II—PROVISIONS RELATED TO TEFRA
PARTNERSHIP PROCEEDINGS****SEC. 1231. TREATMENT OF PARTNERSHIP ITEMS IN DEFICIENCY PROCEEDINGS.**

(a) IN GENERAL.—Subchapter C of chapter 63 is amended by adding at the end the following new section:

**“SEC. 6234. DECLARATORY JUDGMENT RELATING TO TREATMENT OF
ITEMS OTHER THAN PARTNERSHIP ITEMS WITH
RESPECT TO AN OVERSHELTERED RETURN.**

Notice.

“(a) GENERAL RULE.—If—

“(1) a taxpayer files an oversheltered return for a taxable year,

“(2) the Secretary makes a determination with respect to the treatment of items (other than partnership items) of such taxpayer for such taxable year, and

“(3) the adjustments resulting from such determination do not give rise to a deficiency (as defined in section 6211) but would give rise to a deficiency if there were no net loss from partnership items,

the Secretary is authorized to send a notice of adjustment reflecting such determination to the taxpayer by certified or registered mail.

“(b) OVERSHELTERED RETURN.—For purposes of this section, the term ‘oversheltered return’ means an income tax return which—

“(1) shows no taxable income for the taxable year, and

“(2) shows a net loss from partnership items.

“(c) JUDICIAL REVIEW IN THE TAX COURT.—Within 90 days, or 150 days if the notice is addressed to a person outside the United States, after the day on which the notice of adjustment authorized in subsection (a) is mailed to the taxpayer, the taxpayer may file a petition with the Tax Court for redetermination of the adjustments. Upon the filing of such a petition, the Tax Court shall have jurisdiction to make a declaration with respect to all items (other than partnership items and affected items which require partner level determinations as described in section 6230(a)(2)(A)(i)) for the taxable year to which the notice of adjustment relates, in accordance with the principles of section 6214(a). Any such declaration shall have the force and effect of a decision of the Tax Court and shall be reviewable as such.

“(d) FAILURE TO FILE PETITION.—

“(1) IN GENERAL.—Except as provided in paragraph (2), if the taxpayer does not file a petition with the Tax Court within the time prescribed in subsection (c), the determination of the Secretary set forth in the notice of adjustment that was mailed to the taxpayer shall be deemed to be correct.

“(2) EXCEPTION.—Paragraph (1) shall not apply after the date that the taxpayer—

“(A) files a petition with the Tax Court within the time prescribed in subsection (c) with respect to a subsequent notice of adjustment relating to the same taxable year, or

“(B) files a claim for refund of an overpayment of tax under section 6511 for the taxable year involved.

If a claim for refund is filed by the taxpayer, then solely for purposes of determining (for the taxable year involved) the amount of any computational adjustment in connection with a partnership proceeding under this subchapter (other than under this section) or the amount of any deficiency attributable to affected items in a proceeding under section 6230(a)(2), the items that are the subject of the notice of adjustment shall be presumed to have been correctly reported on the taxpayer's return during the pendency of the refund claim (and, if within the time prescribed by section 6532 the taxpayer commences a civil action for refund under section 7422, until the decision in the refund action becomes final).

“(e) LIMITATIONS PERIOD.—

“(1) IN GENERAL.—Any notice to a taxpayer under subsection (a) shall be mailed before the expiration of the period prescribed by section 6501 (relating to the period of limitations on assessment).

“(2) SUSPENSION WHEN SECRETARY MAILS NOTICE OF ADJUSTMENT.—If the Secretary mails a notice of adjustment to the taxpayer for a taxable year, the period of limitations on the making of assessments shall be suspended for the period during which the Secretary is prohibited from making the assessment (and, in any event, if a proceeding in respect of the notice of adjustment is placed on the docket of the Tax Court, until the decision of the Tax Court becomes final), and for 60 days thereafter.

“(3) RESTRICTIONS ON ASSESSMENT.—Except as otherwise provided in section 6851, 6852, or 6861, no assessment of a deficiency with respect to any tax imposed by subtitle A attributable to any item (other than a partnership item or any item affected by a partnership item) shall be made—

“(A) until the expiration of the applicable 90-day or 150-day period set forth in subsection (c) for filing a petition with the Tax Court, or

“(B) if a petition has been filed with the Tax Court, until the decision of the Tax Court has become final.

“(f) FURTHER NOTICES OF ADJUSTMENT RESTRICTED.—If the Secretary mails a notice of adjustment to the taxpayer for a taxable year and the taxpayer files a petition with the Tax Court within the time prescribed in subsection (c), the Secretary may not mail another such notice to the taxpayer with respect to the same taxable year in the absence of a showing of fraud, malfeasance, or misrepresentation of a material fact.

“(g) COORDINATION WITH OTHER PROCEEDINGS UNDER THIS SUBCHAPTER.—

“(1) IN GENERAL.—The treatment of any item that has been determined pursuant to subsection (c) or (d) shall be taken into account in determining the amount of any computational adjustment that is made in connection with a partnership proceeding under this subchapter (other than under this section), or the amount of any deficiency attributable to affected items in a proceeding under section 6230(a)(2), for the taxable year involved. Notwithstanding any other law or rule of law pertaining to the period of limitations on the making of assessments, for purposes of the preceding sentence, any adjustment

made in accordance with this section shall be taken into account regardless of whether any assessment has been made with respect to such adjustment.

“(2) SPECIAL RULE IN CASE OF COMPUTATIONAL ADJUSTMENT.—In the case of a computational adjustment that is made in connection with a partnership proceeding under this subchapter (other than under this section), the provisions of paragraph (1) shall apply only if the computational adjustment is made within the period prescribed by section 6229 for assessing any tax under subtitle A which is attributable to any partnership item or affected item for the taxable year involved.

“(3) CONVERSION TO DEFICIENCY PROCEEDING.—If—

“(A) after the notice referred to in subsection (a) is mailed to a taxpayer for a taxable year but before the expiration of the period for filing a petition with the Tax Court under subsection (c) (or, if a petition is filed with the Tax Court, before the Tax Court makes a declaration for that taxable year), the treatment of any partnership item for the taxable year is finally determined, or any such item ceases to be a partnership item pursuant to section 6231(b), and

“(B) as a result of that final determination or cessation, a deficiency can be determined with respect to the items that are the subject of the notice of adjustment, the notice of adjustment shall be treated as a notice of deficiency under section 6212 and any petition filed in respect of the notice shall be treated as an action brought under section 6213.

“(4) FINALLY DETERMINED.—For purposes of this subsection, the treatment of partnership items shall be treated as finally determined if—

“(A) the Secretary enters into a settlement agreement (within the meaning of section 6224) with the taxpayer regarding such items,

“(B) a notice of final partnership administrative adjustment has been issued and—

“(i) no petition has been filed under section 6226 and the time for doing so has expired, or

“(ii) a petition has been filed under section 6226 and the decision of the court has become final, or

“(C) the period within which any tax attributable to such items may be assessed against the taxpayer has expired.

“(h) SPECIAL RULES IF SECRETARY INCORRECTLY DETERMINES APPLICABLE PROCEDURE.—

“(1) SPECIAL RULE IF SECRETARY ERRONEOUSLY MAILES NOTICE OF ADJUSTMENT.—If the Secretary erroneously determines that subchapter B does not apply to a taxable year of a taxpayer and consistent with that determination timely mails a notice of adjustment to the taxpayer pursuant to subsection (a) of this section, the notice of adjustment shall be treated as a notice of deficiency under section 6212 and any petition that is filed in respect of the notice shall be treated as an action brought under section 6213.

“(2) SPECIAL RULE IF SECRETARY ERRONEOUSLY MAILES NOTICE OF DEFICIENCY.—If the Secretary erroneously determines that subchapter B applies to a taxable year of a taxpayer

and consistent with that determination timely mails a notice of deficiency to the taxpayer pursuant to section 6212, the notice of deficiency shall be treated as a notice of adjustment under subsection (a) and any petition that is filed in respect of the notice shall be treated as an action brought under subsection (c).”.

(b) TREATMENT OF PARTNERSHIP ITEMS IN DEFICIENCY PROCEEDINGS.—Section 6211 (defining deficiency) is amended by adding at the end the following new subsection:

“(c) COORDINATION WITH SUBCHAPTER C.—In determining the amount of any deficiency for purposes of this subchapter, adjustments to partnership items shall be made only as provided in subchapter C.”.

(c) CLERICAL AMENDMENT.—The table of sections for subchapter C of chapter 63 is amended by adding at the end the following new item:

“Sec. 6234. Declaratory judgment relating to treatment of items other than partnership items with respect to an oversheltered return.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to partnership taxable years ending after the date of the enactment of this Act. 26 USC 6211 note.

SEC. 1232. PARTNERSHIP RETURN TO BE DETERMINATIVE OF AUDIT PROCEDURES TO BE FOLLOWED.

(a) IN GENERAL.—Section 6231 (relating to definitions and special rules) is amended by adding at the end the following new subsection:

“(g) PARTNERSHIP RETURN TO BE DETERMINATIVE OF WHETHER SUBCHAPTER APPLIES.—

“(1) DETERMINATION THAT SUBCHAPTER APPLIES.—If, on the basis of a partnership return for a taxable year, the Secretary reasonably determines that this subchapter applies to such partnership for such year but such determination is erroneous, then the provisions of this subchapter are hereby extended to such partnership (and its items) for such taxable year and to partners of such partnership.

“(2) DETERMINATION THAT SUBCHAPTER DOES NOT APPLY.—If, on the basis of a partnership return for a taxable year, the Secretary reasonably determines that this subchapter does not apply to such partnership for such year but such determination is erroneous, then the provisions of this subchapter shall not apply to such partnership (and its items) for such taxable year or to partners of such partnership.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to partnership taxable years ending after the date of the enactment of this Act. 26 USC 6231 note.

SEC. 1233. PROVISIONS RELATING TO STATUTE OF LIMITATIONS.

(a) SUSPENSION OF STATUTE WHERE UNTIMELY PETITION FILED.—Paragraph (1) of section 6229(d) (relating to suspension where Secretary makes administrative adjustment) is amended by striking all that follows “section 6226” and inserting the following: “(and, if a petition is filed under section 6226 with respect to such administrative adjustment, until the decision of the court becomes final), and”.

(b) **SUSPENSION OF STATUTE DURING BANKRUPTCY PROCEEDING.**—Section 6229 is amended by adding at the end the following new subsection:

“(h) **SUSPENSION DURING PENDENCY OF BANKRUPTCY PROCEEDING.**—If a petition is filed naming a partner as a debtor in a bankruptcy proceeding under title 11 of the United States Code, the running of the period of limitations provided in this section with respect to such partner shall be suspended—

“(1) for the period during which the Secretary is prohibited by reason of such bankruptcy proceeding from making an assessment, and

“(2) for 60 days thereafter.”.

(c) **TAX MATTERS PARTNER IN BANKRUPTCY.**—Section 6229(b) is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following new paragraph:

“(2) **SPECIAL RULE WITH RESPECT TO DEBTORS IN TITLE 11 CASES.**—Notwithstanding any other law or rule of law, if an agreement is entered into under paragraph (1)(B) and the agreement is signed by a person who would be the tax matters partner but for the fact that, at the time that the agreement is executed, the person is a debtor in a bankruptcy proceeding under title 11 of the United States Code, such agreement shall be binding on all partners in the partnership unless the Secretary has been notified of the bankruptcy proceeding in accordance with regulations prescribed by the Secretary.”.

(d) **EFFECTIVE DATES.**—

(1) **SUBSECTIONS (a) AND (b).**—The amendments made by subsections (a) and (b) shall apply to partnership taxable years with respect to which the period under section 6229 of the Internal Revenue Code of 1986 for assessing tax has not expired on or before the date of the enactment of this Act.

(2) **SUBSECTION (c).**—The amendment made by subsection (c) shall apply to agreements entered into after the date of the enactment of this Act.

26 USC 6229
note.

SEC. 1234. EXPANSION OF SMALL PARTNERSHIP EXCEPTION.

(a) **IN GENERAL.**—Clause (i) of section 6231(a)(1)(B) (relating to exception for small partnerships) is amended to read as follows:

“(i) **IN GENERAL.**—The term ‘partnership’ shall not include any partnership having 10 or fewer partners each of whom is an individual (other than a non-resident alien), a C corporation, or an estate of a deceased partner. For purposes of the preceding sentence, a husband and wife (and their estates) shall be treated as 1 partner.”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to partnership taxable years ending after the date of the enactment of this Act.

26 USC 6231
note.

SEC. 1235. EXCLUSION OF PARTIAL SETTLEMENTS FROM 1-YEAR LIMITATION ON ASSESSMENT.

(a) **IN GENERAL.**—Subsection (f) of section 6229 (relating to items becoming nonpartnership items) is amended—

(1) by striking “(f) **ITEMS BECOMING NONPARTNERSHIP ITEMS.**—If” and inserting the following:

“(f) **SPECIAL RULES.**—

“(1) **ITEMS BECOMING NONPARTNERSHIP ITEMS.**—If”,

(2) by moving the text of such subsection 2 ems to the right, and

(3) by adding at the end the following new paragraph:

“(2) SPECIAL RULE FOR PARTIAL SETTLEMENT AGREEMENTS.—

If a partner enters into a settlement agreement with the Secretary with respect to the treatment of some of the partnership items in dispute for a partnership taxable year but other partnership items for such year remain in dispute, the period of limitations for assessing any tax attributable to the settled items shall be determined as if such agreement had not been entered into.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to settlements entered into after the date of the enactment of this Act.

26 USC 6229
note.

SEC. 1236. EXTENSION OF TIME FOR FILING A REQUEST FOR ADMINISTRATIVE ADJUSTMENT.

(a) IN GENERAL.—Section 6227 (relating to administrative adjustment requests) is amended by redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and by inserting after subsection (a) the following new subsection:

“(b) SPECIAL RULE IN CASE OF EXTENSION OF PERIOD OF LIMITATIONS UNDER SECTION 6229.—The period prescribed by subsection (a)(1) for filing of a request for an administrative adjustment shall be extended—

“(1) for the period within which an assessment may be made pursuant to an agreement (or any extension thereof) under section 6229(b), and

“(2) for 6 months thereafter.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the amendments made by section 402 of the Tax Equity and Fiscal Responsibility Act of 1982.

26 USC 6227
note.

SEC. 1237. AVAILABILITY OF INNOCENT SPOUSE RELIEF IN CONTEXT OF PARTNERSHIP PROCEEDINGS.

(a) IN GENERAL.—Subsection (a) of section 6230 is amended by adding at the end the following new paragraph:

“(3) SPECIAL RULE IN CASE OF ASSERTION BY PARTNER’S SPOUSE OF INNOCENT SPOUSE RELIEF.—

“(A) Notwithstanding section 6404(b), if the spouse of a partner asserts that section 6013(e) applies with respect to a liability that is attributable to any adjustment to a partnership item, then such spouse may file with the Secretary within 60 days after the notice of computational adjustment is mailed to the spouse a request for abatement of the assessment specified in such notice. Upon receipt of such request, the Secretary shall abate the assessment. Any reassessment of the tax with respect to which an abatement is made under this subparagraph shall be subject to the deficiency procedures prescribed by subchapter B. The period for making any such reassessment shall not expire before the expiration of 60 days after the date of such abatement.

“(B) If the spouse files a petition with the Tax Court pursuant to section 6213 with respect to the request for abatement described in subparagraph (A), the Tax Court shall only have jurisdiction pursuant to this section to determine whether the requirements of section 6013(e)

have been satisfied. For purposes of such determination, the treatment of partnership items under the settlement, the final partnership administrative adjustment, or the decision of the court (whichever is appropriate) that gave rise to the liability in question shall be conclusive.

Applicability.

“(C) Rules similar to the rules contained in subparagraphs (B) and (C) of paragraph (2) shall apply for purposes of this paragraph.”.

(b) CLAIMS FOR REFUND.—Subsection (c) of section 6230 is amended by adding at the end the following new paragraph:

“(5) RULES FOR SEEKING INNOCENT SPOUSE RELIEF.—

“(A) IN GENERAL.—The spouse of a partner may file a claim for refund on the ground that the Secretary failed to relieve the spouse under section 6013(e) from a liability that is attributable to an adjustment to a partnership item.

“(B) TIME FOR FILING CLAIM.—Any claim under subparagraph (A) shall be filed within 6 months after the day on which the Secretary mails to the spouse the notice of computational adjustment referred to in subsection (a)(3)(A).

“(C) SUIT IF CLAIM NOT ALLOWED.—If the claim under subparagraph (B) is not allowed, the spouse may bring suit with respect to the claim within the period specified in paragraph (3).

“(D) PRIOR DETERMINATIONS ARE BINDING.—For purposes of any claim or suit under this paragraph, the treatment of partnership items under the settlement, the final partnership administrative adjustment, or the decision of the court (whichever is appropriate) that gave rise to the liability in question shall be conclusive.”.

(c) TECHNICAL AMENDMENTS.—

(1) Paragraph (1) of section 6230(a) is amended by striking “paragraph (2)” and inserting “paragraph (2) or (3)”.

(2) Subsection (a) of section 6503 is amended by striking “section 6230(a)(2)(A)” and inserting “paragraph (2)(A) or (3) of section 6230(a)”.

26 USC 6230
note.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendments made by section 402 of the Tax Equity and Fiscal Responsibility Act of 1982.

SEC. 1238. DETERMINATION OF PENALTIES AT PARTNERSHIP LEVEL.

(a) IN GENERAL.—Section 6221 (relating to tax treatment determined at partnership level) is amended by striking “item” and inserting “item (and the applicability of any penalty, addition to tax, or additional amount which relates to an adjustment to a partnership item)”.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (f) of section 6226 is amended—

(A) by striking “relates and” and inserting “relates,” and

(B) by inserting before the period “, and the applicability of any penalty, addition to tax, or additional amount which relates to an adjustment to a partnership item”.

(2) Clause (i) of section 6230(a)(2)(A) is amended to read as follows:

“(i) affected items which require partner level determinations (other than penalties, additions to tax, and additional amounts that relate to adjustments to partnership items), or”.

(3)(A) Subparagraph (A) of section 6230(a)(3), as added by section 1237, is amended by inserting “(including any liability for any penalties, additions to tax, or additional amounts relating to such adjustment)” after “partnership item”.

(B) Subparagraph (B) of such section is amended by inserting “(and the applicability of any penalties, additions to tax, or additional amounts)” after “partnership items”.

(C) Subparagraph (A) of section 6230(c)(5), as added by section 1237, is amended by inserting before the period “(including any liability for any penalties, additions to tax, or additional amounts relating to such adjustment)”.

(D) Subparagraph (D) of section 6230(c)(5), as added by section 1237, is amended by inserting “(and the applicability of any penalties, additions to tax, or additional amounts)” after “partnership items”.

(4) Paragraph (1) of section 6230(c) is amended by striking “or” at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting “, or”, and by adding at the end the following new subparagraph:

“(C) the Secretary erroneously imposed any penalty, addition to tax, or additional amount which relates to an adjustment to a partnership item.”.

(5) So much of subparagraph (A) of section 6230(c)(2) as precedes “shall be filed” is amended to read as follows:

“(A) UNDER PARAGRAPH (1) (A) OR (C).—Any claim under subparagraph (A) or (C) of paragraph (1)”.

(6) Paragraph (4) of section 6230(c) is amended by adding at the end the following: “In addition, the determination under the final partnership administrative adjustment or under the decision of the court (whichever is appropriate) concerning the applicability of any penalty, addition to tax, or additional amount which relates to an adjustment to a partnership item shall also be conclusive. Notwithstanding the preceding sentence, the partner shall be allowed to assert any partner level defenses that may apply or to challenge the amount of the computational adjustment.”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to partnership taxable years ending after the date of the enactment of this Act. 26 USC 6221 note.

SEC. 1239. PROVISIONS RELATING TO COURT JURISDICTION, ETC.

(a) **TAX COURT JURISDICTION TO ENJOIN PREMATURE ASSESSMENTS OF DEFICIENCIES ATTRIBUTABLE TO PARTNERSHIP ITEMS.**—Subsection (b) of section 6225 is amended by striking “the proper court.” and inserting “the proper court, including the Tax Court. The Tax Court shall have no jurisdiction to enjoin any action or proceeding under this subsection unless a timely petition for a readjustment of the partnership items for the taxable year has been filed and then only in respect of the adjustments that are the subject of such petition.”.

(b) **JURISDICTION TO CONSIDER STATUTE OF LIMITATIONS WITH RESPECT TO PARTNERS.**—Paragraph (1) of section 6226(d) is amended by adding at the end the following new sentence:

“Notwithstanding subparagraph (B), any person treated under subsection (c) as a party to an action shall be permitted to participate in such action (or file a readjustment petition under subsection (b) or paragraph (2) of this subsection) solely for the purpose of asserting that the period of limitations for assessing any tax attributable to partnership items has expired with respect to such person, and the court having jurisdiction of such action shall have jurisdiction to consider such assertion.”.

(c) TAX COURT JURISDICTION TO DETERMINE OVERPAYMENTS ATTRIBUTABLE TO AFFECTED ITEMS.—

(1) Paragraph (6) of section 6230(d) is amended by striking “(or an affected item)”.

(2) Paragraph (3) of section 6512(b) is amended by adding at the end the following new sentence:

“In the case of a credit or refund relating to an affected item (within the meaning of section 6231(a)(5)), the preceding sentence shall be applied by substituting the periods under sections 6229 and 6230(d) for the periods under section 6511(b)(2), (c), and (d).”.

(d) VENUE ON APPEAL.—

(1) Paragraph (1) of section 7482(b) is amended by striking “or” at the end of subparagraph (D), by striking the period at the end of subparagraph (E) and inserting “, or”, and by inserting after subparagraph (E) the following new subparagraph:

“(F) in the case of a petition under section 6234(c)—

“(i) the legal residence of the petitioner if the petitioner is not a corporation, and

“(ii) the place or office applicable under subparagraph (B) if the petitioner is a corporation.”.

(2) The last sentence of section 7482(b)(1) is amended by striking “or 6228(a)” and inserting “, 6228(a), or 6234(c)”.

(e) OTHER PROVISIONS.—

(1) Subsection (c) of section 7459 is amended by striking “or section 6228(a)” and inserting “, 6228(a), or 6234(c)”.

(2) Subsection (o) of section 6501 is amended by adding at the end the following new paragraph:

“(3) For declaratory judgment relating to treatment of items other than partnership items with respect to an oversheltered return, see section 6234.”.

(3) Subsection (a) of section 7421, as amended by section 1222, is amended by inserting “6225(b),” after “6213(a)”.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to partnership taxable years ending after the date of the enactment of this Act.

SEC. 1240. TREATMENT OF PREMATURE PETITIONS FILED BY NOTICE PARTNERS OR 5-PERCENT GROUPS.

(a) IN GENERAL.—Subsection (b) of section 6226 (relating to judicial review of final partnership administrative adjustments) is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

“(5) TREATMENT OF PREMATURE PETITIONS.—If—

“(A) a petition for a readjustment of partnership items for the taxable year involved is filed by a notice partner (or a 5-percent group) during the 90-day period described in subsection (a), and

“(B) no action is brought under paragraph (1) during the 60-day period described therein with respect to such taxable year which is not dismissed, such petition shall be treated for purposes of paragraph (1) as filed on the last day of such 60-day period.”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to petitions filed after the date of the enactment of this Act. 26 USC 6226 note.

SEC. 1241. BONDS IN CASE OF APPEALS FROM CERTAIN PROCEEDING.

(a) **IN GENERAL.**—Subsection (b) of section 7485 (relating to bonds to stay assessment of collection) is amended—

(1) by inserting “penalties,” after “any interest,” and

(2) by striking “aggregate of such deficiencies” and inserting “aggregate liability of the parties to the action”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall take effect as if included in the amendments made by section 402 of the Tax Equity and Fiscal Responsibility Act of 1982. 26 USC 7485 note.

SEC. 1242. SUSPENSION OF INTEREST WHERE DELAY IN COMPUTATIONAL ADJUSTMENT RESULTING FROM CERTAIN SETTLEMENTS.

(a) **IN GENERAL.**—Subsection (c) of section 6601 (relating to interest on underpayment, nonpayment, or extension of time for payment, of tax) is amended by adding at the end the following new sentence: “In the case of a settlement under section 6224(c) which results in the conversion of partnership items to nonpartnership items pursuant to section 6231(b)(1)(C), the preceding sentence shall apply to a computational adjustment resulting from such settlement in the same manner as if such adjustment were a deficiency and such settlement were a waiver referred to in the preceding sentence.”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to adjustments with respect to partnership taxable years beginning after the date of the enactment of this Act. 26 USC 6601 note.

SEC. 1243. SPECIAL RULES FOR ADMINISTRATIVE ADJUSTMENT REQUESTS WITH RESPECT TO BAD DEBTS OR WORTHLESS SECURITIES.

(a) **GENERAL RULE.**—Section 6227 (relating to administrative adjustment requests) is amended by adding at the end the following new subsection:

“(e) **REQUESTS WITH RESPECT TO BAD DEBTS OR WORTHLESS SECURITIES.**—In the case of that portion of any request for an administrative adjustment which relates to the deductibility by the partnership under section 166 of a debt as a debt which became worthless, or under section 165(g) of a loss from worthlessness of a security, the period prescribed in subsection (a)(1) shall be 7 years from the last day for filing the partnership return for the year with respect to which such request is made (determined without regard to extensions).”.

(b) **EFFECTIVE DATE.**—

(1) **IN GENERAL.**—The amendment made by subsection (a) shall take effect as if included in the amendments made by section 402 of the Tax Equity and Fiscal Responsibility Act of 1982.

(2) **TREATMENT OF REQUESTS FILED BEFORE DATE OF ENACTMENT.**—In the case of that portion of any request (filed before

26 USC 6227 note.

the date of the enactment of this Act) for an administrative adjustment which relates to the deductibility of a debt as a debt which became worthless or the deductibility of a loss from the worthlessness of a security—

(A) paragraph (2) of section 6227(a) of the Internal Revenue Code of 1986 shall not apply,

(B) the period for filing a petition under section 6228 of the Internal Revenue Code of 1986 with respect to such request shall not expire before the date 6 months after the date of the enactment of this Act, and

(C) such a petition may be filed without regard to whether there was a notice of the beginning of an administrative proceeding or a final partnership administrative adjustment.

PART III—PROVISION RELATING TO CLOSING OF PARTNERSHIP TAXABLE YEAR WITH RESPECT TO DECEASED PARTNER, ETC.

SEC. 1246. CLOSING OF PARTNERSHIP TAXABLE YEAR WITH RESPECT TO DECEASED PARTNER, ETC.

(a) **GENERAL RULE.**—Subparagraph (A) of section 706(c)(2) (relating to disposition of entire interest) is amended to read as follows:

“(A) **DISPOSITION OF ENTIRE INTEREST.**—The taxable year of a partnership shall close with respect to a partner whose entire interest in the partnership terminates (whether by reason of death, liquidation, or otherwise).”.

(b) **CLERICAL AMENDMENT.**—The paragraph heading for paragraph (2) of section 706(c) is amended to read as follows:

“(2) **TREATMENT OF DISPOSITIONS.**—”.

26 USC 706 note.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to partnership taxable years beginning after December 31, 1997.

Subtitle D—Provisions Relating to Real Estate Investment Trusts

SEC. 1251. CLARIFICATION OF LIMITATION ON MAXIMUM NUMBER OF SHAREHOLDERS.

(a) **RULES RELATING TO DETERMINATION OF OWNERSHIP.**—

(1) **FAILURE TO ISSUE SHAREHOLDER DEMAND LETTER NOT TO DISQUALIFY REIT.**—Section 857(a) (relating to requirements applicable to real estate investment trusts) is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(2) **SHAREHOLDER DEMAND LETTER REQUIREMENT; PENALTY.**—Section 857 (relating to taxation of real estate investment trusts and their beneficiaries) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

“(f) **REAL ESTATE INVESTMENT TRUSTS TO ASCERTAIN OWNERSHIP.**—

“(1) **IN GENERAL.**—Each real estate investment trust shall each taxable year comply with regulations prescribed by the

Secretary for the purposes of ascertaining the actual ownership of the outstanding shares, or certificates of beneficial interest, of such trust.

“(2) FAILURE TO COMPLY.—

“(A) IN GENERAL.—If a real estate investment trust fails to comply with the requirements of paragraph (1) for a taxable year, such trust shall pay (on notice and demand by the Secretary and in the same manner as tax) a penalty of \$25,000.

“(B) INTENTIONAL DISREGARD.—If any failure under paragraph (1) is due to intentional disregard of the requirement under paragraph (1), the penalty under subparagraph (A) shall be \$50,000.

“(C) FAILURE TO COMPLY AFTER NOTICE.—The Secretary may require a real estate investment trust to take such actions as the Secretary determines appropriate to ascertain actual ownership if the trust fails to meet the requirements of paragraph (1). If the trust fails to take such actions, the trust shall pay (on notice and demand by the Secretary and in the same manner as tax) an additional penalty equal to the penalty determined under subparagraph (A) or (B), whichever is applicable.

“(D) REASONABLE CAUSE.—No penalty shall be imposed under this paragraph with respect to any failure if it is shown that such failure is due to reasonable cause and not to willful neglect.”.

(b) COMPLIANCE WITH CLOSELY HELD PROHIBITION.—

(1) IN GENERAL.—Section 856 (defining real estate investment trust) is amended by adding at the end the following new subsection:

“(k) REQUIREMENT THAT ENTITY NOT BE CLOSELY HELD TREATED AS MET IN CERTAIN CASES.—A corporation, trust, or association—

“(1) which for a taxable year meets the requirements of section 857(f)(1), and

“(2) which does not know, or exercising reasonable diligence would not have known, whether the entity failed to meet the requirement of subsection (a)(6), shall be treated as having met the requirement of subsection (a)(6) for the taxable year.”.

(2) CONFORMING AMENDMENT.—Paragraph (6) of section 856(a) is amended by inserting “subject to the provisions of subsection (k),” before “which is not”.

SEC. 1252. DE MINIMIS RULE FOR TENANT SERVICES INCOME.

(a) IN GENERAL.—Paragraph (2) of section 856(d) (defining rents from real property) is amended by striking subparagraph (C) and the last sentence and inserting:

“(C) any impermissible tenant service income (as defined in paragraph (7)).”.

(b) IMPERMISSIBLE TENANT SERVICE INCOME.—Section 856(d) is amended by adding at the end the following new paragraph:

“(7) IMPERMISSIBLE TENANT SERVICE INCOME.—For purposes of paragraph (2)(C)—

“(A) IN GENERAL.—The term ‘impermissible tenant service income’ means, with respect to any real or personal

property, any amount received or accrued directly or indirectly by the real estate investment trust for—

“(i) services furnished or rendered by the trust to the tenants of such property, or

“(ii) managing or operating such property.

“(B) DISQUALIFICATION OF ALL AMOUNTS WHERE MORE THAN DE MINIMIS AMOUNT.—If the amount described in subparagraph (A) with respect to a property for any taxable year exceeds 1 percent of all amounts received or accrued during such taxable year directly or indirectly by the real estate investment trust with respect to such property, the impermissible tenant service income of the trust with respect to the property shall include all such amounts.

“(C) EXCEPTIONS.—For purposes of subparagraph (A)—

“(i) services furnished or rendered, or management or operation provided, through an independent contractor from whom the trust itself does not derive or receive any income shall not be treated as furnished, rendered, or provided by the trust, and

“(ii) there shall not be taken into account any amount which would be excluded from unrelated business taxable income under section 512(b)(3) if received by an organization described in section 511(a)(2).

“(D) AMOUNT ATTRIBUTABLE TO IMPERMISSIBLE SERVICES.—For purposes of subparagraph (A), the amount treated as received for any service (or management or operation) shall not be less than 150 percent of the direct cost of the trust in furnishing or rendering the service (or providing the management or operation).

“(E) COORDINATION WITH LIMITATIONS.—For purposes of paragraphs (2) and (3) of subsection (c), amounts described in subparagraph (A) shall be included in the gross income of the corporation, trust, or association.”.

SEC. 1253. ATTRIBUTION RULES APPLICABLE TO STOCK OWNERSHIP.

Section 856(d)(5) (relating to constructive ownership of stock) is amended by striking “except that” and all that follows and inserting “except that—

“(A) ‘10 percent’ shall be substituted for ‘50 percent’ in subparagraph (C) of paragraphs (2) and (3) of section 318(a), and

“(B) section 318(a)(3)(A) shall be applied in the case of a partnership by taking into account only partners who own (directly or indirectly) 25 percent or more of the capital interest, or the profits interest, in the partnership.”.

SEC. 1254. CREDIT FOR TAX PAID BY REIT ON RETAINED CAPITAL GAINS.

(a) GENERAL RULE.—Paragraph (3) of section 857(b) (relating to capital gains) is amended by redesignating subparagraph (D) as subparagraph (E) and by inserting after subparagraph (C) the following new subparagraph:

“(D) TREATMENT BY SHAREHOLDERS OF UNDISTRIBUTED CAPITAL GAINS.—

“(i) Every shareholder of a real estate investment trust at the close of the trust’s taxable year shall include, in computing his long-term capital gains in his return for his taxable year in which the last day

of the trust's taxable year falls, such amount as the trust shall designate in respect of such shares in a written notice mailed to its shareholders at any time prior to the expiration of 60 days after the close of its taxable year (or mailed to its shareholders or holders of beneficial interests with its annual report for the taxable year), but the amount so includible by any shareholder shall not exceed that part of the amount subjected to tax in subparagraph (A)(ii) which he would have received if all of such amount had been distributed as capital gain dividends by the trust to the holders of such shares at the close of its taxable year.

“(ii) For purposes of this title, every such shareholder shall be deemed to have paid, for his taxable year under clause (i), the tax imposed by subparagraph (A)(ii) on the amounts required by this subparagraph to be included in respect of such shares in computing his long-term capital gains for that year; and such shareholders shall be allowed credit or refund as the case may be, for the tax so deemed to have been paid by him.

“(iii) The adjusted basis of such shares in the hands of the holder shall be increased with respect to the amounts required by this subparagraph to be included in computing his long-term capital gains, by the difference between the amount of such includible gains and the tax deemed paid by such shareholder in respect of such shares under clause (ii).

“(iv) In the event of such designation, the tax imposed by subparagraph (A)(ii) shall be paid by the real estate investment trust within 30 days after the close of its taxable year.

“(v) The earnings and profits of such real estate investment trust, and the earnings and profits of any such shareholder which is a corporation, shall be appropriately adjusted in accordance with regulations prescribed by the Secretary.

“(vi) As used in this subparagraph, the terms ‘shares’ and ‘shareholders’ shall include beneficial interests and holders of beneficial interests, respectively.”.

(b) CONFORMING AMENDMENTS.—

(1) Clause (i) of section 857(b)(7)(A) is amended by striking “subparagraph (B)” and inserting “subparagraph (B) or (D)”.

(2) Clause (iii) of section 852(b)(3)(D) is amended by striking “by 65 percent” and all that follows and inserting “by the difference between the amount of such includible gains and the tax deemed paid by such shareholder in respect of such shares under clause (ii).”.

SEC. 1255. REPEAL OF 30-PERCENT GROSS INCOME REQUIREMENT.

(a) **GENERAL RULE.**—Subsection (c) of section 856 (relating to limitations) is amended—

- (1) by adding “and” at the end of paragraph (3),
- (2) by striking paragraphs (4) and (8), and

(3) by redesignating paragraphs (5), (6), and (7) as paragraphs (4), (5), and (6), respectively.

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (G) of section 856(c)(5), as redesignated by subsection (a), is amended by striking “and such agreement shall be treated as a security for purposes of paragraph (4)(A)”.

(2) Paragraph (5) of section 857(b) is amended by striking “section 856(c)(7)” and inserting “section 856(c)(6)”.

(3) Subparagraph (C) of section 857(b)(6) is amended by striking “section 856(c)(6)(B)” and inserting “section 856(c)(5)(B)”.

SEC. 1256. MODIFICATION OF EARNINGS AND PROFITS RULES FOR DETERMINING WHETHER REIT HAS EARNINGS AND PROFITS FROM NON-REIT YEAR.

Subsection (d) of section 857 is amended by adding at the end the following new paragraph:

“(3) DISTRIBUTIONS TO MEET REQUIREMENTS OF SUBSECTION (a)(2)(B).—Any distribution which is made in order to comply with the requirements of subsection (a)(2)(B)—

“(A) shall be treated for purposes of this subsection and subsection (a)(2)(B) as made from the earliest accumulated earnings and profits (other than earnings and profits to which subsection (a)(2)(A) applies) rather than the most recently accumulated earnings and profits, and

“(B) to the extent treated under subparagraph (A) as made from accumulated earnings and profits, shall not be treated as a distribution for purposes of subsection (b)(2)(B).”.

SEC. 1257. TREATMENT OF FORECLOSURE PROPERTY.

(a) GRACE PERIODS.—

(1) INITIAL PERIOD.—Paragraph (2) of section 856(e) (relating to special rules for foreclosure property) is amended by striking “on the date which is 2 years after the date the trust acquired such property” and inserting “as of the close of the 3d taxable year following the taxable year in which the trust acquired such property”.

(2) EXTENSION.—Paragraph (3) of section 856(e) is amended—

(A) by striking “or more extensions” and inserting “extension”, and

(B) by striking the last sentence and inserting: “Any such extension shall not extend the grace period beyond the close of the 3d taxable year following the last taxable year in the period under paragraph (2).”.

(b) REVOCATION OF ELECTION.—Paragraph (5) of section 856(e) is amended by striking the last sentence and inserting: “A real estate investment trust may revoke any such election for a taxable year by filing the revocation (in the manner provided by the Secretary) on or before the due date (including any extension of time) for filing its return of tax under this chapter for the taxable year. If a trust revokes an election for any property, no election may be made by the trust under this paragraph with respect to the property for any subsequent taxable year.”.

(c) CERTAIN ACTIVITIES NOT TO DISQUALIFY PROPERTY.—Paragraph (4) of section 856(e) is amended by adding at the end the following new flush sentence:

“For purposes of subparagraph (C), property shall not be treated as used in a trade or business by reason of any activities of the real estate investment trust with respect to such property to the extent that such activities would not result in amounts received or accrued, directly or indirectly, with respect to such property being treated as other than rents from real property.”.

SEC. 1258. PAYMENTS UNDER HEDGING INSTRUMENTS.

Section 856(c)(5)(G) (relating to treatment of certain interest rate agreements), as redesignated by section 1255, is amended to read as follows:

“(G) TREATMENT OF CERTAIN HEDGING INSTRUMENTS.—

Except to the extent provided by regulations, any—

“(i) payment to a real estate investment trust under an interest rate swap or cap agreement, option, futures contract, forward rate agreement, or any similar financial instrument, entered into by the trust in a transaction to reduce the interest rate risks with respect to any indebtedness incurred or to be incurred by the trust to acquire or carry real estate assets, and

“(ii) gain from the sale or other disposition of any such investment, shall be treated as income qualifying under paragraph (2).”.

SEC. 1259. EXCESS NONCASH INCOME.

Section 857(e)(2) (relating to determination of amount of excess noncash income) is amended—

(1) by striking subparagraph (B),

(2) by striking the period at the end of subparagraph (C) and inserting a comma,

(3) by redesignating subparagraph (C) (as amended by paragraph (2)) as subparagraph (B), and

(4) by adding at the end the following new subparagraphs:

“(C) the amount (if any) by which—

“(i) the amounts includible in gross income with respect to instruments to which section 860E(a) or 1272 applies, exceed

“(ii) the amount of money and the fair market value of other property received during the taxable year under such instruments, and

“(D) amounts includible in income by reason of cancellation of indebtedness.”.

SEC. 1260. PROHIBITED TRANSACTION SAFE HARBOR.

Clause (iii) of section 857(b)(6)(C) (relating to certain sales not to constitute prohibited transactions) is amended by striking “(other than foreclosure property)” in subclauses (I) and (II) and inserting “(other than sales of foreclosure property or sales to which section 1033 applies)”.

SEC. 1261. SHARED APPRECIATION MORTGAGES.

(a) BANKRUPTCY SAFE HARBOR.—Section 856(j) (relating to treatment of shared appreciation mortgages) is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following new paragraph:

“(4) COORDINATION WITH 4-YEAR HOLDING PERIOD.—

“(A) IN GENERAL.—For purposes of section 857(b)(6)(C), if a real estate investment trust is treated as having sold secured property under paragraph (3)(A), the trust shall be treated as having held such property for at least 4 years if—

“(i) the secured property is sold or otherwise disposed of pursuant to a case under title 11 of the United States Code,

“(ii) the seller is under the jurisdiction of the court in such case, and

“(iii) the disposition is required by the court or is pursuant to a plan approved by the court.

“(B) EXCEPTION.—Subparagraph (A) shall not apply if—

“(i) the secured property was acquired by the seller with the intent to evict or foreclose, or

“(ii) the trust knew or had reason to know that default on the obligation described in paragraph (5)(A) would occur.”.

(b) CLARIFICATION OF DEFINITION OF SHARED APPRECIATION PROVISION.—Clause (ii) of section 856(j)(5)(A) is amended by inserting before the period “or appreciation in value as of any specified date”.

SEC. 1262. WHOLLY OWNED SUBSIDIARIES.

Section 856(i)(2) (defining qualified REIT subsidiary) is amended by striking “at all times during the period such corporation was in existence”.

26 USC 852 note.

SEC. 1263. EFFECTIVE DATE.

The amendments made by this part shall apply to taxable years beginning after the date of the enactment of this Act.

Subtitle E—Provisions Relating to Regulated Investment Companies

SEC. 1271. REPEAL OF 30-PERCENT GROSS INCOME LIMITATION.

(a) GENERAL RULE.—Subsection (b) of section 851 (relating to limitations) is amended by striking paragraph (3), by adding “and” at the end of paragraph (2), and by redesignating paragraph (4) as paragraph (3).

(b) TECHNICAL AMENDMENTS.—

(1) The material following paragraph (3) of section 851(b) (as redesignated by subsection (a)) is amended—

(A) by striking out “paragraphs (2) and (3)” and inserting “paragraph (2)”, and

(B) by striking out the last sentence thereof.

(2) Subsection (c) of section 851 is amended by striking “subsection (b)(4)” each place it appears (including the heading) and inserting “subsection (b)(3)”.

(3) Subsection (d) of section 851 is amended by striking “subsections (b)(4)” and inserting “subsections (b)(3)”.

(4) Paragraph (1) of section 851(e) is amended by striking “subsection (b)(4)” and inserting “subsection (b)(3)”.

(5) Paragraph (4) of section 851(e) is amended by striking “subsections (b)(4)” and inserting “subsections (b)(3)”.

(6) Section 851 is amended by striking subsection (g) and redesignating subsection (h) as subsection (g).

(7) Subsection (g) of section 851 (as redesignated by paragraph (6)) is amended by striking paragraph (3).

(8) Section 817(h)(2) is amended—

(A) by striking “851(b)(4)” in subparagraph (A) and inserting “851(b)(3)”, and

(B) by striking “851(b)(4)(A)(i)” in subparagraph (B) and inserting “851(b)(3)(A)(i)”.

(9) Section 1092(f)(2) is amended by striking “Except for purposes of section 851(b)(3), the” and inserting “The”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act. 26 USC 817 note.

Subtitle F—Taxpayer Protections

SEC. 1281. REASONABLE CAUSE EXCEPTION FOR CERTAIN PENALTIES.

(a) INFORMATION ON DEDUCTIBLE EMPLOYEE CONTRIBUTIONS.—Subsection (g) of section 6652 (relating to information required in connection with deductible employee contributions) is amended by adding at the end the following new sentence: “No penalty shall be imposed under this subsection on any failure which is shown to be due to reasonable cause and not willful neglect.”.

(b) REPORTS ON STATUS AS QUALIFIED SMALL BUSINESS.—Subsection (k) of section 6652 (relating to failure to make reports required under section 1202) is amended by adding at the end the following new sentence: “No penalty shall be imposed under this subsection on any failure which is shown to be due to reasonable cause and not willful neglect.”.

(c) RETURNS OF PERSONAL HOLDING COMPANY TAX BY FOREIGN CORPORATIONS.—Section 6683 (relating to failure of foreign corporation to file return of personal holding company tax) is amended by adding at the end the following new sentence: “No penalty shall be imposed under this section on any failure which is shown to be due to reasonable cause and not willful neglect.”.

(d) FAILURE TO MAKE REQUIRED PAYMENTS.—Subparagraph (A) of section 7519(f)(4) is amended by adding at the end the following new sentence: “No penalty shall be imposed under this subparagraph on any failure which is shown to be due to reasonable cause and not willful neglect.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act. 26 USC 6652 note.

SEC. 1282. CLARIFICATION OF PERIOD FOR FILING CLAIMS FOR REFUNDS.

(a) IN GENERAL.—Paragraph (3) of section 6512(b) (relating to overpayment determined by Tax Court) is amended by adding at the end the following flush sentence:

“In a case described in subparagraph (B) where the date of the mailing of the notice of deficiency is during the third year after the due date (with extensions) for filing the return of tax and no return was filed before such date, the applicable period under subsections (a) and (b)(2) of section 6511 shall be 3 years.”.

26 USC 6512
note.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to claims for credit or refund for taxable years ending after the date of the enactment of this Act.

SEC. 1283. REPEAL OF AUTHORITY TO DISCLOSE WHETHER PROSPECTIVE JUROR HAS BEEN AUDITED.

(a) **IN GENERAL.**—Subsection (h) of section 6103 (relating to disclosure to certain Federal officers and employees for purposes of tax administration, etc.) is amended by striking paragraph (5) and by redesignating paragraph (6) as paragraph (5).

(b) **CONFORMING AMENDMENT.**—Paragraph (4) of section 6103(p) is amended by striking “(h)(6)” each place it appears and inserting “(h)(5)”.

26 USC 6103
note.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to judicial proceedings commenced after the date of the enactment of this Act.

SEC. 1284. CLARIFICATION OF STATUTE OF LIMITATIONS.

(a) **IN GENERAL.**—Subsection (a) of section 6501 (relating to limitations on assessment and collection) is amended by adding at the end thereof the following new sentence: “For purposes of this chapter, the term ‘return’ means the return required to be filed by the taxpayer (and does not include a return of any person from whom the taxpayer has received an item of income, gain, loss, deduction, or credit).”.

26 USC 6501
note.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 1285. AWARDING OF ADMINISTRATIVE COSTS.

(a) **RIGHT TO APPEAL TAX COURT DECISION.**—Subsection (f) of section 7430 (relating to right of appeal) is amended by adding at the end the following new paragraph:

“(3) **APPEAL OF TAX COURT DECISION.**—An order of the Tax Court disposing of a petition under paragraph (2) shall be reviewable in the same manner as a decision of the Tax Court, but only with respect to the matters determined in such order.”.

(b) **PERIOD FOR APPLYING TO IRS FOR COSTS.**—Subsection (b) of section 7430 (relating to limitations) is amended by adding at the end the following new paragraph:

“(5) **PERIOD FOR APPLYING TO IRS FOR ADMINISTRATIVE COSTS.**—An award may be made under subsection (a) by the Internal Revenue Service for reasonable administrative costs only if the prevailing party files an application with the Internal Revenue Service for such costs before the 91st day after the date on which the final decision of the Internal Revenue Service as to the determination of the tax, interest, or penalty is mailed to such party.”.

(c) **PERIOD FOR PETITIONING OF TAX COURT FOR REVIEW OF DENIAL OF COSTS.**—Paragraph (2) of section 7430(f) (relating to right of appeal) is amended—

(1) by striking “appeal to” and inserting “the filing of a petition for review with”, and

(2) by adding at the end the following new sentence: “If the Secretary sends by certified or registered mail a notice of such decision to the petitioner, no proceeding in the Tax Court may be initiated under this paragraph unless such petition is filed before the 91st day after the date of such mailing.”.

Notice.

(d) **EFFECTIVE DATE.**—The amendments made by this section shall apply to civil actions or proceedings commenced after the date of the enactment of this Act. 26 USC 7430 note.

TITLE XIII—SIMPLIFICATION PROVISIONS RELATING TO ESTATE AND GIFT TAXES

SEC. 1301. GIFTS TO CHARITIES EXEMPT FROM GIFT TAX FILING REQUIREMENTS.

(a) **IN GENERAL.**—Section 6019 is amended by striking “or” at the end of paragraph (1), by adding “or” at the end of paragraph (2), and by inserting after paragraph (2) the following new paragraph:

“(3) a transfer with respect to which a deduction is allowed under section 2522 but only if—

“(A)(i) such transfer is of the donor’s entire interest in the property transferred, and

“(ii) no other interest in such property is or has been transferred (for less than adequate and full consideration in money or money’s worth) from the donor to a person, or for a use, not described in subsection (a) or (b) of section 2522, or

“(B) such transfer is described in section 2522(d).”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to gifts made after the date of the enactment of this Act. 26 USC 6019 note.

SEC. 1302. CLARIFICATION OF WAIVER OF CERTAIN RIGHTS OF RECOVERY.

(a) **AMENDMENT TO SECTION 2207A.**—Paragraph (2) of section 2207A(a) (relating to right of recovery in the case of certain marital deduction property) is amended to read as follows:

“(2) **DECEDENT MAY OTHERWISE DIRECT.**—Paragraph (1) shall not apply with respect to any property to the extent that the decedent in his will (or a revocable trust) specifically indicates an intent to waive any right of recovery under this subchapter with respect to such property.”.

(b) **AMENDMENT TO SECTION 2207B.**—Paragraph (2) of section 2207B(a) (relating to right of recovery where decedent retained interest) is amended to read as follows:

“(2) **DECEDENT MAY OTHERWISE DIRECT.**—Paragraph (1) shall not apply with respect to any property to the extent that the decedent in his will (or a revocable trust) specifically indicates an intent to waive any right of recovery under this subchapter with respect to such property.”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply with respect to the estates of decedents dying after the date of the enactment of this Act. 26 USC 2207A note.

SEC. 1303. TRANSITIONAL RULE UNDER SECTION 2056A.

(a) **GENERAL RULE.**—In the case of any trust created under an instrument executed before the date of the enactment of the Revenue Reconciliation Act of 1990, such trust shall be treated as meeting the requirements of paragraph (1) of section 2056A(a) 26 USC 2056A note.

of the Internal Revenue Code of 1986 if the trust instrument requires that all trustees of the trust be individual citizens of the United States or domestic corporations.

(b) **EFFECTIVE DATE.**—The provisions of subsection (a) shall take effect as if included in the provisions of section 11702(g) of the Revenue Reconciliation Act of 1990.

SEC. 1304. TREATMENT FOR ESTATE TAX PURPOSES OF SHORT-TERM OBLIGATIONS HELD BY NONRESIDENT ALIENS.

(a) **IN GENERAL.**—Subsection (b) of section 2105 is amended by striking “and” at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting “, and”, and by inserting after paragraph (3) the following new paragraph:

“(4) obligations which would be original issue discount obligations as defined in section 871(g)(1) but for subparagraph (B)(i) thereof, if any interest thereon (were such interest received by the decedent at the time of his death) would not be effectively connected with the conduct of a trade or business within the United States.”.

26 USC 2105
note.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to estates of decedents dying after the date of the enactment of this Act.

SEC. 1305. CERTAIN REVOCABLE TRUSTS TREATED AS PART OF ESTATE.

(a) **IN GENERAL.**—Subpart A of part I of subchapter J (relating to estates, trusts, beneficiaries, and decedents) is amended by adding at the end the following new section:

“SEC. 646. CERTAIN REVOCABLE TRUSTS TREATED AS PART OF ESTATE.

“(a) **GENERAL RULE.**—For purposes of this subtitle, if both the executor (if any) of an estate and the trustee of a qualified revocable trust elect the treatment provided in this section, such trust shall be treated and taxed as part of such estate (and not as a separate trust) for all taxable years of the estate ending after the date of the decedent’s death and before the applicable date.

“(b) **DEFINITIONS.**—For purposes of subsection (a)—

“(1) **QUALIFIED REVOCABLE TRUST.**—The term ‘qualified revocable trust’ means any trust (or portion thereof) which was treated under section 676 as owned by the decedent of the estate referred to in subsection (a) by reason of a power in the grantor (determined without regard to section 672(e)).

“(2) **APPLICABLE DATE.**—The term ‘applicable date’ means—

“(A) if no return of tax imposed by chapter 11 is required to be filed, the date which is 2 years after the date of the decedent’s death, and

“(B) if such a return is required to be filed, the date which is 6 months after the date of the final determination of the liability for tax imposed by chapter 11.

“(c) **ELECTION.**—The election under subsection (a) shall be made not later than the time prescribed for filing the return of tax imposed by this chapter for the first taxable year of the estate (determined with regard to extensions) and, once made, shall be irrevocable.”.

(b) **COMPARABLE TREATMENT UNDER GENERATION-SKIPPING TAX.**—Paragraph (1) of section 2652(b) is amended by adding at

the end the following new sentence: “Such term shall not include any trust during any period the trust is treated as part of an estate under section 646.”.

(c) CLERICAL AMENDMENT.—The table of sections for such subpart A is amended by adding at the end the following new item:

“Sec. 646. Certain revocable trusts treated as part of estate.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to estates of decedents dying after the date of the enactment of this Act. 26 USC 646 note.

SEC. 1306. DISTRIBUTIONS DURING FIRST 65 DAYS OF TAXABLE YEAR OF ESTATE.

(a) IN GENERAL.—Subsection (b) of section 663 (relating to distributions in first 65 days of taxable year) is amended by inserting “an estate or” before “a trust” each place it appears.

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 663(b) is amended by striking “the fiduciary of such trust” and inserting “the executor of such estate or the fiduciary of such trust (as the case may be)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act. 26 USC 663 note.

SEC. 1307. SEPARATE SHARE RULES AVAILABLE TO ESTATES.

(a) IN GENERAL.—Subsection (c) of section 663 (relating to separate shares treated as separate trusts) is amended—

(1) by inserting before the last sentence the following new sentence: “Rules similar to the rules of the preceding provisions of this subsection shall apply to treat substantially separate and independent shares of different beneficiaries in an estate having more than 1 beneficiary as separate estates.”, and

(2) by inserting “or estates” after “trusts” in the last sentence.

(b) CONFORMING AMENDMENT.—The subsection heading of section 663(c) is amended by inserting “ESTATES OR” before “TRUSTS”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after the date of the enactment of this Act. 26 USC 663 note.

SEC. 1308. EXECUTOR OF ESTATE AND BENEFICIARIES TREATED AS RELATED PERSONS FOR DISALLOWANCE OF LOSSES, ETC.

(a) DISALLOWANCE OF LOSSES.—Subsection (b) of section 267 (relating to losses, expenses, and interest with respect to transactions between related taxpayers) is amended by striking “or” at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting “; or”, and by adding at the end the following new paragraph:

“(13) Except in the case of a sale or exchange in satisfaction of a pecuniary bequest, an executor of an estate and a beneficiary of such estate.”.

(b) ORDINARY INCOME FROM GAIN FROM SALE OF DEPRECIABLE PROPERTY.—Subsection (b) of section 1239 is amended by striking the period at the end of paragraph (2) and inserting “, and” and by adding at the end the following new paragraph:

“(3) except in the case of a sale or exchange in satisfaction of a pecuniary bequest, an executor of an estate and a beneficiary of such estate.”.

26 USC 267 note.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 1309. TREATMENT OF FUNERAL TRUSTS.

(a) **IN GENERAL.**—Subpart F of part I of subchapter J of chapter 1 is amended by adding at the end the following new section:

“SEC. 685. TREATMENT OF FUNERAL TRUSTS.

“(a) **IN GENERAL.**—In the case of a qualified funeral trust—

“(1) subparts B, C, D, and E shall not apply, and

“(2) no deduction shall be allowed by section 642(b).

“(b) **QUALIFIED FUNERAL TRUST.**—For purposes of this subsection, the term ‘qualified funeral trust’ means any trust (other than a foreign trust) if—

“(1) the trust arises as a result of a contract with a person engaged in the trade or business of providing funeral or burial services or property necessary to provide such services,

“(2) the sole purpose of the trust is to hold, invest, and reinvest funds in the trust and to use such funds solely to make payments for such services or property for the benefit of the beneficiaries of the trust,

“(3) the only beneficiaries of such trust are individuals with respect to whom such services or property are to be provided at their death under contracts described in paragraph (1),

“(4) the only contributions to the trust are contributions by or for the benefit of such beneficiaries,

“(5) the trustee elects the application of this subsection, and

“(6) the trust would (but for the election described in paragraph (5)) be treated as owned under subpart E by the purchasers of the contracts described in paragraph (1).

“(c) **DOLLAR LIMITATION ON CONTRIBUTIONS.**—

“(1) **IN GENERAL.**—The term ‘qualified funeral trust’ shall not include any trust which accepts aggregate contributions by or for the benefit of an individual in excess of \$7,000.

“(2) **RELATED TRUSTS.**—For purposes of paragraph (1), all trusts having trustees which are related persons shall be treated as 1 trust. For purposes of the preceding sentence, persons are related if—

“(A) the relationship between such persons is described in section 267 or 707(b),

“(B) such persons are treated as a single employer under subsection (a) or (b) of section 52, or

“(C) the Secretary determines that treating such persons as related is necessary to prevent avoidance of the purposes of this section.

“(3) **INFLATION ADJUSTMENT.**—In the case of any contract referred to in subsection (b)(1) which is entered into during any calendar year after 1998, the dollar amount referred to in paragraph (1) shall be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, by substituting ‘calendar year 1997’ for ‘calendar year 1992’ in subparagraph (B) thereof.

If any dollar amount after being increased under the preceding sentence is not a multiple of \$100, such dollar amount shall be rounded to the nearest multiple of \$100.

“(d) APPLICATION OF RATE SCHEDULE.—Section 1(e) shall be applied to each qualified funeral trust by treating each beneficiary’s interest in each such trust as a separate trust.

“(e) TREATMENT OF AMOUNTS REFUNDED TO PURCHASER ON CANCELLATION.—No gain or loss shall be recognized to a purchaser of a contract described in subsection (b)(1) by reason of any payment from such trust to such purchaser by reason of cancellation of such contract. If any payment referred to in the preceding sentence consists of property other than money, the basis of such property in the hands of such purchaser shall be the same as the trust’s basis in such property immediately before the payment.

“(f) SIMPLIFIED REPORTING.—The Secretary may prescribe rules for simplified reporting of all trusts having a single trustee.”.

(b) CLERICAL AMENDMENT.—The table of sections for subpart F of part I of subchapter J of chapter 1 is amended by adding at the end the following new item:

“Sec. 685. Treatment of funeral trusts.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act. 26 USC 685 note.

SEC. 1310. ADJUSTMENTS FOR GIFTS WITHIN 3 YEARS OF DECEDENT’S DEATH.

(a) GENERAL RULE.—Section 2035 is amended to read as follows:

“SEC. 2035. ADJUSTMENTS FOR CERTAIN GIFTS MADE WITHIN 3 YEARS OF DECEDENT’S DEATH.

“(a) INCLUSION OF CERTAIN PROPERTY IN GROSS ESTATE.—If—
“(1) the decedent made a transfer (by trust or otherwise) of an interest in any property, or relinquished a power with respect to any property, during the 3-year period ending on the date of the decedent’s death, and

“(2) the value of such property (or an interest therein) would have been included in the decedent’s gross estate under section 2036, 2037, 2038, or 2042 if such transferred interest or relinquished power had been retained by the decedent on the date of his death,

the value of the gross estate shall include the value of any property (or interest therein) which would have been so included.

“(b) INCLUSION OF GIFT TAX ON GIFTS MADE DURING 3 YEARS BEFORE DECEDENT’S DEATH.—The amount of the gross estate (determined without regard to this subsection) shall be increased by the amount of any tax paid under chapter 12 by the decedent or his estate on any gift made by the decedent or his spouse during the 3-year period ending on the date of the decedent’s death.

“(c) OTHER RULES RELATING TO TRANSFERS WITHIN 3 YEARS OF DEATH.—

“(1) IN GENERAL.—For purposes of—

“(A) section 303(b) (relating to distributions in redemption of stock to pay death taxes),

“(B) section 2032A (relating to special valuation of certain farms, etc., real property), and

“(C) subchapter C of chapter 64 (relating to lien for taxes),

the value of the gross estate shall include the value of all property to the extent of any interest therein of which the decedent has at any time made a transfer, by trust or otherwise, during the 3-year period ending on the date of the decedent’s death.

“(2) COORDINATION WITH SECTION 6166.—An estate shall be treated as meeting the 35 percent of adjusted gross estate requirement of section 6166(a)(1) only if the estate meets such requirement both with and without the application of paragraph (1).

“(3) MARITAL AND SMALL TRANSFERS.—Paragraph (1) shall not apply to any transfer (other than a transfer with respect to a life insurance policy) made during a calendar year to any donee if the decedent was not required by section 6019 (other than by reason of section 6019(2)) to file any gift tax return for such year with respect to transfers to such donee.

“(d) EXCEPTION.—Subsection (a) shall not apply to any bona fide sale for an adequate and full consideration in money or money’s worth.

“(e) TREATMENT OF CERTAIN TRANSFERS FROM REVOCABLE TRUSTS.—For purposes of this section and section 2038, any transfer from any portion of a trust during any period that such portion was treated under section 676 as owned by the decedent by reason of a power in the grantor (determined without regard to section 672(e)) shall be treated as a transfer made directly by the decedent.”.

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter A of chapter 11 is amended by striking “gifts” in the item relating to section 2035 and inserting “certain gifts”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to the estates of decedents dying after the date of the enactment of this Act.

26 USC 2035
note.

SEC. 1311. CLARIFICATION OF TREATMENT OF SURVIVOR ANNUITIES UNDER QUALIFIED TERMINABLE INTEREST RULES.

(a) IN GENERAL.—Subparagraph (C) of section 2056(b)(7) is amended by inserting “(or, in the case of an interest in an annuity arising under the community property laws of a State, included in the gross estate of the decedent under section 2033)” after “section 2039”.

26 USC 2056
note.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to estates of decedents dying after the date of the enactment of this Act.

SEC. 1312. TREATMENT UNDER QUALIFIED DOMESTIC TRUST RULES OF FORMS OF OWNERSHIP WHICH ARE NOT TRUSTS.

(a) IN GENERAL.—Subsection (c) of section 2056A (defining qualified domestic trust) is amended by adding at the end the following new paragraph:

“(3) TRUST.—To the extent provided in regulations prescribed by the Secretary, the term ‘trust’ includes other arrangements which have substantially the same effect as a trust.”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to estates of decedents dying after the date of the enactment of this Act. 26 USC 2056A note.

SEC. 1313. OPPORTUNITY TO CORRECT CERTAIN FAILURES UNDER SECTION 2032A.

(a) **GENERAL RULE.**—Paragraph (3) of section 2032A(d) (relating to modification of election and agreement to be permitted) is amended to read as follows:

“(3) **MODIFICATION OF ELECTION AND AGREEMENT TO BE PERMITTED.**—The Secretary shall prescribe procedures which provide that in any case in which the executor makes an election under paragraph (1) (and submits the agreement referred to in paragraph (2)) within the time prescribed therefor, but—

“(A) the notice of election, as filed, does not contain all required information, or

“(B) signatures of 1 or more persons required to enter into the agreement described in paragraph (2) are not included on the agreement as filed, or the agreement does not contain all required information,

the executor will have a reasonable period of time (not exceeding 90 days) after notification of such failures to provide such information or signatures.”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to the estates of decedents dying after the date of the enactment of this Act. 26 USC 2032A note.

SEC. 1314. AUTHORITY TO WAIVE REQUIREMENT OF UNITED STATES TRUSTEE FOR QUALIFIED DOMESTIC TRUSTS.

(a) **IN GENERAL.**—Subparagraph (A) of section 2056A(a)(1) is amended by inserting “except as provided in regulations prescribed by the Secretary,” before “requires”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to estates of decedents dying after the date of the enactment of this Act. 26 USC 2056A note.

TITLE XIV—SIMPLIFICATION PROVISIONS RELATING TO EXCISE TAXES, TAX-EXEMPT BONDS, AND OTHER MATTERS

Subtitle A—Excise Tax Simplification

PART I—EXCISE TAXES ON HEAVY TRUCKS AND LUXURY CARS

SEC. 1401. INCREASE IN DE MINIMIS LIMIT FOR AFTER-MARKET ALTERATIONS FOR HEAVY TRUCKS AND LUXURY CARS.

(a) **IN GENERAL.**—Sections 4003(a)(3)(C) and 4051(b)(2)(B) (relating to exceptions) are each amended by striking “\$200” and inserting “\$1,000”.

26 USC 4003
note.

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall apply to installations on vehicles sold after the date of the enactment of this Act.

SEC. 1402. CREDIT FOR TIRE TAX IN LIEU OF EXCLUSION OF VALUE OF TIRES IN COMPUTING PRICE.

(a) **IN GENERAL.**—Subsection (e) of section 4051 is amended to read as follows:

“(e) **CREDIT AGAINST TAX FOR TIRE TAX.**—If—

“(1) tires are sold on or in connection with the sale of any article, and

“(2) tax is imposed by this subchapter on the sale of such tires,

there shall be allowed as a credit against the tax imposed by this subchapter an amount equal to the tax (if any) imposed by section 4071 on such tires.”.

(b) **CONFORMING AMENDMENT.**—Subparagraph (B) of section 4052(b)(1) is amended by striking clause (iii), by adding “and” at the end of clause (ii), and by redesignating clause (iv) as clause (iii).

26 USC 4051
note.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on January 1, 1998.

PART II—PROVISIONS RELATED TO DISTILLED SPIRITS, WINES, AND BEER

SEC. 1411. CREDIT OR REFUND FOR IMPORTED BOTTLED DISTILLED SPIRITS RETURNED TO DISTILLED SPIRITS PLANT.

(a) **IN GENERAL.**—Section 5008(c)(1) (relating to distilled spirits returned to bonded premises) is amended by striking “withdrawn from bonded premises on payment or determination of tax” and inserting “on which tax has been determined or paid”.

26 USC 5008
note.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act.

SEC. 1412. AUTHORITY TO CANCEL OR CREDIT EXPORT BONDS WITHOUT SUBMISSION OF RECORDS.

(a) **IN GENERAL.**—Section 5175(c) (relating to cancellation of credit of export bonds) is amended by striking “on the submission of” and all that follows and inserting “if there is such proof of exportation as the Secretary may by regulations require.”.

26 USC 5175
note.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act.

SEC. 1413. REPEAL OF REQUIRED MAINTENANCE OF RECORDS ON PREMISES OF DISTILLED SPIRITS PLANT.

(a) **IN GENERAL.**—Section 5207(c) (relating to preservation and inspection) is amended by striking “shall be kept on the premises where the operations covered by the record are carried on and”.

26 USC 5207
note.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act.

SEC. 1414. FERMENTED MATERIAL FROM ANY BREWERY MAY BE RECEIVED AT A DISTILLED SPIRITS PLANT.

(a) IN GENERAL.—Section 5222(b)(2) (relating to receipt) is amended to read as follows:

“(2) beer conveyed without payment of tax from brewery premises, beer which has been lawfully removed from brewery premises upon determination of tax, or”.

(b) CLARIFICATION OF AUTHORITY TO PERMIT REMOVAL OF BEER WITHOUT PAYMENT OF TAX FOR USE AS DISTILLING MATERIAL.—Section 5053 (relating to exemptions) is amended by redesignating subsection (f) as subsection (i) and by inserting after subsection (e) the following new subsection:

“(f) REMOVAL FOR USE AS DISTILLING MATERIAL.—Subject to such regulations as the Secretary may prescribe, beer may be removed from a brewery without payment of tax to any distilled spirits plant for use as distilling material.”.

(c) CLARIFICATION OF REFUND AND CREDIT OF TAX.—Section 5056 (relating to refund and credit of tax, or relief from liability) is amended—

(1) by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

“(c) BEER RECEIVED AT A DISTILLED SPIRITS PLANT.—Any tax paid by any brewer on beer produced in the United States may be refunded or credited to the brewer, without interest, or if the tax has not been paid, the brewer may be relieved of liability therefor, under regulations as the Secretary may prescribe, if such beer is received on the bonded premises of a distilled spirits plant pursuant to the provisions of section 5222(b)(2), for use in the production of distilled spirits.”, and

(2) by striking “or rendering unmerchantable” in subsection (d) (as so redesignated) and inserting “rendering unmerchantable, or receipt on the bonded premises of a distilled spirits plant”.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act.

26 USC 5053
note.

SEC. 1415. REPEAL OF REQUIREMENT FOR WHOLESALE DEALERS IN LIQUORS TO POST SIGN.

(a) IN GENERAL.—Section 5115 (relating to sign required on premises) is hereby repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 5681(a) is amended by striking “, and every wholesale dealer in liquors,” and by striking “section 5115(a) or”.

(2) Section 5681(c) is amended—

(A) by striking “or wholesale liquor establishment, on which no sign required by section 5115(a) or” and inserting “on which no sign required by”, and

(B) by striking “or wholesale liquor establishment, or who” and inserting “or who”.

(3) The table of sections for subpart D of part II of subchapter A of chapter 51 is amended by striking the item relating to section 5115.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

26 USC 5681
note.

SEC. 1416. REFUND OF TAX TO WINE RETURNED TO BOND NOT LIMITED TO UNMERCHANTABLE WINE.

(a) IN GENERAL.—Section 5044(a) (relating to refund of tax on unmerchantable wine) is amended by striking “as unmerchantable”.

(b) CONFORMING AMENDMENTS.—

(1) Section 5361 is amended by striking “unmerchantable”.

(2) The section heading for section 5044 is amended by striking “UNMERCHANTABLE”.

(3) The item relating to section 5044 in the table of sections for subpart C of part I of subchapter A of chapter 51 is amended by striking “unmerchantable”.

26 USC 5044
note.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act.

SEC. 1417. USE OF ADDITIONAL AMELIORATING MATERIAL IN CERTAIN WINES.

(a) IN GENERAL.—Section 5384(b)(2)(D) (relating to ameliorated fruit and berry wines) is amended by striking “loganberries, currants, or gooseberries,” and inserting “any fruit or berry with a natural fixed acid of 20 parts per thousand or more (before any correction of such fruit or berry)”.

26 USC 5384
note.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act.

SEC. 1418. DOMESTICALLY PRODUCED BEER MAY BE WITHDRAWN FREE OF TAX FOR USE OF FOREIGN EMBASSIES, LEGATIONS, ETC.

(a) IN GENERAL.—Section 5053 (relating to exemptions), as amended by section 1414(b), is amended by inserting after subsection (f) the following new subsection:

“(g) REMOVALS FOR USE OF FOREIGN EMBASSIES, LEGATIONS, ETC.—

“(1) IN GENERAL.—Subject to such regulations as the Secretary may prescribe—

“(A) beer may be withdrawn from the brewery without payment of tax for transfer to any customs bonded warehouse for entry pending withdrawal therefrom as provided in subparagraph (B), and

“(B) beer entered into any customs bonded warehouse under subparagraph (A) may be withdrawn for consumption in the United States by, and for the official and family use of, such foreign governments, organizations, and individuals as are entitled to withdraw imported beer from such warehouses free of tax.

Beer transferred to any customs bonded warehouse under subparagraph (A) shall be entered, stored, and accounted for in such warehouse under such regulations and bonds as the Secretary may prescribe, and may be withdrawn therefrom by such governments, organizations, and individuals free of tax under the same conditions and procedures as imported beer.

“(2) OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (2) and (3) of section 5362(e) shall apply for purposes of this subsection.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act. 26 USC 5053 note.

SEC. 1419. BEER MAY BE WITHDRAWN FREE OF TAX FOR DESTRUCTION.

(a) IN GENERAL.—Section 5053 (relating to exemptions), as amended by section 1418(a), is amended by inserting after subsection (g) the following new subsection:

“(h) REMOVALS FOR DESTRUCTION.—Subject to such regulations as the Secretary may prescribe, beer may be removed from the brewery without payment of tax for destruction.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act. 26 USC 5053 note.

SEC. 1420. AUTHORITY TO ALLOW DRAWBACK ON EXPORTED BEER WITHOUT SUBMISSION OF RECORDS.

(a) IN GENERAL.—The first sentence of section 5055 (relating to drawback of tax on beer) is amended by striking “found to have been paid” and all that follows and inserting “paid on such beer if there is such proof of exportation as the Secretary may by regulations require.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act. 26 USC 5055 note.

SEC. 1421. TRANSFER TO BREWERY OF BEER IMPORTED IN BULK WITHOUT PAYMENT OF TAX.

(a) IN GENERAL.—Part II of subchapter G of chapter 51 is amended by adding at the end the following new section:

“SEC. 5418. BEER IMPORTED IN BULK.

“Beer imported or brought into the United States in bulk containers may, under such regulations as the Secretary may prescribe, be withdrawn from customs custody and transferred in such bulk containers to the premises of a brewery without payment of the internal revenue tax imposed on such beer. The proprietor of a brewery to which such beer is transferred shall become liable for the tax on the beer withdrawn from customs custody under this section upon release of the beer from customs custody, and the importer, or the person bringing such beer into the United States, shall thereupon be relieved of the liability for such tax.”.

(b) CLERICAL AMENDMENT.—The table of sections for such part II is amended by adding at the end the following new item:

“Sec. 5418. Beer imported in bulk.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act. 26 USC 5418 note.

SEC. 1422. TRANSFER TO BONDED WINE CELLARS OF WINE IMPORTED IN BULK WITHOUT PAYMENT OF TAX.

(a) **IN GENERAL.**—Part II of subchapter F of chapter 51 is amended by inserting after section 5363 the following new section: “**SEC. 5364. WINE IMPORTED IN BULK.**

“Wine imported or brought into the United States in bulk containers may, under such regulations as the Secretary may prescribe, be withdrawn from customs custody and transferred in such bulk containers to the premises of a bonded wine cellar without payment of the internal revenue tax imposed on such wine. The proprietor of a bonded wine cellar to which such wine is transferred shall become liable for the tax on the wine withdrawn from customs custody under this section upon release of the wine from customs custody, and the importer, or the person bringing such wine into the United States, shall thereupon be relieved of the liability for such tax.”.

(b) **CLERICAL AMENDMENT.**—The table of sections for such part II is amended by inserting after the item relating to section 5363 the following new item:

“Sec. 5364. Wine imported in bulk.”.

26 USC 5364
note.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act.

PART III—OTHER EXCISE TAX PROVISIONS**SEC. 1431. AUTHORITY TO GRANT EXEMPTIONS FROM REGISTRATION REQUIREMENTS.**

(a) **IN GENERAL.**—Section 4222(b)(2) (relating to export) is amended—

(1) by striking “in the case of any sale or resale for export,”, and

(2) by striking “EXPORT” and inserting “UNDER REGULATIONS”.

26 USC 4222
note.

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 1432. REPEAL OF EXPIRED PROVISIONS.

(a) **PIGGY-BACK TRAILERS.**—Section 4051 (relating to imposition of tax on heavy trucks and trailers sold at retail) is amended by striking subsection (d) and by redesignating subsection (e) as subsection (d).

(b) **DEEP SEABED MINING.**—

(1) **IN GENERAL.**—Subchapter F of chapter 36 (relating to tax on removal of hard mineral resources from deep seabed) is hereby repealed.

(2) **CONFORMING AMENDMENT.**—The table of subchapters for chapter 36 is amended by striking the item relating to subchapter F.

(c) **OZONE-DEPLETING CHEMICALS.**—

(1) Paragraph (1) of section 4681(b) is amended by striking subparagraphs (B) and (C) and inserting the following new subparagraph:

“(B) **BASE TAX AMOUNT.**—The base tax amount for purposes of subparagraph (A) with respect to any sale or

use during any calendar year after 1995 shall be \$5.35 increased by 45 cents for each year after 1995.”.

(2) Subsection (g) of section 4682 is amended to read as follows:

“(g) CHEMICALS USED AS PROPELLANTS IN METERED-DOSE INHALERS.—

“(1) EXEMPTION FROM TAX.—

“(A) IN GENERAL.—No tax shall be imposed by section 4681 on—

“(i) any use of any substance as a propellant in metered-dose inhalers, or

“(ii) any qualified sale by the manufacturer, producer, or importer of any substance.

“(B) QUALIFIED SALE.—For purposes of subparagraph (A), the term ‘qualified sale’ means any sale by the manufacturer, producer, or importer of any substance—

“(i) for use by the purchaser as a propellant in metered dose inhalers, or

“(ii) for resale by the purchaser to a 2d purchaser for such use by the 2d purchaser.

The preceding sentence shall apply only if the manufacturer, producer, and importer, and the 1st and 2d purchasers (if any) meet such registration requirements as may be prescribed by the Secretary.

Applicability.

“(2) OVERPAYMENTS.—If any substance on which tax was paid under this subchapter is used by any person as a propellant in metered-dose inhalers, credit or refund without interest shall be allowed to such person in an amount equal to the tax so paid. Amounts payable under the preceding sentence with respect to uses during the taxable year shall be treated as described in section 34(a) for such year unless claim thereof has been timely filed under this paragraph.”.

SEC. 1433. SIMPLIFICATION OF IMPOSITION OF EXCISE TAX ON ARROWS.

(a) IN GENERAL.—Subsection (b) of section 4161 (relating to imposition of tax) is amended to read as follows:

“(b) BOWS AND ARROWS, ETC.—

“(1) BOWS.—

“(A) IN GENERAL.—There is hereby imposed on the sale by the manufacturer, producer, or importer of any bow which has a draw weight of 10 pounds or more, a tax equal to 11 percent of the price for which so sold.

“(B) PARTS AND ACCESSORIES.—There is hereby imposed upon the sale by the manufacturer, producer, or importer—

“(i) of any part of accessory suitable for inclusion in or attachment to a bow described in subparagraph (A), and

“(ii) of any quiver suitable for use with arrows described in paragraph (2),

a tax equivalent to 11 percent of the price for which so sold.

“(2) ARROWS.—There is hereby imposed on the sale by the manufacturer, producer, or importer of any shaft, point, nock, or vane of a type used in the manufacture of any arrow which after its assembly—

“(A) measures 18 inches overall or more in length,
or

“(B) measures less than 18 inches overall in length
but is suitable for use with a bow described in paragraph
(1)(A),

a tax equal to 12.4 percent of the price for which so sold.

“(3) COORDINATION WITH SUBSECTION (a).—No tax shall
be imposed under this subsection with respect to any article
taxable under subsection (a).”.

26 USC 4161
note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a)
shall apply to articles sold by the manufacturer, producer, or
importer after September 30, 1997.

SEC. 1434. MODIFICATIONS TO RETAIL TAX ON HEAVY TRUCKS.

(a) CERTAIN REPAIRS AND MODIFICATIONS NOT TREATED AS
MANUFACTURE.—Section 4052 is amended by redesignating the sub-
section defining a long-term lease as subsection (e) and by adding
at the end the following new subsection:

“(f) CERTAIN REPAIRS AND MODIFICATIONS NOT TREATED AS
MANUFACTURE.—

“(1) IN GENERAL.—An article described in section 4051(a)(1)
shall not be treated as manufactured or produced solely by
reason of repairs or modifications to the article (including any
modification which changes the transportation function of the
article or restores a wrecked article to a functional condition)
if the cost of such repairs and modifications does not exceed
75 percent of the retail price of a comparable new article.

“(2) EXCEPTION.—Paragraph (1) shall not apply if the article
(as repaired or modified) would, if new, be taxable under section
4051 and the article when new was not taxable under this
section or the corresponding provision of prior law.”.

(b) SIMPLIFICATION OF CERTIFICATION PROCEDURES WITH
RESPECT TO SALES OF TAXABLE ARTICLES.—

(1) REPEAL OF REGISTRATION REQUIREMENT.—Subsection (d)
of section 4052 is amended by striking “rules of—” and all
that follows through “shall apply” and inserting “rules of sub-
sections (c) and (d) of section 4216 (relating to partial payments)
shall apply”.

(2) REQUIREMENT TO MODIFY REGULATIONS.—Section 4052
is amended by adding at the end the following new subsection:

“(g) REGULATIONS.—The Secretary shall prescribe regulations
which permit, in lieu of any other certification, persons who are
purchasing articles taxable under this subchapter for resale or
leasing in a long-term lease to execute a statement (made under
penalties of perjury) on the sale invoice that such sale is for resale.
The Secretary shall not impose any registration requirement as
a condition of using such procedure.”.

26 USC 4052
note.

(c) EFFECTIVE DATE.—The amendments made by this section
shall take effect on January 1, 1998.

SEC. 1435. SKYDIVING FLIGHTS EXEMPT FROM TAX ON TRANSPORTATION OF PERSONS BY AIR.

(a) IN GENERAL.—Section 4261 (relating to imposition of tax
on transportation of persons by air), as previously amended by
this Act, is amended by redesignating subsection (h) as subsection
(i) and by inserting after subsection (g) the following new subsection:

“(h) EXEMPTION FOR SKYDIVING USES.—No tax shall be imposed by this section or section 4271 on any air transportation exclusively for the purpose of skydiving.”.

(b) TRANSPORTATION TREATED AS NONCOMMERCIAL AVIATION.—The last sentence of section 4041(c)(2) is amended by inserting before the period “or by reason of section 4261(h)”.

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to amounts paid after September 30, 1997. 26 USC 4261 note.

(2) SUBSECTION (b).—The amendment made by subsection (b) shall take effect on October 1, 1997. 26 USC 4041 note.

SEC. 1436. ALLOWANCE OR CREDIT OF REFUND FOR TAX-PAID AVIATION FUEL PURCHASED BY REGISTERED PRODUCER OF AVIATION FUEL.

(a) IN GENERAL.—Section 4091 (relating to aviation fuel) is amended by adding at the end the following new subsection:

“(d) REFUND OF TAX-PAID AVIATION FUEL TO REGISTERED PRODUCER OF FUEL.—If—

“(1) a producer of aviation fuel is registered under section 4101, and

“(2) such producer establishes to the satisfaction of the Secretary that a prior tax was paid (and not credited or refunded) on aviation fuel held by such producer, then an amount equal to the tax so paid shall be allowed as a refund (without interest) to such producer in the same manner as if it were an overpayment of tax imposed by this section.”.

(b) CONFORMING AMENDMENT.—The last sentence of section 6416(d) is amended by inserting before the period “or to the tax imposed by section 4091 in the case of refunds described in section 4091(d)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel acquired by the producer after September 30, 1997. 26 USC 4091 note.

Subtitle B—Tax-Exempt Bond Provisions

SEC. 1441. REPEAL OF \$100,000 LIMITATION ON UNSPENT PROCEEDS UNDER 1-YEAR EXCEPTION FROM REBATE.

Subclause (I) of section 148(f)(4)(B)(ii) (relating to additional period for certain bonds) is amended by striking “the lesser of 5 percent of the proceeds of the issue or \$100,000” and inserting “5 percent of the proceeds of the issue”.

SEC. 1442. EXCEPTION FROM REBATE FOR EARNINGS ON BONA FIDE DEBT SERVICE FUND UNDER CONSTRUCTION BOND RULES.

Subparagraph (C) of section 148(f)(4) is amended by adding at the end the following new clause:

“(xvii) TREATMENT OF BONA FIDE DEBT SERVICE FUNDS.—If the spending requirements of clause (ii) are met with respect to the available construction proceeds of a construction issue, then paragraph (2) shall not apply to earnings on a bona fide debt service fund for such issue.”.

SEC. 1443. REPEAL OF DEBT SERVICE-BASED LIMITATION ON INVESTMENT IN CERTAIN NONPURPOSE INVESTMENTS.

Subsection (d) of section 148 (relating to special rules for reasonably required reserve or replacement fund) is amended by striking paragraph (3).

SEC. 1444. REPEAL OF EXPIRED PROVISIONS.

(a) Paragraph (2) of section 148(c) is amended by striking subparagraph (B) and by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D), respectively.

(b) Paragraph (4) of section 148(f) is amended by striking subparagraph (E).

26 USC 148 note.

SEC. 1445. EFFECTIVE DATE.

The amendments made by this subtitle shall apply to bonds issued after the date of the enactment of this Act.

Subtitle C—Tax Court Procedures

SEC. 1451. OVERPAYMENT DETERMINATIONS OF TAX COURT.

(a) **APPEAL OF ORDER.**—Paragraph (2) of section 6512(b) (relating to jurisdiction to enforce) is amended by adding at the end the following new sentence: “An order of the Tax Court disposing of a motion under this paragraph shall be reviewable in the same manner as a decision of the Tax Court, but only with respect to the matters determined in such order.”

(b) **DENIAL OF JURISDICTION REGARDING CERTAIN CREDITS AND REDUCTIONS.**—Subsection (b) of section 6512 (relating to overpayment determined by Tax Court) is amended by adding at the end the following new paragraph:

“(4) **DENIAL OF JURISDICTION REGARDING CERTAIN CREDITS AND REDUCTIONS.**—The Tax Court shall have no jurisdiction under this subsection to restrain or review any credit or reduction made by the Secretary under section 6402.”

26 USC 6512
note.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 1452. REDETERMINATION OF INTEREST PURSUANT TO MOTION.

(a) **IN GENERAL.**—Subsection (c) of section 7481 (relating to jurisdiction over interest determinations) is amended to read as follows:

“(c) **JURISDICTION OVER INTEREST DETERMINATIONS.**—

“(1) **IN GENERAL.**—Notwithstanding subsection (a), if, within 1 year after the date the decision of the Tax Court becomes final under subsection (a) in a case to which this subsection applies, the taxpayer files a motion in the Tax Court for a redetermination of the amount of interest involved, then the Tax Court may reopen the case solely to determine whether the taxpayer has made an overpayment of such interest or the Secretary has made an underpayment of such interest and the amount thereof.

“(2) **CASES TO WHICH THIS SUBSECTION APPLIES.**—This subsection shall apply where—

“(A)(i) an assessment has been made by the Secretary under section 6215 which includes interest as imposed by this title, and

“(ii) the taxpayer has paid the entire amount of the deficiency plus interest claimed by the Secretary, and

“(B) the Tax Court finds under section 6512(b) that the taxpayer has made an overpayment.

“(3) SPECIAL RULES.—If the Tax Court determines under this subsection that the taxpayer has made an overpayment of interest or that the Secretary has made an underpayment of interest, then that determination shall be treated under section 6512(b)(1) as a determination of an overpayment of tax. An order of the Tax Court redetermining interest, when entered upon the records of the court, shall be reviewable in the same manner as a decision of the Tax Court.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act. 26 USC 7481 note.

SEC. 1453. APPLICATION OF NET WORTH REQUIREMENT FOR AWARDS OF LITIGATION COSTS.

(a) IN GENERAL.—Paragraph (4) of section 7430(c) (defining prevailing party) is amended by adding at the end thereof the following new subparagraph:

“(D) SPECIAL RULES FOR APPLYING NET WORTH REQUIREMENT.—In applying the requirements of section 2412(d)(2)(B) of title 28, United States Code, for purposes of subparagraph (A)(iii) of this paragraph—

“(i) the net worth limitation in clause (i) of such section shall apply to—

“(I) an estate but shall be determined as of the date of the decedent’s death, and

“(II) a trust but shall be determined as of the last day of the taxable year involved in the proceeding, and

“(ii) individuals filing a joint return shall be treated as separate individuals for purposes of clause (i) of such section.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to proceedings commenced after the date of the enactment of this Act. 26 USC 7430 note.

SEC. 1454. PROCEEDINGS FOR DETERMINATION OF EMPLOYMENT STATUS.

(a) IN GENERAL.—Subchapter B of chapter 76 (relating to proceedings by taxpayers and third parties) is amended by redesignating section 7436 as section 7437 and by inserting after section 7435 the following new section:

“SEC. 7436. PROCEEDINGS FOR DETERMINATION OF EMPLOYMENT STATUS.

“(a) CREATION OF REMEDY.—If, in connection with an audit of any person, there is an actual controversy involving a determination by the Secretary as part of an examination that—

“(1) one or more individuals performing services for such person are employees of such person for purposes of subtitle C, or

“(2) such person is not entitled to the treatment under subsection (a) of section 530 of the Revenue Act of 1978 with respect to such an individual,

upon the filing of an appropriate pleading, the Tax Court may determine whether such a determination by the Secretary is correct.

Any such redetermination by the Tax Court shall have the force and effect of a decision of the Tax Court and shall be reviewable as such.

“(b) LIMITATIONS.—

“(1) PETITIONER.—A pleading may be filed under this section only by the person for whom the services are performed.

“(2) TIME FOR FILING ACTION.—If the Secretary sends by certified or registered mail notice to the petitioner of a determination by the Secretary described in subsection (a), no proceeding may be initiated under this section with respect to such determination unless the pleading is filed before the 91st day after the date of such mailing.

“(3) NO ADVERSE INFERENCE FROM TREATMENT WHILE ACTION IS PENDING.—If, during the pendency of any proceeding brought under this section, the petitioner changes his treatment for employment tax purposes of any individual whose employment status as an employee is involved in such proceeding (or of any individual holding a substantially similar position) to treatment as an employee, such change shall not be taken into account in the Tax Court’s determination under this section.

“(c) SMALL CASE PROCEDURES.—

“(1) IN GENERAL.—At the option of the petitioner, concurred in by the Tax Court or a division thereof before the hearing of the case, proceedings under this section may (notwithstanding the provisions of section 7453) be conducted subject to the rules of evidence, practice, and procedure applicable under section 7463 if the amount of employment taxes placed in dispute is \$10,000 or less for each calendar quarter involved.

“(2) FINALITY OF DECISIONS.—A decision entered in any proceeding conducted under this subsection shall not be reviewed in any other court and shall not be treated as a precedent for any other case not involving the same petitioner and the same determinations.

“(3) CERTAIN RULES TO APPLY.—Rules similar to the rules of the last sentence of subsection (a), and subsections (c), (d), and (e), of section 7463 shall apply to proceedings conducted under this subsection.

Applicability.

“(d) SPECIAL RULES.—

“(1) RESTRICTIONS ON ASSESSMENT AND COLLECTION PENDING ACTION, ETC.—The principles of subsections (a), (b), (c), (d), and (f) of section 6213, section 6214(a), section 6215, section 6503(a), section 6512, and section 7481 shall apply to proceedings brought under this section in the same manner as if the Secretary’s determination described in subsection (a) were a notice of deficiency.

“(2) AWARDING OF COSTS AND CERTAIN FEES.—Section 7430 shall apply to proceedings brought under this section.

“(e) EMPLOYMENT TAX.—The term ‘employment tax’ means any tax imposed by subtitle C.”.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (d) of section 6511 is amended by adding at the end the following new paragraph:

“(7) SPECIAL PERIOD OF LIMITATION WITH RESPECT TO SELF-EMPLOYMENT TAX IN CERTAIN CASES.—If—

“(A) the claim for credit or refund relates to an overpayment of the tax imposed by chapter 2 (relating to the

tax on self-employment income) attributable to Tax Court determination in a proceeding under section 7436, and

“(B) the allowance of a credit or refund of such overpayment is otherwise prevented by the operation of any law or rule of law other than section 7122 (relating to compromises),

such credit or refund may be allowed or made if claim therefor is filed on or before the last day of the second year after the calendar year in which such determination becomes final.”.

(2) Subsection (a) of section 7421 is amended by striking “and 7429(b)” and inserting “7429(b), and 7436”.

(3) Sections 7453 and 7481(b) are each amended by striking “section 7463” and inserting “section 7436(c) or 7463”.

(4) The table of sections for subchapter B of chapter 76 is amended by striking the last item and inserting the following:

“Sec. 7436. Proceedings for determination of employment status.

“Sec. 7437. Cross references.”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on the date of the enactment of this Act. 26 USC 6511 note.

Subtitle D—Other Provisions

SEC. 1461. EXTENSION OF DUE DATE OF FIRST QUARTER ESTIMATED TAX PAYMENT BY PRIVATE FOUNDATIONS.

(a) **IN GENERAL.**—Paragraph (3) of section 6655(g) is amended by adding at the end the following new sentence: “In the case of a private foundation, subsection (c)(2) shall be applied by substituting ‘May 15’ for ‘April 15’.”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply for purposes of determining underpayments of estimated tax for taxable years beginning after the date of the enactment of this Act. 26 USC 6655 note.

SEC. 1462. CLARIFICATION OF AUTHORITY TO WITHHOLD PUERTO RICO INCOME TAXES FROM SALARIES OF FEDERAL EMPLOYEES.

(a) **IN GENERAL.**—Subsection (c) of section 5517 of title 5, United States Code, is amended by striking “or territory or possession” and inserting “, territory, possession, or commonwealth”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall take effect on January 1, 1998. 5 USC 5517 note.

SEC. 1463. CERTAIN NOTICES DISREGARDED UNDER PROVISION INCREASING INTEREST RATE ON LARGE CORPORATE UNDERPAYMENTS.

(a) **GENERAL RULE.**—Subparagraph (B) of section 6621(c)(2) (defining applicable date) is amended by adding at the end the following new clause:

“(iii) **EXCEPTION FOR LETTERS OR NOTICES INVOLVING SMALL AMOUNTS.**—For purposes of this paragraph, any letter or notice shall be disregarded if the amount of the deficiency or proposed deficiency (or the assessment or proposed assessment) set forth in such letter or notice is not greater than \$100,000 (determined by not taking into account any interest, penalties, or additions to tax).”.

26 USC 6621
note.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply for purposes of determining interest for periods after December 31, 1997.

TITLE XV—PENSIONS AND EMPLOYEE BENEFITS

Subtitle A—Simplification

SEC. 1501. MATCHING CONTRIBUTIONS OF SELF-EMPLOYED INDIVIDUALS NOT TREATED AS ELECTIVE EMPLOYER CONTRIBUTIONS.

(a) **IN GENERAL.**—Section 402(g) (relating to limitation on exclusion for elective deferrals) is amended by adding at the end the following:

“(9) **MATCHING CONTRIBUTIONS ON BEHALF OF SELF-EMPLOYED INDIVIDUALS NOT TREATED AS ELECTIVE EMPLOYER CONTRIBUTIONS.**—Except as provided in section 401(k)(3)(D)(ii), any matching contribution described in section 401(m)(4)(A) which is made on behalf of a self-employed individual (as defined in section 401(c)) shall not be treated as an elective employer contribution under a qualified cash or deferred arrangement (as defined in section 401(k)) for purposes of this title.”.

(b) **CONFORMING AMENDMENT FOR SIMPLE RETIREMENT ACCOUNTS.**—Section 408(p) (relating to simple retirement accounts) is amended by adding at the end the following:

“(8) **MATCHING CONTRIBUTIONS ON BEHALF OF SELF-EMPLOYED INDIVIDUALS NOT TREATED AS ELECTIVE EMPLOYER CONTRIBUTIONS.**—Any matching contribution described in paragraph (2)(A)(iii) which is made on behalf of a self-employed individual (as defined in section 401(c)) shall not be treated as an elective employer contribution to a simple retirement account for purposes of this title.”.

(c) **EFFECTIVE DATES.**—

26 USC 402 note.

(1) **ELECTIVE DEFERRALS.**—The amendment made by subsection (a) shall apply to years beginning after December 31, 1997.

26 USC 408 note.

(2) **SIMPLE RETIREMENT ACCOUNTS.**—The amendment made by subsection (b) shall apply to years beginning after December 31, 1996.

SEC. 1502. MODIFICATION OF PROHIBITION OF ASSIGNMENT OR ALIENATION.

(a) **AMENDMENT TO ERISA.**—Section 206(d) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1056(d)) is amended by adding at the end the following:

“(4) Paragraph (1) shall not apply to any offset of a participant’s benefits provided under an employee pension benefit plan against an amount that the participant is ordered or required to pay to the plan if—

“(A) the order or requirement to pay arises—

“(i) under a judgment of conviction for a crime involving such plan,

“(ii) under a civil judgment (including a consent order or decree) entered by a court in an action brought in connection with a violation (or alleged violation) of part 4 of this subtitle, or

“(iii) pursuant to a settlement agreement between the Secretary and the participant, or a settlement agreement between the Pension Benefit Guaranty Corporation and the participant, in connection with a violation (or alleged violation) of part 4 of this subtitle by a fiduciary or any other person,

“(B) the judgment, order, decree, or settlement agreement expressly provides for the offset of all or part of the amount ordered or required to be paid to the plan against the participant’s benefits provided under the plan, and

“(C) in a case in which the survivor annuity requirements of section 205 apply with respect to distributions from the plan to the participant, if the participant has a spouse at the time at which the offset is to be made—

“(i) either—

“(I) such spouse has consented in writing to such offset and such consent is witnessed by a notary public or representative of the plan (or it is established to the satisfaction of a plan representative that such consent may not be obtained by reason of circumstances described in section 205(c)(2)(B)), or

“(II) an election to waive the right of the spouse to a qualified joint and survivor annuity or a qualified preretirement survivor annuity is in effect in accordance with the requirements of section 205(c),

“(ii) such spouse is ordered or required in such judgment, order, decree, or settlement to pay an amount to the plan in connection with a violation of part 4 of this subtitle, or

“(iii) in such judgment, order, decree, or settlement, such spouse retains the right to receive the survivor annuity under a qualified joint and survivor annuity provided pursuant to section 205(a)(1) and under a qualified preretirement survivor annuity provided pursuant to section 205(a)(2), determined in accordance with paragraph (5).

A plan shall not be treated as failing to meet the requirements of section 205 solely by reason of an offset under this paragraph.

“(5)(A) The survivor annuity described in paragraph (4)(C)(iii) shall be determined as if—

“(i) the participant terminated employment on the date of the offset,

“(ii) there was no offset,

“(iii) the plan permitted commencement of benefits only on or after normal retirement age,

“(iv) the plan provided only the minimum-required qualified joint and survivor annuity, and

“(v) the amount of the qualified preretirement survivor annuity under the plan is equal to the amount of the survivor annuity payable under the minimum-required qualified joint and survivor annuity.

“(B) For purposes of this paragraph, the term ‘minimum-required qualified joint and survivor annuity’ means the qualified joint and survivor annuity which is the actuarial equivalent of

the participant's accrued benefit (within the meaning of section 3(23)) and under which the survivor annuity is 50 percent of the amount of the annuity which is payable during the joint lives of the participant and the spouse.”.

(b) AMENDMENT TO 1986 CODE.—Section 401(a)(13) (relating to assignment and alienation) is amended by adding at the end the following:

“(C) SPECIAL RULE FOR CERTAIN JUDGMENTS AND SETTLEMENTS.—Subparagraph (A) shall not apply to any offset of a participant's benefits provided under a plan against an amount that the participant is ordered or required to pay to the plan if—

“(i) the order or requirement to pay arises—

“(I) under a judgment of conviction for a crime involving such plan,

“(II) under a civil judgment (including a consent order or decree) entered by a court in an action brought in connection with a violation (or alleged violation) of part 4 of subtitle B of title I of the Employee Retirement Income Security Act of 1974, or

“(III) pursuant to a settlement agreement between the Secretary of Labor and the participant, or a settlement agreement between the Pension Benefit Guaranty Corporation and the participant, in connection with a violation (or alleged violation) of part 4 of such subtitle by a fiduciary or any other person,

“(ii) the judgment, order, decree, or settlement agreement expressly provides for the offset of all or part of the amount ordered or required to be paid to the plan against the participant's benefits provided under the plan, and

“(iii) in a case in which the survivor annuity requirements of section 401(a)(11) apply with respect to distributions from the plan to the participant, if the participant has a spouse at the time at which the offset is to be made—

“(I) either such spouse has consented in writing to such offset and such consent is witnessed by a notary public or representative of the plan (or it is established to the satisfaction of a plan representative that such consent may not be obtained by reason of circumstances described in section 417(a)(2)(B)), or an election to waive the right of the spouse to either a qualified joint and survivor annuity or a qualified preretirement survivor annuity is in effect in accordance with the requirements of section 417(a),

“(II) such spouse is ordered or required in such judgment, order, decree, or settlement to pay an amount to the plan in connection with a violation of part 4 of such subtitle, or

“(III) in such judgment, order, decree, or settlement, such spouse retains the right to receive the survivor annuity under a qualified joint and survivor annuity provided pursuant to section

401(a)(11)(A)(i) and under a qualified preretirement survivor annuity provided pursuant to section 401(a)(11)(A)(ii), determined in accordance with subparagraph (D).

A plan shall not be treated as failing to meet the requirements of this subsection, subsection (k), section 403(b), or section 409(d) solely by reason of an offset described in this subparagraph.

“(D) SURVIVOR ANNUITY.—

“(i) IN GENERAL.—The survivor annuity described in subparagraph (C)(iii)(III) shall be determined as if—

“(I) the participant terminated employment on the date of the offset,

“(II) there was no offset,

“(III) the plan permitted commencement of benefits only on or after normal retirement age,

“(IV) the plan provided only the minimum-required qualified joint and survivor annuity, and

“(V) the amount of the qualified preretirement survivor annuity under the plan is equal to the amount of the survivor annuity payable under the minimum-required qualified joint and survivor annuity.

“(ii) DEFINITION.—For purposes of this subparagraph, the term ‘minimum-required qualified joint and survivor annuity’ means the qualified joint and survivor annuity which is the actuarial equivalent of the participant’s accrued benefit (within the meaning of section 411(a)(7)) and under which the survivor annuity is 50 percent of the amount of the annuity which is payable during the joint lives of the participant and the spouse.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to judgments, orders, and decrees issued, and settlement agreements entered into, on or after the date of the enactment of this Act. 26 USC 401 note.

SEC. 1503. ELIMINATION OF PAPERWORK BURDENS ON PLANS.

(a) ELIMINATION OF UNNECESSARY FILING REQUIREMENTS.—Section 101(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(b)) is amended by striking paragraphs (1), (2), and (3) and by redesignating paragraphs (4) and (5) as paragraphs (1) and (2), respectively.

(b) ELIMINATION OF PLAN DESCRIPTION.—

(1) IN GENERAL.—Section 102(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1022(a)) is amended—

(A) by striking paragraph (2), and

(B) by striking “(a)(1)” and inserting “(a)”.

(2) CONFORMING AMENDMENTS.—

(A) Section 102(b) of such Act (29 U.S.C. 1022(b)) is amended by striking “The plan description and summary plan description shall contain” and inserting “The summary plan description shall contain”.

(B) The heading for section 102 of such Act is amended by striking “PLAN DESCRIPTION AND”.

Public
information.

(c) FURNISHING OF REPORTS.—

(1) IN GENERAL.—Section 104(a)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1024(a)(1)) is amended to read as follows:

“SEC. 104. (a)(1) The administrator of any employee benefit plan subject to this part shall file with the Secretary the annual report for a plan year within 210 days after the close of such year (or within such time as may be required by regulations promulgated by the Secretary in order to reduce duplicative filing). The Secretary shall make copies of such annual reports available for inspection in the public document room of the Department of Labor.”.

(2) SECRETARY MAY REQUEST DOCUMENTS.—

(A) IN GENERAL.—Section 104(a) of such Act (29 U.S.C. 1024(a)) is amended by adding at the end the following:

“(6) The administrator of any employee benefit plan subject to this part shall furnish to the Secretary, upon request, any documents relating to the employee benefit plan, including but not limited to, the latest summary plan description (including any summaries of plan changes not contained in the summary plan description), and the bargaining agreement, trust agreement, contract, or other instrument under which the plan is established or operated.”.

(B) PENALTY.—Section 502(c) of such Act (29 U.S.C. 1132(c)) is amended by redesignating paragraph (6) as paragraph (7) and by inserting after paragraph (5) the following:

“(6) If, within 30 days of a request by the Secretary to a plan administrator for documents under section 104(a)(6), the plan administrator fails to furnish the material requested to the Secretary, the Secretary may assess a civil penalty against the plan administrator of up to \$100 a day from the date of such failure (but in no event in excess of \$1,000 per request). No penalty shall be imposed under this paragraph for any failure resulting from matters reasonably beyond the control of the plan administrator.”.

(d) CONFORMING AMENDMENTS.—

(1) Section 104(b)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1024(b)(1)) is amended by striking “section 102(a)(1)” each place it appears and inserting “section 102(a)”.

(2) Section 104(b)(2) of such Act (29 U.S.C. 1024(b)(2)) is amended by striking “the plan description and” and inserting “the latest updated summary plan description and”.

(3) Section 104(b)(4) of such Act (29 U.S.C. 1024(b)(4)) is amended by striking “plan description”.

(4) Section 106(a) of such Act (29 U.S.C. 1026(a)) is amended by striking “descriptions,”.

(5) Section 107 of such Act (29 U.S.C. 1027) is amended by striking “description or”.

(6) Section 108(2)(B) of such Act (29 U.S.C. 1028(2)(B)) is amended by striking “plan descriptions, annual reports,” and inserting “annual reports”.

(7) Section 502(a)(6) of such Act (29 U.S.C. 1132(a)(6)) is amended by striking “or (5)” and inserting “(5), or (6)”.

(e) **TECHNICAL CORRECTION.**—Section 1144(c) of the Social Security Act (42 U.S.C. 1320b-14(c)) is amended by redesignating paragraph (9) as paragraph (8).

SEC. 1504. MODIFICATION OF 403(b) EXCLUSION ALLOWANCE TO CONFORM TO 415 MODIFICATIONS.

(a) **DEFINITION OF COMPENSATION.**—

(1) **IN GENERAL.**—Section 403(b)(3) (defining includible compensation) is amended by adding at the end the following: “Such term includes—

“(A) any elective deferral (as defined in section 402(g)(3)), and

“(B) any amount which is contributed or deferred by the employer at the election of the employee and which is not includible in the gross income of the employee by reason of section 125 or 457.”

(2) **EFFECTIVE DATE.**—The amendment made by this subsection shall apply to years beginning after December 31, 1997.

26 USC 403 note.

(b) **REPEAL OF RULES IN SECTION 415(e).**—The Secretary of the Treasury shall modify the regulations regarding the exclusion allowance under section 403(b)(2) of the Internal Revenue Code of 1986 to reflect the amendment made by section 1452(a) of the Small Business Job Protection Act of 1996. Such modification shall take effect for years beginning after December 31, 1999.

Effective date.

SEC. 1505. EXTENSION OF MORATORIUM ON APPLICATION OF CERTAIN NONDISCRIMINATION RULES TO STATE AND LOCAL GOVERNMENTS.

(a) **GENERAL NONDISCRIMINATION AND PARTICIPATION RULES.**—

(1) **NONDISCRIMINATION REQUIREMENTS.**—Section 401(a)(5) (relating to qualified pension, profit-sharing, and stock bonus plans) is amended by adding at the end the following:

“(G) **STATE AND LOCAL GOVERNMENTAL PLANS.**—Paragraphs (3) and (4) shall not apply to a governmental plan (within the meaning of section 414(d)) maintained by a State or local government or political subdivision thereof (or agency or instrumentality thereof).”

(2) **ADDITIONAL PARTICIPATION REQUIREMENTS.**—Section 401(a)(26)(H) (relating to additional participation requirements) is amended to read as follows:

“(H) **EXCEPTION FOR STATE AND LOCAL GOVERNMENTAL PLANS.**—This paragraph shall not apply to a governmental plan (within the meaning of section 414(d)) maintained by a State or local government or political subdivision thereof (or agency or instrumentality thereof).”

(3) **MINIMUM PARTICIPATION STANDARDS.**—Section 410(c)(2) (relating to application of participation standards to certain plans) is amended to read as follows:

“(2) A plan described in paragraph (1) shall be treated as meeting the requirements of this section for purposes of section 401(a), except that in the case of a plan described in subparagraph (B), (C), or (D) of paragraph (1), this paragraph shall apply only if such plan meets the requirements of section 401(a)(3) (as in effect on September 1, 1974).”

(b) **PARTICIPATION AND DISCRIMINATION STANDARDS FOR QUALIFIED CASH OR DEFERRED ARRANGEMENTS.**—Section 401(k)(3) (relating to application of participation and discrimination standards) is amended by adding at the end the following:

“(G) A governmental plan (within the meaning of section 414(d)) maintained by a State or local government or political subdivision thereof (or agency or instrumentality thereof) shall be treated as meeting the requirements of this paragraph.”.

(c) **NONDISCRIMINATION RULES FOR SECTION 403(b) PLANS.**—Section 403(b)(12) (relating to nondiscrimination requirements) is amended by adding at the end the following:

“(C) **STATE AND LOCAL GOVERNMENTAL PLANS.**—For purposes of paragraph (1)(D), the requirements of subparagraph (A)(i) (other than those relating to section 401(a)(17)) shall not apply to a governmental plan (within the meaning of section 414(d)) maintained by a State or local government or political subdivision thereof (or agency or instrumentality thereof).”.

26 USC 401 note.

(d) **EFFECTIVE DATES.**—

(1) **IN GENERAL.**—The amendments made by this section apply to taxable years beginning on or after the date of enactment of this Act.

(2) **TREATMENT FOR YEARS BEGINNING BEFORE DATE OF ENACTMENT.**—A governmental plan (within the meaning of section 414(d) of the Internal Revenue Code of 1986) maintained by a State or local government or political subdivision thereof (or agency or instrumentality thereof) shall be treated as satisfying the requirements of sections 401(a)(3), 401(a)(4), 401(a)(26), 401(k), 401(m), 403 (b)(1)(D) and (b)(12), and 410 of such Code for all taxable years beginning before the date of enactment of this Act.

SEC. 1506. CLARIFICATION OF CERTAIN RULES RELATING TO EMPLOYEE STOCK OWNERSHIP PLANS OF S CORPORATIONS.

(a) **CERTAIN CASH DISTRIBUTIONS PERMITTED.**—

(1) Paragraph (2) of section 409(h) is amended by adding at the end the following new subparagraph:

“(B) **EXCEPTION FOR CERTAIN PLANS RESTRICTED FROM DISTRIBUTING SECURITIES.**—

“(i) **IN GENERAL.**—A plan to which this subparagraph applies shall not be treated as failing to meet the requirements of this subsection or section 401(a) merely because it does not permit a participant to exercise the right described in paragraph (1)(A) if such plan provides that the participant entitled to a distribution has a right to receive the distribution in cash, except that such plan may distribute employer securities subject to a requirement that such securities may be resold to the employer under terms which meet the requirements of paragraph (1)(B).

“(ii) **APPLICABLE PLANS.**—This subparagraph shall apply to a plan which otherwise meets the requirements of this subsection or section 4975(e)(7) and which is established and maintained by—

“(I) an employer whose charter or bylaws restrict the ownership of substantially all outstanding employer securities to employees or to a trust described in section 401(a), or

“(II) an S corporation.”.

(2) Paragraph (2) of section 409(h), as in effect before the amendment made by paragraph (1), is amended—

(A) by striking “A plan which” in the first sentence and inserting the following:

“(A) IN GENERAL.—A plan which”, and

(B) by striking the last sentence.

(b) CERTAIN SHAREHOLDER-EMPLOYEES NOT TREATED AS OWNER-EMPLOYEES.—

(1) AMENDMENT TO 1986 CODE.—

(A) IN GENERAL.—Section 4975(f) is amended by adding at the end the following new paragraph:

“(6) EXEMPTIONS NOT TO APPLY TO CERTAIN TRANSACTIONS.—

“(A) IN GENERAL.—In the case of a trust described in section 401(a) which is part of a plan providing contributions or benefits for employees some or all of whom are owner-employees (as defined in section 401(c)(3)), the exemptions provided by subsection (d) (other than paragraphs (9) and (12)) shall not apply to a transaction in which the plan directly or indirectly—

“(i) lends any part of the corpus or income of the plan to,

“(ii) pays any compensation for personal services rendered to the plan to, or

“(iii) acquires for the plan any property from, or sells any property to,

any such owner-employee, a member of the family (as defined in section 267(c)(4)) of any such owner-employee, or any corporation in which any such owner-employee owns, directly or indirectly, 50 percent or more of the total combined voting power of all classes of stock entitled to vote or 50 percent or more of the total value of shares of all classes of stock of the corporation.

“(B) SPECIAL RULES FOR SHAREHOLDER-EMPLOYEES, ETC.—

“(i) IN GENERAL.—For purposes of subparagraph (A), the following shall be treated as owner-employees:

“(I) A shareholder-employee.

“(II) A participant or beneficiary of an individual retirement plan (as defined in section 7701(a)(37)).

“(III) An employer or association of employees which establishes such an individual retirement plan under section 408(c).

“(ii) EXCEPTION FOR CERTAIN TRANSACTIONS INVOLVING SHAREHOLDER-EMPLOYEES.—Subparagraph (A)(iii) shall not apply to a transaction which consists of a sale of employer securities to an employee stock ownership plan (as defined in subsection (e)(7)) by a shareholder-employee, a member of the family (as defined in section 267(c)(4)) of such shareholder-employee, or a corporation in which such a shareholder-employee owns stock representing a 50 percent or greater interest described in subparagraph (A).

“(C) SHAREHOLDER-EMPLOYEE.—For purposes of subparagraph (B), the term ‘shareholder-employee’ means an employee or officer of an S corporation who owns (or

is considered as owning within the meaning of section 318(a)(1)) more than 5 percent of the outstanding stock of the corporation on any day during the taxable year of such corporation.”.

(B) CONFORMING AMENDMENTS.—Section 4975(d) is amended—

(i) by striking “The prohibitions” and inserting “Except as provided in subsection (f)(6), the prohibitions”, and

(ii) by striking the last two sentences thereof.

(2) AMENDMENT TO ERISA.—Section 408(d) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1108(d)) is amended to read as follows:

“(d)(1) Section 407(b) and subsections (b), (c), and (e) of this section shall not apply to a transaction in which a plan directly or indirectly—

“(A) lends any part of the corpus or income of the plan to,

“(B) pays any compensation for personal services rendered to the plan to, or

“(C) acquires for the plan any property from, or sells any property to,

any person who is with respect to the plan an owner-employee (as defined in section 401(c)(3) of the Internal Revenue Code of 1986), a member of the family (as defined in section 267(c)(4) of such Code) of any such owner-employee, or any corporation in which any such owner-employee owns, directly or indirectly, 50 percent or more of the total combined voting power of all classes of stock entitled to vote or 50 percent or more of the total value of shares of all classes of stock of the corporation.

“(2)(A) For purposes of paragraph (1), the following shall be treated as owner-employees:

“(i) A shareholder-employee.

“(ii) A participant or beneficiary of an individual retirement plan (as defined in section 7701(a)(37) of the Internal Revenue Code of 1986).

“(iii) An employer or association of employees which establishes such an individual retirement plan under section 408(c) of such Code.

“(B) Paragraph (1)(C) shall not apply to a transaction which consists of a sale of employer securities to an employee stock ownership plan (as defined in section 407(d)(6)) by a shareholder-employee, a member of the family (as defined in section 267(c)(4) of such Code) of any such owner-employee, or a corporation in which such a shareholder-employee owns stock representing a 50 percent or greater interest described in paragraph (1).

“(3) For purposes of paragraph (2), the term ‘shareholder-employee’ means an employee or officer of an S corporation (as defined in section 1361(a)(1) of such Code) who owns (or is considered as owning within the meaning of section 318(a)(1) of such Code) more than 5 percent of the outstanding stock of the corporation on any day during the taxable year of such corporation.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 1507. MODIFICATION OF 10-PERCENT TAX FOR NONDEDUCTIBLE CONTRIBUTIONS.

(a) IN GENERAL.—Section 4972(c)(6)(B) (relating to exceptions) is amended to read as follows:

“(B) so much of the contributions to 1 or more defined contribution plans which are not deductible when contributed solely because of section 404(a)(7) as does not exceed the greater of—

“(i) the amount of contributions not in excess of 6 percent of compensation (within the meaning of section 404(a)) paid or accrued (during the taxable year for which the contributions were made) to beneficiaries under the plans, or

“(ii) the sum of—

“(I) the amount of contributions described in section 401(m)(4)(A), plus

“(II) the amount of contributions described in section 402(g)(3)(A).”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997. 26 USC 4972 note.

SEC. 1508. MODIFICATION OF FUNDING REQUIREMENTS FOR CERTAIN PLANS.

(a) FUNDING RULES FOR CERTAIN PLANS.—Section 769 of the Retirement Protection Act of 1994 is amended by adding at the end the following new subsection: 26 USC 412 note.

“(c) TRANSITION RULES FOR CERTAIN PLANS.—

Applicability.

“(1) IN GENERAL.—In the case of a plan that—

“(A) was not required to pay a variable rate premium for the plan year beginning in 1996;

“(B) has not, in any plan year beginning after 1995 and before 2009, merged with another plan (other than a plan sponsored by an employer that was in 1996 within the controlled group of the plan sponsor); and

“(C) is sponsored by a company that is engaged primarily in the interurban or interstate passenger bus service,

the transition rules described in paragraph (2) shall apply for any plan year beginning after 1996 and before 2010.

“(2) TRANSITION RULES.—The transition rules described in this paragraph are as follows:

“(A) For purposes of section 412(l)(9)(A) of the Internal Revenue Code of 1986 and section 302(d)(9)(A) of the Employee Retirement Income Security Act of 1974—

“(i) the funded current liability percentage for any plan year beginning after 1996 and before 2005 shall be treated as not less than 90 percent if for such plan year the funded current liability percentage is at least 85 percent, and

“(ii) the funded current liability percentage for any plan year beginning after 2004 and before 2010 shall be treated as not less than 90 percent if for such plan year the funded current liability percentage satisfies the minimum percentage determined according to the following table:

“In the case of a plan year beginning in:	The minimum per- centage is:
2005	86 percent
2006	87 percent
2007	88 percent
2008	89 percent
2009 and thereafter	90 percent.

“(B) Sections 412(c)(7)(E)(i)(I) of such Code and 302(c)(7)(E)(i)(I) of such Act shall be applied—

“(i) by substituting ‘85 percent’ for ‘90 percent’ for plan years beginning after 1996 and before 2005, and

“(ii) by substituting the minimum percentage specified in the table contained in subparagraph (A)(ii) for ‘90 percent’ for plan years beginning after 2004 and before 2010.

“(C) In the event the funded current liability percentage of a plan is less than 85 percent for any plan year beginning after 1996 and before 2005, the transition rules under subparagraphs (A) and (B) shall continue to apply to the plan if contributions for such a plan year are made to the plan in an amount equal to the lesser of—

“(i) the amount necessary to result in a funded current liability percentage of 85 percent, or

“(ii) the greater of—

“(I) 2 percent of the plan’s current liability as of the beginning of such plan year, or

“(II) the amount necessary to result in a funded current liability percentage of 80 percent as of the end of such plan year.

Applicability.

For the plan year beginning in 2005 and for each of the 3 succeeding plan years, the transition rules under subparagraphs (A) and (B) shall continue to apply to the plan for such plan year only if contributions to the plan for such plan year equal at least the expected increase in current liability due to benefits accruing during such plan year.”.

26 USC 412 note. (b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to plan years beginning after December 31, 1996.

26 USC 402 note. **SEC. 1509. CLARIFICATION OF DISQUALIFICATION RULES RELATING TO ACCEPTANCE OF ROLLOVER CONTRIBUTIONS.**

The Secretary of the Treasury or his delegate shall clarify that, under the Internal Revenue Service regulations protecting pension plans from disqualification by reason of the receipt of invalid rollover contributions under section 402(c) of the Internal Revenue Code of 1986, in order for the administrator of the plan receiving any such contribution to reasonably conclude that the contribution is a valid rollover contribution it is not necessary for the distributing plan to have a determination letter with respect to its status as a qualified plan under section 401 of such Code.

SEC. 1510. NEW TECHNOLOGIES IN RETIREMENT PLANS.

Regulations.
26 USC 401 note. (a) **IN GENERAL.**—Not later than December 31, 1998, the Secretary of the Treasury and the Secretary of Labor shall each issue guidance which is designed to—

(1) interpret the notice, election, consent, disclosure, and time requirements (and related recordkeeping requirements)

under the Internal Revenue Code of 1986 and the Employee Retirement Income Security Act of 1974 relating to retirement plans as applied to the use of new technologies by plan sponsors and administrators while maintaining the protection of the rights of participants and beneficiaries, and

(2) clarify the extent to which writing requirements under the Internal Revenue Code of 1986 relating to retirement plans shall be interpreted to permit paperless transactions.

(b) **APPLICABILITY OF FINAL REGULATIONS.**—Final regulations applicable to the guidance regarding new technologies described in subsection (a) shall not be effective until the first plan year beginning at least 6 months after the issuance of such final regulations.

Subtitle B—Other Provisions Relating to Pensions and Employee Benefits

SEC. 1521. INCREASE IN CURRENT LIABILITY FUNDING LIMIT.

(a) **AMENDMENT TO 1986 CODE.**—Section 412(c)(7) (relating to full-funding limitation) is amended—

(A) by striking “150 percent” in subparagraph (A)(i)(I) and inserting “the applicable percentage”, and

(B) by adding at the end the following:

“(F) **APPLICABLE PERCENTAGE.**—For purposes of subparagraph (A)(i)(I), the applicable percentage shall be determined in accordance with the following table:

“In the case of any plan year beginning in— The applicable percentage is—

1999 or 2000	155
2001 or 2002	160
2003 or 2004	165
2005 and succeeding years	170.”.

(b) **AMENDMENT TO ERISA.**—Section 302(c)(7) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1082(c)(7)) is amended—

(A) by striking “150 percent” in subparagraph (A)(i)(I) and inserting “the applicable percentage”, and

(B) by adding at the end the following:

“(F) **APPLICABLE PERCENTAGE.**—For purposes of subparagraph (A)(i)(I), the applicable percentage shall be determined in accordance with the following table:

“In the case of any plan year beginning in— The applicable percentage is—

1999 or 2000	155
2001 or 2002	160
2003 or 2004	165
2005 and succeeding years	170.”.

(c) **SPECIAL AMORTIZATION RULE.**—

(1) **CODE AMENDMENT.**—Section 412(b)(2) is amended by striking “and” at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting “, and”, and by inserting after subparagraph (D) the following:

“(E) the amount necessary to amortize in equal annual installments (until fully amortized) over a period of 20 years the contributions which would be required to be

made under the plan but for the provisions of subsection (c)(7)(A)(i)(I).”.

(2) ERISA AMENDMENT.—Section 302(b)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1082(b)(2)) is amended by striking “and” at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting “, and”, and by inserting after subparagraph (D) the following:

“(E) the amount necessary to amortize in equal annual installments (until fully amortized) over a period of 20 years the contributions which would be required to be made under the plan but for the provisions of subsection (c)(7)(A)(i)(I).”.

(3) CONFORMING AMENDMENTS.—

(A) Section 412(c)(7)(D) is amended by adding “and” at the end of clause (i), by striking “, and” at the end of clause (ii) and inserting a period, and by striking clause (iii).

(B) Section 302(c)(7)(D) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1082(c)(7)(D)) is amended by adding “and” at the end of clause (i), by striking “, and” at the end of clause (ii) and inserting a period, and by striking clause (iii).

26 USC 412 note.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 1998.

(2) SPECIAL RULE FOR UNAMORTIZED BALANCES UNDER EXISTING LAW.—The unamortized balance (as of the close of the plan year preceding the plan’s first year beginning in 1999) of any amortization base established under section 412(c)(7)(D)(iii) of such Code and section 302(c)(7)(D)(iii) of such Act (as repealed by subsection (c)(3)) for any plan year beginning before 1999 shall be amortized in equal annual installments (until fully amortized) over a period of years equal to the excess of—

(A) 20 years, over

(B) the number of years since the amortization base was established.

SEC. 1522. SPECIAL RULES FOR CHURCH PLANS.

(a) IN GENERAL.—Section 414(e)(5) (relating to special rules for chaplains and self-employed ministers) is amended—

(1) by striking “not eligible to participate” in subparagraph (C) and inserting “not otherwise participating”, and

(2) by adding at the end the following new subparagraph:

“(E) EXCLUSION.—In the case of a contribution to a church plan made on behalf of a minister described in subparagraph (A)(i)(II), such contribution shall not be included in the gross income of the minister to the extent that such contribution would not be so included if the minister was an employee of a church.”.

26 USC 414 note.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 1997.

SEC. 1523. REPEAL OF APPLICATION OF UNRELATED BUSINESS INCOME TAX TO ESOPS.

(a) IN GENERAL.—Section 512(e) is amended by adding at the end the following new paragraph:

“(3) EXCEPTION FOR ESOPS.—This subsection shall not apply to employer securities (within the meaning of section 409(l)) held by an employee stock ownership plan described in section 4975(e)(7).”

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997. 26 USC 512 note.

SEC. 1524. DIVERSIFICATION OF SECTION 401(k) PLAN INVESTMENTS.

(a) LIMITATIONS ON INVESTMENT IN EMPLOYER SECURITIES AND EMPLOYER REAL PROPERTY BY CASH OR DEFERRED ARRANGEMENTS.—Section 407(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1107(b)) is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following new paragraph:

“(2)(A) If this paragraph applies to an eligible individual account plan, the portion of such plan which consists of applicable elective deferrals (and earnings allocable thereto) shall be treated as a separate plan—

“(i) which is not an eligible individual account plan, and

“(ii) to which the requirements of this section apply.

“(B)(i) This paragraph shall apply to any eligible individual account plan if any portion of the plan’s applicable elective deferrals (or earnings allocable thereto) are required to be invested in qualifying employer securities or qualifying employer real property or both—

Applicability.

“(I) pursuant to the terms of the plan, or

“(II) at the direction of a person other than the participant on whose behalf such elective deferrals are made to the plan (or a beneficiary).

“(ii) This paragraph shall not apply to an individual account plan for a plan year if, on the last day of the preceding plan year, the fair market value of the assets of all individual account plans maintained by the employer equals not more than 10 percent of the fair market value of the assets of all pension plans (other than multiemployer plans) maintained by the employer.

“(iii) This paragraph shall not apply to an individual account plan that is an employee stock ownership plan as defined in section 4975(e)(7) of the Internal Revenue Code of 1986.

“(iv) This paragraph shall not apply to an individual account plan if, pursuant to the terms of the plan, the portion of any employee’s applicable elective deferrals which is required to be invested in qualifying employer securities and qualifying employer real property for any year may not exceed 1 percent of the employee’s compensation which is taken into account under the plan in determining the maximum amount of the employee’s applicable elective deferrals for such year.

“(C) For purposes of this paragraph, the term ‘applicable elective deferral’ means any elective deferral (as defined in section 402(g)(3)(A) of the Internal Revenue Code of 1986) which is made pursuant to a qualified cash or deferred arrangement as defined in section 401(k) of the Internal Revenue Code of 1986.”

29 USC 1107
note.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply to elective deferrals for plan years beginning after December 31, 1998.

SEC. 1525. SECTION 401(K) PLANS FOR CERTAIN IRRIGATION AND DRAINAGE ENTITIES.

(a) **IN GENERAL.**—Subparagraph (B) of section 401(k)(7) (relating to rural cooperative plan) is amended—

(1) by striking “and” at the end of clause (iii), by redesignating clause (iv) as clause (v), and by inserting after clause (iii) the following new clause:

“(iv) any organization which—

“(I) is a mutual irrigation or ditch company described in section 501(c)(12) (without regard to the 85 percent requirement thereof), or

“(II) is a district organized under the laws of a State as a municipal corporation for the purpose of irrigation, water conservation, or drainage, and”, and

(2) in clause (v), as so redesignated, by striking “or (iii)” and inserting “, (iii), or (iv)”.

26 USC 401 note.

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall apply to years beginning after December 31, 1997.

SEC. 1526. PORTABILITY OF PERMISSIVE SERVICE CREDIT UNDER GOVERNMENTAL PENSION PLANS.

(a) **IN GENERAL.**—Section 415 (relating to limitations on benefits and contributions under qualified plans) is amended by adding at the end the following new subsection:

“(n) **SPECIAL RULES RELATING TO PURCHASE OF PERMISSIVE SERVICE CREDIT.**—

“(1) **IN GENERAL.**—If an employee makes 1 or more contributions to a defined benefit governmental plan (within the meaning of section 414(d)) to purchase permissive service credit under such plan, then the requirements of this section shall be treated as met only if—

“(A) the requirements of subsection (b) are met, determined by treating the accrued benefit derived from all such contributions as an annual benefit for purposes of subsection (b), or

“(B) the requirements of subsection (c) are met, determined by treating all such contributions as annual additions for purposes of subsection (c).

“(2) **APPLICATION OF LIMIT.**—For purposes of—

“(A) applying paragraph (1)(A), the plan shall not fail to meet the reduced limit under subsection (b)(2)(C) solely by reason of this subsection, and

“(B) applying paragraph (1)(B), the plan shall not fail to meet the percentage limitation under subsection (c)(1)(B) solely by reason of this subsection.

“(3) **PERMISSIVE SERVICE CREDIT.**—For purposes of this subsection—

“(A) **IN GENERAL.**—The term ‘permissive service credit’ means service credit—

“(i) recognized by the governmental plan for purposes of calculating a participant’s benefit under the plan,

“(ii) which such participant has not received under such governmental plan, and

“(iii) which such participant may receive only by making a voluntary additional contribution, in an amount determined under such governmental plan, which does not exceed the amount necessary to fund the benefit attributable to such service credit.

“(B) LIMITATION ON NONQUALIFIED SERVICE CREDIT.—

A plan shall fail to meet the requirements of this section if—

“(i) more than 5 years of permissive service credit attributable to nonqualified service are taken into account for purposes of this subsection, or

“(ii) any permissive service credit attributable to nonqualified service is taken into account under this subsection before the employee has at least 5 years of participation under the plan.

“(C) NONQUALIFIED SERVICE.—For purposes of subparagraph (B), the term ‘nonqualified service’ means service for which permissive service credit is allowed other than—

“(i) service (including parental, medical, sabbatical, and similar leave) as an employee of the Government of the United States, any State or political subdivision thereof, or any agency or instrumentality of any of the foregoing (other than military service or service for credit which was obtained as a result of a repayment described in subsection (k)(3)),

“(ii) service (including parental, medical, sabbatical, and similar leave) as an employee (other than as an employee described in clause (i)) of an educational organization described in section 170(b)(1)(A)(ii) which is a public, private, or sectarian school which provides elementary or secondary education (through grade 12), as determined under State law,

“(iii) service as an employee of an association of employees who are described in clause (i), or

“(iv) military service (other than qualified military service under section 414(u)) recognized by such governmental plan.

In the case of service described in clauses (i), (ii), or (iii), such service will be nonqualified service if recognition of such service would cause a participant to receive a retirement benefit for the same service under more than one plan.”.

(b) SPECIAL RULE FOR REPAYMENT OF CASHOUTS.—Section 415(k) (relating to special rules) is amended by adding at the end the following new paragraph:

“(3) REPAYMENTS OF CASHOUTS UNDER GOVERNMENTAL PLANS.—In the case of any repayment of contributions (including interest thereon) to the governmental plan with respect to an amount previously refunded upon a forfeiture of service credit under the plan or under another governmental plan maintained by a State or local government employer within the same State, any such repayment shall not be taken into account for purposes of this section.”.

(c) EFFECTIVE DATES.—

26 USC 415 note.

(1) IN GENERAL.—The amendments made by this section shall apply to permissive service credit contributions made in years beginning after December 31, 1997.

(2) TRANSITION RULE.—

(A) IN GENERAL.—In the case of an eligible participant in a governmental plan (within the meaning of section 414(d) of the Internal Revenue Code of 1986), the limitations of section 415(c)(1) of such Code shall not be applied to reduce the amount of permissive service credit which may be purchased to an amount less than the amount which was allowed to be purchased under the terms of the plan as in effect on the date of the enactment of this Act.

(B) ELIGIBLE PARTICIPANT.—For purposes of subparagraph (A), an eligible participant is an individual who first became a participant in the plan before the first plan year beginning after the last day of the calendar year in which the next regular session (following the date of the enactment of this Act) of the governing body with authority to amend the plan ends.

SEC. 1527. REMOVAL OF DOLLAR LIMITATION ON BENEFIT PAYMENTS FROM A DEFINED BENEFIT PLAN MAINTAINED FOR CERTAIN POLICE AND FIRE EMPLOYEES.

(a) IN GENERAL.—Subparagraph (G) of section 415(b)(2) is amended by striking “participant—” and all that follows and inserting “participant, subparagraph (C) of this paragraph shall not apply.”.

26 USC 415 note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to years beginning after December 31, 1996.

SEC. 1528. SURVIVOR BENEFITS FOR PUBLIC SAFETY OFFICERS KILLED IN THE LINE OF DUTY.

(a) IN GENERAL.—Section 101 (relating to certain death benefits) is amended by adding at the end the following new subsection:

“(h) SURVIVOR BENEFITS ATTRIBUTABLE TO SERVICE BY A PUBLIC SAFETY OFFICER WHO IS KILLED IN THE LINE OF DUTY.—

“(1) IN GENERAL.—Gross income shall not include any amount paid as a survivor annuity on account of the death of a public safety officer (as such term is defined in section 1204 of the Omnibus Crime Control and Safe Streets Act of 1968) killed in the line of duty—

“(A) if such annuity is provided, under a governmental plan which meets the requirements of section 401(a), to the spouse (or a former spouse) of the public safety officer or to a child of such officer; and

“(B) to the extent such annuity is attributable to such officer’s service as a public safety officer.

“(2) EXCEPTIONS.—Paragraph (1) shall not apply with respect to the death of any public safety officer if, as determined in accordance with the provisions of the Omnibus Crime Control and Safe Streets Act of 1968—

“(A) the death was caused by the intentional misconduct of the officer or by such officer’s intention to bring about such officer’s death;

“(B) the officer was voluntarily intoxicated (as defined in section 1204 of such Act) at the time of death;

“(C) the officer was performing such officer’s duties in a grossly negligent manner at the time of death; or
“(D) the payment is to an individual whose actions were a substantial contributing factor to the death of the officer.”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply to amounts received in taxable years beginning after December 31, 1996, with respect to individuals dying after such date. 26 USC 101 note.

SEC. 1529. TREATMENT OF CERTAIN DISABILITY BENEFITS RECEIVED BY FORMER POLICE OFFICERS OR FIREFIGHTERS.

(a) **GENERAL RULE.**—For purposes of determining whether any amount to which this section applies is excludable from gross income under section 104(a)(1) of the Internal Revenue Code of 1986, the following conditions shall be treated as personal injuries or sickness in the course of employment:

- (1) Heart disease.
- (2) Hypertension.

(b) **AMOUNTS TO WHICH SECTION APPLIES.**—This section shall apply to any amount—

- (1) which is payable—

(A) to an individual (or to the survivors of an individual) who was a full-time employee of any police department or fire department which is organized and operated by a State, by any political subdivision thereof, or by any agency or instrumentality of a State or political subdivision thereof, and

(B) under a State law (as amended on May 19, 1992) which irrebuttably presumed that heart disease and hypertension are work-related illnesses but only for employees separating from service before July 1, 1992; and

- (2) which was received in calendar year 1989, 1990, or 1991.

(c) **WAIVER OF STATUTE OF LIMITATIONS.**—If, on the date of the enactment of this Act (or at any time within the 1-year period beginning on such date of enactment), credit or refund of any overpayment of tax resulting from the provisions of this section is barred by any law or rule of law (including *res judicata*), then credit or refund of such overpayment shall, nevertheless, be allowed or made if claim therefore is filed before the date 1 year after such date of enactment.

SEC. 1530. GRATUITOUS TRANSFERS FOR THE BENEFIT OF EMPLOYEES.

(a) **IN GENERAL.**—Subparagraph (C) of section 664(d)(1) and subparagraph (C) of section 664(d)(2) are each amended by striking the period at the end thereof and inserting “or, to the extent the remainder interest is in qualified employer securities (as defined in subsection (g)(4)), all or part of such securities are to be transferred to an employee stock ownership plan (as defined in section 4975(e)(7)) in a qualified gratuitous transfer (as defined by subsection (g)).”.

(b) **QUALIFIED GRATUITOUS TRANSFER DEFINED.**—Section 664 is amended by adding at the end the following new subsection:

“(g) **QUALIFIED GRATUITOUS TRANSFER OF QUALIFIED EMPLOYER SECURITIES.**—

“(1) IN GENERAL.—For purposes of this section, the term ‘qualified gratuitous transfer’ means a transfer of qualified employer securities to an employee stock ownership plan (as defined in section 4975(e)(7)) but only to the extent that—

“(A) the securities transferred previously passed from a decedent dying before January 1, 1999, to a trust described in paragraph (1) or (2) of subsection (d),

“(B) no deduction under section 404 is allowable with respect to such transfer,

“(C) such plan contains the provisions required by paragraph (3),

“(D) such plan treats such securities as being attributable to employer contributions but without regard to the limitations otherwise applicable to such contributions under section 404, and

“(E) the employer whose employees are covered by the plan described in this paragraph files with the Secretary a verified written statement consenting to the application of sections 4978 and 4979A with respect to such employer.

“(2) EXCEPTION.—The term ‘qualified gratuitous transfer’ shall not include a transfer of qualified employer securities to an employee stock ownership plan unless—

“(A) such plan was in existence on August 1, 1996,

“(B) at the time of the transfer, the decedent and members of the decedent’s family (within the meaning of section 2032A(e)(2)) own (directly or through the application of section 318(a)) no more than 10 percent of the value of the stock of the corporation referred to in paragraph (4), and

“(C) immediately after the transfer, such plan owns (after the application of section 318(a)(4)) at least 60 percent of the value of the outstanding stock of the corporation.

“(3) PLAN REQUIREMENTS.—A plan contains the provisions required by this paragraph if such plan provides that—

“(A) the qualified employer securities so transferred are allocated to plan participants in a manner consistent with section 401(a)(4),

“(B) plan participants are entitled to direct the plan as to the manner in which such securities which are entitled to vote and are allocated to the account of such participant are to be voted,

“(C) an independent trustee votes the securities so transferred which are not allocated to plan participants,

“(D) each participant who is entitled to a distribution from the plan has the rights described in subparagraphs (A) and (B) of section 409(h)(1),

“(E) such securities are held in a suspense account under the plan to be allocated each year, up to the limitations under section 415(c), after first allocating all other annual additions for the limitation year, up to the limitations under sections 415 (c) and (e), and

“(F) on termination of the plan, all securities so transferred which are not allocated to plan participants as of such termination are to be transferred to, or for the use of, an organization described in section 170(c).

For purposes of the preceding sentence, the term ‘independent trustee’ means any trustee who is not a member of the family (within the meaning of section 2032A(e)(2)) of the decedent or a 5-percent shareholder. A plan shall not fail to be treated as meeting the requirements of section 401(a) by reason of meeting the requirements of this subsection.

“(4) QUALIFIED EMPLOYER SECURITIES.—For purposes of this section, the term ‘qualified employer securities’ means employer securities (as defined in section 409(l)) which are issued by a domestic corporation—

“(A) which has no outstanding stock which is readily tradable on an established securities market, and

“(B) which has only 1 class of stock.

“(5) TREATMENT OF SECURITIES ALLOCATED BY EMPLOYEE STOCK OWNERSHIP PLAN TO PERSONS RELATED TO DECEDENT OR 5-PERCENT SHAREHOLDERS.—

“(A) IN GENERAL.—If any portion of the assets of the plan attributable to securities acquired by the plan in a qualified gratuitous transfer are allocated to the account of—

“(i) any person who is related to the decedent (within the meaning of section 267(b)) or a member of the decedent’s family (within the meaning of section 2032A(e)(2)), or

“(ii) any person who, at the time of such allocation or at any time during the 1-year period ending on the date of the acquisition of qualified employer securities by the plan, is a 5-percent shareholder of the employer maintaining the plan,

the plan shall be treated as having distributed (at the time of such allocation) to such person or shareholder the amount so allocated.

“(B) 5-PERCENT SHAREHOLDER.—For purposes of subparagraph (A), the term ‘5-percent shareholder’ means any person who owns (directly or through the application of section 318(a)) more than 5 percent of the outstanding stock of the corporation which issued such qualified employer securities or of any corporation which is a member of the same controlled group of corporations (within the meaning of section 409(l)(4)) as such corporation. For purposes of the preceding sentence, section 318(a) shall be applied without regard to the exception in paragraph (2)(B)(i) thereof.

“(C) CROSS REFERENCE.—

“For excise tax on allocations described in subparagraph (A), see section 4979A.

“(6) TAX ON FAILURE TO TRANSFER UNALLOCATED SECURITIES TO CHARITY ON TERMINATION OF PLAN.—If the requirements of paragraph (3)(F) are not met with respect to any securities, there is hereby imposed a tax on the employer maintaining the plan in an amount equal to the sum of—

“(A) the amount of the increase in the tax which would be imposed by chapter 11 if such securities were not transferred as described in paragraph (1), and

“(B) interest on such amount at the underpayment rate under section 6621 (and compounded daily) from the

due date for filing the return of the tax imposed by chapter 11.”.

(c) CONFORMING AMENDMENTS.—

(1) Section 401(a)(1) is amended by inserting “or by a charitable remainder trust pursuant to a qualified gratuitous transfer (as defined in section 664(g)(1)),” after “stock bonus plans),”.

(2) Section 404(a)(9) is amended by inserting after subparagraph (B) the following new subparagraph:

“(C) A qualified gratuitous transfer (as defined in section 664(g)(1)) shall have no effect on the amount or amounts otherwise deductible under paragraph (3) or (7) or under this paragraph.”.

(3) Section 415(c)(6) is amended by adding at the end thereof the following new sentence:

“The amount of any qualified gratuitous transfer (as defined in section 664(g)(1)) allocated to a participant for any limitation year shall not exceed the limitations imposed by this section, but such amount shall not be taken into account in determining whether any other amount exceeds the limitations imposed by this section.”.

(4) Section 415(e) is amended—

(A) by redesignating paragraph (6) as paragraph (7), and

(B) by inserting after paragraph (5) the following new paragraph:

“(6) SPECIAL RULE FOR QUALIFIED GRATUITOUS TRANSFERS.—Any qualified gratuitous transfer of qualified employer securities (as defined by section 664(g)) shall not be taken into account in calculating, and shall not be subject to, the limitations provided in this subsection.”.

(5) Subparagraph (B) of section 664(d)(1) and subparagraph (B) of section 664(d)(2) are each amended by inserting “and other than qualified gratuitous transfers described in subparagraph (C)” after “subparagraph (A)”.

(6) Paragraph (4) of section 674(b) is amended by inserting before the period “or to an employee stock ownership plan (as defined in section 4975(e)(7)) in a qualified gratuitous transfer (as defined in section 664(g)(1))”.

(7) Section 2055(a) is amended—

(i) by striking “or” at the end of paragraph (3),

(ii) by striking the period at the end of paragraph

(4) and inserting “; or”, and

(iii) by inserting after paragraph (4) the following new paragraph:

“(5) to an employee stock ownership plan if such transfer qualifies as a qualified gratuitous transfer of qualified employer securities within the meaning of section 664(g).”.

(8) Paragraph (8) of section 2056(b) is amended to read as follows:

“(8) SPECIAL RULE FOR CHARITABLE REMAINDER TRUSTS.—

“(A) IN GENERAL.—If the surviving spouse of the decedent is the only beneficiary of a qualified charitable remainder trust who is not a charitable beneficiary nor an ESOP beneficiary, paragraph (1) shall not apply to any interest in such trust which passes or has passed from the decedent to such surviving spouse.

“(B) DEFINITIONS.—For purposes of subparagraph (A)—

“(i) CHARITABLE BENEFICIARY.—The term ‘charitable beneficiary’ means any beneficiary which is an organization described in section 170(c).

“(ii) ESOP BENEFICIARY.—The term ‘ESOP beneficiary’ means any beneficiary which is an employee stock ownership plan (as defined in section 4975(e)(7)) that holds a remainder interest in qualified employer securities (as defined in section 664(g)(4)) to be transferred to such plan in a qualified gratuitous transfer (as defined in section 664(g)(1)).

“(iii) QUALIFIED CHARITABLE REMAINDER TRUST.—The term ‘qualified charitable remainder trust’ means a charitable remainder annuity trust or a charitable remainder unitrust (described in section 664).”.

(9) Section 4947(b) is amended by inserting after paragraph (3) the following new paragraph:

“(4) SECTION 507.—The provisions of section 507(a) shall not apply to a trust which is described in subsection (a)(2) by reason of a distribution of qualified employer securities (as defined in section 664(g)(4)) to an employee stock ownership plan (as defined in section 4975(e)(7)) in a qualified gratuitous transfer (as defined by section 664(g)).”.

(10) The last sentence of section 4975(e)(7) is amended by inserting “and section 664(g)” after “section 409(n)”.

(11) Subsection (a) of section 4978 is amended—

(A) by inserting “or acquired any qualified employer securities in a qualified gratuitous transfer to which section 664(g) applied” after “section 1042 applied”, and

(B) by inserting before the comma at the end of paragraph (2) “60 percent of the total value of all employer securities as of such disposition in the case of any qualified employer securities acquired in a qualified gratuitous transfer to which section 664(g) applied”.

(12) Paragraph (2) of section 4978(b) is amended—

(A) by inserting “or acquired in the qualified gratuitous transfer to which section 664(g) applied” after “section 1042 applied”, and

(B) by inserting “or to which section 664(g) applied” after “section 1042 applied” in subparagraph (A) thereof.

(13) Subsection (c) of section 4978 is amended by striking “written statement” and all that follows and inserting “written statement described in section 664(g)(1)(E) or in section 1042(b)(3) (as the case may be).”.

(14) Paragraph (2) of section 4978(e) is amended by striking the period and inserting “; except that such section shall be applied without regard to subparagraph (B) thereof for purposes of applying this section and section 4979A with respect to securities acquired in a qualified gratuitous transfer (as defined in section 664(g)(1)).”.

(15) Subsection (a) of section 4979A is amended to read as follows:

“(a) IMPOSITION OF TAX.—If—

“(1) there is a prohibited allocation of qualified securities by any employee stock ownership plan or eligible worker-owned cooperative, or

“(2) there is an allocation described in section 664(g)(5)(A),

there is hereby imposed a tax on such allocation equal to 50 percent of the amount involved.”.

(16) Subsection (c) of section 4979A is amended to read as follows:

“(c) LIABILITY FOR TAX.—The tax imposed by this section shall be paid by—

“(1) the employer sponsoring such plan, or

“(2) the eligible worker-owned cooperative,

which made the written statement described in section 664(g)(1)(E) or in section 1042(b)(3)(B) (as the case may be).”.

(17) Section 4979A is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

“(d) SPECIAL STATUTE OF LIMITATIONS FOR TAX ATTRIBUTABLE TO CERTAIN ALLOCATIONS.—The statutory period for the assessment of any tax imposed by this section on an allocation described in subsection (a)(2) of qualified employer securities shall not expire before the date which is 3 years from the later of—

“(1) the 1st allocation of such securities in connection with a qualified gratuitous transfer (as defined in section 664(g)(1)), or

“(2) the date on which the Secretary is notified of the allocation described in subsection (a)(2).”.

26 USC 401 note.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers made by trusts to, or for the use of, an employee stock ownership plan after the date of the enactment of this Act.

Subtitle C—Provisions Relating to Certain Health Acts

SEC. 1531. AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986 TO IMPLEMENT THE NEWBORNS’ AND MOTHERS’ HEALTH PROTECTION ACT OF 1996 AND THE MENTAL HEALTH PARITY ACT OF 1996.

(a) IN GENERAL.—Subtitle K is amended—

(1) by striking all that precedes section 9801 and inserting the following:

“Subtitle K—Group Health Plan Requirements

“CHAPTER 100. Group health plan requirements.

“CHAPTER 100—GROUP HEALTH PLAN REQUIREMENTS

“Subchapter A. Requirements relating to portability, access, and renewability.

“Subchapter B. Other requirements.

“Subchapter C. General provisions.

“Subchapter A—Requirements Relating to Portability, Access, and Renewability

- “Sec. 9801. Increased portability through limitation on preexisting condition exclusions.
“Sec. 9802. Prohibiting discrimination against individual participants and beneficiaries based on health status.
“Sec. 9803. Guaranteed renewability in multiemployer plans and certain multiple employer welfare arrangements.”,

(2) by redesignating sections 9804, 9805, and 9806 as sections 9831, 9832, and 9833, respectively,

(3) by inserting before section 9831 (as so redesignated) the following:

“Subchapter C—General Provisions

- “Sec. 9831. General exceptions.
“Sec. 9832. Definitions.
“Sec. 9833. Regulations.”, and

(4) by inserting after section 9803 the following:

“Subchapter B—Other Requirements

- “Sec. 9811. Standards relating to benefits for mothers and newborns.
“Sec. 9812. Parity in the application of certain limits to mental health benefits.

“SEC. 9811. STANDARDS RELATING TO BENEFITS FOR MOTHERS AND NEWBORNS.

“(a) REQUIREMENTS FOR MINIMUM HOSPITAL STAY FOLLOWING BIRTH.—

“(1) IN GENERAL.—A group health plan may not—

“(A) except as provided in paragraph (2)—

“(i) restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child, following a normal vaginal delivery, to less than 48 hours, or

“(ii) restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child, following a caesarean section, to less than 96 hours; or

“(B) require that a provider obtain authorization from the plan or the issuer for prescribing any length of stay required under subparagraph (A) (without regard to paragraph (2)).

“(2) EXCEPTION.—Paragraph (1)(A) shall not apply in connection with any group health plan in any case in which the decision to discharge the mother or her newborn child prior to the expiration of the minimum length of stay otherwise required under paragraph (1)(A) is made by an attending provider in consultation with the mother.

“(b) PROHIBITIONS.—A group health plan may not—

“(1) deny to the mother or her newborn child eligibility, or continued eligibility, to enroll or to renew coverage under the terms of the plan, solely for the purpose of avoiding the requirements of this section;

“(2) provide monetary payments or rebates to mothers to encourage such mothers to accept less than the minimum protections available under this section;

“(3) penalize or otherwise reduce or limit the reimbursement of an attending provider because such provider provided care to an individual participant or beneficiary in accordance with this section;

“(4) provide incentives (monetary or otherwise) to an attending provider to induce such provider to provide care to an individual participant or beneficiary in a manner inconsistent with this section; or

“(5) subject to subsection (c)(3), restrict benefits for any portion of a period within a hospital length of stay required under subsection (a) in a manner which is less favorable than the benefits provided for any preceding portion of such stay.

“(c) RULES OF CONSTRUCTION.—

“(1) Nothing in this section shall be construed to require a mother who is a participant or beneficiary—

“(A) to give birth in a hospital; or

“(B) to stay in the hospital for a fixed period of time following the birth of her child.

“(2) This section shall not apply with respect to any group health plan which does not provide benefits for hospital lengths of stay in connection with childbirth for a mother or her newborn child.

“(3) Nothing in this section shall be construed as preventing a group health plan from imposing deductibles, coinsurance, or other cost-sharing in relation to benefits for hospital lengths of stay in connection with childbirth for a mother or newborn child under the plan, except that such coinsurance or other cost-sharing for any portion of a period within a hospital length of stay required under subsection (a) may not be greater than such coinsurance or cost-sharing for any preceding portion of such stay.

“(d) LEVEL AND TYPE OF REIMBURSEMENTS.—Nothing in this section shall be construed to prevent a group health plan from negotiating the level and type of reimbursement with a provider for care provided in accordance with this section.

“(f) PREEMPTION; EXCEPTION FOR HEALTH INSURANCE COVERAGE IN CERTAIN STATES.—The requirements of this section shall not apply with respect to health insurance coverage if there is a State law (including a decision, rule, regulation, or other State action having the effect of law) for a State that regulates such coverage that is described in any of the following paragraphs:

“(1) Such State law requires such coverage to provide for at least a 48-hour hospital length of stay following a normal vaginal delivery and at least a 96-hour hospital length of stay following a caesarean section.

“(2) Such State law requires such coverage to provide for maternity and pediatric care in accordance with guidelines established by the American College of Obstetricians and Gynecologists, the American Academy of Pediatrics, or other established professional medical associations.

“(3) Such State law requires, in connection with such coverage for maternity care, that the hospital length of stay for such care is left to the decision of (or required to be made by) the attending provider in consultation with the mother.

“SEC. 9812. PARITY IN THE APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS.

“(a) IN GENERAL.—

“(1) AGGREGATE LIFETIME LIMITS.—In the case of a group health plan that provides both medical and surgical benefits and mental health benefits—

“(A) NO LIFETIME LIMIT.—If the plan does not include an aggregate lifetime limit on substantially all medical and surgical benefits, the plan may not impose any aggregate lifetime limit on mental health benefits.

“(B) LIFETIME LIMIT.—If the plan includes an aggregate lifetime limit on substantially all medical and surgical benefits (in this paragraph referred to as the ‘applicable lifetime limit’), the plan shall either—

“(i) apply the applicable lifetime limit both to the medical and surgical benefits to which it otherwise would apply and to mental health benefits and not distinguish in the application of such limit between such medical and surgical benefits and mental health benefits; or

“(ii) not include any aggregate lifetime limit on mental health benefits that is less than the applicable lifetime limit.

“(C) RULE IN CASE OF DIFFERENT LIMITS.—In the case of a plan that is not described in subparagraph (A) or (B) and that includes no or different aggregate lifetime limits on different categories of medical and surgical benefits, the Secretary shall establish rules under which subparagraph (B) is applied to such plan with respect to mental health benefits by substituting for the applicable lifetime limit an average aggregate lifetime limit that is computed taking into account the weighted average of the aggregate lifetime limits applicable to such categories.

“(2) ANNUAL LIMITS.—In the case of a group health plan that provides both medical and surgical benefits and mental health benefits—

“(A) NO ANNUAL LIMIT.—If the plan does not include an annual limit on substantially all medical and surgical benefits, the plan may not impose any annual limit on mental health benefits.

“(B) ANNUAL LIMIT.—If the plan includes an annual limit on substantially all medical and surgical benefits (in this paragraph referred to as the ‘applicable annual limit’), the plan shall either—

“(i) apply the applicable annual limit both to medical and surgical benefits to which it otherwise would apply and to mental health benefits and not distinguish in the application of such limit between such medical and surgical benefits and mental health benefits; or

“(ii) not include any annual limit on mental health benefits that is less than the applicable annual limit.

“(C) RULE IN CASE OF DIFFERENT LIMITS.—In the case of a plan that is not described in subparagraph (A) or (B) and that includes no or different annual limits on different categories of medical and surgical benefits, the Secretary shall establish rules under which subparagraph (B) is applied to such plan with respect to mental health

benefits by substituting for the applicable annual limit an average annual limit that is computed taking into account the weighted average of the annual limits applicable to such categories.

“(b) CONSTRUCTION.—Nothing in this section shall be construed—

“(1) as requiring a group health plan to provide any mental health benefits; or

“(2) in the case of a group health plan that provides mental health benefits, as affecting the terms and conditions (including cost sharing, limits on numbers of visits or days of coverage, and requirements relating to medical necessity) relating to the amount, duration, or scope of mental health benefits under the plan, except as specifically provided in subsection (a) (in regard to parity in the imposition of aggregate lifetime limits and annual limits for mental health benefits).

“(c) EXEMPTIONS.—

“(1) SMALL EMPLOYER EXEMPTION.—This section shall not apply to any group health plan for any plan year of a small employer (as defined in section 4980D(d)(2)).

“(2) INCREASED COST EXEMPTION.—This section shall not apply with respect to a group health plan if the application of this section to such plan results in an increase in the cost under the plan of at least 1 percent.

“(d) SEPARATE APPLICATION TO EACH OPTION OFFERED.—In the case of a group health plan that offers a participant or beneficiary two or more benefit package options under the plan, the requirements of this section shall be applied separately with respect to each such option.

“(e) DEFINITIONS.—For purposes of this section:

“(1) AGGREGATE LIFETIME LIMIT.—The term ‘aggregate lifetime limit’ means, with respect to benefits under a group health plan, a dollar limitation on the total amount that may be paid with respect to such benefits under the plan with respect to an individual or other coverage unit.

“(2) ANNUAL LIMIT.—The term ‘annual limit’ means, with respect to benefits under a group health plan, a dollar limitation on the total amount of benefits that may be paid with respect to such benefits in a 12-month period under the plan with respect to an individual or other coverage unit.

“(3) MEDICAL OR SURGICAL BENEFITS.—The term ‘medical or surgical benefits’ means benefits with respect to medical or surgical services, as defined under the terms of the plan, but does not include mental health benefits.

“(4) MENTAL HEALTH BENEFITS.—The term ‘mental health benefits’ means benefits with respect to mental health services, as defined under the terms of the plan, but does not include benefits with respect to treatment of substance abuse or chemical dependency.

“(f) SUNSET.—This section shall not apply to benefits for services furnished on or after September 30, 2001.”.

(b) CONFORMING AMENDMENTS.—

(1) Chapter 100 of such Code is further amended—

(A) in the last sentence of section 9801(c)(1), by striking “section 9805(c)” and inserting “section 9832(c)”;

(B) in section 9831(b), by striking “9805(c)(1)” and inserting “9832(c)(1)”;

(C) in section 9831(c)(1), by striking “9805(c)(2)” and inserting “9832(c)(2)”;

(D) in section 9831(c)(2), by striking “9805(c)(3)” and inserting “9832(c)(3)”; and

(E) in section 9831(c)(3), by striking “9805(c)(4)” and inserting “9832(c)(4)”.

(2) Section 4980D of such Code is amended—

(A) in subsection (a), by striking “plan portability, access, and renewability” and inserting “plans”;

(B) in subsection (c)(3)(B)(i)(I), by striking “9805(d)(3)” and inserting “9832(d)(3)”;

(C) in subsection (d)(1), by inserting “(other than a failure attributable to section 9811)” after “on any failure”;

(D) in subsection (d)(3), by striking “9805” and inserting “9832”;

(E) in subsection (f)(1), by striking “9805(a)” and inserting “9832(a)”.

(3) The table of subtitles for such Code is amended by striking the item relating to subtitle K and inserting the following new item:

“SUBTITLE K. Group health plan requirements.”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply with respect to group health plans for plan years beginning on or after January 1, 1998.

26 USC 4980D
note.

SEC. 1532. SPECIAL RULES RELATING TO CHURCH PLANS.

(a) **IN GENERAL.**—Section 9802 (relating to prohibiting discrimination against individual participants and beneficiaries based on health status) is amended by adding at the end the following new subsection:

“(c) **SPECIAL RULES FOR CHURCH PLANS.**—A church plan (as defined in section 414(e)) shall not be treated as failing to meet the requirements of this section solely because such plan requires evidence of good health for coverage of—

“(1) both any employee of an employer with 10 or less employees (determined without regard to section 414(e)(3)(C)) and any self-employed individual, or

“(2) any individual who enrolls after the first 90 days of initial eligibility under the plan.

This subsection shall apply to a plan for any year only if the plan included the provisions described in the preceding sentence on July 15, 1997, and at all times thereafter before the beginning of such year.”.

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall take effect as if included in the amendments made by section 401(a) of the Health Insurance Portability and Accountability Act of 1996.

26 USC 9802
note.

Subtitle D—Provisions Relating to Plan Amendments

SEC. 1541. PROVISIONS RELATING TO PLAN AMENDMENTS.

26 USC 411 note.

(a) **IN GENERAL.**—If this section applies to any plan or contract amendment—

(1) such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subsection (b)(2)(A), and

(2) such plan shall not fail to meet the requirements of section 411(d)(6) of the Internal Revenue Code of 1986 or section 204(g) of the Employee Retirement Income Security Act of 1974 by reason of such amendment.

(b) AMENDMENTS TO WHICH SECTION APPLIES.—

(1) IN GENERAL.—This section shall apply to any amendment to any plan or annuity contract which is made—

(A) pursuant to any amendment made by this title or subtitle H of title X, and

(B) before the first day of the first plan year beginning on or after January 1, 1999.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this paragraph shall be applied by substituting “2001” for “1999”.

(2) CONDITIONS.—This section shall not apply to any amendment unless—

(A) during the period—

(i) beginning on the date the legislative amendment described in paragraph (1)(A) takes effect (or in the case of a plan or contract amendment not required by such legislative amendment, the effective date specified by the plan), and

(ii) ending on the date described in paragraph (1)(B) (or, if earlier, the date the plan or contract amendment is adopted),

the plan or contract is operated as if such plan or contract amendment were in effect, and

(B) such plan or contract amendment applies retroactively for such period.

TITLE XVI—TECHNICAL AMENDMENTS RELATED TO SMALL BUSINESS JOB PROTECTION ACT OF 1996 AND OTHER LEGISLATION

26 USC 1 note.

SEC. 1600. COORDINATION WITH OTHER TITLES.

For purposes of applying the amendments made by any title of this Act other than this title, the provisions of this title shall be treated as having been enacted immediately before the provisions of such other titles.

SEC. 1601. AMENDMENTS RELATED TO SMALL BUSINESS JOB PROTECTION ACT OF 1996.

(a) AMENDMENTS RELATED TO SUBTITLE A.—

(1) AMENDMENT RELATED TO SECTION 1116.—Paragraph (1) of section 6050R(c) is amended by striking “name and address” and inserting “name, address, and phone number of the information contact”.

(2) AMENDMENT TO SECTION 1116.—Paragraphs (1) and (2)(C) of section 1116(b) of the Small Business Job Protection Act of 1996 shall each be applied as if the reference to chapter 68 were a reference to chapter 61.

(b) AMENDMENT RELATED TO SUBTITLE B.—Subsection (c) of section 52 is amended by striking “targeted jobs credit” and inserting “work opportunity credit”.

(c) AMENDMENTS RELATED TO SUBTITLE C.—

(1) AMENDMENT RELATED TO SECTION 1302.—Subparagraph (B) of section 1361(e)(1) is amended by striking “and” at the end of clause (i), striking the period at the end of clause (ii) and inserting “, and”, and adding at the end the following new clause:

“(iii) any charitable remainder annuity trust or charitable remainder unitrust (as defined in section 664(d)).”.

(2) EFFECTIVE DATE FOR SECTION 1307.—

(A) Notwithstanding section 1317 of the Small Business Job Protection Act of 1996, the amendments made by subsections (a) and (b) of section 1307 of such Act shall apply to determinations made after December 31, 1996.

(B) In no event shall the 120-day period referred to in section 1377(b)(1)(B) of the Internal Revenue Code of 1986 (as added by such section 1307) expire before the end of the 120-day period beginning on the date of the enactment of this Act.

(3) AMENDMENT RELATED TO SECTION 1308.—Subparagraph (A) of section 1361(b)(3) is amended by striking “For purposes of this title” and inserting “Except as provided in regulations prescribed by the Secretary, for purposes of this title”.

(4) AMENDMENTS RELATED TO SECTION 1316.—

(A) Paragraph (2) of section 512(e) is amended by striking “within the meaning of section 1012” and inserting “as defined in section 1361(e)(1)(C)”.

(B) Paragraph (7) of section 1361(c) is redesignated as paragraph (6).

(C) Subparagraph (B) of section 1361(b)(1) is amended by striking “subsection (c)(7)” and inserting “subsection (c)(6)”.

(D) Paragraph (1) of section 512(e) is amended by striking “section 1361(c)(7)” and inserting “section 1361(c)(6)”.

(d) AMENDMENTS RELATED TO SUBTITLE D.—

(1) AMENDMENTS RELATED TO SECTION 1421.—

(A) Subsection (i) of section 408 is amended in the last sentence by striking “30 days” and inserting “31 days”.

(B) Subparagraph (H) of section 408(k)(6) is amended by striking “if the terms of such pension” and inserting “of an employer if the terms of simplified employee pensions of such employer”.

(C)(i) Subparagraph (B) of section 408(l)(2) is amended—

(I) by inserting “and the issuer of an annuity established under such an arrangement” after “under subsection (p)”, and

(II) in clause (i), by inserting “or issuer” after “trustee”.

(ii) Paragraph (2) of section 6693(c) is amended—

(I) by inserting “or issuer” after “trustee”, and

(II) in the heading, by inserting “AND ISSUER” after “trustee”.

26 USC 1377
note.

(D) Subsection (p) of section 408 is amended by adding at the end the following new paragraph:

“(8) COORDINATION WITH MAXIMUM LIMITATION UNDER SUBSECTION (a).—In the case of any simple retirement account, subsections (a)(1) and (b)(2) shall be applied by substituting ‘the sum of the dollar amount in effect under paragraph (2)(A)(ii) of this subsection and the employer contribution required under subparagraph (A)(iii) or (B)(i) of paragraph (2) of this subsection, whichever is applicable’ for ‘\$2,000’.”.

(E) Clause (i) of section 408(p)(2)(D) is amended by adding at the end the following new sentence: “If only individuals other than employees described in subparagraph (A) or (B) of section 410(b)(3) are eligible to participate in such arrangement, then the preceding sentence shall be applied without regard to any qualified plan in which only employees so described are eligible to participate.”.

(F) Subparagraph (D) of section 408(p)(2) is amended by adding at the end the following new clause:

Applicability.

“(iii) GRACE PERIOD.—In the case of an employer who establishes and maintains a plan under this subsection for 1 or more years and who fails to meet any requirement of this subsection for any subsequent year due to any acquisition, disposition, or similar transaction involving another such employer, rules similar to the rules of section 410(b)(6)(C) shall apply for purposes of this subsection.”.

(G) Paragraph (5) of section 408(p) is amended in the text preceding subparagraph (A) by striking “simplified” and inserting “simple”.

(2) AMENDMENTS RELATED TO SECTION 1422.—

(A) Clause (ii) of section 401(k)(11)(D) is amended by striking the period and inserting “if such plan allows only contributions required under this paragraph.”.

(B) Paragraph (11) of section 401(k) is amended by adding at the end the following new subparagraph:

“(E) COST-OF-LIVING ADJUSTMENT.—The Secretary shall adjust the \$6,000 amount under subparagraph (B)(i)(I) at the same time and in the same manner as under section 408(p)(2)(E).”.

(C) Subparagraph (A) of section 404(a)(3) is amended—

(i) in clause (i), by striking “not in excess of” and all that follows and inserting the following: “not in excess of the greater of—

“(I) 15 percent of the compensation otherwise paid or accrued during the taxable year to the beneficiaries under the stock bonus or profit-sharing plan, or

“(II) the amount such employer is required to contribute to such trust under section 401(k)(11) for such year.”, and

(ii) in clause (ii), by striking “15 percent” and all that follows and inserting the following “the amount described in subclause (I) or (II) of clause (i), whichever is greater, with respect to such taxable year.”.

(D) Subparagraph (B) of section 401(k)(11) is amended by adding at the end the following new clause:

“(iii) ADMINISTRATIVE REQUIREMENTS.—

“(I) IN GENERAL.—Rules similar to the rules of subparagraphs (B) and (C) of section 408(p)(5) shall apply for purposes of this subparagraph. Applicability.

“(II) NOTICE OF ELECTION PERIOD.—The requirements of this subparagraph shall not be treated as met with respect to any year unless the employer notifies each employee eligible to participate, within a reasonable period of time before the 60th day before the beginning of such year (and, for the first year the employee is so eligible, the 60th day before the first day such employee is so eligible), of the rules similar to the rules of section 408(p)(5)(C) which apply by reason of subclause (I).”.

(3) AMENDMENT RELATED TO SECTION 1433.—The heading of paragraph (11) of section 401(m) is amended by striking “ALTERNATIVE” and inserting “ADDITIONAL ALTERNATIVE”.

(4) CLARIFICATION OF SECTION 1450.—

26 USC 403 note.

(A) Section 403(b)(11) of the Internal Revenue Code of 1986 shall not apply with respect to a distribution from a contract described in section 1450(b)(1) of such Act to the extent that such distribution is not includible in income by reason of—

(i) in the case of distributions before January 1, 1998, section 403 (b)(8) or (b)(10) of such Code (determined after the application of section 1450(b)(2) of such Act), and

(ii) in the case of distributions on and after such date, such section 403(b)(1).

(B) This paragraph shall apply as if included in section 1450 of the Small Business Job Protection Act of 1996. Applicability.

(5) AMENDMENT RELATED TO SECTION 1451.—Clause (ii) of section 205(c)(8)(A) of the Employee Retirement Income Security Act of 1974 is amended by striking “Secretary” and inserting “Secretary of the Treasury”. 29 USC 1055.

(6) AMENDMENTS RELATED TO SECTION 1461.—

(A) Section 414(e)(5)(A) is amended to read as follows:

“(A) CERTAIN MINISTERS MAY PARTICIPATE.—For purposes of this part—

“(i) IN GENERAL.—A duly ordained, commissioned, or licensed minister of a church is described in paragraph (3)(B) if, in connection with the exercise of their ministry, the minister—

“(I) is a self-employed individual (within the meaning of section 401(c)(1)(B), or

“(II) is employed by an organization other than an organization which is described in section 501(c)(3) and with respect to which the minister shares common religious bonds.

“(ii) TREATMENT AS EMPLOYER AND EMPLOYEE.—For purposes of sections 403(b)(1)(A) and 404(a)(10), a minister described in clause (i)(I) shall be treated as employed by the minister’s own employer which is an organization described in section 501(c)(3) and exempt from tax under section 501(a).”.

(B) Section 403(b)(1)(A) is amended by striking “or” at the end of clause (i), by inserting “or” at the end of clause (ii), and by adding at the end the following new clause:

“(iii) for the minister described in section 414(e)(5)(A) by the minister or by an employer,”.

(7) AMENDMENT RELATED TO SECTION 1462.—The paragraph (7) of section 414(q) added by section 1462 of the Small Business Job Protection Act of 1996 is redesignated as paragraph (9).

(e) AMENDMENT RELATED TO SUBTITLE E.—Subparagraph (A) of section 956(b)(1) is amended by inserting “to the extent such amount was accumulated in prior taxable years” after “section 316(a)(1)”.

(f) AMENDMENTS RELATED TO SUBTITLE F.—

(1) AMENDMENTS RELATED TO SECTION 1601.—

(A) The heading of section 30A is amended to read as follows:

“SEC. 30A. PUERTO RICO ECONOMIC ACTIVITY CREDIT.”.

(B) The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended in the item relating to section 30A by striking “Puerto Rican” and inserting “Puerto Rico”.

(C) Paragraph (1) of section 55(c) is amended by striking “Puerto Rican” and inserting “Puerto Rico”.

(2) AMENDMENTS RELATED TO SECTION 1606.—

(A) Clause (ii) of section 9503(c)(2)(A) is amended by striking “(or with respect to qualified diesel-powered highway vehicles purchased before January 1, 1999)”.

(B) Subparagraph (A) of section 9503(e)(5) is amended by striking “; except that” and all that follows and inserting a period.

(3) AMENDMENTS RELATED TO SECTION 1607.—

(A) Subsection (f) of section 4001 (relating to phasedown of tax on luxury passenger automobiles) is amended—

(i) by inserting “and section 4003(a)” after “subsection (a)”, and

(ii) by inserting “, each place it appears,” before “the percentage”.

(B) Subsection (g) of section 4001 (relating to termination) is amended by striking “tax imposed by this section” and inserting “taxes imposed by this section and section 4003” and by striking “or use” and inserting “, use, or installation”.

(C) The amendments made by this paragraph shall apply to sales after the date of the enactment of this Act.

(4) AMENDMENTS RELATED TO SECTION 1609.—

(A) Subsection (l) of section 4041 is amended—

(i) by inserting “or a fixed-wing aircraft” after “helicopter”, and

(ii) in the heading, by striking “HELICOPTER”.

(B) The last sentence of section 4041(a)(2) is amended by striking “section 4081(a)(2)(A)” and inserting “section 4081(a)(2)(A)(i)”.

(C) Subsection (b) of section 4092 is amended by striking “section 4041(c)(4)” and inserting “section 4041(c)(2)”.

(D) Subsection (g) of section 4261 (as redesignated by title X) is amended by inserting “on that flight” after “dedicated”.

(E) Paragraph (1) of section 1609(h) of such Act is amended by striking “paragraph (3)(A)(i)” and inserting “paragraph (3)(A)”. 26 USC 4091
note.

(F) Paragraph (4) of section 1609(h) of such Act is amended by inserting before the period “or exclusively for the use described in section 4092(b) of such Code”.

(5) AMENDMENTS RELATED TO SECTION 1616.—

(A) Subparagraph (A) of section 593(e)(1) is amended by inserting “(and, in the case of an S corporation, the accumulated adjustments account, as defined in section 1368(e)(1))” after “1951,”.

(B) Paragraph (7) of section 1374(d) is amended by adding at the end the following new sentence: “For purposes of applying this section to any amount includible in income by reason of section 593(e), the preceding sentence shall be applied without regard to the phrase ‘10-year’.”.

(6) AMENDMENTS RELATED TO SECTION 1621.—

(A) Subparagraph (A) of section 860L(b)(1) is amended in the text preceding clause (i) by striking “after the startup date” and inserting “on or after the startup date”.

(B) Paragraph (2) of section 860L(d) is amended by striking “section 860I(c)(2)” and inserting “section 860I(b)(2)”.

(C) Subparagraph (B) of section 860L(e)(2) is amended by inserting “other than foreclosure property” after “any permitted asset”.

(D) Subparagraph (A) of section 860L(e)(3) is amended by striking “if the FASIT” and all that follows and inserting the following new flush text after clause (ii):

“if the FASIT were treated as a REMIC and permitted assets (other than cash or cash equivalents) were treated as qualified mortgages.”.

(E)(i) Paragraph (3) of section 860L(e) is amended by adding at the end the following new subparagraph:

“(D) INCOME FROM DISPOSITIONS OF FORMER HEDGE ASSETS.—Paragraph (2)(A) shall not apply to income derived from the disposition of—

“(i) an asset which was described in subsection (c)(1)(D) when first acquired by the FASIT but on the date of such disposition was no longer described in subsection (c)(1)(D)(ii), or

“(ii) a contract right to acquire an asset described in clause (i).”.

(ii) Subparagraph (A) of section 860L(e)(2) is amended by inserting “except as provided in paragraph (3),” before “the receipt”.

(g) AMENDMENTS RELATED TO SUBTITLE G.—

(1) EXTENSION OF PERIOD FOR CLAIMING REFUNDS FOR ALCOHOL FUELS.—Notwithstanding section 6427(i)(3)(C) of the Internal Revenue Code of 1986, a claim filed under section 6427(f) of such Code for any period after September 30, 1995, and before October 1, 1996, shall be treated as timely filed

26 USC 6427
note.

if filed before the 60th day after the date of the enactment of this Act.

26 USC 6501.

(2) AMENDMENTS TO SECTIONS 1703 AND 1704.—Sections 1703(n)(8) and 1704(j)(4)(B) of the Small Business Job Protection Act of 1996 shall each be applied as if such sections referred to section 1702 instead of section 1602.

(h) AMENDMENTS RELATED TO SUBTITLE H.—

(1) AMENDMENTS RELATED TO SECTION 1806.—

(A) Subparagraph (B) of section 529(e)(1) is amended by striking “subsection (c)(2)(C)” and inserting “subsection (c)(3)(C)”.

(B) Subparagraph (C) of section 529(e)(1) is amended by inserting “(or agency or instrumentality thereof)” after “local government”.

26 USC 529 note.

(C) Paragraph (2) of section 1806(c) of the Small Business Job Protection Act of 1996 is amended by striking so much of the first sentence as follows subparagraph (B)(ii) and inserting the following:

Applicability.

“then such program (as in effect on August 20, 1996) shall be treated as a qualified State tuition program with respect to contributions (and earnings allocable thereto) pursuant to contracts entered into under such program before the first date on which such program meets such requirements (determined without regard to this paragraph) and the provisions of such program (as so in effect) shall apply in lieu of section 529(b) of the Internal Revenue Code of 1986 with respect to such contributions and earnings.”

(2) AMENDMENTS RELATED TO SECTION 1807.—

(A) Paragraph (2) of section 23(a) is amended to read as follows:

“(2) YEAR CREDIT ALLOWED.—The credit under paragraph (1) with respect to any expense shall be allowed—

“(A) in the case of any expense paid or incurred before the taxable year in which such adoption becomes final, for the taxable year following the taxable year during which such expense is paid or incurred, and

“(B) in the case of an expense paid or incurred during or after the taxable year in which such adoption becomes final, for the taxable year in which such expense is paid or incurred.”

(B) Subparagraph (B) of section 23(b)(2) is amended by striking “determined—” and all that follows and inserting the following: “determined without regard to sections 911, 931, and 933.”

(C) Paragraph (1) of section 137(b) (relating to adoption assistance programs) is amended by striking “amount excludable from gross income” and inserting “of the amounts paid or expenses incurred which may be taken into account”.

(D)(i) Subparagraph (C) of section 414(n)(3) is amended by inserting “137,” after “132,”.

(ii) Paragraph (2) of section 414(t) is amended by inserting “137,” after “132,”.

(iii) Paragraph (1) of section 6039GD(d) is amended by striking “or 129” and inserting “129, or 137”.

(i) AMENDMENTS RELATED TO SUBTITLE I.—

(1) AMENDMENT RELATED TO SECTION 1901.—Subsection (b) of section 6048 is amended in the heading by striking “GRANTOR” and inserting “OWNER”.

(2) AMENDMENTS RELATED TO SECTION 1903.—

Clauses (ii) and (iii) of section 679(a)(3)(C) are each amended by inserting “, owner,” after “grantor”.

(3) AMENDMENTS RELATED TO SECTION 1907.—

(A) Clause (ii) of section 7701(a)(30)(E) is amended by striking “fiduciaries” and inserting “persons”.

(B) Subsection (b) of section 641 is amended by adding at the end the following new sentence: “For purposes of this subsection, a foreign trust or foreign estate shall be treated as a nonresident alien individual who is not present in the United States at any time.”.

(4) EFFECTIVE DATE RELATED TO SUBTITLE I.—The Secretary of the Treasury may by regulations or other administrative guidance provide that the amendments made by section 1907(a) of the Small Business Job Protection Act of 1996 shall not apply to a trust with respect to a reasonable period beginning on the date of the enactment of such Act, if—

26 USC 7701
note.

(A) such trust is in existence on August 20, 1996, and is a United States person for purposes of the Internal Revenue Code of 1986 on such date (determined without regard to such amendments),

(B) no election is in effect under section 1907(a)(3)(B) of such Act with respect to such trust,

(C) before the expiration of such reasonable period, such trust makes the modifications necessary to be treated as a United States person for purposes of such Code (determined with regard to such amendments), and

(D) such trust meets such other conditions as the Secretary may require.

(j) EFFECTIVE DATE.—

26 USC 23 note.

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall take effect as if included in the provisions of the Small Business Job Protection Act of 1996 to which they relate.

(2) CERTAIN ADMINISTRATIVE REQUIREMENTS WITH RESPECT TO CERTAIN PENSION PLANS.—The amendment made by subsection (d)(2)(D) shall apply to calendar years beginning after the date of the enactment of this Act.

SEC. 1602. AMENDMENTS RELATED TO HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996.

(a) AMENDMENTS RELATED TO SECTION 301.—

(1) Paragraph (2) of section 26(b) is amended by striking “and” at the end of subparagraph (N), by striking the period at the end of subparagraph (O) and inserting “, and”, and by adding at the end the following new subparagraph:

“(P) section 220(f)(4) (relating to additional tax on medical savings account distributions not used for qualified medical expenses).”.

(2) Paragraph (3) of section 220(c) is amended by striking subparagraph (A) and redesignating subparagraphs (B) through (D) as subparagraphs (A) through (C), respectively.

(3) Subparagraph (C) of section 220(d)(2) is amended by striking “an eligible individual” and inserting “described in clauses (i) and (ii) of subsection (c)(1)(A)”.

(4) Subsection (a) of section 6693 is amended by adding at the end the following new sentence:
 “This subsection shall not apply to any report which is an information return described in section 6724(d)(1)(C)(i) or a payee statement described in section 6724(d)(2)(X).”

(5) Paragraph (4) of section 4975(c) is amended by striking “if, with respect to such transaction” and all that follows and inserting the following: “if section 220(e)(2) applies to such transaction.”

(b) AMENDMENT RELATED TO SECTION 321.—Subparagraph (B) of section 7702B(c)(2) is amended in the last sentence by inserting “described in subparagraph (A)(i)” after “chronically ill individual”.

(c) AMENDMENTS RELATED TO SECTION 322.—Subparagraph (B) of section 162(l)(2) is amended by adding at the end the following new sentence: “The preceding sentence shall be applied separately with respect to—

“(i) plans which include coverage for qualified long-term care services (as defined in section 7702B(c)) or are qualified long-term care insurance contracts (as defined in section 7702B(b)), and

“(ii) plans which do not include such coverage and are not such contracts.”

(d) AMENDMENTS RELATED TO SECTION 323.—

(1) Paragraph (1) of section 6050Q(b) is amended by inserting “, address, and phone number of the information contact” after “name”.

(2)(A) Paragraph (2) of section 6724(d) is amended by striking so much as follows subparagraph (Q) and precedes the last sentence, and inserting the following new subparagraphs:

“(R) section 6050R(c) (relating to returns relating to certain purchases of fish),

“(S) section 6051 (relating to receipts for employees),

“(T) section 6052(b) (relating to returns regarding payment of wages in the form of group-term life insurance),

“(U) section 6053(b) or (c) (relating to reports of tips),

“(V) section 6048(b)(1)(B) (relating to foreign trust reporting requirements),

“(W) section 4093(c)(4)(B) (relating to certain purchasers of diesel and aviation fuels),

“(X) section 408(i) (relating to reports with respect to individual retirement plans) to any person other than the Secretary with respect to the amount of payments made to such person, or

“(Y) section 6047(d) (relating to reports by plan administrators) to any person other than the Secretary with respect to the amount of payments made to such person.”

(B) Subsection (e) of section 6652 is amended in the last sentence by striking “section 6724(d)(2)(X)” and inserting “section 6724(d)(2)(Y)”.

(e) AMENDMENT RELATED TO SECTION 325.—Clauses (ii) and (iii) of section 7702B(g)(4)(B) are each amended by striking “Secretary” and inserting “appropriate State regulatory agency”.

(f) AMENDMENTS RELATED TO SECTION 501.—

(1) Paragraph (4) of section 264(a) is amended by striking subparagraph (A) and all that follows through “by the taxpayer.” and inserting the following:

“(A) is or was an officer or employee, or

“(B) is or was financially interested in,

any trade or business carried on (currently or formerly) by the taxpayer.”.

(2) The last 2 sentences of section 264(d)(2)(B)(ii) are amended to read as follows:

“For purposes of subclause (II), the term ‘applicable period’ means the 12-month period beginning on the date the policy is issued (and each successive 12-month period thereafter) unless the taxpayer elects a number of months (not greater than 12) other than such 12-month period to be its applicable period. Such an election shall be made not later than the 90th day after the date of the enactment of this sentence and, if made, shall apply to the taxpayer’s first taxable year ending on or after October 13, 1995, and all subsequent taxable years unless revoked with the consent of the Secretary.”.

Applicability.

(3) Subparagraph (B) of section 264(d)(4) is amended by striking “the employer” and inserting “the taxpayer”.

(4) Subsection (c) of section 501 of the Health Insurance Portability and Accountability Act of 1996 is amended by striking paragraph (3).

26 USC 264 note.

(5) Paragraph (2) of section 501(d) of such Act is amended by striking “no additional premiums” and all that follows and inserting the following: “a lapse occurring after October 13, 1995, by reason of no additional premiums being received under the contract.”.

(g) AMENDMENTS RELATED TO SECTION 511.—

(1) Subparagraph (B) of section 877(d)(2) is amended by striking “the 10-year period described in subsection (a)” and inserting “the 10-year period beginning on the date the individual loses United States citizenship”.

(2) Subparagraph (D) of section 877(d)(2) is amended by adding at the end the following new sentence: “In the case of any exchange occurring during such 5 years, any gain recognized under this subparagraph shall be recognized immediately after such loss of citizenship.”.

(3) Paragraph (3) of section 877(d) is amended by inserting “and the period applicable under paragraph (2)” after “subsection (a)”.

(4) Subparagraph (A) of section 877(d)(4) is amended—

(A) by inserting “during the 10-year period beginning on the date the individual loses United States citizenship” after “contributes property” in clause (i),

(B) by inserting “immediately before such contribution” after “from such property”, and

(C) by striking “during the 10-year period referred to in subsection (a),”.

(5) Subparagraph (C) of section 2501(a)(3) is amended by striking “decendent” and inserting “donor”.

(6)(A) Clause (i) of section 2107(c)(2)(B) is amended by striking “such foreign country in respect of property included in the gross estate as the value of the property” and inserting

“such foreign country as the value of the property subjected to such taxes by such foreign country and”.

(B) Subparagraph (C) of section 2107(c)(2) is amended to read as follows:

“(C) PROPORTIONATE SHARE.—In the case of property which is included in the gross estate solely by reason of subsection (b), such property’s proportionate share is the percentage which the value of such property bears to the total value of all property included in the gross estate solely by reason of subsection (b).”.

(h) AMENDMENTS RELATED TO SECTION 512.—

(1) Subpart A of part III of subchapter A of chapter 61 is amended by redesignating the section 6039F added by section 512 of the Health Insurance Portability and Accountability Act of 1996 as section 6039G and by moving such section 6039G to immediately after the section 6039F added by section 1905 of the Small Business Job Protection Act of 1996.

(2) The table of sections for subpart A of part III of subchapter A of chapter 61 is amended by striking the item relating to the section 6039F related to information on individuals losing United States citizenship and inserting after the item relating to the section 6039F related to notice of large gifts received from foreign persons the following new item:

“Sec. 6039G. Information on individuals losing United States citizenship.”.

(3) Paragraph (1) of section 877(e) is amended by striking “6039F” and inserting “6039G”.

26 USC 26 note.

(i) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Health Insurance Portability and Accountability Act of 1996 to which such amendments relate.

SEC. 1603. AMENDMENTS RELATED TO TAXPAYER BILL OF RIGHTS

2.

(a) AMENDMENT RELATED TO SECTION 1311.—Subsection (b) of section 4962 is amended by striking “subchapter A or C” and inserting “subchapter A, C, or D”.

(b) AMENDMENTS RELATED TO SECTION 1312.—

(1)(A) Paragraph (10) of section 6033(b) is amended by striking all that precedes subparagraph (A) and inserting the following:

“(10) the respective amounts (if any) of the taxes imposed on the organization, or any organization manager of the organization, during the taxable year under any of the following provisions (and the respective amounts (if any) of reimbursements paid by the organization during the taxable year with respect to taxes imposed on any such organization manager under any of such provisions):”.

(B) Subparagraph (C) of section 6033(b)(10) is amended by adding at the end the following: “except to the extent that, by reason of section 4962, the taxes imposed under such section are not required to be paid or are credited or refunded.”.

(2) Paragraph (11) of section 6033(b) is amended to read as follows:

“(11) the respective amounts (if any) of—

“(A) the taxes imposed with respect to the organization on any organization manager, or any disqualified person, during the taxable year under section 4958 (relating to

taxes on private excess benefit from certain charitable organizations), and

“(B) reimbursements paid by the organization during the taxable year with respect to taxes imposed under such section,

except to the extent that, by reason of section 4962, the taxes imposed under such section are not required to be paid or are credited or refunded.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Taxpayer Bill of Rights 2 to which such amendments relate. 26 USC 4962 note.

SEC. 1604. MISCELLANEOUS PROVISIONS.

(a) AMENDMENTS RELATED TO ENERGY POLICY ACT OF 1992.—

(1) Paragraph (1) of section 263(a) is amended by striking “or” at the end of subparagraph (F), by striking the period at the end of subparagraph (G) and inserting “; or”, and by adding at the end the following new subparagraph:

“(H) expenditures for which a deduction is allowed under section 179A.”.

(2) Subparagraph (B) of section 312(k)(3) is amended—

(A) by striking “179” in the heading and the first place it appears in the text and inserting “179 or 179A”, and

(B) by striking “179” the last place it appears and inserting “179 or 179A, as the case may be”.

(3) Paragraphs (2)(C) and (3)(C) of section 1245(a) are each amended by inserting “179A,” after “179,”.

(4) The amendments made by this subsection shall take effect as if included in the amendments made by section 1913 of the Energy Policy Act of 1992. 26 USC 263 note.

(b) AMENDMENTS RELATED TO URUGUAY ROUND AGREEMENTS ACT.—

(1) Paragraph (1) of section 6621(a) is amended in the last sentence by striking “subsection (c)(3))” and inserting “subsection (c)(3), applied by substituting ‘overpayment’ for ‘underpayment’”.

(2)(A) Subclause (II) of section 412(m)(5)(E)(ii) is amended by striking “clause (i)” and inserting “subclause (I)”.

(B) Subclause (II) of section 302(e)(5)(E)(ii) of the Employee Retirement Income Security Act of 1974 is amended by striking “clause (i)” and inserting “subclause (I)”. 29 USC 1082.

(3) Subparagraph (A) of section 767(d)(3) of the Uruguay Round Agreements Act is amended in the last sentence by striking “(except that” and all that follows through “into account)”. 26 USC 411 note.

(4) The amendments made by this subsection shall take effect as if included in the sections of the Uruguay Round Agreements Act to which they relate. 26 USC 412 note.

(c) AMENDMENT RELATED TO OMNIBUS BUDGET RECONCILIATION ACT OF 1993.—

(1) Paragraph (6) of section 168(j) (defining Indian reservation) is amended by adding at the end the following new flush sentence:

“For purposes of the preceding sentence, such section 3(d) shall be applied by treating the term ‘former Indian reservations in Oklahoma’ as including only lands which are within the

jurisdictional area of an Oklahoma Indian tribe (as determined by the Secretary of the Interior) and are recognized by such Secretary as eligible for trust land status under 25 CFR Part 151 (as in effect on the date of the enactment of this sentence).”.

Applicability.
26 USC 168 note.

(2) The amendment made by paragraph (1) shall apply as if included in the amendments made by section 13321 of the Omnibus Budget Reconciliation Act of 1993, except that such amendment shall not apply—

(A) with respect to property (with an applicable recovery period under section 168(j) of the Internal Revenue Code of 1986 of 6 years or less) held by the taxpayer if the taxpayer claimed the benefits of section 168(j) of such Code with respect to such property on a return filed before March 18, 1997, but only if such return is the first return of tax filed for the taxable year in which such property was placed in service, or

(B) with respect to wages for which the taxpayer claimed the benefits of section 45A of such Code for a taxable year on a return filed before March 18, 1997, but only if such return was the first return of tax filed for such taxable year.

(d) AMENDMENTS RELATED TO TAX REFORM ACT OF 1986.—

(1) Paragraph (3) of section 1059(d) is amended by striking “subsection (a)(2)” and inserting “subsection (a)”.

(2)(A) Subparagraph (A) of section 833(b)(1) is amended—

(i) by inserting before the comma at the end of clause (i) “and liabilities incurred during the taxable year under cost-plus contracts”, and

(ii) by inserting before the comma at the end of clause (ii) “or in connection with the administration of cost-plus contracts”.

26 USC 833 note.

(B) The amendment made by subparagraph (A) shall take effect as if included in the amendments made by section 1012 of the Tax Reform Act of 1986.

(e) AMENDMENT RELATED TO TAX REFORM ACT OF 1984.—

(1) Section 267(f) is amended by adding at the end the following new paragraph:

“(4) DETERMINATION OF RELATIONSHIP RESULTING IN DISALLOWANCE OF LOSS, FOR PURPOSES OF OTHER PROVISIONS.—For purposes of any other section of this title which refers to a relationship which would result in a disallowance of losses under this section, deferral under paragraph (2) shall be treated as disallowance.”.

26 USC 267 note.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in section 174(b) of the Tax Reform Act of 1984.

(f) AMENDMENTS RELATED TO BALANCED BUDGET ACT OF 1997.—

(1) The Balanced Budget Act of 1997 is amended—

(A) in the table of contents for title IV, in the item relating to section 4921, by striking “children with”;

(B) in the heading for section 4921, by striking “CHILDREN WITH”; and

(C) in the section added by section 4921—

(i) in the heading for such section, by striking “CHILDREN WITH”; and

(ii) by amending subsection (a) to read as follows:

Ante, p. 275.
Ante, p. 574.

“(a) IN GENERAL.—The Secretary, directly or through grants, shall provide for research into the prevention and cure of Type I diabetes.”.

(2)(A) Section 11201(g)(2)(B)(iii) of the Balanced Budget Act of 1997 shall apply as if the reference in such section to “December 31, 2003” were a reference to “December 31, 2001”. Applicability.

(B) Notwithstanding section 11104(b)(3) of the Balanced Budget Act of 1997, in carrying out any of the management reform plans under such section, the head of a department of the government of the District of Columbia shall report solely to the District of Columbia Financial Responsibility and Management Assistance Authority. District of Columbia.

(3) Section 9302 of the Balanced Budget Act of 1997 is amended by adding at the end the following new subsection: Ante, p. 671.

“(k) COORDINATION WITH TOBACCO INDUSTRY SETTLEMENT AGREEMENT.—The increase in excise taxes collected as a result of the amendments made by subsections (a), (e), and (g) of this section shall be credited against the total payments made by parties pursuant to Federal legislation implementing the tobacco industry settlement agreement of June 20, 1997.

(4) The provisions of, and amendments made by, this subsection shall take effect immediately after the sections referred to in this subsection take effect. 42 USC 254c–2 note.

(g) CLERICAL AMENDMENTS.—

(1) Clause (iii) of section 163(j)(2)(B) is amended by striking “clause (i)” and inserting “clause (ii)”.

(2) Paragraph (1) of section 665(d) is amended in the last sentence by striking “or 669(d) and (e)”.

(3) Subsection (g) of section 1441 (relating to cross reference) is amended by striking “one-half” and inserting “85 percent”.

(4) Paragraph (1) of section 2523(g) is amended by striking “qualified remainder trust” and inserting “qualified charitable remainder trust”.

(5) Subsection (d) of section 9502 is amended by redesignating the paragraph added by section 806 of the Federal Aviation Reauthorization Act of 1996 as paragraph (6).

TITLE XVII—IDENTIFICATION OF LIMITED TAX BENEFITS SUBJECT TO LINE ITEM VETO

SEC. 1701. IDENTIFICATION OF LIMITED TAX BENEFITS SUBJECT TO LINE ITEM VETO.

Section 1021(a)(3) of the Congressional Budget and Impoundment Control Act of 1974 shall only apply to—

(1) section 101(c) (relating to high risk pools permitted to cover dependents of high risk individuals);

(2) section 222 (relating to limitation on qualified 501(c)(3) bonds other than hospital bonds);

(3) section 224 (relating to contributions of computer technology and equipment for elementary or secondary school purposes);

(4) section 312(a) (relating to treatment of remainder interests for purposes of provision relating to gain on sale of principal residence);

(5) section 501(b) (relating to indexing of alternative valuation of certain farm, etc., real property);

(6) section 504 (relating to extension of treatment of certain rents under section 2032A to lineal descendants);

(7) section 505 (relating to clarification of judicial review of eligibility for extension of time for payment of estate tax);

(8) section 508 (relating to treatment of land subject to qualified conservation easement);

(9) section 511 (relating to expansion of exception from generation-skipping transfer tax for transfers to individuals with deceased parents);

(10) section 601 (relating to the research tax credit);

(11) section 602 (relating to contributions of stock to private foundations);

(12) section 603 (relating to the work opportunity tax credit);

(13) section 604 (relating to orphan drug tax credit);

(14) section 701 (relating to incentives for revitalization of the District of Columbia) to the extent it amends the Internal Revenue Code of 1986 to create sections 1400 and 1400A (relating to tax-exempt economic development bonds);

(15) section 701 (relating to incentives for revitalization of the District of Columbia) to the extent it amends the Internal Revenue Code of 1986 to create section 1400C (relating to first-time homebuyer credit for District of Columbia);

(16) section 801 (relating to incentives for employing long-term family assistance recipients);

(17) section 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine containing pertussis bacteria, extracted or partial cell bacteria, or specific pertussis antigens;

(18) section 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine against measles;

(19) section 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine against mumps;

(20) section 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine against rubella;

(21) section 905 (relating to operators of multiple retail gasoline outlets treated as wholesale distributors for refund purposes);

(22) section 906 (relating to exemption of electric and other clean-fuel motor vehicles from luxury automobile classification);

(23) section 907(a) (relating to rate of tax on liquefied natural gas determined on basis of BTU equivalency with gasoline);

(24) section 907(b) (relating to rate of tax on methanol from natural gas determined on basis of BTU equivalency with gasoline);

(25) section 908 (relating to modification of tax treatment of hard cider);

(26) section 914 (relating to mortgage financing for residences located in disaster areas);

(27) section 962 (relating to assignment of workmen's compensation liability eligible for exclusion relating to personal injury liability assignments);

(28) section 963 (relating to tax-exempt status for certain State worker's compensation act companies);

(29) section 967 (relating to additional advance refunding of certain Virgin Island bonds);

(30) section 968 (relating to nonrecognition of gain on sale of stock to certain farmers' cooperatives);

(31) section 971 (relating to exemption of the incremental cost of a clean fuel vehicle from the limits on depreciation for vehicles);

(32) section 974 (relating to clarification of treatment of certain receivables purchased by cooperative hospital service organizations);

(33) section 975 (relating to deduction in computing adjusted gross income for expenses in connection with service performed by certain officials) with respect to taxable years beginning before 1991;

(34) section 977 (relating to elective carryback of existing carryovers of National Railroad Passenger Corporation);

(35) section 1005(b)(2)(B) (relating to transition rule for instruments described in a ruling request submitted to the Internal Revenue Service on or before June 8, 1997);

(36) section 1005(b)(2)(C) (relating to transition rule for instruments described on or before June 8, 1997, in a public announcement or in a filing with the Securities and Exchange Commission) as it relates to a public announcement;

(37) section 1005(b)(2)(C) (relating to transition rule for instruments described on or before June 8, 1997, in a public announcement or in a filing with the Securities and Exchange Commission) as it relates to a filing with the Securities and Exchange Commission;

(38) section 1011(d)(2)(B) (relating to transition rule for distributions made pursuant to the terms of a tender offer outstanding on May 3, 1995);

(39) section 1011(d)(3) (relating to transition rule for distributions made pursuant to the terms of a tender offer outstanding on September 13, 1995);

(40) section 1012(d)(3)(B) (relating to transition rule for distributions pursuant to an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 described in a ruling request submitted to the Internal Revenue Service on or before April 16, 1997);

(41) section 1012(d)(3)(C) (relating to transition rule for distributions pursuant to an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 described in a public announcement or filing with the Securities and Exchange Commission) as it relates to a public announcement;

(42) section 1012(d)(3)(C) (relating to transition rule for distributions pursuant to an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 described in a public announcement or filing with the Securities and Exchange Commission) as it relates to a filing with the Securities and Exchange Commission;

(43) section 1013(d)(2)(B) (relating to transition rule for distributions or acquisitions after June 8, 1997, described in a ruling request submitted to the Internal Revenue Service submitted on or before June 8, 1997);

(44) section 1013(d)(2)(C) (relating to transition rule for distributions or acquisitions after June 8, 1997, described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a public announcement;

(45) section 1013(d)(2)(C) (relating to transition rule for distributions or acquisitions after June 8, 1997, described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a filing with the Securities and Exchange Commission;

(46) section 1014(f)(2)(B) (relating to transition rule for any transaction after June 8, 1997, if such transaction is described in a ruling request submitted to the Internal Revenue Service on or before June 8, 1997);

(47) section 1014(f)(2)(C) (relating to transition rule for any transaction after June 8, 1997, if such transaction is described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a public announcement;

(48) section 1014(f)(2)(C) (relating to transition rule for any transaction after June 8, 1997, if such transaction is described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a filing with the Securities and Exchange Commission;

(49) section 1042(b) (relating to special rules for provision terminating certain exceptions from rules relating to exempt organizations which provide commercial-type insurance);

(50) section 1081(a) (relating to termination of suspense accounts for family corporations required to use accrual method of accounting) as it relates to the repeal of Internal Revenue Code section 447(i)(3);

(51) section 1089(b)(3) (relating to reformations);

(52) section 1089(b)(5)(B)(i) (relating to persons under a mental disability);

(53) section 1171 (relating to treatment of computer software as FSC export property);

(54) section 1175 (relating to exemption for active financing income);

(55) section 1204 (relating to travel expenses of certain Federal employees engaged in criminal investigations);

(56) section 1236 (relating to extension of time for filing a request for administrative adjustment);

(57) section 1243 (relating to special rules for administrative adjustment request with respect to bad debts or worthless securities);

(58) section 1251 (relating to clarification of limitation on maximum number of shareholders);

(59) section 1253 (relating to attribution rules applicable to stock ownership);

(60) section 1256 (relating to modification of earnings and profits rules for determining whether REIT has earnings and profits from non-REIT year);

(61) section 1257 (relating to treatment of foreclosure property);

(62) section 1261 (relating to shared appreciation mortgages);

(63) section 1302 (relating to clarification of waiver of certain rights of recovery);

(64) section 1303 (relating to transitional rule under section 2056A);

(65) section 1304 (relating to treatment for estate tax purposes of short-term obligations held by nonresident aliens);

(66) section 1311 (relating to clarification of treatment of survivor annuities under qualified terminable interest rules);

(67) section 1312 (relating to treatment of qualified domestic trust rules of forms of ownership which are not trusts);

(68) section 1313 (relating to opportunity to correct failures under section 2032A);

(69) section 1414 (relating to fermented material from any brewery may be received at a distilled spirits plant);

(70) section 1417 (relating to use of additional ameliorating material in certain wines);

(71) section 1418 (relating to domestically produced beer may be withdrawn free of tax for use of foreign embassies, legations, etc.);

(72) section 1421 (relating to transfer to brewery of beer imported in bulk without payment of tax);

(73) section 1422 (relating to transfer to bonded wine cellars of wine imported in bulk without payment of tax);

(74) section 1506 (relating to clarification of certain rules relating to employee stock ownership plans of S corporations);

(75) section 1507 (relating to modification of 10-percent tax for nondeductible contributions);

(76) section 1523 (relating to repeal of application of unrelated business income tax to ESOPs);

(77) section 1530 (relating to gratuitous transfers for the benefit of employees);

(78) section 1532 (relating to special rules relating to church plans); and

(79) section 1604(c)(2) (relating to amendment related to Omnibus Budget Reconciliation Act of 1993).

Approved August 5, 1997.

LEGISLATIVE HISTORY—H.R. 2014 (S. 949):

HOUSE REPORTS: Nos. 105–148 (Comm. on the Budget) and 105–220 (Comm. of Conference).

CONGRESSIONAL RECORD, Vol. 143 (1997):

June 26, considered and passed House.

June 27, considered and passed Senate, amended, in lieu of S. 949.

July 31, House and Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Aug. 5, Presidential remarks and statement.

Aug. 11, Presidential remarks and special message on line item veto.

FEDERAL REGISTER, Vol. 62 (1997):

Aug. 12, Cancellation of items pursuant to Line Item Veto Act.



Public Law 105–35
105th Congress

An Act

Aug. 5, 1997
[H.R. 1226]

To amend the Internal Revenue Code of 1986 to prevent the unauthorized inspection of tax returns or tax return information.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Taxpayer
Browsing
Protection Act.
26 USC 1 note.

SECTION 1. SHORT TITLE.

This Act may be cited as the “Taxpayer Browsing Protection Act”.

SEC. 2. PENALTY FOR UNAUTHORIZED INSPECTION OF TAX RETURNS OR TAX RETURN INFORMATION.

(a) IN GENERAL.—Part I of subchapter A of chapter 75 of the Internal Revenue Code of 1986 (relating to crimes, other offenses, and forfeitures) is amended by adding after section 7213 the following new section:

26 USC 7213A.

“SEC. 7213A. UNAUTHORIZED INSPECTION OF RETURNS OR RETURN INFORMATION.

“(a) PROHIBITIONS.—

“(1) FEDERAL EMPLOYEES AND OTHER PERSONS.—It shall be unlawful for—

“(A) any officer or employee of the United States, or

“(B) any person described in section 6103(n) or an officer or employee of any such person, willfully to inspect, except as authorized in this title, any return or return information.

“(2) STATE AND OTHER EMPLOYEES.—It shall be unlawful for any person (not described in paragraph (1)) willfully to inspect, except as authorized in this title, any return or return information acquired by such person or another person under a provision of section 6103 referred to in section 7213(a)(2).

“(b) PENALTY.—

“(1) IN GENERAL.—Any violation of subsection (a) shall be punishable upon conviction by a fine in any amount not exceeding \$1,000, or imprisonment of not more than 1 year, or both, together with the costs of prosecution.

“(2) FEDERAL OFFICERS OR EMPLOYEES.—An officer or employee of the United States who is convicted of any violation of subsection (a) shall, in addition to any other punishment, be dismissed from office or discharged from employment.

“(c) DEFINITIONS.—For purposes of this section, the terms ‘inspect’, ‘return’, and ‘return information’ have the respective meanings given such terms by section 6103(b).”.

(b) TECHNICAL AMENDMENTS.—

(1) Paragraph (2) of section 7213(a) of such Code is amended by inserting “(5),” after “(m)(2), (4),”.

26 USC 7213.

(2) The table of sections for part I of subchapter A of chapter 75 of such Code 1986 is amended by inserting after the item relating to section 7213 the following new item:

“Sec. 7213A. Unauthorized inspection of returns or return information.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to violations occurring on and after the date of the enactment of this Act.

26 USC 7213
note.

SEC. 3. CIVIL DAMAGES FOR UNAUTHORIZED INSPECTION OF RETURNS AND RETURN INFORMATION; NOTIFICATION OF UNLAWFUL INSPECTION OR DISCLOSURE.

(a) CIVIL DAMAGES FOR UNAUTHORIZED INSPECTION.—Subsection (a) of section 7431 of the Internal Revenue Code of 1986 is amended—

26 USC 7431.

(1) by striking “DISCLOSURE” in the headings for paragraphs (1) and (2) and inserting “INSPECTION OR DISCLOSURE”, and

(2) by striking “discloses” in paragraphs (1) and (2) and inserting “inspects or discloses”.

(b) NOTIFICATION OF UNLAWFUL INSPECTION OR DISCLOSURE.—Section 7431 of such Code is amended by redesignating subsections (e) and (f) as subsections (f) and (g), respectively, and by inserting after subsection (d) the following new subsection:

“(e) NOTIFICATION OF UNLAWFUL INSPECTION AND DISCLOSURE.—If any person is criminally charged by indictment or information with inspection or disclosure of a taxpayer’s return or return information in violation of—

“(1) paragraph (1) or (2) of section 7213(a),

“(2) section 7213A(a), or

“(3) subparagraph (B) of section 1030(a)(2) of title 18, United States Code,

the Secretary shall notify such taxpayer as soon as practicable of such inspection or disclosure.”.

(c) NO DAMAGES FOR INSPECTION REQUESTED BY TAXPAYER.—Subsection (b) of section 7431 of such Code is amended to read as follows:

“(b) EXCEPTIONS.—No liability shall arise under this section with respect to any inspection or disclosure—

“(1) which results from a good faith, but erroneous, interpretation of section 6103, or

“(2) which is requested by the taxpayer.”.

(d) CONFORMING AMENDMENTS.—

(1) Subsections (c)(1)(A), (c)(1)(B)(i), and (d) of section 7431 of such Code are each amended by inserting “inspection or” before “disclosure”.

(2) Clause (ii) of section 7431(c)(1)(B) of such Code is amended by striking “willful disclosure or a disclosure” and inserting “willful inspection or disclosure or an inspection or disclosure”.

(3) Subsection (f) of section 7431 of such Code, as redesignated by subsection (b), is amended to read as follows:

“(f) DEFINITIONS.—For purposes of this section, the terms ‘inspect’, ‘inspection’, ‘return’, and ‘return information’ have the respective meanings given such terms by section 6103(b).”.

26 USC 7431.

(4) The section heading for section 7431 of such Code is amended by inserting “INSPECTION OR” before “DISCLOSURE”.

(5) The table of sections for subchapter B of chapter 76 of such Code is amended by inserting “inspection or” before “disclosure” in the item relating to section 7431.

(6) Paragraph (2) of section 7431(g) of such Code, as redesignated by subsection (b), is amended by striking “any use” and inserting “any inspection or use”.

26 USC 7431
note.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to inspections and disclosures occurring on and after the date of the enactment of this Act.

Approved August 5, 1997.

LEGISLATIVE HISTORY—H.R. 1226 (S. 522):

HOUSE REPORTS: No. 105–51 (Comm. on Ways and Means).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Apr. 15, considered and passed House.

July 23, considered and passed Senate.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Aug. 5, Presidential statement.



Public Law 105–37
105th Congress

An Act

To amend the Act of June 20, 1910, to protect the permanent trust funds of the State of New Mexico from erosion due to inflation and modify the basis on which distributions are made from those funds.

Aug. 7, 1997

[S. 430]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PERMANENT TRUST FUNDS OF THE STATE OF NEW MEXICO.

New Mexico
Statehood and
Enabling Act
Amendments of
1997.

(a) **SHORT TITLE.**—This Act may be cited as the “New Mexico Statehood and Enabling Act Amendments of 1997”.

(b) **INVESTMENT OF AND DISTRIBUTIONS FROM PERMANENT TRUST FUNDS.**—The Act of June 20, 1910 (36 Stat. 557, chapter 310), is amended—

(1) in the proviso in the second paragraph of section 7, by striking “the income therefrom only to be used” and inserting “distributions from which shall be made in accordance with the first paragraph of section 10 and shall be used”; 36 Stat. 562.

(2) in section 9, by striking “the interest of which only shall be expended” and inserting “distributions from which shall be made in accordance with the first paragraph of section 10 and shall be expended”; and 36 Stat. 563.

(3) in the first paragraph of section 10, by adding at the end the following: “The trust funds, including all interest, dividends, other income, and appreciation in the market value of assets of the funds shall be prudently invested on a total rate of return basis. Distributions from the trust funds shall be made as provided in Article 12, Section 7 of the Constitution of the State of New Mexico.”. 36 Stat. 563.

(c) **CONSENT OF CONGRESS.**—Congress consents to the amendments to the Constitution of the State of New Mexico proposed by Senate Joint Resolution 2 of the 42nd Legislature of the State of New Mexico, Second Session, 1996, entitled “A Joint Resolution proposing amendments to Article 8, Section 10 and Article 12,

Sections 2, 4 and 7 of the Constitution of New Mexico to protect the State's permanent funds against inflation by limiting distributions to a percentage of each fund's market value and by modifying certain investment restrictions to allow optimal diversification of investments", approved by the voters of the State of New Mexico on November 5, 1996.

Approved August 7, 1997.

LEGISLATIVE HISTORY—S. 430:

SENATE REPORTS: No. 105-18 (Comm. on Energy and Natural Resources).

CONGRESSIONAL RECORD, Vol. 143 (1997):

May 21, considered and passed Senate.

July 28, considered and passed House.



Public Law 105–38
105th Congress

An Act

To amend the Immigration and Nationality Technical Corrections Act of 1994 to eliminate the special transition rule for issuance of a certificate of citizenship for certain children born outside the United States.

Aug. 8, 1997

[S. 670]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ELIMINATION OF CERTIFICATE OF CITIZENSHIP TRANSITION RULE APPLICABLE TO CERTAIN CHILDREN.

(a) IN GENERAL.—Section 102 of the Immigration and Nationality Technical Corrections Act of 1994 (Public Law 103–416; 108 Stat. 4307) (as amended by section 671(b) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (Public Law 104–208; 110 Stat. 3009–1856)) is amended by striking subsection (e).

8 USC 1433 note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the enactment of the Immigration and Nationality Technical Corrections Act of 1994.

8 USC 1433 note.

Approved August 8, 1997.

LEGISLATIVE HISTORY—S. 670 (H.R. 1109):

CONGRESSIONAL RECORD, Vol. 143 (1997):

May 14, considered and passed Senate.

July 28, considered and passed House.



Public Law 105–39
105th Congress

An Act

Aug. 11, 1997
[H.R. 1198]

To direct the Secretary of the Interior to convey certain land to the City of Grants Pass, Oregon.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CONVEYANCE OF BLM LAND TO GRANTS PASS, OREGON.

(a) **CONVEYANCE REQUIRED.**—The Secretary of the Interior shall promptly convey to the City of Grants Pass, Oregon (in this section referred to as the “City”), without monetary compensation, all right, title, and interest of the United States in and to the real property described in subsection (b).

(b) **PROPERTY DESCRIBED.**—

(1) **IN GENERAL.**—The real property referred to in subsection (a) is that parcel of land depicted on the map entitled “Merlin Landfill Map” and dated June 20, 1997, consisting of—

(A) approximately 200 acres of Bureau of Land Management land on which the City has operated a landfill under lease; and

(B) approximately 120 acres of Bureau of Land Management land that are adjacent to the land described in subparagraph (A).

(2) **DETERMINATION BY SECRETARY.**—The Secretary of the Interior may determine more particularly the real property described in paragraph (1).

(c) **CONSIDERATION.**—As consideration for the conveyance under subsection (a), the Secretary shall require the City to agree to indemnify the Government of the United States for all liability of the Government that arises from the property.

Approved August 11, 1997.

LEGISLATIVE HISTORY—H.R. 1198:

HOUSE REPORTS: No. 105–166 (Comm. on Resources).

CONGRESSIONAL RECORD, Vol. 143 (1997):

July 8, considered and passed House.

July 31, considered and passed Senate.



Public Law 105–40
105th Congress

An Act

To provide for a land exchange involving the Warner Canyon Ski Area and other land in the State of Oregon.

Aug. 11, 1997
[H.R. 1944]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Warner Canyon Ski Hill Land Exchange Act of 1997”.

Warner Canyon
Ski Hill Land
Exchange Act of
1997.

SEC. 2. LAND EXCHANGE INVOLVING WARNER CANYON SKI AREA AND OTHER LAND IN OREGON.

(a) **AUTHORIZATION OF EXCHANGE.**—If title acceptable to the Secretary for non-Federal land described in subsection (b) is conveyed to the United States, the Secretary of Agriculture shall convey to Lake County, Oregon, subject to valid existing rights of record, all right, title, and interest of the United States in and to a parcel of Federal land consisting of approximately 295 acres within the Warner Canyon Ski Area of the Freemont National Forest, as generally depicted on the map entitled “Warner Canyon Ski Hill Land Exchange”, dated June 1997.

(b) **NON-FEDERAL LAND.**—The non-Federal land referred to in subsection (a) consists of—

(1) approximately 320 acres within the Hart Mountain National Wildlife Refuge, as generally depicted on the map referred to in subsection (a); and

(2) such other parcels of land owned by Lake County, Oregon, within the Refuge as are necessary to ensure that the values of the Federal land and non-Federal land to be exchanged under this section are approximately equal in value, as determined by appraisals.

(c) **ACCEPTABLE TITLE.**—Title to the non-Federal land conveyed to the United States under subsection (a) shall be such title as is acceptable to the Secretary of the Interior, in conformance with title approval standards applicable to Federal land acquisitions.

(d) **VALID EXISTING RIGHTS.**—The conveyance shall be subject to such valid existing rights of record as may be acceptable to the Secretary of the Interior.

(e) **APPLICABILITY OF OTHER LAWS.**—Except as otherwise provided in this section, the Secretary of the Interior shall process the land exchange authorized by this section in the manner provided in subpart 2200 of title 43, Code of Federal Regulations (as in effect on the date of enactment of this Act).

(f) MAP.—The map referred to in subsection (a) shall be on file and available for inspection in 1 or more local offices of the Department of the Interior and the Department of Agriculture.

(g) ADDITIONAL TERMS AND CONDITIONS.—The Secretary of the Interior or the Secretary of Agriculture may require such additional terms and conditions in connection with the conveyances under this section as either Secretary considers appropriate to protect the interests of the United States.

Approved August 11, 1997.

LEGISLATIVE HISTORY—H.R. 1944:

HOUSE REPORTS: No. 105–193 (Comm. on Resources).

CONGRESSIONAL RECORD, Vol. 143 (1997):

July 22, considered and passed House.

July 31, considered and passed Senate.



Public Law 105–41
105th Congress

An Act

To allow postal patrons to contribute to funding for breast cancer research through the voluntary purchase of certain specially issued United States postage stamps, and for other purposes.

Aug. 13, 1997
[H.R. 1585]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Stamp Out Breast Cancer Act”.

Stamp Out
Breast Cancer
Act.
39 USC 101 note.

SEC. 2. SPECIAL POSTAGE STAMPS.

(a) IN GENERAL.—Chapter 4 of title 39, United States Code, is amended by adding at the end the following:

“§ 414. Special postage stamps

“(a) In order to afford the public a convenient way to contribute to funding for breast cancer research, the Postal Service shall establish a special rate of postage for first-class mail under this section.

“(b) The rate of postage established under this section—

“(1) shall be equal to the regular first-class rate of postage, plus a differential of not to exceed 25 percent;

“(2) shall be set by the Governors in accordance with such procedures as the Governors shall by regulation prescribe (in lieu of the procedures under chapter 36); and

“(3) shall be offered as an alternative to the regular first-class rate of postage.

The use of the special rate of postage established under this section shall be voluntary on the part of postal patrons.

“(c)(1) Of the amounts becoming available for breast cancer research pursuant to this section, the Postal Service shall pay—

“(A) 70 percent to the National Institutes of Health; and

“(B) the remainder to the Department of Defense.

Payments under this paragraph to an agency shall be made under such arrangements as the Postal Service shall by mutual agreement with such agency establish in order to carry out the purposes of this section, except that, under those arrangements, payments to such agency shall be made at least twice a year.

“(2) For purposes of this section, the term ‘amounts becoming available for breast cancer research pursuant to this section’ means—

“(A) the total amounts received by the Postal Service that it would not have received but for the enactment of this section, reduced by

“(B) an amount sufficient to cover reasonable costs incurred by the Postal Service in carrying out this section, including those attributable to the printing, sale, and distribution of stamps under this section, as determined by the Postal Service under regulations that it shall prescribe.

“(d) It is the sense of the Congress that nothing in this section should—

“(1) directly or indirectly cause a net decrease in total funds received by the National Institutes of Health, the Department of Defense, or any other agency of the Government (or any component or program thereof) below the level that would otherwise have been received but for the enactment of this section; or

“(2) affect regular first-class rates of postage or any other regular rates of postage.

Regulations.

“(e) Special postage stamps under this section shall be made available to the public beginning on such date as the Postal Service shall by regulation prescribe, but in no event later than 12 months after the date of the enactment of this section.

Reports.

“(f) The Postmaster General shall include in each report rendered under section 2402 with respect to any period during any portion of which this section is in effect information concerning the operation of this section, except that, at a minimum, each shall include—

“(1) the total amount described in subsection (c)(2)(A) which was received by the Postal Service during the period covered by such report; and

“(2) of the amount under paragraph (1), how much (in the aggregate and by category) was required for the purposes described in subsection (c)(2)(B).

Termination date.

“(g) This section shall cease to be effective at the end of the 2-year period beginning on the date on which special postage stamps under this section are first made available to the public.”.

39 USC 404 note.

(b) REPORT BY THE COMPTROLLER GENERAL OF THE UNITED STATES.—No later than 3 months (but no earlier than 6 months) before the end of the 2-year period referred to in section 414(g) of title 39, United States Code (as amended by subsection (a)), the Comptroller General of the United States shall submit to the Congress a report on the operation of such section. Such report shall include—

(1) an evaluation of the effectiveness and the appropriateness of the authority provided by such section as a means of fund-raising; and

(2) a description of the monetary and other resources required of the Postal Service in carrying out such section.

(c) CLERICAL AMENDMENT.—The table of sections for chapter 4 of title 39, United States Code, is amended by adding at the end the following:

“414. Special postage stamps.”.

Approved August 13, 1997.

LEGISLATIVE HISTORY—H.R. 1585:

CONGRESSIONAL RECORD, Vol. 143 (1997):

July 22, considered and passed House.

July 24, considered and passed Senate.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Aug. 13, Presidential statement.



Public Law 105-42
105th Congress

An Act

Aug. 15, 1997
[H.R. 408]

To amend the Marine Mammal Protection Act of 1972 to support the International Dolphin Conservation Program in the eastern tropical Pacific Ocean, and for other purposes.

International
Dolphin
Conservation
Program Act.
Tuna.
Exports and
imports.
16 USC 1361
note.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCES.

(a) **SHORT TITLE.**—This Act may be cited as the “International Dolphin Conservation Program Act”.

(b) **REFERENCES TO MARINE MAMMAL PROTECTION ACT.**—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Marine Mammal Protection Act of 1972 (16 U.S.C. 1361 et seq.).

16 USC 1361
note.

SEC. 2. PURPOSES AND FINDINGS.

(a) **PURPOSES.**—The purposes of this Act are—

(1) to give effect to the Declaration of Panama, signed October 4, 1995, by the Governments of Belize, Colombia, Costa Rica, Ecuador, France, Honduras, Mexico, Panama, Spain, the United States of America, Vanuatu, and Venezuela, including the establishment of the International Dolphin Conservation Program, relating to the protection of dolphins and other species, and the conservation and management of tuna in the eastern tropical Pacific Ocean;

(2) to recognize that nations fishing for tuna in the eastern tropical Pacific Ocean have achieved significant reductions in dolphin mortality associated with that fishery; and

(3) to eliminate the ban on imports of tuna from those nations that are in compliance with the International Dolphin Conservation Program.

(b) **FINDINGS.**—The Congress finds that—

(1) the nations that fish for tuna in the eastern tropical Pacific Ocean have achieved significant reductions in dolphin mortality associated with the purse seine fishery from hundreds of thousands annually to fewer than 5,000 annually;

(2) the provisions of the Marine Mammal Protection Act of 1972 that impose a ban on imports from nations that fish for tuna in the eastern tropical Pacific Ocean have served as an incentive to reduce dolphin mortalities;

(3) tuna canners and processors of the United States have led the canning and processing industry in promoting a dolphin-safe tuna market; and

(4) 12 signatory nations to the Declaration of Panama, including the United States, agreed under that Declaration to require that the total annual dolphin mortality in the purse seine fishery for yellowfin tuna in the eastern tropical Pacific Ocean not exceed 5,000 animals, with the objective of progressively reducing dolphin mortality to a level approaching zero through the setting of annual limits and with the goal of eliminating dolphin mortality.

SEC. 3. DEFINITIONS.

Section 3 (16 U.S.C. 1362) is amended by adding at the end the following new paragraphs:

“(28) The term ‘International Dolphin Conservation Program’ means the international program established by the agreement signed in LaJolla, California, in June, 1992, as formalized, modified, and enhanced in accordance with the Declaration of Panama.

“(29) The term ‘Declaration of Panama’ means the declaration signed in Panama City, Republic of Panama, on October 4, 1995.”.

SEC. 4. AMENDMENTS TO TITLE I.

(a) EXCEPTIONS TO MORATORIUM.—Section 101(a)(2) (16 U.S.C. 1371(a)(2)) is amended—

(1) by inserting after the first sentence “Such authorizations may be granted under title III with respect to purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean, subject to regulations prescribed under that title by the Secretary without regard to section 103.”; and

(2) by striking the semicolon in the second sentence and all that follows through “practicable”.

(b) DOCUMENTATION REQUIRED.—Section 101(a)(2) (16 U.S.C. 1371(a)(2)) is further amended—

(1) by striking subparagraph (B) and inserting the following:

“(B) in the case of yellowfin tuna harvested with purse seine nets in the eastern tropical Pacific Ocean, and products therefrom, to be exported to the United States, shall require that the government of the exporting nation provide documentary evidence that—

“(i)(I) the tuna or products therefrom were not banned from importation under this paragraph before the effective date of section 4 of the International Dolphin Conservation Program Act; or

“(II) the tuna or products therefrom were harvested after the effective date of section 4 of the International Dolphin Conservation Program Act by vessels of a nation which participates in the International Dolphin Conservation Program, and such harvesting nation is either a member of the Inter-American Tropical Tuna Commission or has initiated (and within 6 months thereafter completed) all steps required of applicant nations, in accordance with article V, paragraph 3 of the Convention establishing the Inter-American Tropical Tuna Commission, to become a member of that organization;

“(ii) such nation is meeting the obligations of the International Dolphin Conservation Program and the

obligations of membership in the Inter-American Tropical Tuna Commission, including all financial obligations; and

“(iii) the total dolphin mortality limits, and per-stock per-year dolphin mortality limits permitted for that nation’s vessels under the International Dolphin Conservation Program do not exceed the limits determined for 1997, or for any year thereafter, consistent with the objective of progressively reducing dolphin mortality to a level approaching zero through the setting of annual limits and the goal of eliminating dolphin mortality, and requirements of the International Dolphin Conservation Program;”;

(2) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively;

(3) by inserting after subparagraph (B) the following:

“(C) shall not accept such documentary evidence if—

“(i) the government of the harvesting nation does not provide directly or authorize the Inter-American Tropical Tuna Commission to release complete and accurate information to the Secretary in a timely manner—

“(I) to allow determination of compliance with the International Dolphin Conservation Program; and

“(II) for the purposes of tracking and verifying compliance with the minimum requirements established by the Secretary in regulations promulgated under subsection (f) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(f)); or

“(ii) after taking into consideration such information, findings of the Inter-American Tropical Tuna Commission, and any other relevant information, including information that a nation is consistently failing to take enforcement actions on violations which diminish the effectiveness of the International Dolphin Conservation Program, the Secretary, in consultation with the Secretary of State, finds that the harvesting nation is not in compliance with the International Dolphin Conservation Program.”; and

(4) by striking “subparagraph (E)” in the matter after subparagraph (F), as redesignated by paragraph (2) of this subsection, and inserting “subparagraph (F)”.

(c) CERTAIN INCIDENTAL TAKINGS.—Section 101 (16 U.S.C. 1371) is further amended by adding at the end the following new subsection:

“(e) ACT NOT TO APPLY TO INCIDENTAL TAKINGS BY UNITED STATES CITIZENS EMPLOYED ON FOREIGN VESSELS OUTSIDE THE UNITED STATES EEZ.—The provisions of this Act shall not apply to a citizen of the United States who incidentally takes any marine mammal during fishing operations outside the United States exclusive economic zone (as defined in section 3 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1802)) when employed on a foreign fishing vessel of a harvesting nation which is in compliance with the International Dolphin Conservation Program.”.

(d) PERMITS.—Section 104(h) (16 U.S.C. 1374(h)) is amended to read as follows:

“(h) GENERAL PERMITS.—

Regulations.

“(1) Consistent with the regulations prescribed pursuant to section 103 of this title and to the requirements of section 101 of this title, the Secretary may issue an annual permit to a United States purse seine fishing vessel for the taking of such marine mammals, and shall issue regulations to cover the use of any such annual permits.

“(2) Such annual permits for the incidental taking of marine mammals in the course of commercial purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean shall be governed by section 306 of this Act, subject to the regulations issued pursuant to section 303 of this Act.”.

(e) INTERNATIONAL NEGOTIATIONS.—Section 108(a)(2) (16 U.S.C. 1378(a)(2)) is amended—

(1) by striking “and” at the end of subparagraph (A);

(2) by inserting after subparagraph (B) the following:

“(C) negotiations to revise the Convention for the Establishment of an Inter-American Tropical Tuna Commission (1 U.S.T. 230; TIAS 2044) which will incorporate—

“(i) the conservation and management provisions agreed to by the nations which have signed the Declaration of Panama and in the Straddling Fish Stocks and Highly Migratory Fish Stocks Agreement, as opened for signature on December 4, 1995; and

“(ii) a revised schedule of annual contributions to the expenses of the Inter-American Tropical Tuna Commission that is equitable to participating nations; and

“(D) discussions with those countries participating, or likely to participate, in the International Dolphin Conservation Program, for the purpose of identifying sources of funds needed for research and other measures promoting effective protection of dolphins, other marine species, and the marine ecosystem;”.

(f) RESEARCH GRANTS.—Section 110(a) (16 U.S.C. 1380(a)) is amended—

(1) by striking “(1)” in paragraph (1); and

(2) by striking paragraph (2).

SEC. 5. AMENDMENTS TO DOLPHIN PROTECTION CONSUMER INFORMATION ACT.

(a) LABELING STANDARD.—Subsection (d) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(d)) is amended to read as follows:

“(d) LABELING STANDARD.—

“(1) It is a violation of section 5 of the Federal Trade Commission Act (15 U.S.C. 45) for any producer, importer, exporter, distributor, or seller of any tuna product that is exported from or offered for sale in the United States to include on the label of that product the term ‘dolphin safe’ or any other term or symbol that falsely claims or suggests that the tuna contained in the product were harvested using a method of fishing that is not harmful to dolphins if the product contains tuna harvested—

“(A) on the high seas by a vessel engaged in driftnet fishing;

“(B) outside the eastern tropical Pacific Ocean by a vessel using purse seine nets—

“(i) in a fishery in which the Secretary has determined that a regular and significant association occurs between dolphins and tuna (similar to the association between dolphins and tuna in the eastern tropical Pacific Ocean), unless such product is accompanied by a written statement, executed by the captain of the vessel and an observer participating in a national or international program acceptable to the Secretary, certifying that no purse seine net was intentionally deployed on or used to encircle dolphins during the particular voyage on which the tuna were caught and no dolphins were killed or seriously injured in the sets in which the tuna were caught; or

“(ii) in any other fishery (other than a fishery described in subparagraph (D)) unless the product is accompanied by a written statement executed by the captain of the vessel certifying that no purse seine net was intentionally deployed on or used to encircle dolphins during the particular voyage on which the tuna was harvested;

“(C) in the eastern tropical Pacific Ocean by a vessel using a purse seine net unless the tuna meet the requirements for being considered dolphin safe under paragraph (2); or

“(D) by a vessel in a fishery other than one described in subparagraph (A), (B), or (C) that is identified by the Secretary as having a regular and significant mortality or serious injury of dolphins, unless such product is accompanied by a written statement executed by the captain of the vessel and an observer participating in a national or international program acceptable to the Secretary that no dolphins were killed or seriously injured in the sets or other gear deployments in which the tuna were caught, provided that the Secretary determines that such an observer statement is necessary.

“(2) For purposes of paragraph (1)(C), a tuna product that contains tuna harvested in the eastern tropical Pacific Ocean by a vessel using purse seine nets is dolphin safe if—

“(A) the vessel is of a type and size that the Secretary has determined, consistent with the International Dolphin Conservation Program, is not capable of deploying its purse seine nets on or to encircle dolphins; or

“(B)(i) the product is accompanied by a written statement executed by the captain providing the certification required under subsection (h);

“(ii) the product is accompanied by a written statement executed by—

“(I) the Secretary or the Secretary’s designee;

“(II) a representative of the Inter-American Tropical Tuna Commission; or

“(III) an authorized representative of a participating nation whose national program meets the requirements of the International Dolphin Conservation Program,

which states that there was an observer approved by the International Dolphin Conservation Program on board the vessel during the entire trip and that such observer provided the certification required under subsection (h); and

“(iii) the statements referred to in clauses (i) and (ii) are endorsed in writing by each exporter, importer, and processor of the product; and

“(C) the written statements and endorsements referred to in subparagraph (B) comply with regulations promulgated by the Secretary which provide for the verification of tuna products as dolphin safe.

“(3)(A) The Secretary of Commerce shall develop an official mark that may be used to label tuna products as dolphin safe in accordance with this Act.

“(B) A tuna product that bears the dolphin safe mark developed under subparagraph (A) shall not bear any other label or mark that refers to dolphins, porpoises, or marine mammals.

“(C) It is a violation of section 5 of the Federal Trade Commission Act (15 U.S.C. 45) to label a tuna product with any label or mark that refers to dolphins, porpoises, or marine mammals other than the mark developed under subparagraph (A) unless—

“(i) no dolphins were killed or seriously injured in the sets or other gear deployments in which the tuna were caught;

“(ii) the label is supported by a tracking and verification program which is comparable in effectiveness to the program established under subsection (f); and

“(iii) the label complies with all applicable labeling, marketing, and advertising laws and regulations of the Federal Trade Commission, including any guidelines for environmental labeling.

“(D) If the Secretary determines that the use of a label referred to in subparagraph (C) is substantially undermining the conservation goals of the International Dolphin Conservation Program, the Secretary shall report that determination to the United States Senate Committee on Commerce, Science, and Transportation and the United States House of Representatives Committees on Resources and on Commerce, along with recommendations to correct such problems.

Reports.

“(E) It is a violation of section 5 of the Federal Trade Commission Act (15 U.S.C. 45) willingly and knowingly to use a label referred to in subparagraph (C) in a campaign or effort to mislead or deceive consumers about the level of protection afforded dolphins under the International Dolphin Conservation Program.”

(b) TRACKING REGULATIONS.—Subsection (f) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(f)) is amended to read as follows:

“(f) REGULATIONS.—The Secretary, in consultation with the Secretary of the Treasury, shall issue regulations to implement this Act, including regulations to establish a domestic tracking and

Confidentiality.

verification program that provides for the effective tracking of tuna labeled under subsection (d). In the development of these regulations, the Secretary shall establish appropriate procedures for ensuring the confidentiality of proprietary information the submission of which is voluntary or mandatory. The regulations shall address each of the following items:

“(1) The use of weight calculation for purposes of tracking tuna caught, landed, processed, and exported.

“(2) Additional measures to enhance current observer coverage, including the establishment of criteria for training, and for improving monitoring and reporting capabilities and procedures.

“(3) The designation of well location, procedures for sealing holds, procedures for monitoring and certifying both above and below deck, or through equally effective methods, the tracking and verification of tuna labeled under subsection (d).

“(4) The reporting, receipt, and database storage of radio and facsimile transmittals from fishing vessels containing information related to the tracking and verification of tuna, and the definition of set.

“(5) The shore-based verification and tracking throughout the fishing, transshipment, and canning process by means of Inter-American Tropical Tuna Commission trip records or otherwise.

“(6) The use of periodic audits and spot checks for caught, landed, and processed tuna products labeled in accordance with subsection (d).

“(7) The provision of timely access to data required under this subsection by the Secretary from harvesting nations to undertake the actions required in paragraph (6) of this paragraph.

The Secretary may make such adjustments as may be appropriate to the regulations promulgated under this subsection to implement an international tracking and verification program that meets or exceeds the minimum requirements established by the Secretary under this subsection.”.

(c) FINDINGS CONCERNING IMPACT ON DEPLETED STOCKS.—The Dolphin Protection Consumer Information Act (16 U.S.C. 1385) is amended by striking subsections (g), (h), and (i) and inserting the following:

“(g) SECRETARIAL FINDINGS.—(1) Between March 1, 1999, and March 31, 1999, the Secretary shall, on the basis of the research conducted before March 1, 1999, under section 304(a) of the Marine Mammal Protection Act of 1972, information obtained under the International Dolphin Conservation Program, and any other relevant information, make an initial finding regarding whether the intentional deployment on or encirclement of dolphins with purse seine nets is having a significant adverse impact on any depleted dolphin stock in the eastern tropical Pacific Ocean. The initial finding shall be published immediately in the Federal Register and shall become effective upon a subsequent date determined by the Secretary.

“(2) Between July 1, 2001, and December 31, 2002, the Secretary shall, on the basis of the completed study conducted under section 304(a) of the Marine Mammal Protection Act of 1972, information obtained under the International Dolphin Conservation Program, and any other relevant information, make a finding

Federal Register,
publication.

regarding whether the intentional deployment on or encirclement of dolphins with purse seine nets is having a significant adverse impact on any depleted dolphin stock in the eastern tropical Pacific Ocean. The finding shall be published immediately in the Federal Register and shall become effective upon a subsequent date determined by the Secretary.

Federal Register,
Publication.

“(h) CERTIFICATION BY CAPTAIN AND OBSERVER.—

“(1) Unless otherwise required by paragraph (2), the certification by the captain under subsection (d)(2)(B)(i) and the certification provided by the observer as specified in subsection (d)(2)(B)(ii) shall be that no dolphins were killed or seriously injured during the sets in which the tuna were caught.

“(2) The certification by the captain under subsection (d)(2)(B)(i) and the certification provided by the observer as specified under subsection (d)(2)(B)(ii) shall be that no tuna were caught on the trip in which such tuna were harvested using a purse seine net intentionally deployed on or to encircle dolphins, and that no dolphins were killed or seriously injured during the sets in which the tuna were caught, if the tuna were caught on a trip commencing—

“(A) before the effective date of the initial finding by the Secretary under subsection (g)(1);

“(B) after the effective date of such initial finding and before the effective date of the finding of the Secretary under subsection (g)(2), where the initial finding is that the intentional deployment on or encirclement of dolphins is having a significant adverse impact on any depleted dolphin stock; or

“(C) after the effective date of the finding under subsection (g)(2), where such finding is that the intentional deployment on or encirclement of dolphins is having a significant adverse impact on any such depleted stock.”.

SEC. 6. AMENDMENTS TO TITLE III.

(a) CHANGE OF TITLE HEADING.—The heading of title III is amended to read as follows:

“TITLE III—INTERNATIONAL DOLPHIN CONSERVATION PROGRAM”.

(b) ADDITIONAL FINDINGS.—Section 301 (16 U.S.C. 1411) is amended—

(1) by striking paragraph (4) of subsection (a) and inserting the following:

“(4) Nations harvesting yellowfin tuna in the eastern tropical Pacific Ocean have demonstrated their willingness to participate in appropriate multilateral agreements to reduce dolphin mortality progressively to a level approaching zero through the setting of annual limits, with the goal of eliminating dolphin mortality in that fishery. Recognition of the International Dolphin Conservation Program will assure that the existing trend of reduced dolphin mortality continues; that individual stocks of dolphins are adequately protected; and that the goal of eliminating all dolphin mortality continues to be a priority.”; and

(2) by striking paragraphs (2) and (3) of subsection (b) and inserting the following:

“(2) support the International Dolphin Conservation Program and efforts within the Program to reduce, with the goal of eliminating, the mortality referred to in paragraph (1);

“(3) ensure that the market of the United States does not act as an incentive to the harvest of tuna caught with driftnets or caught by purse seine vessels in the eastern tropical Pacific Ocean not operating in compliance with the International Dolphin Conservation Program;”.

(c) Title III (16 U.S.C. 1411 et seq.) is amended by striking sections 302 through 306 (16 U.S.C. 1412 through 1416) and inserting the following:

16 USC 1412.

“SEC. 302. INTERNATIONAL DOLPHIN CONSERVATION PROGRAM.

“The Secretary of State, in consultation with the Secretary, shall seek to secure a binding international agreement to establish an International Dolphin Conservation Program that requires—

“(1) that the total annual dolphin mortality in the purse seine fishery for yellowfin tuna in the eastern tropical Pacific Ocean shall not exceed 5,000 animals with a commitment and objective to progressively reduce dolphin mortality to a level approaching zero through the setting of annual limits;

“(2) the establishment of a per-stock per-year dolphin mortality limit, to be in effect through calendar year 2000, at a level between 0.2 percent and 0.1 percent of the minimum population estimate, as calculated, revised, or approved by the Secretary;

“(3) the establishment of a per-stock per-year dolphin mortality limit, beginning with the calendar year 2001, at a level less than or equal to 0.1 percent of the minimum population estimate as calculated, revised, or approved by the Secretary;

“(4) that if a dolphin mortality limit is exceeded under—

“(A) paragraph (1), all sets on dolphins shall cease for the applicable fishing year; and

“(B) paragraph (2) or (3), all sets on the stocks covered under paragraph (2) or (3) and any mixed schools that contain any of those stocks shall cease for the applicable fishing year;

“(5) a scientific review and assessment to be conducted in calendar year 1998 to—

“(A) assess progress in meeting the objectives set for calendar year 2000 under paragraph (2); and

“(B) as appropriate, consider recommendations for meeting these objectives;

“(6) a scientific review and assessment to be conducted in calendar year 2000—

“(A) to review the stocks covered under paragraph (3); and

“(B) as appropriate to consider recommendations to further the objectives set under that paragraph;

“(7) the establishment of a per vessel maximum annual dolphin mortality limit consistent with the established per-year mortality limits, as determined under paragraphs (1) through (3); and

“(8) the provision of a system of incentives to vessel captains to continue to reduce dolphin mortality, with the goal of eliminating dolphin mortality.

“SEC. 303. REGULATORY AUTHORITY OF THE SECRETARY.

16 USC 1413.

“(a) REGULATIONS.—

“(1) The Secretary shall issue regulations, and revise those regulations as may be appropriate, to implement the International Dolphin Conservation Program.

“(2)(A) The Secretary shall issue regulations to authorize and govern the taking of marine mammals in the eastern tropical Pacific Ocean, including any species of marine mammal designated as depleted under this Act but not listed as endangered or threatened under the Endangered Species Act (16 U.S.C. 1531 et seq.), by vessels of the United States participating in the International Dolphin Conservation Program.

“(B) Regulations issued under this section shall include provisions—

“(i) requiring observers on each vessel;

“(ii) requiring use of the backdown procedure or other procedures equally or more effective in avoiding mortality of, or serious injury to, marine mammals in fishing operations;

“(iii) prohibiting intentional sets on stocks and schools in accordance with the International Dolphin Conservation Program;

“(iv) requiring the use of special equipment, including dolphin safety panels in nets, monitoring devices as identified by the International Dolphin Conservation Program to detect unsafe fishing conditions that may cause high incidental dolphin mortality before nets are deployed by a tuna vessel, operable rafts, speedboats with towing bridles, floodlights in operable condition, and diving masks and snorkels;

“(v) ensuring that the backdown procedure during sets of purse seine net on marine mammals is completed and rolling of the net to sack up has begun no later than 30 minutes before sundown;

“(vi) banning the use of explosive devices in all purse seine operations;

“(vii) establishing per vessel maximum annual dolphin mortality limits, total dolphin mortality limits and per-stock per-year mortality limits in accordance with the International Dolphin Conservation Program;

“(viii) preventing the making of intentional sets on dolphins after reaching either the vessel maximum annual dolphin mortality limits, total dolphin mortality limits, or per-stock per-year mortality limits;

“(ix) preventing the fishing on dolphins by a vessel without an assigned vessel dolphin mortality limit;

“(x) allowing for the authorization and conduct of experimental fishing operations, under such terms and conditions as the Secretary may prescribe, for the purpose of testing proposed improvements in fishing techniques and equipment that may reduce or eliminate dolphin mortality or serious injury do not require the encirclement of dolphins in the course of commercial yellowfin tuna fishing;

“(xi) authorizing fishing within the area covered by the International Dolphin Conservation Program by vessels of the United States without the use of special equipment

or nets if the vessel takes an observer and does not intentionally deploy nets on, or encircle, dolphins, under such terms and conditions as the Secretary may prescribe; and

“(xii) containing such other restrictions and requirements as the Secretary determines are necessary to implement the International Dolphin Conservation Program with respect to vessels of the United States.

“(C) ADJUSTMENTS TO REQUIREMENTS.—The Secretary may make such adjustments as may be appropriate to requirements of subparagraph (B) that pertain to fishing gear, vessel equipment, and fishing practices to the extent the adjustments are consistent with the International Dolphin Conservation Program.

“(b) CONSULTATION.—In developing any regulation under this section, the Secretary shall consult with the Secretary of State, the Marine Mammal Commission, and the United States Commissioners to the Inter-American Tropical Tuna Commission appointed under section 3 of the Tuna Conventions Act of 1950 (16 U.S.C. 952).

“(c) EMERGENCY REGULATIONS.—

“(1) If the Secretary determines, on the basis of the best scientific information available (including research conducted under section 304 and information obtained under the International Dolphin Conservation Program) that the incidental mortality and serious injury of marine mammals authorized under this title is having, or is likely to have, a significant adverse impact on a marine mammal stock or species, the Secretary shall—

“(A) notify the Inter-American Tropical Tuna Commission of his or her determination, along with recommendations to the Commission as to actions necessary to reduce incidental mortality and serious injury and mitigate such adverse impact; and

“(B) prescribe emergency regulations to reduce incidental mortality and serious injury and mitigate such adverse impact.

“(2) Before taking action under subparagraph (A) or (B) of paragraph (1), the Secretary shall consult with the Secretary of State, the Marine Mammal Commission, and the United States Commissioners to the Inter-American Tropical Tuna Commission.

“(3) Emergency regulations prescribed under this subsection—

“(A) shall be published in the Federal Register, together with an explanation thereof;

“(B) shall remain in effect for the duration of the applicable fishing year; and

“(C) may be terminated by the Secretary at an earlier date by publication in the Federal Register of a notice of termination if the Secretary determines that the reasons for the emergency action no longer exist.

“(4) If the Secretary finds that the incidental mortality and serious injury of marine mammals in the yellowfin tuna fishery in the eastern tropical Pacific Ocean is continuing to have a significant adverse impact on a stock or species, the Secretary may extend the emergency regulations for such additional periods as may be necessary.

“(5) Within 120 days after the Secretary notifies the United States Commissioners to the Inter-American Tropical Tuna Commission of the Secretary’s determination under paragraph (1)(A), the United States Commissioners shall call for a special meeting of the Commission to address the actions necessary to reduce incidental mortality and serious injury and mitigate the adverse impact which resulted in the determination. The Commissioners shall report the results of the special meeting in writing to the Secretary and to the Secretary of State. In their report, the Commissioners shall—

Notification.

Reports.

“(A) include a description of the actions taken by the harvesting nations or under the International Dolphin Conservation Program to reduce the incidental mortality and serious injury and measures to mitigate the adverse impact on the marine mammal species or stock;

“(B) indicate whether, in their judgment, the actions taken address the problem adequately; and

“(C) if they indicate that the actions taken do not address the problem adequately, include recommendations of such additional action to be taken as may be necessary.

“SEC. 304. RESEARCH.

16 USC 1414a.

“(a) REQUIRED RESEARCH.—

“(1) IN GENERAL.—The Secretary shall, in consultation with the Marine Mammal Commission and the Inter-American Tropical Tuna Commission, conduct a study of the effect of intentional encirclement (including chase) on dolphins and dolphin stocks incidentally taken in the course of purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean. The study, which shall commence on October 1, 1997, shall consist of abundance surveys as described in paragraph (2) and stress studies as described in paragraph (3), and shall address the question of whether such encirclement is having a significant adverse impact on any depleted dolphin stock in the eastern tropical Pacific Ocean.

“(2) POPULATION ABUNDANCE SURVEYS.—The abundance surveys under this subsection shall survey the abundance of such depleted stocks and shall be conducted during each of the calendar years 1998, 1999, and 2000.

“(3) STRESS STUDIES.—The stress studies under this subsection shall include—

“(A) a review of relevant stress-related research and a 3-year series of necropsy samples from dolphins obtained by commercial vessels;

“(B) a 1-year review of relevant historical demographic and biological data related to dolphins and dolphin stocks referred to in paragraph (1); and

“(C) an experiment involving the repeated chasing and capturing of dolphins by means of intentional encirclement.

“(4) REPORT.—No later than 90 days after publishing the finding under subsection (g)(2) of the Dolphin Protection Consumer Information Act, the Secretary shall complete and submit a report containing the results of the research described in this subsection to the United States Senate Committee on Commerce, Science, and Transportation and the United States House of Representatives Committees on Resources and on

Commerce, and to the Inter-American Tropical Tuna Commission.

“(b) OTHER RESEARCH.—

“(1) IN GENERAL.—In addition to conducting the research described in subsection (a), the Secretary shall, in consultation with the Marine Mammal Commission and in cooperation with the nations participating in the International Dolphin Conservation Program and the Inter-American Tropical Tuna Commission, undertake or support appropriate scientific research to further the goals of the International Dolphin Conservation Program.

“(2) SPECIFIC AREAS OF RESEARCH.—Research carried out under paragraph (1) may include—

“(A) projects to devise cost-effective fishing methods and gear so as to reduce, with the goal of eliminating, the incidental mortality and serious injury of marine mammals in connection with commercial purse seine fishing in the eastern tropical Pacific Ocean;

“(B) projects to develop cost-effective methods of fishing for mature yellowfin tuna without setting nets on dolphins or other marine mammals;

“(C) projects to carry out stock assessments for those marine mammal species and marine mammal stocks taken in the purse seine fishery for yellowfin tuna in the eastern tropical Pacific Ocean, including species or stocks not within waters under the jurisdiction of the United States; and

“(D) projects to determine the extent to which the incidental take of nontarget species, including juvenile tuna, occurs in the course of purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean, the geographic location of the incidental take, and the impact of that incidental take on tuna stocks and nontarget species.

“(c) AUTHORIZATION OF APPROPRIATIONS.—

“(1) There are authorized to be appropriated to the Secretary the following amounts, to be used by the Secretary to carry out the research described in subsection (a):

“(A) \$4,000,000 for fiscal year 1998.

“(B) \$3,000,000 for fiscal year 1999.

“(C) \$4,000,000 for fiscal year 2000.

“(D) \$1,000,000 for fiscal year 2001.

“(2) In addition to the amount authorized to be appropriated under paragraph (1), there are authorized to be appropriated to the Secretary for carrying out this section \$3,000,000 for each of the fiscal years 1998, 1999, 2000, and 2001.

16 USC 1415.

“SEC. 305. REPORTS BY THE SECRETARY.

“Notwithstanding section 103(f), the Secretary shall submit annual reports to the Congress which include—

“(1) results of research conducted pursuant to section 304;

“(2) a description of the status and trends of stocks of tuna;

“(3) a description of the efforts to assess, avoid, reduce, and minimize the bycatch of juvenile yellowfin tuna and bycatch of nontarget species;

“(4) a description of the activities of the International Dolphin Conservation Program and of the efforts of the United States in support of the Program’s goals and objectives, including the protection of dolphin stocks in the eastern tropical Pacific Ocean, and an assessment of the effectiveness of the Program;

“(5) actions taken by the Secretary under section 101(a)(2)(B) and section 101(d);

“(6) copies of any relevant resolutions and decisions of the Inter-American Tropical Tuna Commission, and any regulations promulgated by the Secretary under this title; and

“(7) any other information deemed relevant by the Secretary.

“SEC. 306. PERMITS.

16 USC 1416.

“(a) IN GENERAL.—

“(1) Consistent with the regulations issued pursuant to section 303, the Secretary shall issue a permit to a vessel of the United States authorizing participation in the International Dolphin Conservation Program and may require a permit for the person actually in charge of and controlling the fishing operation of the vessel. The Secretary shall prescribe such procedures as are necessary to carry out this subsection, including requiring the submission of—

“(A) the name and official number or other identification of each fishing vessel for which a permit is sought, together with the name and address of the owner thereof; and

“(B) the tonnage, hold capacity, speed, processing equipment, and type and quantity of gear, including an inventory of special equipment required under section 303, with respect to each vessel.

“(2) The Secretary is authorized to charge a fee for granting an authorization and issuing a permit under this section. The level of fees charged under this paragraph may not exceed the administrative cost incurred in granting an authorization and issuing a permit. Fees collected under this paragraph shall be available to the Under Secretary of Commerce for Oceans and Atmosphere for expenses incurred in granting authorizations and issuing permits under this section.

“(3) After the effective date of the International Dolphin Conservation Program Act, no vessel of the United States shall operate in the yellowfin tuna fishery in the eastern tropical Pacific Ocean without a valid permit issued under this section.

“(b) PERMIT SANCTIONS.—

“(1) In any case in which—

“(A) a vessel for which a permit has been issued under this section has been used in the commission of an act prohibited under section 307;

“(B) the owner or operator of any such vessel or any other person who has applied for or been issued a permit under this section has acted in violation of section 307; or

“(C) any civil penalty or criminal fine imposed on a vessel, owner or operator of a vessel, or other person who has applied for or been issued a permit under this section has not been paid or is overdue,

the Secretary may—

“(i) revoke any permit with respect to such vessel, with or without prejudice to the issuance of subsequent permits;

“(ii) suspend such permit for a period of time considered by the Secretary to be appropriate;

“(iii) deny such permit; or

“(iv) impose additional conditions or restrictions on any permit issued to, or applied for by, any such vessel or person under this section.

“(2) In imposing a sanction under this subsection, the Secretary shall take into account—

“(A) the nature, circumstances, extent, and gravity of the prohibited acts for which the sanction is imposed; and

“(B) with respect to the violator, the degree of culpability, any history of prior offenses, and other such matters as justice requires.

“(3) Transfer of ownership of a vessel, by sale or otherwise, shall not extinguish any permit sanction that is in effect or is pending at the time of transfer of ownership. Before executing the transfer of ownership of a vessel, by sale or otherwise, the owner shall disclose in writing to the prospective transferee the existence of any permit sanction that will be in effect or pending with respect to the vessel at the time of transfer.

“(4) In the case of any permit that is suspended for the failure to pay a civil penalty or criminal fine, the Secretary shall reinstate the permit upon payment of the penalty or fine and interest thereon at the prevailing rate.

“(5) No sanctions shall be imposed under this section unless there has been a prior opportunity for a hearing on the facts underlying the violation for which the sanction is imposed, either in conjunction with a civil penalty proceeding under this title or otherwise.”

(d) Section 307 (16 U.S.C. 1417) is amended—

(1) by striking paragraphs (1), (2), and (3) of subsection (a) and inserting the following:

“(1) for any person to sell, purchase, offer for sale, transport, or ship, in the United States, any tuna or tuna product unless the tuna or tuna product is either dolphin safe or has been harvested in compliance with the International Dolphin Conservation Program by a country that is a member of the Inter-American Tropical Tuna Commission or has initiated and within 6 months thereafter completed all steps required of applicant nations in accordance with Article V, paragraph 3 of the Convention establishing the Inter-American Tropical Tuna Commission, to become a member of that organization;

“(2) except as provided for in subsection 101(d), for any person or vessel subject to the jurisdiction of the United States intentionally to set a purse seine net on or to encircle any marine mammal in the course of tuna fishing operations in the eastern tropical Pacific Ocean except in accordance with this title and regulations issued pursuant to this title; and

“(3) for any person to import any yellowfin tuna or yellowfin tuna product or any other fish or fish product in violation of a ban on importation imposed under section 101(a)(2);”;

(2) by inserting “(a)(5) or” before “(a)(6)” in subsection (b)(2); and

(3) by striking subsection (d).

(e) Section 308 (16 U.S.C. 1418) is repealed.

(f) CLERICAL AMENDMENTS.—The table of contents in the first section of the Marine Mammal Protection Act of 1972 is amended by striking the items relating to title III and inserting in lieu thereof the following:

“TITLE III—INTERNATIONAL DOLPHIN CONSERVATION PROGRAM

“Sec. 301. Findings and policy.

“Sec. 302. International Dolphin Conservation Program.

“Sec. 303. Regulatory authority of the Secretary.

“Sec. 304. Research.

“Sec. 305. Reports by the Secretary.

“Sec. 306. Permits.

“Sec. 307. Prohibitions.”.

SEC. 7. AMENDMENTS TO THE TUNA CONVENTIONS ACT.

(a) Section 3(c) of the Tuna Conventions Act (16 U.S.C. 952(c)) is amended to read as follows:

“(c) at least one shall be either the Administrator, or an appropriate officer, of the National Marine Fisheries Service; and”.

(b) Section 4 of the Tuna Conventions Act (16 U.S.C. 953) is amended to read as follows:

“SEC. 4. GENERAL ADVISORY COMMITTEE AND SCIENTIFIC ADVISORY SUBCOMMITTEE.

“(a) APPOINTMENTS; PUBLIC PARTICIPATION; COMPENSATION.—The Secretary, in consultation with the United States Commissioners, shall—

“(1) appoint a General Advisory Committee which shall be composed of not less than 5 nor more than 15 persons with balanced representation from the various groups participating in the fisheries included under the conventions, and from nongovernmental conservation organizations;

“(2) appoint a Scientific Advisory Subcommittee which shall be composed of not less than 5 nor more than 15 qualified scientists with balanced representation from the public and private sectors, including nongovernmental conservation organizations;

“(3) establish procedures to provide for appropriate public participation and public meetings and to provide for the confidentiality of confidential business data; and

“(4) fix the terms of office of the members of the General Advisory Committee and Scientific Advisory Subcommittee, who shall receive no compensation for their services as such members.

“(b) FUNCTIONS.—

“(1) GENERAL ADVISORY COMMITTEE.—The General Advisory Committee shall be invited to have representatives attend all nonexecutive meetings of the United States sections and shall be given full opportunity to examine and to be heard on all proposed programs of investigations, reports, recommendations, and regulations of the Commission. The General Advisory Committee may attend all meetings of the international commissions to which they are invited by such commissions.

“(2) SCIENTIFIC ADVISORY SUBCOMMITTEE.—

“(A) ADVICE.—The Scientific Advisory Subcommittee shall advise the General Advisory Committee and the Commissioners on matters including—

“(i) the conservation of ecosystems;

“(ii) the sustainable uses of living marine resources related to the tuna fishery in the eastern Pacific Ocean; and

“(iii) the long-term conservation and management of stocks of living marine resources in the eastern tropical Pacific Ocean.

“(B) OTHER FUNCTIONS AND ASSISTANCE.—The Scientific Advisory Subcommittee shall, as requested by the General Advisory Committee, the United States Commissioners, or the Secretary, perform functions and provide assistance required by formal agreements entered into by the United States for this fishery, including the International Dolphin Conservation Program. These functions may include—

“(i) the review of data from the Program, including data received from the Inter-American Tropical Tuna Commission;

“(ii) recommendations on research needs, including ecosystems, fishing practices, and gear technology research, including the development and use of selective, environmentally safe and cost-effective fishing gear, and on the coordination and facilitation of such research;

“(iii) recommendations concerning scientific reviews and assessments required under the Program and engaging, as appropriate, in such reviews and assessments;

“(iv) consulting with other experts as needed; and

“(v) recommending measures to assure the regular and timely full exchange of data among the parties to the Program and each nation’s National Scientific Advisory Committee (or its equivalent).

“(3) ATTENDANCE AT MEETINGS.—The Scientific Advisory Subcommittee shall be invited to have representatives attend all nonexecutive meetings of the United States sections and the General Advisory Subcommittee and shall be given full opportunity to examine and to be heard on all proposed programs of scientific investigation, scientific reports, and scientific recommendations of the commission. Representatives of the Scientific Advisory Subcommittee may attend meetings of the Inter-American Tropical Tuna Commission in accordance with the rules of such Commission.”.

(c) BYCATCH REDUCTION.—The Tuna Conventions Act (16 U.S.C. 951 et seq.) is amended by adding at the end thereof the following:

16 USC 962.

“SEC. 15. REDUCTION OF BYCATCH IN THE EASTERN TROPICAL PACIFIC OCEAN.

“The Secretary of State, in consultation with the Secretary of Commerce and acting through the United States Commissioners, shall seek, in cooperation with other nations whose vessel fish for tuna in the eastern tropical Pacific Ocean, to establish standards and measures for a bycatch reduction program for vessels fishing for yellowfin tuna in the eastern tropical Pacific Ocean. The bycatch reduction program shall include measures—

“(1) to require, to the maximum extent practicable, that sea turtles and other threatened species and endangered species are released alive;

“(2) to reduce, to the maximum extent practicable, the harvest of nontarget species;

“(3) to reduce, to the maximum extent practicable, the mortality of nontarget species; and

“(4) to reduce, to the maximum extent practicable, the mortality of juveniles of the target species.”.

SEC. 8. EFFECTIVE DATES.

16 USC 1362
note.

(a) AMENDMENTS TO TAKE EFFECT WHEN IDCP IN FORCE.—Sections 3 through 7 of this Act (except for section 304 of the Marine Mammal Protection Act of 1972 as added by section 6 of this Act) shall become effective upon—

(1) certification by the Secretary of Commerce that—

(A) sufficient funding is available to complete the first year of the study required under section 304(a) of the Marine Mammal Protection Act of 1972, as so added; and

(B) the study has commenced; and

(2) certification by the Secretary of State to Congress that a binding resolution of the Inter-American Tropical Tuna Commission or other legally binding instrument establishing the International Dolphin Conservation Program has been adopted and is in force.

(b) SPECIAL EFFECTIVE DATE.—Notwithstanding subsection (a), the Secretary of Commerce may issue regulations under—

(1) subsection (f)(2) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(f)(2)), as added by section 5(b) of this Act;

(2) section 303(a) of the Marine Mammal Protection Act of 1972 (16 U.S.C. 1413(a)), as added by section 6(c) of this Act,

at any time after the date of enactment of this Act.

Approved August 15, 1997.

LEGISLATIVE HISTORY—H.R. 408 (S. 39):

HOUSE REPORTS: No. 105-74, Pt. 1 (Comm. on Resources) and Pt. 2 (Comm. on Ways and Means).

CONGRESSIONAL RECORD, Vol. 143 (1997):

May 21, considered and passed House.

July 30, considered and passed Senate, amended, in lieu of S. 39.

July 31, House concurred in Senate amendment.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Aug. 15, Presidential statement.

Public Law 105–43
105th Congress

An Act

Sept. 17, 1997
[H.R. 1866]

To continue favorable treatment for need-based educational aid under the antitrust laws.

Need-Based
Educational Aid
Antitrust
Protection Act of
1997.
15 USC 1 note.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Need-Based Educational Aid Antitrust Protection Act of 1997”.

SEC. 2. CONTINUATION OF FAVORABLE TREATMENT FOR NEED-BASED EDUCATIONAL AID UNDER THE ANTITRUST LAWS.

(a) AMENDMENTS.—Section 568 of the Improving America’s Schools Act of 1994 (15 U.S.C. 1 note) is amended—

(1) in subsection (a)—

(A) in the heading, by striking “TEMPORARY”; and

(B) by striking paragraph (4) and inserting the following:

“(4) to exchange through an independent third party, before awarding need-based financial aid to any of such students who is commonly admitted to the institutions of higher education involved, data submitted by the student so admitted, the student’s family, or a financial institution on behalf of the student or the student’s family relating to assets, liabilities, income, expenses, the number of family members, and the number of the student’s siblings in college, if each of such institutions of higher education is permitted to retrieve such data only once with respect to the student.”; and

(2) in subsection (d), by striking “September 30, 1997” and inserting “September 30, 2001”.

15 USC 1 note.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect immediately before September 30, 1997.

Approved September 17, 1997.

LEGISLATIVE HISTORY—H.R. 1866:

HOUSE REPORTS: No. 105–144 (Comm. on the Judiciary).

CONGRESSIONAL RECORD, Vol. 143 (1997):

June 23, considered and passed House.

July 30, considered and passed Senate, amended.

Sept. 8, House concurred in Senate amendment.



Public Law 105–44
105th Congress

An Act

To designate the reservoir created by Trinity Dam in the Central Valley project, California, as “Trinity Lake”.

Sept. 30, 1997
[H.R. 63]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION OF TRINITY LAKE.

16 USC 460q
note.

(a) DESIGNATION.—The reservoir created by Trinity Dam in the Central Valley project, California, and designated as “Clair Engle Lake” by Public Law 88–662 (78 Stat. 1093) is hereby redesignated as “Trinity Lake”.

(b) REFERENCES.—Any reference in any law, regulation, document, record, map, or other paper of the United States to the reservoir referred to in subsection (a) shall be considered to be a reference to “Trinity Lake”.

(c) REPEAL OF EARLIER DESIGNATION.—Public Law 88–662 (78 Stat. 1093) is repealed.

Approved September 30, 1997.

LEGISLATIVE HISTORY—H.R. 63:

HOUSE REPORTS: No. 105–9 (Comm. on Resources).

SENATE REPORTS: No. 105–70 (Comm. on Energy and Natural Resources).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Mar. 11, considered and passed House.

Sept. 16, considered and passed Senate.



Public Law 105-45
105th Congress

An Act

Sept. 30, 1997
[H.R. 2016]

Military
Construction
Appropriations
Act, 1998.

Making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 1998, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 1998, for military construction, family housing, and base realignment and closure functions administered by the Department of Defense, and for other purposes, namely:

MILITARY CONSTRUCTION, ARMY

For acquisition, construction, installation, and equipment of temporary or permanent public works, military installations, facilities, and real property for the Army as currently authorized by law, including personnel in the Army Corps of Engineers and other personal services necessary for the purposes of this appropriation, and for construction and operation of facilities in support of the functions of the Commander in Chief, \$714,377,000, to remain available until September 30, 2002: *Provided*, That of this amount, not to exceed \$65,577,000 shall be available for study, planning, design, architect and engineer services, and host nation support, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor.

MILITARY CONSTRUCTION, NAVY

For acquisition, construction, installation, and equipment of temporary or permanent public works, naval installations, facilities, and real property for the Navy as currently authorized by law, including personnel in the Naval Facilities Engineering Command and other personal services necessary for the purposes of this appropriation, \$683,666,000, to remain available until September 30, 2002: *Provided*, That of this amount, not to exceed \$46,489,000 shall be available for study, planning, design, architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor.

MILITARY CONSTRUCTION, AIR FORCE

For acquisition, construction, installation, and equipment of temporary or permanent public works, military installations, facilities, and real property for the Air Force as currently authorized by law, \$701,855,000, to remain available until September 30, 2002: *Provided*, That of this amount, not to exceed \$44,880,000 shall be available for study, planning, design, architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor.

MILITARY CONSTRUCTION, DEFENSE-WIDE

(INCLUDING TRANSFER OF FUNDS)

For acquisition, construction, installation, and equipment of temporary or permanent public works, installations, facilities, and real property for activities and agencies of the Department of Defense (other than the military departments), as currently authorized by law, \$646,342,000, to remain available until September 30, 2002: *Provided*, That such amounts of this appropriation as may be determined by the Secretary of Defense may be transferred to such appropriations of the Department of Defense available for military construction or family housing as he may designate, to be merged with and to be available for the same purposes, and for the same time period, as the appropriation or fund to which transferred: *Provided further*, That of the amount appropriated, not to exceed \$48,850,000 shall be available for study, planning, design, architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Army National Guard, and contributions therefor, as authorized by chapter 133 of title 10, United States Code, and Military Construction Authorization Acts, \$118,350,000, to remain available until September 30, 2002.

MILITARY CONSTRUCTION, AIR NATIONAL GUARD

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Air National Guard, and contributions therefor, as authorized by chapter 133 of title 10, United States Code, and Military Construction Authorization Acts, \$190,444,000, to remain available until September 30, 2002.

MILITARY CONSTRUCTION, ARMY RESERVE

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Army Reserve as authorized by chapter 133 of title 10, United

States Code, and Military Construction Authorization Acts, \$74,167,000, to remain available until September 30, 2002.

MILITARY CONSTRUCTION, NAVAL RESERVE

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the reserve components of the Navy and Marine Corps as authorized by chapter 133 of title 10, United States Code, and Military Construction Authorization Acts, \$47,329,000, to remain available until September 30, 2002.

MILITARY CONSTRUCTION, AIR FORCE RESERVE

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Air Force Reserve as authorized by chapter 133 of title 10, United States Code, and Military Construction Authorization Acts, \$30,243,000, to remain available until September 30, 2002.

NORTH ATLANTIC TREATY ORGANIZATION

SECURITY INVESTMENT PROGRAM

For the United States share of the cost of the North Atlantic Treaty Organization Security Investment Program for the acquisition and construction of military facilities and installations (including international military headquarters) and for related expenses for the collective defense of the North Atlantic Treaty Area as authorized in Military Construction Authorization Acts and section 2806 of title 10, United States Code, \$152,600,000, to remain available until expended.

FAMILY HOUSING, ARMY

For expenses of family housing for the Army for construction, including acquisition, replacement, addition, expansion, extension and alteration and for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, as follows: for Construction, \$197,300,000, to remain available until September 30, 2002; for Operation and Maintenance, and for debt payment, \$1,140,568,000; in all \$1,337,868,000.

FAMILY HOUSING, NAVY AND MARINE CORPS

For expenses of family housing for the Navy and Marine Corps for construction, including acquisition, replacement, addition, expansion, extension and alteration and for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, as follows: for Construction, \$393,832,000, to remain available until September 30, 2002; for Operation and Maintenance, and for debt payment, \$976,504,000; in all \$1,370,336,000.

FAMILY HOUSING, AIR FORCE

For expenses of family housing for the Air Force for construction, including acquisition, replacement, addition, expansion,

extension and alteration and for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, as follows: for Construction, \$295,709,000, to remain available until September 30, 2002; for Operation and Maintenance, and for debt payment, \$830,234,000; in all \$1,125,943,000.

FAMILY HOUSING, DEFENSE-WIDE

For expenses of family housing for the activities and agencies of the Department of Defense (other than the military departments) for construction, including acquisition, replacement, addition, expansion, extension and alteration, and for operation and maintenance, leasing, and minor construction, as authorized by law, as follows: for Construction, \$4,950,000, to remain available until September 30, 2002; for Operation and Maintenance, \$32,724,000; in all \$37,674,000.

BASE REALIGNMENT AND CLOSURE ACCOUNT, PART II

For deposit into the Department of Defense Base Closure Account 1990 established by section 2906(a)(1) of the Department of Defense Authorization Act, 1991 (Public Law 101-510), \$116,754,000, to remain available until expended: *Provided*, That not more than \$105,224,000 of the funds appropriated herein shall be available solely for environmental restoration, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor.

BASE REALIGNMENT AND CLOSURE ACCOUNT, PART III

For deposit into the Department of Defense Base Closure Account 1990 established by section 2906(a)(1) of the Department of Defense Authorization Act, 1991 (Public Law 101-510), \$768,702,000, to remain available until expended: *Provided*, That not more than \$398,499,000 of the funds appropriated herein shall be available solely for environmental restoration, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor.

BASE REALIGNMENT AND CLOSURE ACCOUNT, PART IV

For deposit into the Department of Defense Base Closure Account 1990 established by section 2906(a)(1) of the Department of Defense Authorization Act, 1991 (Public Law 101-510), \$1,175,398,000, to remain available until expended: *Provided*, That not more than \$353,604,000 of the funds appropriated herein shall be available solely for environmental restoration, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor.

GENERAL PROVISIONS

SEC. 101. None of the funds appropriated in Military Construction Appropriations Acts shall be expended for payments under a cost-plus-a-fixed-fee contract for work, where cost estimates exceed \$25,000, to be performed within the United States, except Alaska, without the specific approval in writing of the Secretary of Defense setting forth the reasons therefor: *Provided*, That the foregoing shall not apply in the case of contracts for environmental restoration at an installation that is being closed or realigned where payments are made from a Base Realignment and Closure Account.

SEC. 102. Funds appropriated to the Department of Defense for construction shall be available for hire of passenger motor vehicles.

SEC. 103. Funds appropriated to the Department of Defense for construction may be used for advances to the Federal Highway Administration, Department of Transportation, for the construction of access roads as authorized by section 210 of title 23, United States Code, when projects authorized therein are certified as important to the national defense by the Secretary of Defense.

SEC. 104. None of the funds appropriated in this Act may be used to begin construction of new bases inside the continental United States for which specific appropriations have not been made.

SEC. 105. No part of the funds provided in Military Construction Appropriations Acts shall be used for purchase of land or land easements in excess of 100 per centum of the value as determined by the Army Corps of Engineers or the Naval Facilities Engineering Command, except: (1) where there is a determination of value by a Federal court; or (2) purchases negotiated by the Attorney General or his designee; or (3) where the estimated value is less than \$25,000; or (4) as otherwise determined by the Secretary of Defense to be in the public interest.

SEC. 106. None of the funds appropriated in Military Construction Appropriations Acts shall be used to: (1) acquire land; (2) provide for site preparation; or (3) install utilities for any family housing, except housing for which funds have been made available in annual Military Construction Appropriations Acts.

SEC. 107. None of the funds appropriated in Military Construction Appropriations Acts for minor construction may be used to transfer or relocate any activity from one base or installation to another, without prior notification to the Committees on Appropriations.

SEC. 108. No part of the funds appropriated in Military Construction Appropriations Acts may be used for the procurement of steel for any construction project or activity for which American steel producers, fabricators, and manufacturers have been denied the opportunity to compete for such steel procurement.

SEC. 109. None of the funds available to the Department of Defense for military construction or family housing during the current fiscal year may be used to pay real property taxes in any foreign nation.

SEC. 110. None of the funds appropriated in Military Construction Appropriations Acts may be used to initiate a new installation overseas without prior notification to the Committees on Appropriations.

SEC. 111. None of the funds appropriated in Military Construction Appropriations Acts may be obligated for architect and engineer

contracts estimated by the Government to exceed \$500,000 for projects to be accomplished in Japan, in any NATO member country, or in countries bordering the Arabian Gulf, unless such contracts are awarded to United States firms or United States firms in joint venture with host nation firms.

SEC. 112. None of the funds appropriated in Military Construction Appropriations Acts for military construction in the United States territories and possessions in the Pacific and on Kwajalein Atoll, or in countries bordering the Arabian Gulf, may be used to award any contract estimated by the Government to exceed \$1,000,000 to a foreign contractor: *Provided*, That this section shall not be applicable to contract awards for which the lowest responsive and responsible bid of a United States contractor exceeds the lowest responsive and responsible bid of a foreign contractor by greater than 20 per centum: *Provided further*, That this section shall not apply to contract awards for military construction on Kwajalein Atoll for which the lowest responsive and responsible bid is submitted by a Marshallese contractor.

SEC. 113. The Secretary of Defense is to inform the appropriate committees of Congress, including the Committees on Appropriations, of the plans and scope of any proposed military exercise involving United States personnel thirty days prior to its occurring, if amounts expended for construction, either temporary or permanent, are anticipated to exceed \$100,000.

Notification.

SEC. 114. Not more than 20 per centum of the appropriations in Military Construction Appropriations Acts which are limited for obligation during the current fiscal year shall be obligated during the last two months of the fiscal year.

(TRANSFER OF FUNDS)

SEC. 115. Funds appropriated to the Department of Defense for construction in prior years shall be available for construction authorized for each such military department by the authorizations enacted into law during the current session of Congress.

SEC. 116. For military construction or family housing projects that are being completed with funds otherwise expired or lapsed for obligation, expired or lapsed funds may be used to pay the cost of associated supervision, inspection, overhead, engineering and design on those projects and on subsequent claims, if any.

SEC. 117. Notwithstanding any other provision of law, any funds appropriated to a military department or defense agency for the construction of military projects may be obligated for a military construction project or contract, or for any portion of such a project or contract, at any time before the end of the fourth fiscal year after the fiscal year for which funds for such project were appropriated if the funds obligated for such project: (1) are obligated from funds available for military construction projects and (2) do not exceed the amount appropriated for such project, plus any amount by which the cost of such project is increased pursuant to law.

10 USC 2860
note.

(TRANSFER OF FUNDS)

SEC. 118. During the five-year period after appropriations available to the Department of Defense for military construction and family housing operation and maintenance and construction have

10 USC 2860
note.

expired for obligation, upon a determination that such appropriations will not be necessary for the liquidation of obligations or for making authorized adjustments to such appropriations for obligations incurred during the period of availability of such appropriations, unobligated balances of such appropriations may be transferred into the appropriation "Foreign Currency Fluctuations, Construction, Defense" to be merged with and to be available for the same time period and for the same purposes as the appropriation to which transferred.

Reports.

SEC. 119. The Secretary of Defense is to provide the Committees on Appropriations of the Senate and the House of Representatives with an annual report by February 15, containing details of the specific actions proposed to be taken by the Department of Defense during the current fiscal year to encourage other member nations of the North Atlantic Treaty Organization, Japan, Korea, and United States allies bordering the Arabian Gulf to assume a greater share of the common defense burden of such nations and the United States.

(TRANSFER OF FUNDS)

SEC. 120. During the current fiscal year, in addition to any other transfer authority available to the Department of Defense, proceeds deposited to the Department of Defense Base Closure Account established by section 207(a)(1) of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100-526) pursuant to section 207(a)(2)(C) of such Act, may be transferred to the account established by section 2906(a)(1) of the Department of Defense Authorization Act, 1991, to be merged with, and to be available for the same purposes and the same time period as that account.

SEC. 121. No funds appropriated pursuant to this Act may be expended by an entity unless the entity agrees that in expending the assistance the entity will comply with sections 2 through 4 of the Act of March 3, 1933 (41 U.S.C. 10a-10c, popularly known as the "Buy American Act").

SEC. 122. (a) In the case of any equipment or products that may be authorized to be purchased with financial assistance provided under this Act, it is the sense of the Congress that entities receiving such assistance should, in expending the assistance, purchase only American-made equipment and products.

Notice.

(b) In providing financial assistance under this Act, the Secretary of the Treasury shall provide to each recipient of the assistance a notice describing the statement made in subsection (a) by the Congress.

(TRANSFER OF FUNDS)

SEC. 123. (a) Subject to thirty days prior notification to the Committees on Appropriations, such additional amounts as may be determined by the Secretary of Defense may be transferred to the Department of Defense Family Housing Improvement Fund from amounts appropriated for construction in "Family Housing" accounts, to be merged with and to be available for the same purposes and for the same period of time as amounts appropriated directly to the Fund: *Provided*, That appropriations made available to the Fund shall be available to cover the costs, as defined in section 502(5) of the Congressional Budget Act of 1974, of direct

loans or loan guarantees issued by the Department of Defense pursuant to the provisions of subchapter IV of chapter 169, title 10, United States Code, pertaining to alternative means of acquiring and improving military family housing and supporting facilities.

(b) Subject to thirty days prior notification to the Committees on Appropriations, such additional amounts as may be determined by the Secretary of Defense may be transferred to the Department of Defense Military Unaccompanied Housing Improvement Fund from amounts appropriated for the acquisition or construction of military unaccompanied housing in "Military Construction" accounts, to be merged with and to be available for the same purposes and for the same period of time as amounts appropriated directly to the Fund: *Provided*, That appropriations made available to the Fund shall be available to cover the costs, as defined in section 502(5) of the Congressional Budget Act of 1974, of direct loans or loan guarantees issued by the Department of Defense pursuant to the provisions of subchapter IV of chapter 169, title 10, United States Code, pertaining to alternative means of acquiring and improving military unaccompanied housing and ancillary supporting facilities.

SEC. 124. Notwithstanding any other provision of law, appropriations made available to the Department of Defense Family Housing Improvement Fund shall be the sole source of funds available for planning, administrative, and oversight costs incurred by the Housing Revitalization Support Office relating to military family housing initiatives and military unaccompanied housing initiatives undertaken pursuant to the provisions of subchapter IV of chapter 169, title 10, United States Code, pertaining to alternative means of acquiring and improving military family housing, military unaccompanied housing, and supporting facilities.

SEC. 125. Notwithstanding any other provisions in this Act, the following accounts are hereby reduced by the specified amounts—

- "Military Construction, Army", \$7,900,000;
- "Military Construction, Navy", \$5,600,000;
- "Military Construction, Air Force", \$7,600,000;
- "Military Construction, Defense-wide", \$6,100,000;
- "North Atlantic Treaty Organization Security Investment Program", \$1,000,000;
- "Base Realignment and Closure Account, Part III", \$8,000,000;
- "Base Realignment and Closure Account, Part IV", \$8,000,000;
- "Family Housing, Army", \$36,700,000;
- "Family Housing, Navy and Marine Corps", \$13,100,000;
- "Family Housing, Air Force", \$14,700,000; and
- "Family Housing, Defense-wide", \$100,000.

SEC. 126. Notwithstanding any other provision of law, from the funds appropriated in this Act for Military Construction, Army, the Secretary of the Army is directed to complete, using an Unspecified Minor Construction project, the Special Forces (Diver) Training Facility at Key West Naval Air Station, Florida, as authorized in the Military Construction Authorization Act for Fiscal Years 1990 and 1991 (Public Law 101-189).

SEC. 127. (a) LEASE OF PROPERTY AUTHORIZED.—Notwithstanding any other provision of law, the Secretary of the Navy (hereinafter referred to as the "Secretary") may lease, without monetary

Hawaii.

consideration, to the city and county of Honolulu (hereinafter referred to as the “city”) a parcel of land consisting of approximately 300 acres on Waipio Peninsula, Honolulu, Hawaii (hereinafter referred to as the “parcel”).

(b) RELATED EASEMENT.—The Secretary may also grant, without monetary consideration, an easement on, over, under and across that certain real property known as Waipio Point Access Road for access to and operation of the parcel.

(c) TERM.—The term of the lease and easement authorized under this section shall be fifty (50) years.

(d) CONDITION OF USE.—The lease and easement authorized under subsections (a) and (b) shall be subject to the following conditions:

(1) The city shall use the parcel for development and operation of a public soccer park and related recreational facilities, and for other civic and public purposes as may be approved by the Secretary.

(2) Facilities developed on the parcel shall be for public use and benefit; however, usage fees may be charged to defray facility operating and maintenance costs.

(3) The city shall comply with all explosive safety criteria affecting the city’s use of the lease and easement areas, as established by the Secretary in connection with the explosive safety areas supporting the ordinance handling wharves located at West Loch Branch, Naval Magazine, Lualualei, Hawaii.

(4) The city shall, at its own cost and to the satisfaction of the Secretary, make any and all improvements to Waipio Point Access Road which the city determines are necessary to provide onstreet parking along said road, and adequate access to the parcel, including, but not limited to, any necessary appurtenant utility and drainage improvements. During the term of said easement, the cost of maintenance, repair and replacement of said road and improvements shall be borne by the city.

(5) The city shall install a non-potable irrigation water delivery system to service the parcel, and in doing so, the city shall size transmission lines capable of delivering approximately 2.5 million additional gallons of irrigation water per day to agricultural lands on Waipio Peninsula under the control of the Secretary.

(e) TERMINATION.—If the Secretary determines at any time that the parcel is not being used for a purpose specified in subsection (d)(1), the lease and easement authorized under subsections (a) and (b) may be terminated, and all right, title, and interest in and to such real property, including any improvements thereon, shall revert to the United States, and the United States shall have the right of immediate entry thereon.

(f) EFFECT OF EXPIRATION OF LEASE.—Unless otherwise specifically provided for in this section, at the end of the lease and easement term, the city shall either convey, without reimbursement, to the United States, all right, title, and interest of the city in and to the improvements subject to said lease and easement, or restore, to the extent practicable, the lease and easement areas to the satisfaction of the Secretary.

(g) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the property subject to this section shall be determined by a survey satisfactory to the Secretary. The cost of such survey shall be borne by the city.

(h) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the lease and easement to be granted under this section as the Secretary considers appropriate to protect the interests of the United States.

SEC. 128. (a) Not later than 60 days before issuing any solicitation for a contract with the private sector for military family housing or military unaccompanied housing, the Secretary of the military department concerned shall submit to the congressional defense committees the notice described in subsection (b).

Notice.

(b)(1) A notice referred to in subsection (a) is a notice of any guarantee (including the making of mortgage or rental payments) proposed to be made by the Secretary to the private party under the contract involved in the event of—

(A) the closure or realignment of the installation for which housing is provided under the contract;

(B) a reduction in force of units stationed at such installation; or

(C) the extended deployment overseas of units stationed at such installation.

(2) Each notice under this subsection shall specify the nature of the guarantee involved and assess the extent and likelihood, if any, of the liability of the Federal Government with respect to the guarantee.

(c) In this section, the term “congressional defense committees” means the following:

(1) The Committee on Armed Services and the Military Construction Subcommittee, Committee on Appropriations of the Senate.

(2) The Committee on National Security and the Military Construction Subcommittee, Committee on Appropriations of the House of Representatives.

This Act may be cited as the “Military Construction Appropriations Act, 1998”.

Approved September 30, 1997.

LEGISLATIVE HISTORY—H.R. 2016:

HOUSE REPORTS: Nos. 105–150 (Comm. on Appropriations) and 105–247 (Comm. of Conference).

SENATE REPORTS: No. 105–52 (Comm. on Appropriations).

CONGRESSIONAL RECORD, Vol. 143 (1997):

July 8, considered and passed House.

July 22, considered and passed Senate, amended.

Sept. 16, House agreed to conference report.

Sept. 17, Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Sept. 30, Presidential statement.

Oct. 6, President’s special message on line item veto.

FEDERAL REGISTER, Vol. 62 (1997):

Oct. 7, Cancellation of items pursuant to the Line Item Veto Act.



Public Law 105–46
105th Congress

Joint Resolution

Making continuing appropriations for the fiscal year 1998, and for other purposes.

Sept. 30, 1997

[H.J. Res. 94]

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are hereby appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units of Government for the fiscal year 1998, and for other purposes, namely:

SECTION 101. (a) Such amounts as may be necessary under the authority and conditions provided in the applicable appropriations Act for the fiscal year 1997 for continuing projects or activities including the costs of direct loans and loan guarantees (not otherwise specifically provided for in this joint resolution) which were conducted in the fiscal year 1997 and for which appropriations, funds, or other authority would be available in the following appropriations Acts:

(1) the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1998;

(2) the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1998, notwithstanding section 15 of the State Department Basic Authorities Act of 1956, section 701 of the United States Information and Educational Exchange Act of 1948, section 313 of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 (Public Law 103–236), and section 53 of the Arms Control and Disarmament Act;

(3) the Department of Defense Appropriations Act, 1998, notwithstanding section 504(a)(1) of the National Security Act of 1947;

(4) the District of Columbia Appropriations Act, 1998, the House and Senate reported versions of which shall be deemed to have passed the House and the Senate respectively as of October 1, 1997, for the purposes of this joint resolution, unless a reported version is passed as of October 1, 1997, in which case the passed version shall be used in place of the reported version for the purposes of this joint resolution;

(5) the Energy and Water Development Appropriations Act, 1998;

(6) the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1998, notwithstanding section 10 of Public Law 91–672 and section 15(a) of the State Department Basic Authorities Act of 1956;

(7) the Department of the Interior and Related Agencies Appropriations Act, 1998;

(8) the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1998;

(9) the Legislative Branch Appropriations Act, 1998;

(10) the Military Construction Appropriations Act, 1998;

(11) the Department of Transportation Appropriations Act, 1998;

(12) the Treasury, Postal Service, and General Government Appropriations Act, 1998; and

(13) the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1998:

Provided, That whenever the amount which would be made available or the authority which would be granted in these Acts as passed by the House and Senate as of October 1, 1997, is different than that which would be available or granted under current operations, the pertinent project or activity shall be continued at a rate for operations not exceeding the current rate: *Provided further*, That whenever the amount of the budget request is less than the amount for current operations and the amount which would be made available or the authority which would be granted in these appropriations Acts as passed by the House and Senate as of October 1, 1997, is less than the amount for current operations, then the pertinent project or activity shall be continued at a rate for operations not exceeding the greater of the rates that would be provided by the amount of the budget request or the amount which would be made available or the authority which would be granted in these appropriations Acts: *Provided further*, That whenever there is no amount made available under any of these appropriations Acts as passed by the House and Senate as of October 1, 1997, for a continuing project or activity which was conducted in fiscal year 1997 and for which there is fiscal year 1998 funding included in the budget request, the pertinent project or activity shall be continued at a rate for operations not exceeding the lesser of the rates that would be provided by the amount of the budget request or the rate for current operations under the authority and conditions provided in the applicable appropriations Act for the fiscal year 1997.

(b) Whenever the amount which would be made available or the authority which would be granted under an Act listed in this section as passed by the House as of October 1, 1997, is different from that which would be available or granted under such Act as passed by the Senate as of October 1, 1997, the pertinent project or activity shall be continued at a rate for operations not exceeding the current rate under the appropriation, fund, or authority granted by the applicable appropriations Act for the fiscal year 1998 and under the authority and conditions provided in the applicable appropriations Act for the fiscal year 1997: *Provided*, That whenever the amount of the budget request is less than the amount for current operations and the amounts which would be made available or the authority which would be granted in these appropriations Acts as passed by the House and the Senate as of October 1, 1997, are both less than the amount for current operations, then the pertinent project or activity shall be continued at a rate for operations not exceeding the greater of the rates that would be provided by the amount of the budget request or

the amount which would be made available or the authority which would be granted in the applicable appropriations Act as passed by the House or as passed by the Senate under the appropriation, fund, or authority provided in the applicable appropriations Act for the fiscal year 1998 and under the authority and conditions provided in the applicable appropriations Act for the fiscal year 1997.

(c) Whenever an Act listed in this section has been passed by only the House or only the Senate as of October 1, 1997, the pertinent project or activity shall be continued under the appropriation, fund, or authority granted by the one House at a rate for operations not exceeding the current rate and under the authority and conditions provided in the applicable appropriations Act for the fiscal year 1997: *Provided*, That whenever the amount of the budget request is less than the amount for current operations and the amounts which would be made available or the authority which would be granted in the appropriations Act as passed by the one House as of October 1, 1997, is less than the amount for current operations, then the pertinent project or activity shall be continued at a rate for operations not exceeding the greater of the rates that would be provided by the amount of the budget request or the amount which would be made available or the authority which would be granted in the applicable appropriations Act as passed by the one House under the appropriation, fund, or authority provided in the applicable appropriations Act for the fiscal year 1998 and under the authority and conditions provided in the applicable appropriations Act for the fiscal year 1997: *Provided further*, That whenever there is no amount made available under any of these appropriations Acts as passed by the House or the Senate as of October 1, 1997, for a continuing project or activity which was conducted in fiscal year 1997 and for which there is fiscal year 1998 funding included in the budget request, the pertinent project or activity shall be continued at a rate for operations not exceeding the lesser of the rates that would be provided by the amount of the budget request or the rate for current operations under the authority and conditions provided in the applicable appropriations Act for the fiscal year 1997.

SEC. 102. No appropriation or funds made available or authority granted pursuant to section 101 for the Department of Defense shall be used for new production of items not funded for production in fiscal year 1997 or prior years, for the increase in production rates above those sustained with fiscal year 1997 funds, or to initiate, resume, or continue any project, activity, operation, or organization which are defined as any project, subproject, activity, budget activity, program element, and subprogram within a program element and for investment items are further defined as a P-1 line item in a budget activity within an appropriation account and an R-1 line item which includes a program element and subprogram element within an appropriation account, for which appropriations, funds, or other authority were not available during the fiscal year 1997: *Provided*, That no appropriation or funds made available or authority granted pursuant to section 101 for the Department of Defense shall be used to initiate multi-year procurements utilizing advance procurement funding for economic order quantity procurement unless specifically appropriated later.

SEC. 103. Appropriations made by section 101 shall be available to the extent and in the manner which would be provided by the pertinent appropriations Act.

SEC. 104. No appropriation or funds made available or authority granted pursuant to section 101 shall be used to initiate or resume any project or activity for which appropriations, funds, or other authority were not available during the fiscal year 1997.

SEC. 105. No provision which is included in an appropriations Act enumerated in section 101 but which was not included in the applicable appropriations Act for fiscal year 1997 and which by its terms is applicable to more than one appropriation, fund, or authority shall be applicable to any appropriation, fund, or authority provided in this joint resolution.

Termination
date.

SEC. 106. Unless otherwise provided for in this joint resolution or in the applicable appropriations Act, appropriations and funds made available and authority granted pursuant to this joint resolution shall be available until: (1) enactment into law of an appropriation for any project or activity provided for in this joint resolution; or (2) the enactment into law of the applicable appropriations Act by both Houses without any provision for such project or activity; or (3) October 23, 1997, whichever first occurs.

SEC. 107. Appropriations made and authority granted pursuant to this joint resolution shall cover all obligations or expenditures incurred for any program, project, or activity during the period for which funds or authority for such project or activity are available under this joint resolution.

SEC. 108. Expenditures made pursuant to this joint resolution shall be charged to the applicable appropriation, fund, or authorization whenever a bill in which such applicable appropriation, fund, or authorization is contained is enacted into law.

SEC. 109. No provision in the appropriations Act for the fiscal year 1998 referred to in section 101 of this Act that makes the availability of any appropriation provided therein dependent upon the enactment of additional authorizing or other legislation shall be effective before the date set forth in section 106(3) of this joint resolution.

SEC. 110. Appropriations and funds made available by or authority granted pursuant to this joint resolution may be used without regard to the time limitations for submission and approval of apportionments set forth in section 1513 of title 31, United States Code, but nothing herein shall be construed to waive any other provision of law governing the apportionment of funds.

SEC. 111. This joint resolution shall be implemented so that only the most limited funding action of that permitted in the joint resolution shall be taken in order to provide for continuation of projects and activities.

SEC. 112. Notwithstanding any other provision of this joint resolution, except section 106, for those programs that had high initial rates of operation or complete distribution of fiscal year 1997 appropriations at the beginning of that fiscal year because of distributions of funding to States, foreign countries, grantees or others, similar distributions of funds for fiscal year 1998 shall not be made and no grants shall be awarded for such programs funded by this resolution that would impinge on final funding prerogatives.

15 USC 77f note.

SEC. 113. Notwithstanding any other provision of this joint resolution, except section 106, the amount made available to the

Securities and Exchange Commission, under the heading Salaries and Expenses, shall include, in addition to direct appropriations, the amount it collects under the fee rate and offsetting collection authority contained in Public Law 104-208, which fee rate and offsetting collection authority shall remain in effect during the period of this joint resolution.

SEC. 114. Notwithstanding any other provision of this joint resolution, except section 106, the rate for operations for projects and activities that would be funded under the heading “International Organizations and Conferences, Contributions to International Organizations” in the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1998, shall be the amount provided by the provisions of section 101 multiplied by the ratio of the number of days covered by this resolution to 365.

SEC. 115. Notwithstanding any other provision of this joint resolution, except section 106, the amounts made available for the following new programs authorized by the National Capital Revitalization and Self-Government Act of 1997, Public Law 105-33, shall be the higher of the amounts in the budget request or the House or Senate District of Columbia Appropriations Act, 1998, passed as of October 1, 1997, multiplied by the ratio of the number of days covered by this joint resolution to 365: Federal Contribution to the Operations of the Nation’s Capital; Federal Payment to the District of Columbia Corrections Trustee Operations; Payment to the District of Columbia Corrections Trustee for Correctional Facilities, Construction and Repair, and Federal Payment to the District of Columbia Criminal Justice System: *Provided*, That the amounts made available for the last item shall be made available to the Joint Committee on Judicial Administration in the District of Columbia; the District of Columbia Truth in Sentencing Commission; the Pretrial Services, Defense Services, Parole, Adult Probation, and Offender Supervision Trustee; and the United States Parole Commission, as appropriate.

SEC. 116. Notwithstanding any other provision of this joint resolution, except section 106, the authorities provided under subsection (a) of section 140 of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 (Public Law 103-236) shall remain in effect during the period of this Act, notwithstanding paragraphs (3) and (5) of said subsection.

8 USC 1351 note.

SEC. 117. Notwithstanding any other provision of this joint resolution, except section 106, the authorities provided under 217 of the Immigration and Nationality Act (8 U.S.C. 1187) shall remain in effect during the period of this joint resolution, notwithstanding subsection (f) of said section.

SEC. 118. The National Flood Insurance Act of 1968 (42 U.S.C. 4026) is amended in section 1319 by striking “September 30, 1997” and inserting “October 23, 1997” and in section 1336 by striking “September 30, 1996” and inserting “October 23, 1997”.

42 USC 4026,
4056.

SEC. 119. Notwithstanding section 204 of the Financial Responsibility and Management Assistance Act of 1995 related to the latest maturity date for the short-term Treasury advances, the District of Columbia government may delay repayment of the 1997 Treasury advances beyond October 1, 1997 until it receives the full year Federal contribution, as authorized by section 11601 of the National Capital Revitalization and Self-Government Improvement Act of 1997, Public Law 105-33. Any interest or

penalties that would generally apply to such late payments are hereby waived under this provision.

SEC. 120. In addition to the amounts made available for the Veterans Health Administration, Medical Care account pursuant to section 101 of this joint resolution, this account is also available for necessary administrative and legal expenses of the Department for collecting and recovering amounts owed the Department as authorized under 38 U.S.C. chapter 17, and the Federal Medical Care Recovery Act, 42 U.S.C. 2651 et seq.

SEC. 121. Notwithstanding section 235(a)(3) of the Foreign Assistance Act of 1961 (22 U.S.C. 2195(a)(3)), the authority of section 235(a)(1) and (2), of the same Act, shall remain in effect during the period of this joint resolution.

SEC. 122. Section 7 of the Export-Import Bank Act of 1945 (12 U.S.C. 635f) is amended by striking “1997” and inserting “October 23, 1997”.

8 USC 1182 note.

SEC. 123. Section 506(c) of Public Law 103-317 is amended by striking “September 30, 1997” and inserting “October 23, 1997”.

Approved September 30, 1997.

LEGISLATIVE HISTORY—H.J. Res. 94:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Sept. 29, considered and passed House.

Sept. 30, considered and passed Senate.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Sept. 30, Presidential statement.



Public Law 105-47
105th Congress

An Act

To authorize appropriations for carrying out the Earthquake Hazards Reduction Act of 1977 for fiscal years 1998 and 1999, and for other purposes.

Oct. 1, 1997
[S. 910]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AUTHORIZATION OF APPROPRIATIONS.

Section 12 of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7706) is amended—

(1) in subsection (a)(7)—

(A) by striking “and” after “1995,”; and

(B) by inserting before the period at the end the following: “, \$20,900,000 for the fiscal year ending September 30, 1998, and \$21,500,000 for the fiscal year ending September 30, 1999”;

(2) in subsection (b)—

(A) by striking “and” after “September 30, 1995,”;

(B) by inserting before the period at the end the following: “, \$52,565,000 for the fiscal year ending September 30, 1998, of which \$3,800,000 shall be used for the Global Seismic Network operated by the Agency; and \$54,052,000 for the fiscal year ending September 30, 1999, of which \$3,800,000 shall be used for the Global Seismic Network operated by the Agency”; and

(C) by adding at the end the following: “Of the amounts authorized to be appropriated under this subsection, at least—

“(1) \$8,000,000 of the amount authorized to be appropriated for the fiscal year ending September 30, 1998; and

“(2) \$8,250,000 of the amount authorized for the fiscal year ending September 30, 1999,

shall be used for carrying out a competitive, peer-reviewed program under which the Director, in close coordination with and as a complement to related activities of the United States Geological Survey, awards grants to, or enters into cooperative agreements with, State and local governments and persons or entities from the academic community and the private sector.”;

(3) in subsection (c)—

(A) by striking “and” after “September 30, 1995,”; and

(B) by inserting before the period at the end the following: “, (3) \$18,450,000 for engineering research and \$11,920,000 for geosciences research for the fiscal year ending September 30, 1998, and (4) \$19,000,000 for engineering research and \$12,280,000 for geosciences

research for the fiscal year ending September 30, 1999"; and

(4) in the last sentence of subsection (d)—

(A) by striking “and” after “September 30, 1995,”; and

(B) by inserting before the period at the end the following: “, \$2,000,000 for the fiscal year ending September 30, 1998, and \$2,060,000 for the fiscal year ending September 30, 1999”.

42 USC 7704
note.

SEC. 2. AUTHORIZATION OF REAL-TIME SEISMIC HAZARD WARNING SYSTEM DEVELOPMENT, AND OTHER ACTIVITIES.

(a) AUTOMATIC SEISMIC WARNING SYSTEM DEVELOPMENT.—

(1) DEFINITIONS.—In this section:

(A) DIRECTOR.—The term “Director” means the Director of the United States Geological Survey.

(B) HIGH-RISK ACTIVITY.—The term “high-risk activity” means an activity that may be adversely affected by a moderate to severe seismic event (as determined by the Director). The term includes high-speed rail transportation.

(C) REAL-TIME SEISMIC WARNING SYSTEM.—The term “real-time seismic warning system” means a system that issues warnings in real-time from a network of seismic sensors to a set of analysis processors, directly to receivers related to high-risk activities.

(2) IN GENERAL.—The Director shall conduct a program to develop a prototype real-time seismic warning system. The Director may enter into such agreements or contracts as may be necessary to carry out the program.

(3) UPGRADE OF SEISMIC SENSORS.—In carrying out a program under paragraph (2), in order to increase the accuracy and speed of seismic event analysis to provide for timely warning signals, the Director shall provide for the upgrading of the network of seismic sensors participating in the prototype to increase the capability of the sensors—

(A) to measure accurately large magnitude seismic events (as determined by the Director); and

(B) to acquire additional parametric data.

(4) DEVELOPMENT OF COMMUNICATIONS AND COMPUTATION INFRASTRUCTURE.—In carrying out a program under paragraph (2), the Director shall develop a communications and computation infrastructure that is necessary—

(A) to process the data obtained from the upgraded seismic sensor network referred to in paragraph (3); and

(B) to provide for, and carry out, such communications engineering and development as is necessary to facilitate—

(i) the timely flow of data within a real-time seismic hazard warning system; and

(ii) the issuance of warnings to receivers related to high-risk activities.

(5) PROCUREMENT OF COMPUTER HARDWARE AND COMPUTER SOFTWARE.—In carrying out a program under paragraph (2), the Director shall procure such computer hardware and computer software as may be necessary to carry out the program.

(6) REPORTS ON PROGRESS.—

(A) IN GENERAL.—Not later than 120 days after the date of enactment of this Act, the Director shall prepare and submit to Congress a report that contains a plan

for implementing a real-time seismic hazard warning system.

(B) ADDITIONAL REPORTS.—Not later than 1 year after the date on which the Director submits the report under subparagraph (A), and annually thereafter, the Director shall prepare and submit to Congress a report that summarizes the progress of the Director in implementing the plan referred to in subparagraph (A).

(7) AUTHORIZATION OF APPROPRIATIONS.—In addition to the amounts made available to the Director under section 12(b) of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7706(b)), there are authorized to be appropriated to the Department of the Interior, to be used by the Director to carry out paragraph (2), \$3,000,000 for each of fiscal years 1998 and 1999.

(b) SEISMIC MONITORING NETWORKS ASSESSMENT.—

(1) IN GENERAL.—The Director shall provide for an assessment of regional seismic monitoring networks in the United States. The assessment shall address—

(A) the need to update the infrastructure used for collecting seismological data for research and monitoring of seismic events in the United States;

(B) the need for expanding the capability to record strong ground motions, especially for urban area engineering purposes;

(C) the need to measure accurately large magnitude seismic events (as determined by the Director);

(D) the need to acquire additional parametric data; and

(E) projected costs for meeting the needs described in subparagraphs (A) through (D).

(2) RESULTS.—The Director shall transmit the results of the assessment conducted under this subsection to Congress not later than 1 year after the date of enactment of this Act.

(c) EARTH SCIENCE TEACHING MATERIALS.—

(1) DEFINITIONS.—In this subsection:

(A) LOCAL EDUCATIONAL AGENCY.—The term “local educational agency” has the meaning given that term in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(B) SCHOOL.—The term “school” means a nonprofit institutional day or residential school that provides education for any of the grades kindergarten through grade 12.

(2) TEACHING MATERIALS.—In a manner consistent with the requirement under section 5(b)(4) of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7704(b)(4)) and subject to a merit based competitive process, the Director of the National Science Foundation may use funds made available to him or her under section 12(c) of such Act (42 U.S.C. 7706(c)) to develop, and make available to schools and local educational agencies for use by schools, at a minimal cost, earth science teaching materials that are designed to meet the needs of elementary and secondary school teachers and students.

(d) IMPROVED SEISMIC HAZARD ASSESSMENT.—

(1) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Director shall conduct a project to improve the seismic hazard assessment of seismic zones.

(2) REPORTS.—

(A) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, and annually during the period of the project, the Director shall prepare, and submit to Congress, a report on the findings of the project.

(B) FINAL REPORT.—Not later than 60 days after the date of termination of the project conducted under this subsection, the Director shall prepare and submit to Congress a report concerning the findings of the project.

(e) STUDY OF NATIONAL EARTHQUAKE EMERGENCY TRAINING CAPABILITIES.—

(1) IN GENERAL.—The Director of the Federal Emergency Management Agency shall conduct an assessment of the need for additional Federal disaster-response training capabilities that are applicable to earthquake response.

(2) CONTENTS OF ASSESSMENT.—The assessment conducted under this subsection shall include—

(A) a review of the disaster training programs offered by the Federal Emergency Management Agency at the time of the assessment;

(B) an estimate of the number and types of emergency response personnel that have, during the period beginning on January 1, 1990 and ending on July 1, 1997, sought the training referred to in subparagraph (A), but have been unable to receive that training as a result of the oversubscription of the training capabilities of the Federal Emergency Management Agency; and

(C) a recommendation on the need to provide additional Federal disaster-response training centers.

(3) REPORT.—Not later than 180 days after the date of enactment of this Act, the Director shall prepare and submit to Congress a report that addresses the results of the assessment conducted under this subsection.

SEC. 3. COMPREHENSIVE ENGINEERING RESEARCH PLAN.

(a) NATIONAL SCIENCE FOUNDATION.—Section 5(b)(4) of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7704(b)(4)) is amended—

(1) by striking “and” at the end of subparagraph (D);

(2) by striking the period at the end of subparagraph (E) and inserting “; and”; and

(3) by adding at the end the following:

“(F) develop, in conjunction with the Federal Emergency Management Agency, the National Institute of Standards and Technology, and the United States Geological Survey, a comprehensive plan for earthquake engineering research to effectively use existing testing facilities and laboratories (in existence at the time of the development of the plan), upgrade facilities and equipment as needed, and integrate new, innovative testing approaches to the research infrastructure in a systematic manner.”.

(b) FEDERAL EMERGENCY MANAGEMENT AGENCY.—Section 5(b)(1) of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7704(b)(1)) is amended—

- (1) by striking “and” at the end of subparagraph (D);
- (2) by striking the period at the end of subparagraph (E) and inserting “; and”; and
- (3) by adding at the end the following:

“(F) work with the National Science Foundation, the National Institute of Standards and Technology, and the United States Geological Survey, to develop a comprehensive plan for earthquake engineering research to effectively use existing testing facilities and laboratories (existing at the time of the development of the plan), upgrade facilities and equipment as needed, and integrate new, innovative testing approaches to the research infrastructure in a systematic manner.”.

(c) UNITED STATES GEOLOGICAL SURVEY.—Section 5(b)(3) of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7704(b)(3)) is amended—

- (1) by striking “and” at the end of subparagraph (E);
- (2) by striking the period at the end of subparagraph (G) and inserting “; and”; and
- (3) by adding at the end the following:

“(H) work with the National Science Foundation, the Federal Emergency Management Agency, and the National Institute of Standards and Technology to develop a comprehensive plan for earthquake engineering research to effectively use existing testing facilities and laboratories (in existence at the time of the development of the plan), upgrade facilities and equipment as needed, and integrate new, innovative testing approaches to the research infrastructure in a systematic manner.”.

(d) NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY.—Section 5(b)(5) of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7704(b)(5)) is amended—

- (1) by striking “and” at the end of subparagraph (B);
- (2) by striking the period at the end of subparagraph (C) and inserting “; and”; and
- (3) by adding at the end the following:

“(D) work with the National Science Foundation, the Federal Emergency Management Agency, and the United States Geological Survey to develop a comprehensive plan for earthquake engineering research to effectively use existing testing facilities and laboratories (in existence at the time of the development of the plan), upgrade facilities and equipment as needed, and integrate new, innovative testing approaches to the research infrastructure in a systematic manner.”.

SEC. 4. REPEALS.

Sections 6 and 7 of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7705 and 7705a) are repealed.

Approved October 1, 1997.

LEGISLATIVE HISTORY—S. 910 (H.R. 2249):

HOUSE REPORTS: No. 105–238, Pt. 1 (Comm. on Science) accompanying H.R. 2249.

SENATE REPORTS: No. 105–59 (Comm. on Commerce, Science, and Transportation).

CONGRESSIONAL RECORD, Vol. 143 (1997):

July 31, considered and passed Senate.

Sept. 16, considered and passed House.



Public Law 105–48
105th Congress

An Act

To provide permanent authority for the administration of au pair programs.

Oct. 1, 1997

[S. 1211]

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

SECTION 1. PERMANENT AUTHORITY FOR AU PAIR PROGRAMS.

Section 1(b) of the Act entitled “An Act to extend au pair programs”, approved December 23, 1995 (Public Law 104–72; 109 Stat. 776) is amended by striking “, through fiscal year 1997”.

Approved October 1, 1997.

LEGISLATIVE HISTORY—S. 1211:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Sept. 25, considered and passed Senate.

Sept. 29, considered and passed House.



Public Law 105–49
105th Congress

An Act

Oct. 6, 1997
[H.R. 111]

To provide for the conveyance of a parcel of unused agricultural land in Dos Palos, California, to the Dos Palos Ag Boosters for use as a farm school.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. LAND CONVEYANCE, UNUSED AGRICULTURAL LAND, DOS PALOS, CALIFORNIA.

(a) CONVEYANCE.—In accordance with the provisions of this section, the Secretary of Agriculture shall convey to the Dos Palos Ag Boosters of Dos Palos, California, all right, title, and interest of the United States in and to a parcel of real property (including improvements thereon) held by the Secretary that consists of approximately 22 acres and is located at 18296 Elgin Avenue, Dos Palos, California, to be used as a farm school for the education and training of students and beginning farmers regarding farming. The conveyance shall be final with no future liability accruing to the Secretary of Agriculture.

(b) CONSIDERATION.—As consideration for the conveyance under subsection (a), the transferee shall pay to the Secretary an amount equal to the fair market value of the parcel conveyed under subsection (a).

(c) ALTERNATIVE TRANSFEREE.—At the request of the Dos Palos Ag Boosters, the Secretary may make the conveyance under subsection (a) to the Dos Palos School District.

(d) DETERMINATION OF FAIR MARKET VALUE AND PROPERTY DESCRIPTION.—The Secretary shall determine the fair market value of the parcel to be conveyed under subsection (a). The exact acreage and legal description of the parcel shall be determined by a survey satisfactory to the Secretary. The cost of any such survey shall be borne by the transferee.

(e) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under this section as the Secretary considers appropriate to protect the interests of the United States.

Approved October 6, 1997.

LEGISLATIVE HISTORY—H.R. 111:

HOUSE REPORTS: No. 105–34 (Comm. on Agriculture).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Apr. 16, considered and passed House.

Sept. 23, considered and passed Senate.



Public Law 105–50
105th Congress

An Act

To amend the Federal Property and Administrative Services Act of 1949 to authorize the transfer of surplus personal property to States for donation to nonprofit providers of necessities to impoverished families and individuals, and to authorize the transfer of surplus real property to States, political subdivisions and instrumentalities of States, and nonprofit organizations for providing housing or housing assistance for low-income individuals or families.

Oct. 6, 1997
[H.R. 680]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

**SECTION 1. TRANSFER OF SURPLUS PERSONAL PROPERTY FOR
DONATION TO PROVIDERS OF NECESSARIES TO IMPOV-
ERISHED FAMILIES AND INDIVIDUALS.**

Section 203(j)(3)(B) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484(j)(3)(B)) is amended by inserting after “homeless individuals” the following: “, providers of assistance to families or individuals whose annual incomes are below the poverty line (as that term is defined in section 673 of the Community Services Block Grant Act),”.

**SEC. 2. TRANSFER OF SURPLUS REAL PROPERTY FOR PROVIDING
HOUSING OR HOUSING ASSISTANCE FOR LOW-INCOME
INDIVIDUALS OR FAMILIES.**

(a) IN GENERAL.—Section 203(k) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484(k)) is amended by adding at the end the following new paragraph:

“(6)(A) Under such regulations as the Administrator may prescribe, the Administrator may, in the discretion of the Administrator, assign to the Secretary of Housing and Urban Development for disposal such surplus real property, including buildings, fixtures, and equipment situated thereon, as is recommended by the Secretary as being needed for providing housing or housing assistance for low-income individuals or families.

“(B) Subject to the disapproval of the Administrator within 30 days after notice to the Administrator by the Secretary of Housing and Urban Development of a proposed transfer of property for the purpose of providing such housing or housing assistance, the Secretary, through such officers or employees of the Department of Housing and Urban Development as the Secretary may designate, may sell or lease such property for that purpose to any State, any political subdivision or instrumentality of a State, or any nonprofit organization that exists for the primary purpose of providing housing or housing assistance for low-income individuals or families.

“(C) The Administrator shall disapprove a proposed transfer of property under this paragraph unless the Administrator

determines that the property will be used for low-income housing opportunities through the construction, rehabilitation, or refurbishment of self-help housing, under terms that require that—

“(i) any individual or family receiving housing or housing assistance constructed, rehabilitated, or refurbished through use of the property shall contribute a significant amount of labor toward the construction, rehabilitation, or refurbishment; and

“(ii) dwellings constructed, rehabilitated, or refurbished through use of the property shall be quality dwellings that comply with local building and safety codes and standards and shall be available at prices below prevailing market prices.

Guidelines.

“(D)(i) The Administrator shall ensure that nonprofit organizations that are sold or leased property under subparagraph (B) shall develop and use guidelines to take into consideration any disability of an individual for the purposes of fulfilling any self-help requirement under subparagraph (C)(i).

“(ii) For purposes of this subparagraph, the term ‘disability’ has the meaning given such term under section 3(2) of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102(2)).

“(E)(i) In fixing the sale or lease value of property to be disposed of under this paragraph, the Secretary of Housing and Urban Development shall take into consideration and discount the value with respect to any benefit which has accrued or may accrue to the United States from the use of such property by any such State, political subdivision, instrumentality, or nonprofit organization.

“(ii) The amount of the discount under clause (i) shall be 75 percent of the market value of the property, except that the Secretary may discount by a greater percentage if the Secretary, in consultation with the Administrator, determines that a higher percentage is justified.”.

(b) CONFORMING AMENDMENTS.—Section 203(k)(4) of such Act (40 U.S.C. 484(k)(4)) is amended—

(1) in subparagraph (C), by striking “or” after the semicolon;

(2) in subparagraph (D), by striking the period at the end and inserting “; or”; and

(3) by inserting after subparagraph (D) the following:

“(E) the Secretary of Housing and Urban Development, through such officers or employees of the Department of Housing and Urban Development as the Secretary may designate, in the case of property transferred under paragraph (6).”.

Approved October 6, 1997.

LEGISLATIVE HISTORY—H.R. 680:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Apr. 29, considered and passed House.

July 9, considered and passed Senate, amended.

Sept. 18, House concurred in Senate amendments.



Public Law 105–51
105th Congress

An Act

Oct. 6, 1997
[H.R. 2248]

To authorize the President to award a gold medal on behalf of the Congress to Ecumenical Patriarch Bartholomew in recognition of his outstanding and enduring contributions toward religious understanding and peace, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

31 USC 5111
note.

SECTION 1. FINDINGS.

The Congress finds that—

(1) Ecumenical Patriarch Bartholomew—

(A) is the spiritual leader of nearly 300 million Orthodox Christians around the world and millions of Orthodox Christians in America; and

(B) is recognized in the United States and abroad as a leader in the quest for world peace, respect for the Earth's environment, and greater religious understanding;

(2) the extraordinary efforts of Ecumenical Patriarch Bartholomew continue to bring people of all faiths closer together in America and around the world;

(3) the courageous leadership of Ecumenical Patriarch Bartholomew for peace in the Balkans, Eastern Europe, the Middle East, the Eastern Mediterranean, and elsewhere inspires and encourages people of all faiths toward his dream of world peace in the new millennium; and

(4) the outstanding accomplishments of Ecumenical Patriarch Bartholomew have been formally recognized and honored by numerous governmental, academic, and other institutions around the world.

31 USC 5111
note.

SEC. 2. CONGRESSIONAL GOLD MEDAL.

(a) **PRESENTATION AUTHORIZED.**—The President is authorized to present, on behalf of the Congress, a gold medal of appropriate design to Ecumenical Patriarch Bartholomew in recognition of his outstanding and enduring contributions to religious understanding and peace.

(b) **DESIGN AND STRIKING.**—For the purpose of the presentation referred to in subsection (a), the Secretary of the Treasury (hereafter in this Act referred to as the “Secretary”) shall strike a gold medal with suitable emblems, devices, and inscriptions, to be determined by the Secretary.

31 USC 5111
note.

SEC. 3. DUPLICATE MEDALS.

The Secretary may strike and sell duplicates in bronze of the gold medal struck pursuant to section 2 under such regulations

as the Secretary may prescribe, and at a price sufficient to cover the costs thereof, including labor, materials, dies, use of machinery, overhead expenses, and the cost of the gold medal.

SEC. 4. NATIONAL MEDALS.

The medals struck pursuant to this Act are national medals for purposes of chapter 51 of title 31, United States Code.

31 USC 5111
note.

SEC. 5. AUTHORIZATION OF APPROPRIATIONS; PROCEEDS OF SALE.

31 USC 5111
note.

(a) **AUTHORIZATION OF APPROPRIATIONS.**—There is hereby authorized to be charged against the Numismatic Public Enterprise Fund an amount not to exceed \$30,000 to pay for the cost of the medal authorized by this Act.

(b) **PROCEEDS OF SALE.**—Amounts received from the sales of duplicate bronze medals under section 3 shall be deposited in the Numismatic Public Enterprise Fund.

Approved October 6, 1997.

LEGISLATIVE HISTORY—H.R. 2248:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Sept. 17, considered and passed House.

Sept. 24, considered and passed Senate.



Public Law 105–52
105th Congress

An Act

Oct. 6, 1997
[H.R. 2443]

To designate the Federal building located at 601 Fourth Street, NW., in the District of Columbia, as the “Federal Bureau of Investigation, Washington Field Office Memorial Building”, in honor of William H. Christian, Jr., Martha Dixon Martinez, Michael J. Miller, Anthony Palmisano, and Edwin R. Woodriffe.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PURPOSE.

The purpose of this Act is to designate the Federal building referred to in section 2 in honor of William H. Christian, Jr., Martha Dixon Martinez, Michael J. Miller, Anthony Palmisano, and Edwin R. Woodriffe, who were slain in the line of duty.

SEC. 2. FEDERAL BUREAU OF INVESTIGATION, WASHINGTON FIELD OFFICE MEMORIAL BUILDING.

(a) DESIGNATION.—The Federal building located at 601 Fourth Street, NW., in the District of Columbia, shall be known and designated as the “Federal Bureau of Investigation, Washington Field Office Memorial Building”.

(b) REFERENCES.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the Federal building referred to in subsection (a) shall be deemed to be a reference to the “Federal Bureau of Investigation, Washington Field Office Memorial Building”.

Approved October 6, 1997.

LEGISLATIVE HISTORY—H.R. 2443:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Sept. 18, considered and passed House.

Sept. 24, considered and passed Senate.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Oct. 6, Presidential statement.



Public Law 105–53
105th Congress

An Act

To provide for the authorization of appropriations in each fiscal year for arbitration in United States district courts, and for other purposes.

Oct. 6, 1997
[S. 996]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ARBITRATION IN DISTRICT COURTS.

Section 905 of the Judicial Improvements and Access to Justice Act (28 U.S.C. 651 note) is amended in the first sentence by striking “for each of the fiscal years 1994 through 1997” and inserting “for each fiscal year”.

SEC. 2. ENHANCEMENT OF JUDICIAL INFORMATION DISSEMINATION.

Section 103(b)(2) of the Civil Justice Reform Act of 1990 (Public Law 101–650; 104 Stat. 5096; 28 U.S.C. 471 note) is amended—

(1) by inserting “(A)” after “(2)”;

(2) by striking “sections 471 through 478” and inserting “sections 472, 473, 474, 475, 477, and 478”; and

(3) by adding at the end the following new subparagraph:

“(B) The requirements set forth in section 476 of title 28, United States Code, as added by subsection (a), shall remain in effect permanently.”.

SEC. 3. EXTENSION OF CERTAIN TEMPORARY JUDGESHIPS.

Section 203(c) of the Judicial Improvements Act of 1990 (28 U.S.C. 133 note) is amended—

(1) by striking paragraph (1) and redesignating the succeeding paragraphs accordingly; and

(2) by striking the last 3 sentences and inserting the following: “Except with respect to the western district of Michigan and the eastern district of Pennsylvania, the first vacancy in the office of district judge in each of the judicial districts named in this subsection, occurring 10 years or more after the confirmation date of the judge named to fill the temporary judgeship created by this subsection, shall not be filled. The first vacancy in the office of district judge in the western district of Michigan, occurring after December 1, 1995, shall not be filled. The first vacancy in the office of district judge in the eastern district of Pennsylvania, occurring 5 years or more after the confirmation date of the judge named to fill the temporary judgeship created for such district under this subsection, shall not be filled. For districts named in this subsection for which multiple judgeships are created by this Act, the last of those judgeships filled shall be the judgeships created under this section.”.

SEC. 4. TRANSFER OF FEDERAL COURT JUDGESHIP.

The table contained in section 133(a) of title 28, United States Code, is amended by amending the item relating to Louisiana to read as follows:

“Louisiana:	
“Eastern	12
“Middle	3
“Western	7”.

Approved October 6, 1997.

LEGISLATIVE HISTORY—S. 996 (H.R. 1581):
HOUSE REPORTS: No. 105-143 accompanying H.R. 1581 (Comm. on the Judiciary).
CONGRESSIONAL RECORD, Vol. 143 (1997):
July 31, considered and passed Senate.
Sept. 23, considered and passed House, amended.
Sept. 30, Senate concurred in House amendments.

Public Law 105–54
105th Congress

An Act

To amend the Immigration and Nationality Act to extend the special immigrant religious worker program, to amend the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 to extend the deadline for designation of an effective date for paperwork changes in the employer sanctions program, and to require the Secretary of State to waive or reduce the fee for application and issuance of a nonimmigrant visa for aliens coming to the United States for certain charitable purposes.

Oct. 6, 1997
[S. 1198]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. 3-YEAR EXTENSION OF SPECIAL IMMIGRANT RELIGIOUS WORKER PROGRAM.

(a) IN GENERAL.—Section 101(a)(27)(C)(ii) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(27)(C)(ii)) is amended by striking “1997,” each place it appears and inserting “2000,”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act. 8 USC 1101 note.

SEC. 2. WAIVER OF NONIMMIGRANT VISA FEES FOR CERTAIN CHARITABLE PURPOSES.

(a) IN GENERAL.—Section 281 of the Immigration and Nationality Act (8 U.S.C. 1351) is amended by adding at the end the following new sentence: “Subject to such criteria as the Secretary of State may prescribe, including the duration of stay of the alien and the financial burden upon the charitable organization, the Secretary of State shall waive or reduce the fee for application and issuance of a nonimmigrant visa for any alien coming to the United States primarily for, or in activities related to, a charitable purpose involving health or nursing care, the provision of food or housing, job training, or any other similar direct service or assistance to poor or otherwise needy individuals in the United States.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act. 8 USC 1351 note.

SEC. 3. 6-MONTH EXTENSION OF DEADLINE FOR DESIGNATION OF EFFECTIVE DATE FOR PAPERWORK CHANGES IN EMPLOYER SANCTIONS PROGRAM.

(a) IN GENERAL.—Section 412(e)(1) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (Public Law 104–208; 110 Stat. 3009–668) is amended by striking “12” and inserting “18”.

8 USC 1324a
note.

8 USC 1324a
note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the enactment of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996.

Approved October 6, 1997.

LEGISLATIVE HISTORY—S. 1198:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Sept. 18, considered and passed Senate.

Sept. 29, considered in House.

Oct. 1, considered and passed House, amended. Senate concurred in House amendments.



Public Law 105–55
105th Congress

An Act

Making appropriations for the Legislative Branch for the fiscal year ending September 30, 1998, and for other purposes.

Oct. 7, 1997
[H.R. 2209]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Legislative Branch for the fiscal year ending September 30, 1998, and for other purposes, namely:

Legislative
Branch
Appropriations
Act, 1998.

TITLE I—CONGRESSIONAL OPERATIONS

Congressional
Operations
Appropriations
Act, 1998.
2 USC 60a note.

SENATE

EXPENSE ALLOWANCES

For expense allowances of the Vice President, \$10,000; the President pro tempore of the Senate, \$10,000; Majority Leader of the Senate, \$10,000; Minority Leader of the Senate, \$10,000; Majority Whip of the Senate, \$5,000; Minority Whip of the Senate, \$5,000; and Chairmen of the Majority and Minority Conference Committees, \$3,000 for each Chairman; in all, \$56,000.

REPRESENTATION ALLOWANCES FOR THE MAJORITY AND MINORITY
LEADERS

For representation allowances of the Majority and Minority Leaders of the Senate, \$15,000 for each such Leader; in all, \$30,000.

SALARIES, OFFICERS AND EMPLOYEES

For compensation of officers, employees, and others as authorized by law, including agency contributions, \$77,254,000, which shall be paid from this appropriation without regard to the below limitations, as follows:

OFFICE OF THE VICE PRESIDENT

For the Office of the Vice President, \$1,612,000.

OFFICE OF THE PRESIDENT PRO TEMPORE

For the Office of the President pro tempore, \$371,000.

OFFICES OF THE MAJORITY AND MINORITY LEADERS

For Offices of the Majority and Minority Leaders, \$2,388,000.

OFFICES OF THE MAJORITY AND MINORITY WHIPS

For Offices of the Majority and Minority Whips, \$1,221,000.

CONFERENCE COMMITTEES

For the Conference of the Majority and the Conference of the Minority, at rates of compensation to be fixed by the Chairman of each such committee, \$1,061,000 for each such committee; in all, \$2,122,000.

OFFICES OF THE SECRETARIES OF THE CONFERENCE OF THE MAJORITY
AND THE CONFERENCE OF THE MINORITY

For Offices of the Secretaries of the Conference of the Majority and the Conference of the Minority, \$409,000.

POLICY COMMITTEES

For salaries of the Majority Policy Committee and the Minority Policy Committee, \$1,077,500 for each such committee; in all, \$2,155,000.

OFFICE OF THE CHAPLAIN

For Office of the Chaplain, \$260,000.

OFFICE OF THE SECRETARY

For Office of the Secretary, \$13,306,000.

OFFICE OF THE SERGEANT AT ARMS AND DOORKEEPER

For Office of the Sergeant at Arms and Doorkeeper, \$33,037,000.

OFFICES OF THE SECRETARIES FOR THE MAJORITY AND MINORITY

For Offices of the Secretary for the Majority and the Secretary for the Minority, \$1,165,000.

AGENCY CONTRIBUTIONS AND RELATED EXPENSES

For agency contributions for employee benefits, as authorized by law, and related expenses, \$19,208,000.

OFFICE OF THE LEGISLATIVE COUNSEL OF THE SENATE

For salaries and expenses of the Office of the Legislative Counsel of the Senate, \$3,605,000.

OFFICE OF SENATE LEGAL COUNSEL

For salaries and expenses of the Office of Senate Legal Counsel, \$966,000.

EXPENSE ALLOWANCES OF THE SECRETARY OF THE SENATE,
SERGEANT AT ARMS AND DOORKEEPER OF THE SENATE, AND
SECRETARIES FOR THE MAJORITY AND MINORITY OF THE SENATE

For expense allowances of the Secretary of the Senate, \$3,000; Sergeant at Arms and Doorkeeper of the Senate, \$3,000; Secretary for the Majority of the Senate, \$3,000; Secretary for the Minority of the Senate, \$3,000; in all, \$12,000.

CONTINGENT EXPENSES OF THE SENATE

INQUIRIES AND INVESTIGATIONS

For expenses of inquiries and investigations ordered by the Senate, or conducted pursuant to section 134(a) of Public Law 601, Seventy-ninth Congress, as amended, section 112 of Public Law 96-304 and Senate Resolution 281, agreed to March 11, 1980, \$75,600,000.

EXPENSES OF THE UNITED STATES SENATE CAUCUS ON
INTERNATIONAL NARCOTICS CONTROL

For expenses of the United States Senate Caucus on International Narcotics Control, \$370,000.

SECRETARY OF THE SENATE

For expenses of the Office of the Secretary of the Senate, \$1,511,000.

SERGEANT AT ARMS AND DOORKEEPER OF THE SENATE

For expenses of the Office of the Sergeant at Arms and Doorkeeper of the Senate, \$64,833,000, of which \$7,000,000 shall remain available until September 30, 1999.

MISCELLANEOUS ITEMS

For miscellaneous items, \$7,905,000.

SENATORS' OFFICIAL PERSONNEL AND OFFICE EXPENSE ACCOUNT

For Senators' Official Personnel and Office Expense Account, \$228,600,000.

STATIONERY (REVOLVING FUND)

For stationery for the President of the Senate, \$4,500, for officers of the Senate and the Conference of the Majority and Conference of the Minority of the Senate, \$8,500; in all, \$13,000.

OFFICIAL MAIL COSTS

For expenses necessary for official mail costs of the Senate, \$300,000, to remain available until September 30, 1999.

ADMINISTRATIVE PROVISIONS

SECTION 1. (a) For fiscal year 1998, and each fiscal year thereafter, the Secretary of the Senate is authorized to make advance

Contracts.
2 USC 68e.

payments under a contract or other agreement to provide a service or deliver an article for the United States Government without regard to the provisions of section 3324 of title 31, United States Code.

Regulations. (b) An advance payment authorized by subsection (a) shall be made in accordance with regulations issued by the Committee on Rules and Administration of the Senate.

(c) The authority granted by subsection (a) shall not take effect until regulations are issued pursuant to subsection (b).

2 USC 31a-2c. SEC. 2. (a) Upon the written request of the Majority or Minority Whip of the Senate, the Secretary of the Senate shall transfer during any fiscal year, from the appropriations account appropriated under the headings "SALARIES, OFFICERS AND EMPLOYEES" and "OFFICES OF THE MAJORITY AND MINORITY WHIPS", such amount as either whip shall specify to the appropriations account, within the contingent fund of the Senate, "MISCELLANEOUS ITEMS".

(b) The Majority and Minority Whips of the Senate are each authorized to incur such expenses as may be necessary or appropriate. Expenses incurred by either such whip shall be paid from the amount transferred pursuant to subsection (a) by such whip and upon vouchers approved by such whip.

(c) The Secretary of the Senate is authorized to advance such sums as may be necessary to defray expenses incurred in carrying out subsections (a) and (b).

Effective date. SEC. 3. (a) Effective in the case of any fiscal year which begins on or after October 1, 1997, clause (iii) of paragraph (3)(A) of section 506(b) of the Supplemental Appropriations Act, 1973 (2 U.S.C. 58(b)) is amended to read as follows:

"(iii) subject to subparagraph (B), in case the Senator represents Alabama, \$182,567, Alaska, \$251,901, Arizona, \$197,079, Arkansas, \$168,282, California, \$468,724, Colorado, \$186,350, Connecticut, \$160,903, Delaware, \$127,198, Florida, \$299,746, Georgia, \$210,214, Hawaii, \$279,512, Idaho, \$163,335, Illinois, \$266,248, Indiana, \$194,770, Iowa, \$170,565, Kansas, \$168,177, Kentucky, \$177,338, Louisiana, \$185,647, Maine, \$147,746, Maryland, \$173,020, Massachusetts, \$195,799, Michigan, \$236,459, Minnesota, \$187,702, Mississippi, \$168,103, Missouri, \$197,941, Montana, \$161,725, Nebraska, \$160,361, Nevada, \$171,096, New Hampshire, \$142,394, New Jersey, \$206,260, New Mexico, \$166,140, New York, \$327,955, North Carolina, \$210,946, North Dakota, \$149,824, Ohio, \$259,452, Oklahoma, \$181,761, Oregon, \$189,345, Pennsylvania, \$266,148, Rhode Island, \$138,582, South Carolina, \$170,451, South Dakota, \$151,450, Tennessee, \$191,954, Texas, \$348,681, Utah, \$168,632, Vermont, \$135,925, Virginia, \$193,467, Washington, \$214,694, West Virginia, \$147,772, Wisconsin, \$191,569, Wyoming, \$152,438, plus".

(b) Subsection (a) of the first section of Public Law 100-137 (2 U.S.C. 58c) is amended by adding at the end the following:

Effective date. "(6) Effective on and after October 1, 1997, the Senators' Account shall be available for the payment of franked mail expenses of Senators."

2 USC 58c-1. (c)(1) Section 12 of Public Law 101-520 is repealed.

Effective date. (2) The amendment made by paragraph (1) shall be effective on and after October 1, 1997.

2 USC 58c-1 note.

2 USC 58c note.

(d) Nothing in this section affects the authority of the Committee on Rules and Administration of the Senate to prescribe

regulations relating to the frank by Senators and officers of the Senate.

SEC. 4. (a) The aggregate amount authorized by Senate Resolution 54, agreed to February 13, 1997, is increased—

(1) by \$401,635 for the period March 1, 1997, through September 30, 1998, and

(2) by \$994,150 for the period March 1, 1998, through February 28, 1999.

(b) This section is effective on and after October 1, 1997.

Effective date.

SEC. 5. Effective on and after October 1, 1997, each of the dollar amounts contained in the table under section 105(d)(1) of the Legislative Branch Appropriations Act, 1968 (2 U.S.C. 61-1) shall be deemed to be the dollar amounts in that table on December 31, 1995, increased by 2 percent on January 1, 1996, and by 2.3 percent on January 1, 1997.

Effective date.

2 USC 61-1.

SEC. 6. (a) The aggregate amount authorized by Senate Resolution 54, agreed to February 13, 1997, is increased—

(1) by \$125,000 for the period March 1, 1997, through September 30, 1998; and

(2) by \$175,000 for the period March 1, 1998, through February 28, 1999.

(b) Funds in the account, within the contingent fund of the Senate, available for the expenses of inquiries and investigations shall be available for franked mail expenses incurred by committees of the Senate the other expenses of which are paid from that account.

2 USC 72d.

(c) This section is effective for fiscal years beginning on and after October 1, 1997.

Effective date.

2 USC 72d note.

SEC. 7. Section 1101 of Public Law 85-58 (2 U.S.C. 46a-1) is amended by adding at the end the following: "Disbursements from the fund shall be made upon vouchers approved by the Secretary of the Senate, or his designee."

HOUSE OF REPRESENTATIVES

SALARIES AND EXPENSES

For salaries and expenses of the House of Representatives, \$708,738,000, as follows:

HOUSE LEADERSHIP OFFICES

For salaries and expenses, as authorized by law, \$12,293,000, including: Office of the Speaker, \$1,590,000, including \$25,000 for official expenses of the Speaker; Office of the Majority Floor Leader, \$1,626,000, including \$10,000 for official expenses of the Majority Leader; Office of the Minority Floor Leader, \$1,652,000, including \$10,000 for official expenses of the Minority Leader; Office of the Majority Whip, including the Chief Deputy Majority Whip, \$1,024,000, including \$5,000 for official expenses of the Majority Whip; Office of the Minority Whip, including the Chief Deputy Minority Whip, \$998,000, including \$5,000 for official expenses of the Minority Whip; Speaker's Office for Legislative Floor Activities, \$397,000; Republican Steering Committee, \$736,000; Republican Conference, \$1,172,000; Democratic Steering and Policy Committee, \$1,277,000; Democratic Caucus, \$631,000; and nine minority employees, \$1,190,000.

MEMBERS' REPRESENTATIONAL ALLOWANCES

INCLUDING MEMBERS' CLERK HIRE, OFFICIAL EXPENSES OF
MEMBERS, AND OFFICIAL MAIL

For Members' representational allowances, including Members' clerk hire, official expenses, and official mail, \$379,789,000.

COMMITTEE EMPLOYEES

STANDING COMMITTEES, SPECIAL AND SELECT

For salaries and expenses of standing committees, special and select, authorized by House resolutions, \$86,268,000: *Provided*, That such amount (together with any amounts appropriated for such salaries and expenses for fiscal year 1997) shall remain available for such salaries and expenses until December 31, 1998.

COMMITTEE ON APPROPRIATIONS

For salaries and expenses of the Committee on Appropriations, \$18,276,000, including studies and examinations of executive agencies and temporary personal services for such committee, to be expended in accordance with section 202(b) of the Legislative Reorganization Act of 1946 and to be available for reimbursement to agencies for services performed: *Provided*, That such amount (together with any amounts appropriated for such salaries and expenses for fiscal year 1997) shall remain available for such salaries and expenses until December 31, 1998.

SALARIES, OFFICERS AND EMPLOYEES

For compensation and expenses of officers and employees, as authorized by law, \$84,356,000, including: for salaries and expenses of the Office of the Clerk, including not more than \$3,500, of which not more than \$2,500 is for the Family Room, for official representation and reception expenses, \$16,804,000; for salaries and expenses of the Office of the Sergeant at Arms, including the position of Superintendent of Garages, and including not more than \$750 for official representation and reception expenses, \$3,564,000; for salaries and expenses of the Office of the Chief Administrative Officer, \$50,727,000, including \$27,247,000 for salaries, expenses and temporary personal services of House Information Resources, of which \$23,210,000 is provided herein: *Provided*, That of the amount provided for House Information Resources, \$8,253,000 shall be for net expenses of telecommunications: *Provided further*, That House Information Resources is authorized to receive reimbursement from Members of the House of Representatives and other governmental entities for services provided and such reimbursement shall be deposited in the Treasury for credit to this account; for salaries and expenses of the Office of the Inspector General, \$3,808,000, of which \$1,000 shall be for the release of the Inspector General's Report on Management and Financial Irregularities—Office of the Chief Administrative Office: *Provided further*, That all names of persons making favorable or unfavorable statements in the report shall be expunged; for the Office of the Chaplain, \$133,000; for salaries and expenses of the Office of the Parliamentarian, including the Parliamentarian and

\$2,000 for preparing the Digest of Rules, \$1,101,000; for salaries and expenses of the Office of the Law Revision Counsel of the House, \$1,821,000; for salaries and expenses of the Office of the Legislative Counsel of the House, \$4,827,000; for salaries and expenses of the Corrections Calendar Office, \$791,000; and for other authorized employees, \$780,000.

ALLOWANCES AND EXPENSES

For allowances and expenses as authorized by House resolution or law, \$127,756,000, including: supplies, materials, administrative costs and Federal tort claims, \$2,225,000; official mail for committees, leadership offices, and administrative offices of the House, \$500,000; Government contributions for health, retirement, Social Security, and other applicable employee benefits, \$124,390,000; and miscellaneous items including purchase, exchange, maintenance, repair and operation of House motor vehicles, interparliamentary receptions, and gratuities to heirs of deceased employees of the House, \$641,000.

CHILD CARE CENTER

For salaries and expenses of the House of Representatives Child Care Center, such amounts as are deposited in the account established by section 312(d)(1) of the Legislative Branch Appropriations Act, 1992 (40 U.S.C. 184g(d)(1)), subject to the level specified in the budget of the Center, as submitted to the Committee on Appropriations of the House of Representatives.

ADMINISTRATIVE PROVISIONS

SEC. 101. The provisions of House Resolution 7, One Hundred Fifth Congress, agreed to January 7, 1997, establishing the Corrections Calendar Office, shall be the permanent law with respect thereto. The provisions of House Resolution 130, One Hundred Fifth Congress, agreed to April 24, 1997, providing a lump sum allowance for the Corrections Calendar Office, shall be the permanent law with respect thereto.

2 USC 74d,
74d-1, 74d-2.

SEC. 102. The funds and accounts specified in section 107(b) of the Legislative Branch Appropriations Act, 1996 (2 U.S.C. 123b note) shall be treated as categories of allowances and expenses for purposes of section 101(a) of the Legislative Branch Appropriations Act, 1993 (2 U.S.C. 95b(a)).

2 USC 95b note.

SEC. 103. (a) Section 109(a) of the Legislative Branch Appropriations Act, 1996 (2 U.S.C. 60o(a)) is amended—

(1) in the matter preceding paragraph (1), by striking “who is separated from employment,”;

(2) in the matter preceding paragraph (1), by striking “employee” the second place it appears and inserting “employee or for any other purpose”; and

(3) in paragraph (1)(B), by striking “the amount” and inserting “in the case of a lump sum payment for the accrued annual leave of the employee, the amount”.

(b) The amendments made by subsection (a) shall apply to fiscal years beginning on or after October 1, 1997.

Applicability.
2 USC 60o note.

SEC. 104. (a) Section 104(c)(2) of the House of Representatives Administrative Reform Technical Corrections Act (2 U.S.C. 92(c)(2)) is amended by striking “in the District of Columbia”.

Applicability.
2 USC 92 note.

(b) The amendment made by subsection (a) shall apply with respect to fiscal years beginning on or after October 1, 1997.

2 USC 72a.

SEC. 105. (a) Section 204(11)(A) of the House of Representatives Administrative Reform Technical Corrections Act (110 Stat. 1731) is amended by striking out “through ‘respective Houses’ and” and inserting in lieu thereof the following: “through ‘respective Houses’ the second place it appears and”.

Effective date.
2 USC 72a note.

(b) The amendment made by subsection (a) shall take effect as of August 20, 1996.

SEC. 106. Section 104(a) of the Legislative Branch Appropriations Act, 1987 (as incorporated by reference in section 101(j) of Public Law 99-500 and Public Law 99-591) (2 U.S.C. 117e) is amended—

(1) in the second sentence of paragraph (2), by striking “A donation” and inserting “Except as provided in paragraph (3), a donation”;

(2) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5); and

(3) by inserting after paragraph (2) the following new paragraph:

“(3)(A) In the case of computer-related equipment, during fiscal year 1998 the Chief Administrative Officer may donate directly the equipment to a public elementary or secondary school of the District of Columbia without regard to whether the donation meets the requirements of the second sentence of paragraph (2), except that the total number of workstations donated as a result of this paragraph may not exceed 1,000.

“(B) In this paragraph—

“(i) the term ‘computer-related equipment’ includes desktops, laptops, printers, file servers, and peripherals which are appropriate for use in public school education;

“(ii) the terms ‘public elementary school’ and ‘public secondary school’ have the meaning given such terms in section 14101 of the Elementary and Secondary Education Act of 1965; and

“(iii) the term ‘workstation’ includes desktops and peripherals, file servers and peripherals, laptops and peripherals, printers and peripherals, and workstations and peripherals.

Regulations.

“(C) The Committee on House Oversight shall have authority to issue regulations to carry out this paragraph.”.

SEC. 107. Title 5, United States Code, is amended by striking “the Speaker of the House of Representatives” each place it appears in sections 5532(i)(2)(B), 5532(i)(3), 8344(k)(2)(B), 8344(k)(3), 8468(h)(2)(B), and 8468(h)(3) and inserting “the Committee on House Oversight of the House of Representatives”.

Contracts.
2 USC 95c.

SEC. 108. (a) For fiscal year 1998 and each succeeding fiscal year, the Chief Administrative Officer of the House of Representatives is authorized to make advance payments under a contract or other agreement to provide a service or deliver an article for the United States Government without regard to the provisions of section 3324 of title 31, United States Code.

Regulations.

(b) An advance payment authorized by subsection (a) shall be made in accordance with regulations issued by the Committee on House Oversight of the House of Representatives.

(c) The authority granted by subsection (a) shall not take effect until regulations are issued pursuant to subsection (b).

2 USC 95d.

SEC. 109. (a) There is hereby established an account in the House of Representatives for purposes of making payments of the

House of Representatives to the Employees' Compensation Fund under section 8147 of title 5, United States Code.

(b) Notwithstanding any other provision of law, payments may be made from the account established under subsection (a) at any time after the date of the enactment of this Act without regard to the fiscal year for which the obligation to make such payments is incurred.

(c) The account established under subsection (a) shall be treated as a category of allowances and expenses for purposes of section 101(a) of the Legislative Branch Appropriations Act, 1993 (2 U.S.C. 95b(a)).

JOINT ITEMS

For Joint Committees, as follows:

JOINT ECONOMIC COMMITTEE

For salaries and expenses of the Joint Economic Committee, \$2,750,000, to be disbursed by the Secretary of the Senate.

JOINT COMMITTEE ON PRINTING

For salaries and expenses of the Joint Committee on Printing, \$804,000, to be disbursed by the Secretary of the Senate.

JOINT COMMITTEE ON TAXATION

For salaries and expenses of the Joint Committee on Taxation, \$5,815,500, to be disbursed by the Chief Administrative Officer of the House.

For other joint items, as follows:

OFFICE OF THE ATTENDING PHYSICIAN

For medical supplies, equipment, and contingent expenses of the emergency rooms, and for the Attending Physician and his assistants, including: (1) an allowance of \$1,500 per month to the Attending Physician; (2) an allowance of \$500 per month each to two medical officers while on duty in the Office of the Attending Physician; (3) an allowance of \$500 per month to one assistant and \$400 per month each to not to exceed nine assistants on the basis heretofore provided for such assistants; and (4) \$893,000 for reimbursement to the Department of the Navy for expenses incurred for staff and equipment assigned to the Office of the Attending Physician, which shall be advanced and credited to the applicable appropriation or appropriations from which such salaries, allowances, and other expenses are payable and shall be available for all the purposes thereof, \$1,266,000, to be disbursed by the Chief Administrative Officer of the House.

CAPITOL POLICE BOARD

CAPITOL POLICE

SALARIES

For the Capitol Police Board for salaries of officers, members, and employees of the Capitol Police, including overtime, hazardous

duty pay differential, clothing allowance of not more than \$600 each for members required to wear civilian attire, and Government contributions for health, retirement, Social Security, and other applicable employee benefits, \$70,955,000, of which \$34,118,000 is provided to the Sergeant at Arms of the House of Representatives, to be disbursed by the Chief Administrative Officer of the House, and \$36,837,000 is provided to the Sergeant at Arms and Doorkeeper of the Senate, to be disbursed by the Secretary of the Senate: *Provided*, That, of the amounts appropriated under this heading, such amounts as may be necessary may be transferred between the Sergeant at Arms of the House of Representatives and the Sergeant at Arms and Doorkeeper of the Senate, upon approval of the Committee on Appropriations of the House of Representatives and the Committee on Appropriations of the Senate.

GENERAL EXPENSES

For the Capitol Police Board for necessary expenses of the Capitol Police, including motor vehicles, communications and other equipment, security equipment and installation, uniforms, weapons, supplies, materials, training, medical services, forensic services, stenographic services, personal and professional services, the employee assistance program, not more than \$2,000 for the awards program, postage, telephone service, travel advances, relocation of instructor and liaison personnel for the Federal Law Enforcement Training Center, and \$85 per month for extra services performed for the Capitol Police Board by an employee of the Sergeant at Arms of the Senate or the House of Representatives designated by the Chairman of the Board, \$3,099,000, to be disbursed by the Chief Administrative Officer of the House of Representatives: *Provided*, That, notwithstanding any other provision of law, the cost of basic training for the Capitol Police at the Federal Law Enforcement Training Center for fiscal year 1998 shall be paid by the Secretary of the Treasury from funds available to the Department of the Treasury.

ADMINISTRATIVE PROVISIONS

SEC. 110. Amounts appropriated for fiscal year 1998 for the Capitol Police Board for the Capitol Police may be transferred between the headings "SALARIES" and "GENERAL EXPENSES" upon the approval of—

(1) the Committee on Appropriations of the House of Representatives, in the case of amounts transferred from the appropriation provided to the Sergeant at Arms of the House of Representatives under the heading "SALARIES";

(2) the Committee on Appropriations of the Senate, in the case of amounts transferred from the appropriation provided to the Sergeant at Arms and Doorkeeper of the Senate under the heading "SALARIES"; and

(3) the Committees on Appropriations of the Senate and the House of Representatives, in the case of other transfers.

SEC. 111. (a)(1) The Capitol Police Board shall establish and maintain unified schedules of rates of basic pay for members and civilian employees of the Capitol Police which shall apply to both members and employees whose appointing authority is an officer of the Senate and members and employees whose appointing authority is an officer of the House of Representatives.

(2) The Capitol Police Board may, from time to time, adjust any schedule established under paragraph (1) to the extent that the Board determines appropriate to reflect changes in the cost of living and to maintain pay comparability.

(3) A schedule established or revised under paragraph (1) or (2) shall take effect only upon approval by the Committee on House Oversight of the House of Representatives and the Committee on Rules and Administration of the Senate.

(4) A schedule approved under paragraph (3) shall have the force and effect of law.

(b)(1) The Capitol Police Board shall prescribe, by regulation, a unified leave system for members and civilian employees of the Capitol Police which shall apply to both members and employees whose appointing authority is an officer of the Senate and members and employees whose appointing authority is an officer of the House of Representatives. The leave system shall include provisions for—

Regulations.

(A) annual leave, based on years of service;

(B) sick leave;

(C) administrative leave;

(D) leave under the Family and Medical Leave Act of 1993 (29 U.S.C. 2601 et seq.);

(E) leave without pay and leave with reduced pay, including provisions relating to contributions for benefits for any period of such leave;

(F) approval of all leave by the Chief or the designee of the Chief;

(G) the order in which categories of leave shall be used;

(H) use, accrual, and carryover rules and limitations, including rules and limitations for any period of active duty in the Armed Forces;

(I) advance of annual leave or sick leave after a member or civilian employee has used all such accrued leave;

(J) buy back of annual leave or sick leave used during an extended recovery period in the case of an injury in the performance of duty;

(K) the use of accrued leave before termination of the employment as a member or civilian employee of the Capitol Police, with provision for lump sum payment for unused annual leave; and

(L) a leave-sharing program.

(2) The leave system under this section may not provide for the accrual of either annual or sick leave for any period of leave without pay or leave with reduced pay.

(3) All provisions of the leave system established under this subsection shall be subject to the approval of the Committee on House Oversight of the House of Representatives and the Committee on Rules and Administration of the Senate. All regulations approved under this subsection shall have the force and effect of law.

(c)(1) Upon the approval of the Capitol Police Board, a member or civilian employee of the Capitol Police who is separated from service may be paid a lump sum payment for the accrued annual leave of the member or civilian employee.

(2) The lump sum payment under paragraph (1)—

(A) shall equal the pay the member or civilian employee would have received had such member or employee remained

in the service until the expiration of the period of annual leave;

(B) shall be paid from amounts appropriated to the Capitol Police;

(C) shall be based on the rate of basic pay in effect with respect to the member or civilian employee on the last day of service of the member or civilian employee;

(D) shall not be calculated on the basis of extending the period of leave described under subparagraph (A) by any holiday occurring after the date of separation from service;

(E) shall be considered pay for taxation purposes only; and

(F) shall be paid only after the Chairman of the Capitol Police Board certifies the applicable period of leave to the Secretary of the Senate or the Chief Administrative Officer of the House of Representatives, as appropriate.

(3) A member or civilian employee of the Capitol Police who enters active duty in the Armed Forces may—

(A) receive a lump sum payment for accrued annual leave in accordance with this subsection, in addition to any pay or allowance payable from the Armed Forces; or

(B) elect to have the leave remain to the credit of such member or civilian employee until such member or civilian employee returns from active duty.

(4) The Capitol Police Board may prescribe regulations to carry out this subsection. No lump sum payment may be paid under this subsection until such regulations are approved by the Committee on Rules and Administration of the Senate and the Committee on House Oversight of the House of Representatives. All regulations approved under this subsection shall have the force and effect of law.

(d) Nothing in this section shall be construed to affect the appointing authority of any officer of the Senate or the House of Representatives.

CAPITOL GUIDE SERVICE AND SPECIAL SERVICES OFFICE

For salaries and expenses of the Capitol Guide Service and Special Services Office, \$1,991,000, to be disbursed by the Secretary of the Senate: *Provided*, That no part of such amount may be used to employ more than forty individuals: *Provided further*, That the Capitol Guide Board is authorized, during emergencies, to employ not more than two additional individuals for not more than 120 days each, and not more than ten additional individuals for not more than six months each, for the Capitol Guide Service.

STATEMENTS OF APPROPRIATIONS

For the preparation, under the direction of the Committees on Appropriations of the Senate and the House of Representatives, of the statements for the first session of the One Hundred Fifth Congress, showing appropriations made, indefinite appropriations, and contracts authorized, together with a chronological history of the regular appropriations bills as required by law, \$30,000, to be paid to the persons designated by the chairmen of such committees to supervise the work.

OFFICE OF COMPLIANCE

SALARIES AND EXPENSES

For salaries and expenses of the Office of Compliance, as authorized by section 305 of the Congressional Accountability Act of 1995 (2 U.S.C. 1385), \$2,479,000.

CONGRESSIONAL BUDGET OFFICE

SALARIES AND EXPENSES

For salaries and expenses necessary to carry out the provisions of the Congressional Budget Act of 1974 (Public Law 93-344), including not more than \$2,500 to be expended on the certification of the Director of the Congressional Budget Office in connection with official representation and reception expenses, \$24,797,000: *Provided*, That no part of such amount may be used for the purchase or hire of a passenger motor vehicle.

ARCHITECT OF THE CAPITOL

CAPITOL BUILDINGS AND GROUNDS

CAPITOL BUILDINGS

SALARIES AND EXPENSES

For salaries for the Architect of the Capitol, the Assistant Architect of the Capitol, and other personal services, at rates of pay provided by law; for surveys and studies in connection with activities under the care of the Architect of the Capitol; for all necessary expenses for the maintenance, care and operation of the Capitol and electrical substations of the Senate and House office buildings under the jurisdiction of the Architect of the Capitol, including furnishings and office equipment, including not more than \$1,000 for official reception and representation expenses, to be expended as the Architect of the Capitol may approve; for purchase or exchange, maintenance and operation of a passenger motor vehicle; and not to exceed \$20,000 for attendance, when specifically authorized by the Architect of the Capitol, at meetings or conventions in connection with subjects related to work under the Architect of the Capitol, \$36,977,000, of which \$7,500,000 shall remain available until expended.

40 USC 166a.

CAPITOL GROUNDS

For all necessary expenses for care and improvement of grounds surrounding the Capitol, the Senate and House office buildings, and the Capitol Power Plant, \$5,116,000, of which \$745,000 shall remain available until expended.

SENATE OFFICE BUILDINGS

For all necessary expenses for maintenance, care and operation of Senate office buildings; and furniture and furnishings to be expended under the control and supervision of the Architect of the Capitol, \$52,021,000, of which \$13,200,000 shall remain available until expended: *Provided*, That appropriations under this

Effective date.
40 USC 174j-10.

heading for management personnel and miscellaneous restaurant expenses hereafter shall be transferred at the beginning of each fiscal year to the special deposit account in the United States Treasury established under Public Law 87-82, approved July 6, 1961, as amended (40 U.S.C. 174j-4), and effective October 1, 1997, all management personnel of the Senate Restaurant facilities shall be paid from the special deposit account. Management personnel transferred hereunder shall be paid at the same rates of pay applicable immediately prior to the date of transfer, and annual and sick leave balances shall be credited to leave accounts of such personnel in the Senate Restaurants.

HOUSE OFFICE BUILDINGS

For all necessary expenses for the maintenance, care and operation of the House office buildings, \$36,610,000, of which \$8,082,000 shall remain available until expended.

CAPITOL POWER PLANT

For all necessary expenses for the maintenance, care and operation of the Capitol Power Plant; lighting, heating, power (including the purchase of electrical energy) and water and sewer services for the Capitol, Senate and House office buildings, Library of Congress buildings, and the grounds about the same, Botanic Garden, Senate garage, and air conditioning refrigeration not supplied from plants in any of such buildings; heating the Government Printing Office and Washington City Post Office, and heating and chilled water for air conditioning for the Supreme Court Building, the Union Station complex, the Thurgood Marshall Federal Judiciary Building and the Folger Shakespeare Library, expenses for which shall be advanced or reimbursed upon request of the Architect of the Capitol and amounts so received shall be deposited into the Treasury to the credit of this appropriation, \$33,932,000, of which \$1,650,000 shall remain available until expended: *Provided*, That not more than \$4,000,000 of the funds credited or to be reimbursed to this appropriation as herein provided shall be available for obligation during fiscal year 1998.

LIBRARY OF CONGRESS

CONGRESSIONAL RESEARCH SERVICE

SALARIES AND EXPENSES

For necessary expenses to carry out the provisions of section 203 of the Legislative Reorganization Act of 1946 (2 U.S.C. 166) and to revise and extend the Annotated Constitution of the United States of America, \$64,603,000: *Provided*, That no part of such amount may be used to pay any salary or expense in connection with any publication, or preparation of material therefor (except the Digest of Public General Bills), to be issued by the Library of Congress unless such publication has obtained prior approval of either the Committee on House Oversight of the House of Representatives or the Committee on Rules and Administration of the Senate: *Provided further*, That, notwithstanding any other provision of law, the compensation of the Director of the Congressional Research Service, Library of Congress, shall be at an annual rate which is equal to the annual rate of basic pay for positions

2 USC 166 note.

at level IV of the Executive Schedule under section 5315 of title 5, United States Code.

GOVERNMENT PRINTING OFFICE

CONGRESSIONAL PRINTING AND BINDING

(INCLUDING TRANSFER OF FUNDS)

For authorized printing and binding for the Congress and the distribution of Congressional information in any format; printing and binding for the Architect of the Capitol; expenses necessary for preparing the semimonthly and session index to the Congressional Record, as authorized by law (44 U.S.C. 902); printing and binding of Government publications authorized by law to be distributed to Members of Congress; and printing, binding, and distribution of Government publications authorized by law to be distributed without charge to the recipient, \$81,669,000, of which \$11,017,000 shall be derived by transfer from the Government Printing Office revolving fund under section 309 of title 44, United States Code: *Provided*, That this appropriation shall not be available for paper copies of the permanent edition of the Congressional Record for individual Representatives, Resident Commissioners or Delegates authorized under 44 U.S.C. 906: *Provided further*, That this appropriation shall be available for the payment of obligations incurred under the appropriations for similar purposes for preceding fiscal years.

This title may be cited as the “Congressional Operations Appropriations Act, 1998”.

TITLE II—OTHER AGENCIES

BOTANIC GARDEN

SALARIES AND EXPENSES

For all necessary expenses for the maintenance, care and operation of the Botanic Garden and the nurseries, buildings, grounds, and collections; and purchase and exchange, maintenance, repair, and operation of a passenger motor vehicle; all under the direction of the Joint Committee on the Library, \$3,016,000.

LIBRARY OF CONGRESS

SALARIES AND EXPENSES

For necessary expenses of the Library of Congress not otherwise provided for, including development and maintenance of the Union Catalogs; custody and custodial care of the Library buildings; special clothing; cleaning, laundering and repair of uniforms; preservation of motion pictures in the custody of the Library; operation and maintenance of the American Folklife Center in the Library; preparation and distribution of catalog records and other publications of the Library; hire or purchase of one passenger motor vehicle; and expenses of the Library of Congress Trust Fund Board not properly chargeable to the income of any trust fund held by the Board, \$227,016,000, of which not more than \$7,869,000 shall be derived from collections credited to this appropriation during

fiscal year 1998, and shall remain available until expended, under the Act of June 28, 1902 (chapter 1301; 32 Stat. 480; 2 U.S.C. 150): *Provided*, That the Library of Congress may not obligate or expend any funds derived from collections under the Act of June 28, 1902, in excess of the amount authorized for obligation or expenditure in appropriations Acts: *Provided further*, That the total amount available for obligation shall be reduced by the amount by which collections are less than the \$7,869,000: *Provided further*, That of the total amount appropriated, \$9,619,000 is to remain available until expended for acquisition of books, periodicals, newspapers, and all other materials including subscriptions for bibliographic services for the Library, including \$40,000 to be available solely for the purchase, when specifically approved by the Librarian, of special and unique materials for additions to the collections: *Provided further*, That of the total amount appropriated, \$5,584,000 is to remain available until expended for the acquisition and partial support for implementation of an integrated library system (ILS).

COPYRIGHT OFFICE

SALARIES AND EXPENSES

For necessary expenses of the Copyright Office, including publication of the decisions of the United States courts involving copyrights, \$34,361,000, of which not more than \$17,340,000 shall be derived from collections credited to this appropriation during fiscal year 1998 under 17 U.S.C. 708(d), and not more than \$5,086,000 shall be derived from collections during fiscal year 1998 under 17 U.S.C. 111(d)(2), 119(b)(2), 802(h), and 1005: *Provided*, That the total amount available for obligation shall be reduced by the amount by which collections are less than \$22,426,000: *Provided further*, That not more than \$100,000 of the amount appropriated is available for the maintenance of an "International Copyright Institute" in the Copyright Office of the Library of Congress for the purpose of training nationals of developing countries in intellectual property laws and policies: *Provided further*, That not more than \$2,250 may be expended, on the certification of the Librarian of Congress, in connection with official representation and reception expenses for activities of the International Copyright Institute.

BOOKS FOR THE BLIND AND PHYSICALLY HANDICAPPED

SALARIES AND EXPENSES

For salaries and expenses to carry out the Act of March 3, 1931 (chapter 400; 46 Stat. 1487; 2 U.S.C. 135a), \$46,561,000, of which \$12,944,000 shall remain available until expended.

FURNITURE AND FURNISHINGS

For necessary expenses for the purchase, installation, and repair of furniture, furnishings, office and library equipment, \$4,178,000.

ADMINISTRATIVE PROVISIONS

SEC. 201. Appropriations in this Act available to the Library of Congress shall be available, in an amount of not more than \$194,290, of which \$58,100 is for the Congressional Research Service, when specifically authorized by the Librarian, for attendance at meetings concerned with the function or activity for which the appropriation is made.

SEC. 202. (a) No part of the funds appropriated in this Act shall be used by the Library of Congress to administer any flexible or compressed work schedule which—

(1) applies to any manager or supervisor in a position the grade or level of which is equal to or higher than GS-15; and

(2) grants such manager or supervisor the right to not be at work for all or a portion of a workday because of time worked by the manager or supervisor on another workday.

(b) For purposes of this section, the term “manager or supervisor” means any management official or supervisor, as such terms are defined in section 7103(a)(10) and (11) of title 5, United States Code.

SEC. 203. Appropriated funds received by the Library of Congress from other Federal agencies to cover general and administrative overhead costs generated by performing reimbursable work for other agencies under the authority of 31 U.S.C. 1535 and 1536 shall not be used to employ more than 65 employees and may be expended or obligated—

(1) in the case of a reimbursement, only to such extent or in such amounts as are provided in appropriations Acts; or

(2) in the case of an advance payment, only—

(A) to pay for such general or administrative overhead costs as are attributable to the work performed for such agency; or

(B) to such extent or in such amounts as are provided in appropriations Acts, with respect to any purpose not allowable under subparagraph (A).

SEC. 204. Of the amounts appropriated to the Library of Congress in this Act, not more than \$5,000 may be expended, on the certification of the Librarian of Congress, in connection with official representation and reception expenses for the incentive awards program.

SEC. 205. Of the amount appropriated to the Library of Congress in this Act, not more than \$12,000 may be expended, on the certification of the Librarian of Congress, in connection with official representation and reception expenses for the Overseas Field Offices.

SEC. 206. (a) For fiscal year 1998, the obligational authority of the Library of Congress for the activities described in subsection (b) may not exceed \$100,490,000.

(b) The activities referred to in subsection (a) are reimbursable and revolving fund activities that are funded from sources other than appropriations to the Library in appropriations Acts for the legislative branch.

SEC. 207. (a) ESTABLISHMENT.—Effective October 1, 1997, there is established in the Treasury of the United States a revolving

Effective date.
2 USC 182.

fund to be known as the Cooperative Acquisitions Program Revolving Fund (in this section referred to as the “revolving fund”). Moneys in the revolving fund shall be available to the Librarian of Congress, without fiscal year limitation, for financing the cooperative acquisitions program (in this section referred to as the “program”) under which the Library acquires foreign publications and research materials on behalf of participating institutions on a cost-recovery basis. Obligations under the revolving fund are limited to amounts specified in the appropriations Act for that purpose for any fiscal year.

(b) AMOUNTS DEPOSITED.—The revolving fund shall consist of—

(1) any amounts appropriated by law for the purposes of the revolving fund;

(2) any amounts held by the Librarian as of October 1, 1997 or the date of enactment, whichever is later, that were collected as payment for the Library’s indirect costs of the program; and

(3) the difference between (A) the total value of the supplies, equipment, gift fund balances, and other assets of the program, and (B) the total value of the liabilities (including unfunded liabilities such as the value of accrued annual leave of employees) of the program.

(c) CREDITS TO THE REVOLVING FUND.—The revolving fund shall be credited with all advances and amounts received as payment for purchases under the program and services and supplies furnished to program participants, at rates estimated by the Librarian to be adequate to recover the full direct and indirect costs of the program to the Library over a reasonable period of time.

(d) UNOBLIGATED BALANCES.—Any unobligated and unexpended balances in the revolving fund that the Librarian determines to be in excess of amounts needed for activities financed by the revolving fund, shall be deposited in the Treasury of the United States as miscellaneous receipts. Amounts needed for activities financed by the revolving fund means the direct and indirect costs of the program, including the costs of purchasing, shipping, binding of books and other library materials; supplies, materials, equipment and services needed in support of the program; salaries and benefits; general overhead; and travel.

(e) ANNUAL REPORT.—Not later than March 31 of each year, the Librarian of Congress shall prepare and submit to Congress an audited financial statement for the revolving fund for the preceding fiscal year. The audit shall be conducted in accordance with Government Auditing Standards for financial audits issued by the Comptroller General of the United States.

SEC. 208. AUTHORITY OF THE BOARD TO INVEST GIFT FUNDS.—Section 4 of the Act entitled “An Act to create a Library of Congress Trust Fund Board, and for other purposes”, approved March 3, 1925 (2 U.S.C. 160), is amended by adding at the end the following new undesignated paragraph:

“Upon agreement by the Librarian of Congress and the Board, a gift or bequest accepted by the Librarian under the first paragraph of this section may be invested or reinvested in the same manner as provided for trust funds under the second paragraph of section 2.”.

ARCHITECT OF THE CAPITOL

LIBRARY BUILDINGS AND GROUNDS

STRUCTURAL AND MECHANICAL CARE

For all necessary expenses for the mechanical and structural maintenance, care and operation of the Library buildings and grounds, \$11,573,000, of which \$3,910,000 shall remain available until expended.

GOVERNMENT PRINTING OFFICE

OFFICE OF SUPERINTENDENT OF DOCUMENTS

SALARIES AND EXPENSES

For expenses of the Office of Superintendent of Documents necessary to provide for the cataloging and indexing of Government publications and their distribution to the public, Members of Congress, other Government agencies, and designated depository and international exchange libraries as authorized by law, \$29,077,000: *Provided*, That travel expenses, including travel expenses of the Depository Library Council to the Public Printer, shall not exceed \$150,000: *Provided further*, That amounts of not more than \$2,000,000 from current year appropriations are authorized for producing and disseminating Congressional serial sets and other related publications for 1996 and 1997 to depository and other designated libraries.

GOVERNMENT PRINTING OFFICE REVOLVING FUND

The Government Printing Office is hereby authorized to make such expenditures, within the limits of funds available and in accord with the law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 9104 of title 31, United States Code, as may be necessary in carrying out the programs and purposes set forth in the budget for the current fiscal year for the Government Printing Office revolving fund: *Provided*, That not more than \$2,500 may be expended on the certification of the Public Printer in connection with official representation and reception expenses: *Provided further*, That the revolving fund shall be available for the hire or purchase of not more than twelve passenger motor vehicles: *Provided further*, That expenditures in connection with travel expenses of the advisory councils to the Public Printer shall be deemed necessary to carry out the provisions of title 44, United States Code: *Provided further*, That the revolving fund shall be available for temporary or intermittent services under section 3109(b) of title 5, United States Code, but at rates for individuals not more than the daily equivalent of the annual rate of basic pay for level V of the Executive Schedule under section 5316 of such title: *Provided further*, That the revolving fund and the funds provided under the headings "OFFICE OF SUPERINTENDENT OF DOCUMENTS" and "SALARIES AND EXPENSES" together may not be available for the full-time equivalent employment of more than 3,550 workyears: *Provided further*, That activities financed through the revolving fund may provide information in any format: *Provided further*, That the revolving fund shall not

be used to administer any flexible or compressed work schedule which applies to any manager or supervisor in a position the grade or level of which is equal to or higher than GS-15: *Provided further*, That expenses for attendance at meetings shall not exceed \$75,000: *Provided further*, That \$1,500,000 may be expended on the certification of the Public Printer, for reimbursement to the General Accounting Office, for a management audit.

GENERAL ACCOUNTING OFFICE

SALARIES AND EXPENSES

For necessary expenses of the General Accounting Office, including not more than \$7,000 to be expended on the certification of the Comptroller General of the United States in connection with official representation and reception expenses; temporary or intermittent services under section 3109(b) of title 5, United States Code, but at rates for individuals not more than the daily equivalent of the annual rate of basic pay for level IV of the Executive Schedule under section 5315 of such title; hire of one passenger motor vehicle; advance payments in foreign countries in accordance with 31 U.S.C. 3324; benefits comparable to those payable under sections 901(5), 901(6) and 901(8) of the Foreign Service Act of 1980 (22 U.S.C. 4081(5), 4081(6) and 4081(8)); and under regulations prescribed by the Comptroller General of the United States, rental of living quarters in foreign countries; \$339,499,000: *Provided*, That not more than \$1,000,000 of reimbursements received incident to the operation of the General Accounting Office Building shall be available for use in fiscal year 1998: *Provided further*, That an additional amount of \$4,404,000 shall be available by transfer from funds previously deposited in the special account established pursuant to 31 U.S.C. 782: *Provided further*, That notwithstanding 31 U.S.C. 9105 hereafter amounts reimbursed to the Comptroller General pursuant to that section shall be deposited to the appropriation of the General Accounting Office then available and remain available until expended, and not more than \$2,000,000 of such funds shall be available for use in fiscal year 1998: *Provided further*, That this appropriation and appropriations for administrative expenses of any other department or agency which is a member of the Joint Financial Management Improvement Program (JFMIP) shall be available to finance an appropriate share of JFMIP costs as determined by the JFMIP, including the salary of the Executive Director and secretarial support: *Provided further*, That this appropriation and appropriations for administrative expenses of any other department or agency which is a member of the National Intergovernmental Audit Forum or a Regional Intergovernmental Audit Forum shall be available to finance an appropriate share of either Forum's costs as determined by the respective Forum, including necessary travel expenses of non-Federal participants. Payments hereunder to either the Forum or the JFMIP may be credited as reimbursements to any appropriation from which costs involved are initially financed: *Provided further*, That this appropriation and appropriations for administrative expenses of any other department or agency which is a member of the American Consortium on International Public Administration (ACIPA) shall be available to finance an appropriate share of ACIPA costs as determined

31 USC 9105
note.

by the ACIPA, including any expenses attributable to membership of ACIPA in the International Institute of Administrative Sciences.

TITLE III—GENERAL PROVISIONS

SEC. 301. No part of the funds appropriated in this Act shall be used for the maintenance or care of private vehicles, except for emergency assistance and cleaning as may be provided under regulations relating to parking facilities for the House of Representatives issued by the Committee on House Oversight and for the Senate issued by the Committee on Rules and Administration.

SEC. 302. No part of the funds appropriated in this Act shall remain available for obligation beyond fiscal year 1998 unless expressly so provided in this Act.

SEC. 303. Whenever in this Act any office or position not specifically established by the Legislative Pay Act of 1929 is appropriated for or the rate of compensation or designation of any office or position appropriated for is different from that specifically established by such Act, the rate of compensation and the designation in this Act shall be the permanent law with respect thereto: *Provided*, That the provisions in this Act for the various items of official expenses of Members, officers, and committees of the Senate and House of Representatives, and clerk hire for Senators and Members of the House of Representatives shall be the permanent law with respect thereto.

SEC. 304. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to 5 U.S.C. 3109, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.

Contracts.
Public
information.

SEC. 305. (a) It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available in this Act should be American-made.

(b) In providing financial assistance to, or entering into any contract with, any entity using funds made available in this Act, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (a) by the Congress.

(c) If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a “Made in America” inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, such person shall be ineligible to receive any contract or subcontract made with funds provided pursuant to this Act, pursuant to the debarment, suspension, and ineligibility procedures described in section 9.400 through 9.409 of title 48, Code of Federal Regulations.

SEC. 306. Such sums as may be necessary are appropriated to the account described in subsection (a) of section 415 of Public Law 104-1 to pay awards and settlements as authorized under such subsection.

SEC. 307. Amounts available for administrative expenses of any legislative branch entity which participates in the Legislative Branch Financial Managers Council (LBFMC) established by charter on March 26, 1996, shall be available to finance an appropriate

share of LBFMC costs as determined by the LBFMC, except that the total LBFMC costs to be shared among all participating legislative branch entities (in such allocations among the entities as the entities may determine) may not exceed \$1,500.

SEC. 308. (a) Section 713(a) of title 18, United States Code, is amended by inserting after “Senate,” the following: “or the seal of the United States House of Representatives, or the seal of the United States Congress.”.

(b) Section 713 of title 18, United States Code, is amended—

(1) by redesignating subsection (d) as subsection (f); and

(2) by inserting after subsection (c) the following new sub-

sections:

“(d) Whoever, except as directed by the United States House of Representatives, or the Clerk of the House of Representatives on its behalf, knowingly uses, manufactures, reproduces, sells or purchases for resale, either separately or appended to any article manufactured or sold, any likeness of the seal of the United States House of Representatives, or any substantial part thereof, except for manufacture or sale of the article for the official use of the Government of the United States, shall be fined under this title or imprisoned not more than six months, or both.

“(e) Whoever, except as directed by the United States Congress, or the Secretary of the Senate and the Clerk of the House of Representatives, acting jointly on its behalf, knowingly uses, manufactures, reproduces, sells or purchases for resale, either separately or appended to any article manufactured or sold, any likeness of the seal of the United States Congress, or any substantial part thereof, except for manufacture or sale of the article for the official use of the Government of the United States, shall be fined under this title or imprisoned not more than six months, or both.”.

(c) Section 713(f) of title 18, United States Code (as redesignated by subsection (b)(1)), is amended—

(1) by striking “and” at the end of paragraph (1);

(2) by striking the period at the end of paragraph (2) and inserting a semicolon; and

(3) by adding at the end the following new paragraphs:

“(3) in the case of the seal of the United States House of Representatives, upon complaint by the Clerk of the House of Representatives; and

“(4) in the case of the seal of the United States Congress, upon complaint by the Secretary of the Senate and the Clerk of the House of Representatives, acting jointly.”.

(d) The heading of section 713 of title 18, United States Code, is amended by striking “**and the seal of the United States Senate**” and inserting the following: “**the seal of the United States Senate, the seal of the United States House of Representatives, and the seal of the United States Congress**”.

(e) The table of sections for chapter 33 of part I of title 18, United States Code, is amended by amending the item relating to section 713 to read as follows:

“713. Use of likenesses of the great seal of the United States, the seals of the President and Vice President, the seal of the United States Senate, the seal of the United States House of Representatives, and the seal of the United States Congress.”.

SEC. 309. Section 316 of Public Law 101-302 is amended in the first sentence of subsection (a) by striking “1997” and inserting “1998”.

SEC. 310. (a) SEVERANCE PAY.—Section 5595 of title 5, United States Code, is amended— 40 USC 174j-1 note.

(1) in subsection (a)(1)—

(A) in subparagraph (D) by striking “and” after the semicolon; and

(B) by adding after subparagraph (E) the following new subparagraph:

“(F) the Office of the Architect of the Capitol, but only with respect to the United States Senate Restaurants; and”;

(2) in subsection (a)(2)—

(A) in clause (vii) by striking “or” after the semicolon;

(B) by redesignating clause (viii) as clause (ix) and inserting after clause (vii) the following:

“(viii) an employee of the United States Senate Restaurants of the Office of the Architect of the Capitol, who is employed on a temporary when actually employed basis; or”; and

(3) in subsection (b) by adding at the end the following:

“The Architect of the Capitol may prescribe regulations to effect the application and operation of this section to the agency specified in subsection (a)(1)(F) of this section.”.

(b) EARLY RETIREMENT.—(1) This subsection applies to an employee of the United States Senate Restaurants of the Office of the Architect of the Capitol who— Applicability.

(A) voluntarily separates from service on or after the date of enactment of this Act and before October 1, 1999; and

(B) on such date of separation—

(i) has completed 25 years of service as defined under section 8331(12) or 8401(26) of title 5, United States Code; or

(ii) has completed 20 years of such service and is at least 50 years of age.

(2) Notwithstanding any provision of chapter 83 or 84 of title 5, United States Code, an employee described under paragraph (1) is entitled to an annuity which shall be computed consistent with the provisions of law applicable to annuities under section 8336(d) or 8414(b) of title 5, United States Code.

(c) VOLUNTARY SEPARATION INCENTIVE PAYMENTS.—(1) In this subsection, the term “employee” means an employee of the United States Senate Restaurants of the Office of the Architect of the Capitol, serving without limitation, who has been currently employed for a continuous period of at least 12 months, except that such term shall not include—

(A) a reemployed annuitant under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, or another retirement system for employees of the Government;

(B) an employee having a disability on the basis of which such employee is or would be eligible for disability retirement under any of the retirement systems referred to in subparagraph (A); or

(C) an employee who is employed on a temporary when actually employed basis.

(2) Notwithstanding any other provision of law, in order to avoid or minimize the need for involuntary separations due to a reduction in force, reorganization, transfer of function, or other similar action affecting the agency, the Architect of the Capitol

shall establish a program under which voluntary separation incentive payments may be offered to encourage not more than 50 eligible employees to separate from service voluntarily (whether by retirement or resignation) during the period beginning on the date of the enactment of this Act through September 30, 1999.

(3) Such voluntary separation incentive payments shall be paid in accordance with the provisions of section 5597(d) of title 5, United States Code. Any such payment shall not be a basis of payment, and shall not be included in the computation, of any other type of Government benefit.

(4)(A) Subject to subparagraph (B), an employee who has received a voluntary separation incentive payment under this section and accepts employment with the Government of the United States within 5 years after the date of the separation on which the payment is based shall be required to repay the entire amount of the incentive payment to the agency that paid the incentive payment.

(B)(i) If the employment is with an executive agency (as defined by section 105 of title 5, United States Code), the Director of the Office of Personnel Management may, at the request of the head of the agency, waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant available for the position.

(ii) If the employment is with an entity in the legislative branch, the head of the entity or the appointing official may waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant available for the position.

(iii) If the employment is with the judicial branch, the Director of the Administrative Office of the United States Courts may waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant available for the position.

(C) For purposes of subparagraph (A) (but not subparagraph (B)), the term “employment” includes employment under a personal services contract with the United States.

(5) The Architect of the Capitol may prescribe regulations to carry out this subsection.

Applicability.

(d) COMPETITIVE SERVICE TREATMENT FOR CERTAIN EMPLOYEES.—(1) This subsection applies to any employee of the United States Senate Restaurants of the Office of the Architect of the Capitol who—

(A) is involuntarily separated from service on or after the date of the enactment of this Act and before October 1, 1999 (except by removal for cause on charges of misconduct or delinquency); and

(B) has performed any period of service employed in the Office of the Architect of the Capitol (including the United States Senate Restaurants) in a position in the excepted service as defined under section 2103 of title 5, United States Code.

(2) For purposes of applying for employment for any position in the executive branch (including for purposes of the administration of chapter 33 of title 5, United States Code, with respect to such employment application), any period of service described under paragraph (1)(B) of this subsection shall be deemed a period of service in the competitive service as defined under section 2102 of title 5, United States Code.

(3) This subsection shall—

Effective date.

(A) take effect on the date of enactment of this Act; and

(B) apply only to an employment application submitted by an employee during the 2-year period beginning on the date of such employee's separation from service described under paragraph (1)(A). Applicability.

(e) RETRAINING, JOB PLACEMENT, AND COUNSELING SERVICES.—

(1) In this subsection, the term “employee”—

(A) means an employee of the United States Senate Restaurants of the Office of the Architect of the Capitol; and

(B) shall not include—

(i) a reemployed annuitant under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, or another retirement system for employees of the Government; or

(ii) an employee who is employed on a temporary when actually employed basis.

(2) The Architect of the Capitol may establish a program to provide retraining, job placement, and counseling services to employees and former employees.

(3) A former employee may not participate in a program established under this subsection, if—

(A) the former employee was separated from service with the United States Senate Restaurants of the Office of the Architect of the Capitol for more than 1 year; or

(B) the separation was by removal for cause on charges of misconduct or delinquency.

(4) Retraining costs for the program established under this subsection may not exceed \$5,000 for each employee or former employee.

(f) ADMINISTRATIVE PROVISIONS.—(1) The Architect of the Capitol—

(A) may use employees of the Office of the Architect of the Capitol to establish and administer programs and carry out the provisions of this section; and

(B) may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, to carry out such provisions—

(i) not subject to the 1 year of service limitation under such section 3109(b); and

(ii) at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

(2) Funds to carry out subsections (a) and (c) may be expended only from funds available for the basic pay of the employee who is receiving the applicable payment.

(3) Funds to carry out subsection (e) may be expended from any funds made available to the Architect of the Capitol.

SEC. 311. (a) RATE OF PAY FOR DIRECTOR OF ENGINEERING.—Section 108(a) of the Legislative Branch Appropriations Act, 1991 (40 U.S.C. 166b-3b(a)) is amended by striking “the rate of basic pay payable for level V of the Executive Schedule” and inserting “such rate as the Architect considers appropriate, not to exceed 90 percent of the highest total rate of pay for the Senior Executive Service under chapter 53 of title 5, United States Code, for the locality involved”.

(b) APPLICABLE RATE OF PAY.—Section 108(b)(1) of such Act (40 U.S.C. 166b-3b(b)(1)) is amended—

(1) by striking the second sentence; and

(2) by striking “the maximum rate allowable for the Senior Executive Service” each place it appears in subparagraphs (A) and (B) and inserting the following: “the highest total rate of pay for the Senior Executive Service under chapter 53 of title 5, United States Code, for the locality involved”.

40 USC 166b-3b
note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to pay periods beginning on or after January 1, 1998.

SEC. 312. Any amount appropriated in this Act for “HOUSE OF REPRESENTATIVES—SALARIES AND EXPENSES—MEMBERS’ REPRESENTATIONAL ALLOWANCES” shall be available only for fiscal year 1998. Any amount remaining after all payments are made under such allowances for such fiscal year shall be deposited in the Treasury, to be used for deficit reduction.

This Act may be cited as the “Legislative Branch Appropriations Act, 1998”.

Approved October 7, 1997.

LEGISLATIVE HISTORY—H.R. 2209 (S. 1019):

HOUSE REPORTS: Nos. 105-196 (Comm. on Appropriations) and 105-254 (Comm. of Conference).

SENATE REPORTS: No. 105-47 accompanying S. 1019 (Comm. on Appropriations).
CONGRESSIONAL RECORD, Vol. 143 (1997):

July 28, considered and passed House.

July 29, considered and passed Senate, amended.

Sept. 24, House and Senate agreed to conference report.



Public Law 105–56
105th Congress

An Act

Making appropriations for the Department of Defense for the fiscal year ending September 30, 1998, and for other purposes.

Oct. 8, 1997
[H.R. 2266]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 1998, for military functions administered by the Department of Defense, and for other purposes, namely:

Department of
Defense
Appropriations
Act, 1998.

TITLE I

MILITARY PERSONNEL

MILITARY PERSONNEL, ARMY

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Army on active duty (except members of reserve components provided for elsewhere), cadets, and aviation cadets; and for payments pursuant to section 156 of Public Law 97–377, as amended (42 U.S.C. 402 note), to section 229(b) of the Social Security Act (42 U.S.C. 429(b)), and to the Department of Defense Military Retirement Fund; \$20,452,057,000.

MILITARY PERSONNEL, NAVY

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Navy on active duty (except members of the Reserve provided for elsewhere), midshipmen, and aviation cadets; and for payments pursuant to section 156 of Public Law 97–377, as amended (42 U.S.C. 402 note), to section 229(b) of the Social Security Act (42 U.S.C. 429(b)), and to the Department of Defense Military Retirement Fund; \$16,493,518,000.

MILITARY PERSONNEL, MARINE CORPS

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and

expenses of temporary duty travel between permanent duty stations, for members of the Marine Corps on active duty (except members of the Reserve provided for elsewhere); and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C. 402 note), to section 229(b) of the Social Security Act (42 U.S.C. 429(b)), and to the Department of Defense Military Retirement Fund; \$6,137,899,000.

MILITARY PERSONNEL, AIR FORCE

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Air Force on active duty (except members of reserve components provided for elsewhere), cadets, and aviation cadets; and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C. 402 note), to section 229(b) of the Social Security Act (42 U.S.C. 429(b)), and to the Department of Defense Military Retirement Fund; \$17,102,120,000.

RESERVE PERSONNEL, ARMY

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Army Reserve on active duty under sections 10211, 10302, and 3038 of title 10, United States Code, or while serving on active duty under section 12301(d) of title 10, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty or other duty, and for members of the Reserve Officers' Training Corps, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund; \$2,032,046,000.

RESERVE PERSONNEL, NAVY

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Navy Reserve on active duty under section 10211 of title 10, United States Code, or while serving on active duty under section 12301(d) of title 10, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty, and for members of the Reserve Officers' Training Corps, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund; \$1,376,601,000.

RESERVE PERSONNEL, MARINE CORPS

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Marine Corps Reserve on active duty under section 10211 of title 10, United States Code, or while serving on active duty under section 12301(d) of title 10, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent

duty, and for members of the Marine Corps platoon leaders class, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund; \$391,770,000.

RESERVE PERSONNEL, AIR FORCE

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Air Force Reserve on active duty under sections 10211, 10305, and 8038 of title 10, United States Code, or while serving on active duty under section 12301(d) of title 10, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty or other duty, and for members of the Air Reserve Officers' Training Corps, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund; \$815,915,000.

NATIONAL GUARD PERSONNEL, ARMY

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Army National Guard while on duty under section 10211, 10302, or 12402 of title 10 or section 708 of title 32, United States Code, or while serving on duty under section 12301(d) of title 10 or section 502(f) of title 32, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing training, or while performing drills or equivalent duty or other duty, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund; \$3,333,867,000.

NATIONAL GUARD PERSONNEL, AIR FORCE

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Air National Guard on duty under section 10211, 10305, or 12402 of title 10 or section 708 of title 32, United States Code, or while serving on duty under section 12301(d) of title 10 or section 502(f) of title 32, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing training, or while performing drills or equivalent duty or other duty, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund; \$1,334,712,000.

TITLE II

OPERATION AND MAINTENANCE

OPERATION AND MAINTENANCE, ARMY

(INCLUDING TRANSFER OF FUNDS)

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Army, as authorized by law;

and not to exceed \$11,437,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Army, and payments may be made on his certificate of necessity for confidential military purposes; \$16,754,306,000 and, in addition, \$50,000,000 shall be derived by transfer from the National Defense Stockpile Transaction Fund: *Provided*, That of the funds appropriated in this paragraph, not less than \$300,000,000 shall be made available only for conventional ammunition care and maintenance.

OPERATION AND MAINTENANCE, NAVY

(INCLUDING TRANSFER OF FUNDS)

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Navy and the Marine Corps, as authorized by law; and not to exceed \$5,500,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Navy, and payments may be made on his certificate of necessity for confidential military purposes; \$21,617,766,000 and, in addition, \$50,000,000 shall be derived by transfer from the National Defense Stockpile Transaction Fund.

OPERATION AND MAINTENANCE, MARINE CORPS

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Marine Corps, as authorized by law; \$2,372,635,000.

OPERATION AND MAINTENANCE, AIR FORCE

(INCLUDING TRANSFER OF FUNDS)

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Air Force, as authorized by law; and not to exceed \$8,362,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Air Force, and payments may be made on his certificate of necessity for confidential military purposes; \$18,492,883,000 and, in addition, \$50,000,000 shall be derived by transfer from the National Defense Stockpile Transaction Fund.

OPERATION AND MAINTENANCE, DEFENSE-WIDE

For expenses, not otherwise provided for, necessary for the operation and maintenance of activities and agencies of the Department of Defense (other than the military departments), as authorized by law; \$10,369,740,000, of which not to exceed \$25,000,000 may be available for the CINC initiative fund account; and of which not to exceed \$28,850,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of Defense, and payments may be made on his certificate of necessity for confidential military purposes.

OPERATION AND MAINTENANCE, ARMY RESERVE

For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and

administration, of the Army Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications; \$1,207,891,000.

OPERATION AND MAINTENANCE, NAVY RESERVE

For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Navy Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications; \$921,711,000.

OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Marine Corps Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications; \$116,366,000.

OPERATION AND MAINTENANCE, AIR FORCE RESERVE

For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Air Force Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications; \$1,632,030,000.

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

For expenses of training, organizing, and administering the Army National Guard, including medical and hospital treatment and related expenses in non-Federal hospitals; maintenance, operation, and repairs to structures and facilities; hire of passenger motor vehicles; personnel services in the National Guard Bureau; travel expenses (other than mileage), as authorized by law for Army personnel on active duty, for Army National Guard division, regimental, and battalion commanders while inspecting units in compliance with National Guard Bureau regulations when specifically authorized by the Chief, National Guard Bureau; supplying and equipping the Army National Guard as authorized by law; and expenses of repair, modification, maintenance, and issue of supplies and equipment (including aircraft); \$2,419,632,000: *Provided*, That not later than March 15, 1998, the Director of the Army National Guard shall provide a report to the congressional defense committees identifying the allocation, by installation and activity, of all base operations funds appropriated under this heading.

Reports.

OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

For operation and maintenance of the Air National Guard, including medical and hospital treatment and related expenses in non-Federal hospitals; maintenance, operation, repair, and other

necessary expenses of facilities for the training and administration of the Air National Guard, including repair of facilities, maintenance, operation, and modification of aircraft; transportation of things, hire of passenger motor vehicles; supplies, materials, and equipment, as authorized by law for the Air National Guard; and expenses incident to the maintenance and use of supplies, materials, and equipment, including such as may be furnished from stocks under the control of agencies of the Department of Defense; travel expenses (other than mileage) on the same basis as authorized by law for Air National Guard personnel on active Federal duty, for Air National Guard commanders while inspecting units in compliance with National Guard Bureau regulations when specifically authorized by the Chief, National Guard Bureau; \$3,013,282,000.

OVERSEAS CONTINGENCY OPERATIONS TRANSFER FUND

(INCLUDING TRANSFER OF FUNDS)

For expenses directly relating to Overseas Contingency Operations by United States military forces; \$1,884,000,000: *Provided*, That the Secretary of Defense may transfer these funds only to operation and maintenance accounts within this title, and working capital funds: *Provided further*, That the funds transferred shall be merged with and shall be available for the same purposes and for the same time period, as the appropriation to which transferred: *Provided further*, That the transfer authority provided in this paragraph is in addition to any other transfer authority contained elsewhere in this Act.

UNITED STATES COURT OF APPEALS FOR THE ARMED FORCES

For salaries and expenses necessary for the United States Court of Appeals for the Armed Forces; \$6,952,000, of which not to exceed \$2,500 can be used for official representation purposes.

ENVIRONMENTAL RESTORATION, ARMY

(INCLUDING TRANSFER OF FUNDS)

For the Department of the Army, \$375,337,000, to remain available until transferred: *Provided*, That the Secretary of the Army shall, upon determining that such funds are required for environmental restoration, reduction and recycling of hazardous waste, removal of unsafe buildings and debris of the Department of the Army, or for similar purposes, transfer the funds made available by this appropriation to other appropriations made available to the Department of the Army, to be merged with and to be available for the same purposes and for the same time period as the appropriations to which transferred: *Provided further*, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation: *Provided further*, That not more than twenty-five per centum of funds provided under this heading may be obligated for environmental remediation by the Corps of Engineers under total environmental remediation contracts.

ENVIRONMENTAL RESTORATION, NAVY

(INCLUDING TRANSFER OF FUNDS)

For the Department of the Navy, \$275,500,000, to remain available until transferred: *Provided*, That the Secretary of the Navy shall, upon determining that such funds are required for environmental restoration, reduction and recycling of hazardous waste, removal of unsafe buildings and debris of the Department of the Navy, or for similar purposes, transfer the funds made available by this appropriation to other appropriations made available to the Department of the Navy, to be merged with and to be available for the same purposes and for the same time period as the appropriations to which transferred: *Provided further*, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation.

ENVIRONMENTAL RESTORATION, AIR FORCE

(INCLUDING TRANSFER OF FUNDS)

For the Department of the Air Force, \$376,900,000, to remain available until transferred: *Provided*, That the Secretary of the Air Force shall, upon determining that such funds are required for environmental restoration, reduction and recycling of hazardous waste, removal of unsafe buildings and debris of the Department of the Air Force, or for similar purposes, transfer the funds made available by this appropriation to other appropriations made available to the Department of the Air Force, to be merged with and to be available for the same purposes and for the same time period as the appropriations to which transferred: *Provided further*, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation.

ENVIRONMENTAL RESTORATION, DEFENSE-WIDE

(INCLUDING TRANSFER OF FUNDS)

For the Department of Defense, \$26,900,000, to remain available until transferred: *Provided*, That the Secretary of Defense shall, upon determining that such funds are required for environmental restoration, reduction and recycling of hazardous waste, removal of unsafe buildings and debris of the Department of Defense, or for similar purposes, transfer the funds made available by this appropriation to other appropriations made available to the Department of Defense, to be merged with and to be available for the same purposes and for the same time period as the appropriations to which transferred: *Provided further*, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation.

ENVIRONMENTAL RESTORATION, FORMERLY USED DEFENSE SITES

(INCLUDING TRANSFER OF FUNDS)

For the Department of the Army, \$242,300,000, to remain available until transferred: *Provided*, That the Secretary of the Army shall, upon determining that such funds are required for environmental restoration, reduction and recycling of hazardous waste, removal of unsafe buildings and debris at sites formerly used by the Department of Defense, transfer the funds made available by this appropriation to other appropriations made available to the Department of the Army, to be merged with and to be available for the same purposes and for the same time period as the appropriations to which transferred: *Provided further*, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation.

OVERSEAS HUMANITARIAN, DISASTER, AND CIVIC AID

For expenses relating to the Overseas Humanitarian, Disaster, and Civic Aid programs of the Department of Defense (consisting of the programs provided under sections 401, 402, 404, 2547, and 2551 of title 10, United States Code); \$47,130,000, to remain available until September 30, 1999.

FORMER SOVIET UNION THREAT REDUCTION

For assistance to the republics of the former Soviet Union, including assistance provided by contract or by grants, for facilitating the elimination and the safe and secure transportation and storage of nuclear, chemical and other weapons; for establishing programs to prevent the proliferation of weapons, weapons components, and weapon-related technology and expertise; for programs relating to the training and support of defense and military personnel for demilitarization and protection of weapons, weapons components and weapons technology and expertise; \$382,200,000, to remain available until September 30, 2000: *Provided*, That of the amounts provided under this heading, \$35,000,000 shall be available only to support the dismantling and disposal of nuclear submarines and submarine reactor components in the Russian Far East: *Provided further*, That of the amounts provided under this heading, \$5,000,000 shall be available only for the Arctic Military Environmental Cooperation Program.

QUALITY OF LIFE ENHANCEMENTS, DEFENSE

For expenses, not otherwise provided for, resulting from unfunded shortfalls in the repair and maintenance of real property of the Department of Defense (including military housing and barracks); \$360,000,000, for the maintenance of real property of the Department of Defense (including minor construction and major maintenance and repair), which shall remain available for obligation until September 30, 1999, as follows:

Army, \$100,000,000;
Navy, \$70,000,000;
Marine Corps, \$45,000,000; and
Air Force, \$145,000,000.

TITLE III

PROCUREMENT

AIRCRAFT PROCUREMENT, ARMY

For construction, procurement, production, modification, and modernization of aircraft, equipment, including ordnance, ground handling equipment, spare parts, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; \$1,346,317,000, to remain available for obligation until September 30, 2000.

MISSILE PROCUREMENT, ARMY

For construction, procurement, production, modification, and modernization of missiles, equipment, including ordnance, ground handling equipment, spare parts, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; \$762,409,000, to remain available for obligation until September 30, 2000.

PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES,
ARMY

For construction, procurement, production, and modification of weapons and tracked combat vehicles, equipment, including ordnance, spare parts, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; \$1,298,707,000, to remain available for obligation until September 30, 2000.

PROCUREMENT OF AMMUNITION, ARMY

For construction, procurement, production, and modification of ammunition, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including ammunition facilities authorized by section 2854 of title 10, United States Code, and the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired,

and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; \$1,037,202,000, to remain available for obligation until September 30, 2000.

OTHER PROCUREMENT, ARMY

For construction, procurement, production, and modification of vehicles, including tactical, support, and non-tracked combat vehicles; communications and electronic equipment; other support equipment; spare parts, ordnance, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; \$2,679,130,000, to remain available for obligation until September 30, 2000.

AIRCRAFT PROCUREMENT, NAVY

For construction, procurement, production, modification, and modernization of aircraft, equipment, including ordnance, spare parts, and accessories therefor; specialized equipment; expansion of public and private plants, including the land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; \$6,535,444,000, to remain available for obligation until September 30, 2000.

WEAPONS PROCUREMENT, NAVY

For construction, procurement, production, modification, and modernization of missiles, torpedoes, other weapons, and related support equipment including spare parts, and accessories therefor; expansion of public and private plants, including the land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; \$1,102,193,000, to remain available for obligation until September 30, 2000.

PROCUREMENT OF AMMUNITION, NAVY AND MARINE CORPS

For construction, procurement, production, and modification of ammunition, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including ammunition facilities authorized by section 2854 of title 10, United States Code, and the land necessary therefor, for the foregoing

purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; \$397,547,000, to remain available for obligation until September 30, 2000.

SHIPBUILDING AND CONVERSION, NAVY

For expenses necessary for the construction, acquisition, or conversion of vessels as authorized by law, including armor and armament thereof, plant equipment, appliances, and machine tools and installation thereof in public and private plants; reserve plant and Government and contractor-owned equipment layaway; procurement of critical, long leadtime components and designs for vessels to be constructed or converted in the future; and expansion of public and private plants, including land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title, as follows:

For continuation of the SSN-21 attack submarine program, \$153,444,000;

NSSN, \$2,314,903,000;

NSSN (AP), \$284,859,000;

CVN-77 (AP), \$50,000,000;

CVN Refuelings, \$1,615,003,000;

CVN Refuelings (AP), \$46,855,000;

DDG-51 destroyer program, \$3,411,200,000;

DDG-51 destroyer program (AP), \$157,806,000;

LPD-17 amphibious transport dock ship (AP), \$100,000,000;

Oceanographic ship program (AP), \$16,000,000;

LCAC landing craft air cushion program, \$20,000,000; and

For craft, outfitting, post delivery, conversions, and first destination transportation, \$137,521,000;

In all: \$8,235,591,000, to remain available for obligation until September 30, 2002: *Provided*, That additional obligations may be incurred after September 30, 2002, for engineering services, tests, evaluations, and other such budgeted work that must be performed in the final stage of ship construction: *Provided further*, That none of the funds provided under this heading for the construction or conversion of any naval vessel to be constructed in shipyards in the United States shall be expended in foreign facilities for the construction of major components of such vessel: *Provided further*, That none of the funds provided under this heading shall be used for the construction of any naval vessel in foreign shipyards.

OTHER PROCUREMENT, NAVY

For procurement, production, and modernization of support equipment and materials not otherwise provided for, Navy ordnance (except ordnance for new aircraft, new ships, and ships authorized for conversion); the purchase of not to exceed 194 passenger motor vehicles for replacement only; and the purchase of one vehicle required for physical security of personnel, notwithstanding price limitations applicable to passenger vehicles but not to exceed \$232,340 per vehicle; expansion of public and private plants, including the land necessary therefor, and such lands and interests

therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; \$3,144,205,000, to remain available for obligation until September 30, 2000.

PROCUREMENT, MARINE CORPS

For expenses necessary for the procurement, manufacture, and modification of missiles, armament, military equipment, spare parts, and accessories therefor; plant equipment, appliances, and machine tools, and installation thereof in public and private plants; reserve plant and Government and contractor-owned equipment layaway; vehicles for the Marine Corps, including the purchase of not to exceed 40 passenger motor vehicles for replacement only; and expansion of public and private plants, including land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; \$482,398,000, to remain available for obligation until September 30, 2000.

AIRCRAFT PROCUREMENT, AIR FORCE

For construction, procurement, and modification of aircraft and equipment, including armor and armament, specialized ground handling equipment, and training devices, spare parts, and accessories therefor; specialized equipment; expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes including rents and transportation of things; \$6,480,983,000, to remain available for obligation until September 30, 2000: *Provided*, That of the funds made available under this heading, \$331,000,000 shall be available for long lead activities related to the procurement of additional B-2 bombers: *Provided further*, That if the President determines that no additional B-2 bombers should be procured during this fiscal year, and he certifies to the Congress his decision, the funding described in the previous proviso shall be made available to modify and repair the existing fleet of B-2 bombers.

MISSILE PROCUREMENT, AIR FORCE

For construction, procurement, and modification of missiles, spacecraft, rockets, and related equipment, including spare parts and accessories therefor, ground handling equipment, and training devices; expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes including rents and

transportation of things; \$2,394,202,000, to remain available for obligation until September 30, 2000.

PROCUREMENT OF AMMUNITION, AIR FORCE

For construction, procurement, production, and modification of ammunition, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including ammunition facilities authorized by section 2854 of title 10, United States Code, and the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; \$398,534,000, to remain available for obligation until September 30, 2000.

OTHER PROCUREMENT, AIR FORCE

For procurement and modification of equipment (including ground guidance and electronic control equipment, and ground electronic and communication equipment), and supplies, materials, and spare parts therefor, not otherwise provided for; the purchase of not to exceed 196 passenger motor vehicles for replacement only; the purchase of one vehicle required for physical security of personnel, notwithstanding price limitations applicable to passenger vehicles but not to exceed \$232,340 per vehicle; and expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon, prior to approval of title; reserve plant and Government and contractor-owned equipment layaway; \$6,592,909,000, to remain available for obligation until September 30, 2000.

PROCUREMENT, DEFENSE-WIDE

For expenses of activities and agencies of the Department of Defense (other than the military departments) necessary for procurement, production, and modification of equipment, supplies, materials, and spare parts therefor, not otherwise provided for; the purchase of not to exceed 381 passenger motor vehicles for replacement only; expansion of public and private plants, equipment, and installation thereof in such plants, erection of structures, and acquisition of land for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; reserve plant and Government and contractor-owned equipment layaway; \$2,106,444,000, to remain available for obligation until September 30, 2000.

NATIONAL GUARD AND RESERVE EQUIPMENT

For procurement of aircraft, missiles, tracked combat vehicles, ammunition, other weapons, and other procurement for the reserve components of the Armed Forces; \$653,000,000, to remain available for obligation until September 30, 2000: *Provided*, That the Chiefs of the Reserve and National Guard components shall, not later

than 30 days after the enactment of this Act, individually submit to the congressional defense committees the modernization priority assessment for their respective Reserve or National Guard component.

TITLE IV

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, ARMY

For expenses necessary for basic and applied scientific research, development, test and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment; \$5,156,507,000, to remain available for obligation until September 30, 1999.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, NAVY

For expenses necessary for basic and applied scientific research, development, test and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment; \$8,115,686,000, to remain available for obligation until September 30, 1999: *Provided*, That funds appropriated in this paragraph which are available for the V-22 may be used to meet unique requirements of the Special Operations Forces.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, AIR FORCE

For expenses necessary for basic and applied scientific research, development, test and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment; \$14,507,804,000, to remain available for obligation until September 30, 1999: *Provided*, That of the funds made available in this paragraph, \$4,000,000 shall be only for development of coal-derived jet fuel technologies.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE-WIDE

For expenses of activities and agencies of the Department of Defense (other than the military departments), necessary for basic and applied scientific research, development, test and evaluation; advanced research projects as may be designated and determined by the Secretary of Defense, pursuant to law; maintenance, rehabilitation, lease, and operation of facilities and equipment; \$9,821,760,000, to remain available for obligation until September 30, 1999: *Provided*, That not less than \$409,898,000 of the funds appropriated in this paragraph shall be made available only for the Sea-Based Wide Area Defense (Navy Upper-Tier) Program: *Provided further*, That funds appropriated for the Dual-Use Applications Program under section 5803 of the Treasury, Postal Service, and General Government Appropriations Act, 1997 (Public Law 104-208), shall remain available for obligation until September 30, 1998.

DEVELOPMENTAL TEST AND EVALUATION, DEFENSE

For expenses, not otherwise provided for, of independent activities of the Director, Test and Evaluation in the direction and supervision of developmental test and evaluation, including performance and joint developmental testing and evaluation; and administrative expenses in connection therewith; \$258,183,000, to remain available for obligation until September 30, 1999.

OPERATIONAL TEST AND EVALUATION, DEFENSE

For expenses, not otherwise provided for, necessary for the independent activities of the Director, Operational Test and Evaluation in the direction and supervision of operational test and evaluation, including initial operational test and evaluation which is conducted prior to, and in support of, production decisions; joint operational testing and evaluation; and administrative expenses in connection therewith; \$31,384,000, to remain available for obligation until September 30, 1999.

TITLE V

REVOLVING AND MANAGEMENT FUNDS

DEFENSE WORKING CAPITAL FUNDS

For the Defense Working Capital Funds; \$971,952,000.

NATIONAL DEFENSE SEALIFT FUND

For National Defense Sealift Fund programs, projects, and activities, and for expenses of the National Defense Reserve Fleet, as established by section 11 of the Merchant Ship Sales Act of 1946 (50 U.S.C. App. 1744); \$1,074,948,000, to remain available until expended: *Provided*, That none of the funds provided in this paragraph shall be used to award a new contract that provides for the acquisition of any of the following major components unless such components are manufactured in the United States: auxiliary equipment, including pumps, for all shipboard services; propulsion system components (that is; engines, reduction gears, and propellers); shipboard cranes; and spreaders for shipboard cranes: *Provided further*, That the exercise of an option in a contract awarded through the obligation of previously appropriated funds shall not be considered to be the award of a new contract: *Provided further*, That the Secretary of the military department responsible for such procurement may waive these restrictions on a case-by-case basis by certifying in writing to the Committees on Appropriations of the House of Representatives and the Senate, that adequate domestic supplies are not available to meet Department of Defense requirements on a timely basis and that such an acquisition must be made in order to acquire capability for national security purposes.

TITLE VI

OTHER DEPARTMENT OF DEFENSE PROGRAMS

DEFENSE HEALTH PROGRAM

For expenses, not otherwise provided for, for medical and health care programs of the Department of Defense, as authorized by law; \$10,369,075,000, of which \$10,095,007,000 shall be for Operation and maintenance, of which not to exceed two per centum shall remain available until September 30, 1999, and of which \$274,068,000, to remain available for obligation until September 30, 2000, shall be for Procurement.

CHEMICAL AGENTS AND MUNITIONS DESTRUCTION, DEFENSE

For expenses, not otherwise provided for, necessary for the destruction of the United States stockpile of lethal chemical agents and munitions in accordance with the provisions of section 1412 of the Department of Defense Authorization Act, 1986 (50 U.S.C. 1521), and for the destruction of other chemical warfare materials that are not in the chemical weapon stockpile, \$600,700,000, of which \$462,200,000 shall be for Operation and maintenance, \$72,200,000 shall be for Procurement to remain available until September 30, 2000, and \$66,300,000 shall be for Research, development, test and evaluation to remain available until September 30, 1999: *Provided*, That of the funds available under this heading, \$1,000,000 shall be available until expended each year only for a Johnston Atoll off-island leave program: *Provided further*, That the Secretaries concerned shall, pursuant to uniform regulations, prescribe travel and transportation allowances for travel by participants in the off-island leave program.

DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE

(INCLUDING TRANSFER OF FUNDS)

For drug interdiction and counter-drug activities of the Department of Defense, for transfer to appropriations available to the Department of Defense for military personnel of the reserve components serving under the provisions of title 10 and title 32, United States Code; for Operation and maintenance; for Procurement; and for Research, development, test and evaluation; \$712,882,000: *Provided*, That the funds appropriated under this head shall be available for obligation for the same time period and for the same purpose as the appropriation to which transferred: *Provided further*, That the transfer authority provided in this paragraph is in addition to any transfer authority contained elsewhere in this Act.

OFFICE OF THE INSPECTOR GENERAL

For expenses and activities of the Office of the Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended; \$138,380,000, of which \$136,580,000 shall be for Operation and maintenance, of which not to exceed \$500,000 is available for emergencies and extraordinary expenses to be expended on the approval or authority of the Inspector General, and payments may be made on his certificate of necessity for

confidential military purposes; and of which \$1,800,000, to remain available until September 30, 2000, shall be for Procurement.

TITLE VII

RELATED AGENCIES

CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM FUND

For payment to the Central Intelligence Agency Retirement and Disability System Fund, to maintain proper funding level for continuing the operation of the Central Intelligence Agency Retirement and Disability System; \$196,900,000.

INTELLIGENCE COMMUNITY MANAGEMENT ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Intelligence Community Management Account; \$121,080,000, of which \$39,011,000 for the Advanced Research and Development Committee and the Environmental Intelligence and Applications Program shall remain available until September 30, 1999: *Provided*, That of the funds appropriated under this heading, \$27,000,000 shall be transferred to the Department of Justice for the National Drug Intelligence Center to support the Department of Defense's counter-drug intelligence responsibilities, and of the said amount, \$1,500,000 for Procurement shall remain available until September 30, 2000, and \$3,000,000 for Research, development, test and evaluation shall remain available until September 30, 1999.

PAYMENT TO KAHO'OLAWA ISLAND CONVEYANCE, REMEDIATION, AND ENVIRONMENTAL RESTORATION FUND

For payment to Kaho'olawe Island Conveyance, Remediation, and Environmental Restoration Fund, as authorized by law; \$35,000,000, to remain available until expended.

NATIONAL SECURITY EDUCATION TRUST FUND

For the purposes of title VIII of Public Law 102–183, \$2,000,000, to be derived from the National Security Education Trust Fund, to remain available until expended.

TITLE VIII

GENERAL PROVISIONS

SEC. 8001. No part of any appropriation contained in this Act shall be used for publicity or propaganda purposes not authorized by the Congress.

SEC. 8002. During the current fiscal year, provisions of law prohibiting the payment of compensation to, or employment of, any person not a citizen of the United States shall not apply to personnel of the Department of Defense: *Provided*, That salary increases granted to direct and indirect hire foreign national employees of the Department of Defense funded by this Act shall not be at a rate in excess of the percentage increase authorized

10 USC 1584
note.

by law for civilian employees of the Department of Defense whose pay is computed under the provisions of section 5332 of title 5, United States Code, or at a rate in excess of the percentage increase provided by the appropriate host nation to its own employees, whichever is higher: *Provided further*, That this section shall not apply to Department of Defense foreign service national employees serving at United States diplomatic missions whose pay is set by the Department of State under the Foreign Service Act of 1980: *Provided further*, That the limitations of this provision shall not apply to foreign national employees of the Department of Defense in the Republic of Turkey.

SEC. 8003. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year, unless expressly so provided herein.

SEC. 8004. No more than 20 per centum of the appropriations in this Act which are limited for obligation during the current fiscal year shall be obligated during the last two months of the fiscal year: *Provided*, That this section shall not apply to obligations for support of active duty training of reserve components or summer camp training of the Reserve Officers' Training Corps.

(TRANSFER OF FUNDS)

SEC. 8005. Upon determination by the Secretary of Defense that such action is necessary in the national interest, he may, with the approval of the Office of Management and Budget, transfer not to exceed \$2,000,000,000 of working capital funds of the Department of Defense or funds made available in this Act to the Department of Defense for military functions (except military construction) between such appropriations or funds or any subdivision thereof, to be merged with and to be available for the same purposes, and for the same time period, as the appropriation or fund to which transferred: *Provided*, That such authority to transfer may not be used unless for higher priority items, based on unforeseen military requirements, than those for which originally appropriated and in no case where the item for which funds are requested has been denied by Congress: *Provided further*, That the Secretary of Defense shall notify the Congress promptly of all transfers made pursuant to this authority or any other authority in this Act: *Provided further*, That no part of the funds in this Act shall be available to prepare or present a request to the Committees on Appropriations for reprogramming of funds, unless for higher priority items, based on unforeseen military requirements, than those for which originally appropriated and in no case where the item for which reprogramming is requested has been denied by the Congress: *Provided further*, That of the authority provided under this section, not to exceed \$65,000,000 shall be available to meet requirements for termination of the Reserve Mobilization Insurance Program, notwithstanding chapter 1214 of title 10, United States Code.

Notification.

(TRANSFER OF FUNDS)

SEC. 8006. During the current fiscal year, cash balances in working capital funds of the Department of Defense established pursuant to section 2208 of title 10, United States Code, may be maintained in only such amounts as are necessary at any time for cash disbursements to be made from such funds: *Provided*,

That transfers may be made between such funds: *Provided further*, That transfers may be made between working capital funds and the “Foreign Currency Fluctuations, Defense” appropriation and the “Operation and Maintenance” appropriation accounts in such amounts as may be determined by the Secretary of Defense, with the approval of the Office of Management and Budget, except that such transfers may not be made unless the Secretary of Defense has notified the Congress of the proposed transfer. Except in amounts equal to the amounts appropriated to working capital funds in this Act, no obligations may be made against a working capital fund to procure or increase the value of war reserve material inventory, unless the Secretary of Defense has notified the Congress prior to any such obligation.

SEC. 8007. Funds appropriated by this Act may not be used to initiate a special access program without prior notification 30 calendar days in session in advance to the congressional defense committees.

SEC. 8008. (a) None of the funds provided in this Act shall be available to initiate: (1) a multiyear contract that employs economic order quantity procurement in excess of \$20,000,000 in any one year of the contract or that includes an unfunded contingent liability in excess of \$20,000,000; or (2) a contract for advance procurement leading to a multiyear contract that employs economic order quantity procurement in excess of \$20,000,000 in any one year, unless the congressional defense committees have been notified at least 30 days in advance of the proposed contract award: *Provided*, That no part of any appropriation contained in this Act shall be available to initiate a multiyear contract for which the economic order quantity advance procurement is not funded at least to the limits of the Government’s liability: *Provided further*, That no part of any appropriation contained in this Act shall be available to initiate multiyear procurement contracts for any systems or component thereof if the value of the multiyear contract would exceed \$500,000,000 unless specifically provided in this Act: *Provided further*, That no multiyear procurement contract can be terminated without 10-day prior notification to the congressional defense committees: *Provided further*, That the execution of multiyear authority shall require the use of a present value analysis to determine lowest cost compared to an annual procurement.

10 USC 2306b
note.

Funds appropriated in title III of this Act may be used for multiyear procurement contracts as follows:

Apache Longbow radar;
AV-8B aircraft; and
Family of Medium Tactical Vehicles.

(b) None of the funds provided in this Act and hereafter may be used to submit to Congress (or to any committee of Congress) a request for authority to enter into a contract covered by those provisions of subsection (a) that precede the first proviso of that subsection unless—

(1) such request is made as part of the submission of the President’s Budget for the United States Government for any fiscal year and is set forth in the Appendix to that budget as part of proposed legislative language for appropriations bills for the next fiscal year; or

(2) such request is formally submitted by the President as a budget amendment; or

(3) the Secretary of Defense makes such request in writing to the congressional defense committees.

10 USC 401 note.

Reports.

SEC. 8009. Within the funds appropriated for the operation and maintenance of the Armed Forces, funds are hereby appropriated pursuant to section 401 of title 10, United States Code, for humanitarian and civic assistance costs under chapter 20 of title 10, United States Code. Such funds may also be obligated for humanitarian and civic assistance costs incidental to authorized operations and pursuant to authority granted in section 401 of chapter 20 of title 10, United States Code, and these obligations shall be reported to Congress on September 30 of each year: *Provided*, That funds available for operation and maintenance shall be available for providing humanitarian and similar assistance by using Civic Action Teams in the Trust Territories of the Pacific Islands and freely associated states of Micronesia, pursuant to the Compact of Free Association as authorized by Public Law 99-239: *Provided further*, That upon a determination by the Secretary of the Army that such action is beneficial for graduate medical education programs conducted at Army medical facilities located in Hawaii, the Secretary of the Army may authorize the provision of medical services at such facilities and transportation to such facilities, on a nonreimbursable basis, for civilian patients from American Samoa, the Commonwealth of the Northern Mariana Islands, the Marshall Islands, the Federated States of Micronesia, Palau, and Guam.

SEC. 8010. (a) During fiscal year 1998, the civilian personnel of the Department of Defense may not be managed on the basis of any end-strength, and the management of such personnel during that fiscal year shall not be subject to any constraint or limitation (known as an end-strength) on the number of such personnel who may be employed on the last day of such fiscal year.

(b) The fiscal year 1999 budget request for the Department of Defense as well as all justification material and other documentation supporting the fiscal year 1999 Department of Defense budget request shall be prepared and submitted to the Congress as if subsections (a) and (b) of this provision were effective with regard to fiscal year 1999.

(c) Nothing in this section shall be construed to apply to military (civilian) technicians.

SEC. 8011. Notwithstanding any other provision of law, none of the funds made available by this Act shall be used by the Department of Defense to exceed, outside the 50 United States, its territories, and the District of Columbia, 125,000 civilian workyears: *Provided*, That workyears shall be applied as defined in the Federal Personnel Manual: *Provided further*, That workyears expended in dependent student hiring programs for disadvantaged youths shall not be included in this workyear limitation.

SEC. 8012. None of the funds made available by this Act shall be used in any way, directly or indirectly, to influence congressional action on any legislation or appropriation matters pending before the Congress.

SEC. 8013. (a) None of the funds appropriated by this Act shall be used to make contributions to the Department of Defense Education Benefits Fund pursuant to section 2006(g) of title 10, United States Code, representing the normal cost for future benefits

under section 3015(c) of title 38, United States Code, for any member of the armed services who, on or after the date of enactment of this Act—

(1) enlists in the armed services for a period of active duty of less than three years; or

(2) receives an enlistment bonus under section 308a or 308f of title 37, United States Code,

nor shall any amounts representing the normal cost of such future benefits be transferred from the Fund by the Secretary of the Treasury to the Secretary of Veterans Affairs pursuant to section 2006(d) of title 10, United States Code; nor shall the Secretary of Veterans Affairs pay such benefits to any such member: *Provided*, That in the case of a member covered by clause (1), these limitations shall not apply to members in combat arms skills or to members who enlist in the armed services on or after July 1, 1989, under a program continued or established by the Secretary of Defense in fiscal year 1991 to test the cost-effective use of special recruiting incentives involving not more than nineteen noncombat arms skills approved in advance by the Secretary of Defense: *Provided further*, That this subsection applies only to active components of the Army.

Applicability.

(b) None of the funds appropriated by this Act shall be available for the basic pay and allowances of any member of the Army participating as a full-time student and receiving benefits paid by the Secretary of Veterans Affairs from the Department of Defense Education Benefits Fund when time spent as a full-time student is credited toward completion of a service commitment: *Provided*, That this subsection shall not apply to those members who have reenlisted with this option prior to October 1, 1987: *Provided further*, That this subsection applies only to active components of the Army.

Applicability.

SEC. 8014. None of the funds appropriated by this Act shall be available to convert to contractor performance an activity or function of the Department of Defense that, on or after the date of enactment of this Act, is performed by more than ten Department of Defense civilian employees until a most efficient and cost-effective organization analysis is completed on such activity or function and certification of the analysis is made to the Committees on Appropriations of the House of Representatives and the Senate: *Provided*, That this section shall not apply to a commercial or industrial type function of the Department of Defense that: (1) is included on the procurement list established pursuant to section 2 of the Act of June 25, 1938 (41 U.S.C. 47), popularly referred to as the Javits-Wagner-O'Day Act; (2) is planned to be converted to performance by a qualified nonprofit agency for the blind or by a qualified nonprofit agency for other severely handicapped individuals in accordance with that Act; or (3) is planned to be converted to performance by a qualified firm under 51 per centum Native American ownership.

(TRANSFER OF FUNDS)

SEC. 8015. Funds appropriated in title III of this Act for the Department of Defense Pilot Mentor-Protege Program may be transferred to any other appropriation contained in this Act solely for the purpose of implementing a Mentor-Protege Program developmental assistance agreement pursuant to section 831 of the National Defense Authorization Act for Fiscal Year 1991 (Public

Law 101-510; 10 U.S.C. 2301 note), as amended, under the authority of this provision or any other transfer authority contained in this Act.

SEC. 8016. None of the funds in this Act may be available for the purchase by the Department of Defense (and its departments and agencies) of welded shipboard anchor and mooring chain 4 inches in diameter and under unless the anchor and mooring chain are manufactured in the United States from components which are substantially manufactured in the United States: *Provided*, That for the purpose of this section manufactured will include cutting, heat treating, quality control, testing of chain and welding (including the forging and shot blasting process): *Provided further*, That for the purpose of this section substantially all of the components of anchor and mooring chain shall be considered to be produced or manufactured in the United States if the aggregate cost of the components produced or manufactured in the United States exceeds the aggregate cost of the components produced or manufactured outside the United States: *Provided further*, That when adequate domestic supplies are not available to meet Department of Defense requirements on a timely basis, the Secretary of the service responsible for the procurement may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations that such an acquisition must be made in order to acquire capability for national security purposes.

SEC. 8017. None of the funds appropriated by this Act available for the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) shall be available for the reimbursement of any health care provider for inpatient mental health service for care received when a patient is referred to a provider of inpatient mental health care or residential treatment care by a medical or health care professional having an economic interest in the facility to which the patient is referred: *Provided*, That this limitation does not apply in the case of inpatient mental health services provided under the program for the handicapped under subsection (d) of section 1079 of title 10, United States Code, provided as partial hospital care, or provided pursuant to a waiver authorized by the Secretary of Defense because of medical or psychological circumstances of the patient that are confirmed by a health professional who is not a Federal employee after a review, pursuant to rules prescribed by the Secretary, which takes into account the appropriate level of care for the patient, the intensity of services required by the patient, and the availability of that care.

SEC. 8018. Funds available in this Act may be used to provide transportation for the next-of-kin of individuals who have been prisoners of war or missing in action from the Vietnam era to an annual meeting in the United States, under such regulations as the Secretary of Defense may prescribe.

SEC. 8019. Notwithstanding any other provision of law, during the current fiscal year, the Secretary of Defense may, by executive agreement, establish with host nation governments in NATO member states a separate account into which such residual value amounts negotiated in the return of United States military installations in NATO member states may be deposited, in the currency of the host nation, in lieu of direct monetary transfers to the United States Treasury: *Provided*, That such credits may be utilized only for the construction of facilities to support United States military forces in that host nation, or such real property maintenance

and base operating costs that are currently executed through monetary transfers to such host nations: *Provided further*, That the Department of Defense's budget submission for fiscal year 1999 shall identify such sums anticipated in residual value settlements, and identify such construction, real property maintenance or base operating costs that shall be funded by the host nation through such credits: *Provided further*, That all military construction projects to be executed from such accounts must be previously approved in a prior Act of Congress: *Provided further*, That each such executive agreement with a NATO member host nation shall be reported to the congressional defense committees, the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate 30 days prior to the conclusion and endorsement of any such agreement established under this provision.

Reports.

SEC. 8020. None of the funds available to the Department of Defense may be used to demilitarize or dispose of M-1 Carbines, M-1 Garand rifles, M-14 rifles, .22 caliber rifles, .30 caliber rifles, or M-1911 pistols.

SEC. 8021. Notwithstanding any other provision of law, none of the funds appropriated by this Act shall be available to pay more than 50 per centum of an amount paid to any person under section 308 of title 37, United States Code, in a lump sum.

SEC. 8022. No more than \$500,000 of the funds appropriated or made available in this Act shall be used during a single fiscal year for any single relocation of an organization, unit, activity or function of the Department of Defense into or within the National Capital Region: *Provided*, That the Secretary of Defense may waive this restriction on a case-by-case basis by certifying in writing to the congressional defense committees that such a relocation is required in the best interest of the Government.

SEC. 8023. A member of a reserve component whose unit or whose residence is located in a State which is not contiguous with another State is authorized to travel in a space required status on aircraft of the Armed Forces between home and place of inactive duty training, or place of duty in lieu of unit training assembly, when there is no road or railroad transportation (or combination of road and railroad transportation between those locations): *Provided*, That a member traveling in that status on a military aircraft pursuant to the authority provided in this section is not authorized to receive travel, transportation, or per diem allowances in connection with that travel.

SEC. 8024. In addition to funds provided elsewhere in this Act, \$8,000,000 is appropriated only for incentive payments authorized by section 504 of the Indian Financing Act of 1974, 25 U.S.C. 1544: *Provided*, That these payments shall be available only to contractors which have submitted subcontracting plans pursuant to 15 U.S.C. 637(d), and according to regulations which shall be promulgated by the Secretary of Defense within 90 days of the passage of this Act: *Provided further*, That contractors participating in the test program established by section 854 of Public Law 101-189 (15 U.S.C. 637 note) shall be eligible for the program established by section 504 of the Indian Financing Act of 1974 (25 U.S.C. 1544).

SEC. 8025. During the current fiscal year, none of the funds available to the Department of Defense may be used to procure or acquire (1) defensive handguns unless such handguns are the

M-9 or M-11 9 mm Department of Defense standard handguns, or (2) offensive handguns except for the Special Operations Forces: *Provided*, That the foregoing shall not apply to handguns and ammunition for marksmanship competitions.

SEC. 8026. During the current fiscal year, funds appropriated or otherwise available for any Federal agency, the Congress, the judicial branch, or the District of Columbia may be used for the pay, allowances, and benefits of an employee as defined by section 2105 of title 5, United States Code, or an individual employed by the government of the District of Columbia, permanent or temporary indefinite, who—

(1) is a member of a Reserve component of the Armed Forces, as described in section 10101 of title 10, United States Code, or the National Guard, as described in section 101 of title 32;

(2) performs, for the purpose of providing military aid to enforce the law or providing assistance to civil authorities in the protection or saving of life or property or prevention of injury—

(A) Federal service under sections 331, 332, 333, or 12406 of title 10, or other provision of law, as applicable; or

(B) full-time military service for his or her State, the District of Columbia, the Commonwealth of Puerto Rico, or a territory of the United States; and

(3) requests and is granted—

(A) leave under the authority of this section; or

(B) annual leave, which may be granted without regard to the provisions of sections 5519 and 6323(b) of title 5, if such employee is otherwise entitled to such annual leave:

Provided, That any employee who requests leave under subsection (3)(A) for service described in subsection (2) of this section is entitled to such leave, subject to the provisions of this section and of the last sentence of section 6323(b) of title 5, and such leave shall be considered leave under section 6323(b) of title 5.

SEC. 8027. None of the funds appropriated by this Act shall be available to perform any cost study pursuant to the provisions of OMB Circular A-76 if the study being performed exceeds a period of 24 months after initiation of such study with respect to a single function activity or 48 months after initiation of such study for a multi-function activity.

SEC. 8028. Funds appropriated by this Act for the American Forces Information Service shall not be used for any national or international political or psychological activities.

SEC. 8029. Notwithstanding any other provision of law or regulation, the Secretary of Defense may adjust wage rates for civilian employees hired for certain health care occupations as authorized for the Secretary of Veterans Affairs by section 7455 of title 38, United States Code.

SEC. 8030. None of the funds appropriated or made available in this Act shall be used to reduce or disestablish the operation of the 53rd Weather Reconnaissance Squadron of the Air Force Reserve, if such action would reduce the WC-130 Weather Reconnaissance mission below the levels funded in this Act.

SEC. 8031. (a) Of the funds for the procurement of supplies or services appropriated by this Act, qualified nonprofit agencies for the blind or other severely handicapped shall be afforded the

maximum practicable opportunity to participate as subcontractors and suppliers in the performance of contracts let by the Department of Defense.

(b) During the current fiscal year, a business concern which has negotiated with a military service or defense agency a subcontracting plan for the participation by small business concerns pursuant to section 8(d) of the Small Business Act (15 U.S.C. 637(d)) shall be given credit toward meeting that subcontracting goal for any purchases made from qualified nonprofit agencies for the blind or other severely handicapped.

(c) For the purpose of this section, the phrase “qualified nonprofit agency for the blind or other severely handicapped” means a nonprofit agency for the blind or other severely handicapped that has been approved by the Committee for the Purchase from the Blind and Other Severely Handicapped under the Javits-Wagner-O’Day Act (41 U.S.C. 46–48).

SEC. 8032. During the current fiscal year, net receipts pursuant to collections from third party payers pursuant to section 1095 of title 10, United States Code, shall be made available to the local facility of the uniformed services responsible for the collections and shall be over and above the facility’s direct budget amount.

SEC. 8033. During the current fiscal year, the Department of Defense is authorized to incur obligations of not to exceed \$350,000,000 for purposes specified in section 2350j(c) of title 10, United States Code, in anticipation of receipt of contributions, only from the Government of Kuwait, under that section: *Provided*, That, upon receipt, such contributions from the Government of Kuwait shall be credited to the appropriations or fund which incurred such obligations.

SEC. 8034. Of the funds made available in this Act, not less than \$26,247,000 shall be available for the Civil Air Patrol, of which \$22,702,000 shall be available for operation and maintenance.

SEC. 8035. (a) None of the funds appropriated in this Act are available to establish a new Department of Defense (department) federally funded research and development center (FFRDC), either as a new entity, or as a separate entity administrated by an organization managing another FFRDC, or as a nonprofit membership corporation consisting of a consortium of other FFRDCs and other non-profit entities.

(b) LIMITATION ON COMPENSATION—FEDERALLY FUNDED RESEARCH AND DEVELOPMENT CENTER (FFRDC).—No member of a Board of Directors, Trustees, Overseers, Advisory Group, Special Issues Panel, Visiting Committee, or any similar entity of a defense FFRDC, and no paid consultant to any defense FFRDC, may be compensated for his or her services as a member of such entity, or as a paid consultant, except under the same conditions, and to the same extent, as members of the Defense Science Board: *Provided*, That a member of any such entity referred to previously in this subsection shall be allowed travel expenses and per diem as authorized under the Federal Joint Travel Regulations, when engaged in the performance of membership duties.

(c) Notwithstanding any other provision of law, none of the funds available to the department from any source during fiscal year 1998 may be used by a defense FFRDC, through a fee or other payment mechanism, for charitable contributions, for construction of new buildings, for payment of cost sharing for

projects funded by Government grants, or for absorption of contract overruns.

(d) Notwithstanding any other provision of law, of the funds available to the department during fiscal year 1998, not more than 6,206 staff years of technical effort (staff years) may be funded for defense FFRDCs: *Provided*, That of the specific amount referred to previously in this subsection, not more than 1,105 staff years may be funded for the defense studies and analysis FFRDCs.

(e) Notwithstanding any other provision of law, the Secretary of Defense shall control the total number of staff years to be performed by defense FFRDCs during fiscal year 1998 so as to reduce the total amounts appropriated in titles II, III, and IV of this Act by \$71,800,000: *Provided*, That the total amounts appropriated in titles II, III, and IV of this Act are hereby reduced by \$71,800,000 to reflect savings from the use of defense FFRDCs by the department.

Reports.

(f) Within 60 days after enactment of this Act, the Secretary of Defense shall submit to the congressional defense committees a report presenting the specific amounts of staff years of technical effort to be allocated by the department for each defense FFRDC during fiscal year 1998: *Provided*, That, after the submission of the report required by this subsection, the department may not reallocate more than five per centum of an FFRDC's staff years among other defense FFRDCs until 30 days after a detailed justification for any such reallocation is submitted to the congressional defense committees.

Reports.

(g) The Secretary of Defense shall, with the submission of the department's fiscal year 1999 budget request, submit a report presenting the specific amounts of staff years of technical effort to be allocated for each defense FFRDC during that fiscal year.

(h) No part of the reductions contained in subsection (e) of this section may be applied against any budget activity, activity group, subactivity group, line item, program element, program, project, subproject or activity which does not fund defense FFRDC activities within each appropriation account, and the reductions in subsection (e) shall be allocated on a proportional basis.

Reports.

(i) Not later than 90 days after enactment of this Act, the Secretary of Defense shall submit to the congressional defense committees a report listing the specific funding reductions allocated to each category listed in subsection (h) above pursuant to this section.

SEC. 8036. None of the funds in this or any other Act shall be available for the preparation of studies on—

(1) the cost effectiveness or feasibility of removal and transportation of unitary chemical weapons or agents from the 8 chemical storage sites within the continental United States to Johnston Atoll: *Provided*, That this prohibition shall not apply to General Accounting Office studies requested by a Member of Congress or a Congressional Committee; and

(2) the potential future uses of the 9 chemical disposal facilities other than for the destruction of stockpile chemical munitions and as limited by section 1412(c)(2), Public Law 99-145: *Provided*, That this prohibition does not apply to future use studies for the CAMDS facility at Tooele, Utah.

SEC. 8037. None of the funds appropriated or made available in this Act shall be used to procure carbon, alloy or armor steel plate for use in any Government-owned facility or property under

the control of the Department of Defense which were not melted and rolled in the United States or Canada: *Provided*, That these procurement restrictions shall apply to any and all Federal Supply Class 9515, American Society of Testing and Materials (ASTM) or American Iron and Steel Institute (AISI) specifications of carbon, alloy or armor steel plate: *Provided further*, That the Secretary of the military department responsible for the procurement may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations of the House of Representatives and the Senate that adequate domestic supplies are not available to meet Department of Defense requirements on a timely basis and that such an acquisition must be made in order to acquire capability for national security purposes: *Provided further*, That these restrictions shall not apply to contracts which are in being as of the date of enactment of this Act.

SEC. 8038. For the purposes of this Act, the term “congressional defense committees” means the National Security Committee of the House of Representatives, the Armed Services Committee of the Senate, the Subcommittee on Defense of the Committee on Appropriations of the Senate, and the Subcommittee on National Security of the Committee on Appropriations of the House of Representatives.

SEC. 8039. During the current fiscal year, the Department of Defense may acquire the modification, depot maintenance and repair of aircraft, vehicles and vessels as well as the production of components and other Defense-related articles, through competition between Department of Defense depot maintenance activities and private firms: *Provided*, That the Senior Acquisition Executive of the military department or defense agency concerned, with power of delegation, shall certify that successful bids include comparable estimates of all direct and indirect costs for both public and private bids: *Provided further*, That Office of Management and Budget Circular A-76 shall not apply to competitions conducted under this section.

Certification.

SEC. 8040. (a)(1) If the Secretary of Defense, after consultation with the United States Trade Representative, determines that a foreign country which is party to an agreement described in paragraph (2) has violated the terms of the agreement by discriminating against certain types of products produced in the United States that are covered by the agreement, the Secretary of Defense shall rescind the Secretary’s blanket waiver of the Buy American Act with respect to such types of products produced in that foreign country.

41 USC 10b-2.

(2) An agreement referred to in paragraph (1) is any reciprocal defense procurement memorandum of understanding, between the United States and a foreign country pursuant to which the Secretary of Defense has prospectively waived the Buy American Act for certain products in that country.

(b) The Secretary of Defense shall submit to Congress a report on the amount of Department of Defense purchases from foreign entities in fiscal year 1998. Such report shall separately indicate the dollar value of items for which the Buy American Act was waived pursuant to any agreement described in subsection (a)(2), the Trade Agreement Act of 1979 (19 U.S.C. 2501 et seq.), or any international agreement to which the United States is a party.

Reports.

(c) For purposes of this section, the term “Buy American Act” means title III of the Act entitled “An Act making appropriations

for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes”, approved March 3, 1933 (41 U.S.C. 10a et seq.).

SEC. 8041. The total amounts appropriated in titles II, III, and IV of this Act are hereby reduced by \$300,000,000 to reflect savings from the use of advisory and assistance services by the Department of Defense: *Provided*, That the savings shall be applied to the following titles in the following amounts:

Title II, Operation and Maintenance, \$112,000,000;

Title III, Procurement, \$62,000,000; and

Title IV, Research, Development, Test and Evaluation, \$126,000,000:

Provided further, That the savings specified shall be applied only to funds budgeted to purchase advisory and assistance services: *Provided further*, That the savings shall be applied on a pro-rata basis to each program, project and activity which included budget funds for advisory and assistance services.

SEC. 8042. Appropriations contained in this Act that remain available at the end of the current fiscal year as a result of energy cost savings realized by the Department of Defense shall remain available for obligation for the next fiscal year to the extent, and for the purposes, provided in section 2865 of title 10, United States Code.

SEC. 8043. Notwithstanding any other provision of this Act, the amounts provided in all appropriation accounts in titles III and IV of this Act are reduced by 1.5 percent: *Provided*, That these reductions shall be applied on a pro-rata basis to each line item, program element, program, project, subproject, and activity within each appropriation account: *Provided further*, That not later than 60 days after the enactment of this Act, the Undersecretary of Defense (Comptroller) shall submit a report to the congressional defense committees listing the specific funding reductions allocated to each category listed in the preceding proviso pursuant to this section.

Reports.

(INCLUDING TRANSFER OF FUNDS)

SEC. 8044. Amounts deposited during the current fiscal year to the special account established under 40 U.S.C. 485(h)(2) and to the special account established under 10 U.S.C. 2667(d)(1) are appropriated and shall be available until transferred by the Secretary of Defense to current applicable appropriations or funds of the Department of Defense under the terms and conditions specified by 40 U.S.C. 485(h)(2)(A) and (B) and 10 U.S.C. 2667(d)(1)(B), to be merged with and to be available for the same time period and the same purposes as the appropriation to which transferred.

SEC. 8045. During the current fiscal year, appropriations available to the Department of Defense may be used to reimburse a member of a reserve component of the Armed Forces who is not otherwise entitled to travel and transportation allowances and who occupies transient government housing while performing active duty for training or inactive duty training: *Provided*, That such members may be provided lodging in kind if transient government quarters are unavailable as if the member was entitled to such allowances under subsection (a) of section 404 of title 37, United States Code: *Provided further*, That if lodging in kind is provided, any authorized service charge or cost of such lodging may be paid

directly from funds appropriated for operation and maintenance of the reserve component of the member concerned.

SEC. 8046. The President shall include with each budget for a fiscal year submitted to the Congress under section 1105 of title 31, United States Code, materials that shall identify clearly and separately the amounts requested in the budget for appropriation for that fiscal year for salaries and expenses related to administrative activities of the Department of Defense, the military departments, and the Defense Agencies.

President.
10 USC 221 note.

SEC. 8047. Notwithstanding any other provision of law, funds available for "Drug Interdiction and Counter-Drug Activities, Defense" may be obligated for the Young Marines program.

SEC. 8048. Notwithstanding any other provision of this Act, the total amount appropriated in title IV of this Act is hereby reduced by \$474,000,000: *Provided*, That each program element, program, project, subproject, and activity funded in title IV of this Act shall be allocated a pro-rata share of any of the reductions made by this section: *Provided further*, That not later than 60 days after the enactment of this Act, the Undersecretary of Defense (Comptroller) shall submit a report to the congressional defense committees listing the specific funding reductions allocated to each category listed in the preceding proviso pursuant to this section.

Reports.

SEC. 8049. During the current fiscal year, amounts contained in the Department of Defense Overseas Military Facility Investment Recovery Account established by section 2921(c)(1) of the National Defense Authorization Act of 1991 (Public Law 101-510; 10 U.S.C. 2687 note) shall be available until expended for the payments specified by section 2921(c)(2) of that Act.

SEC. 8050. Of the funds appropriated or otherwise made available by this Act, not more than \$119,200,000 shall be available for payment of the operating costs of NATO Headquarters: *Provided*, That the Secretary of Defense may waive this section for Department of Defense support provided to NATO forces in and around the former Yugoslavia.

SEC. 8051. During the current fiscal year, appropriations which are available to the Department of Defense for operation and maintenance may be used to purchase items having an investment item unit cost of not more than \$100,000.

SEC. 8052. (a) During the current fiscal year, none of the appropriations or funds available to the Department of Defense Working Capital Funds shall be used for the purchase of an investment item for the purpose of acquiring a new inventory item for sale or anticipated sale during the current fiscal year or a subsequent fiscal year to customers of the Department of Defense Working Capital Funds if such an item would not have been chargeable to the Department of Defense Business Operations Fund during fiscal year 1994 and if the purchase of such an investment item would be chargeable during the current fiscal year to appropriations made to the Department of Defense for procurement.

(b) The fiscal year 1999 budget request for the Department of Defense as well as all justification material and other documentation supporting the fiscal year 1999 Department of Defense budget shall be prepared and submitted to the Congress on the basis that any equipment which was classified as an end item and funded in a procurement appropriation contained in this Act shall be budgeted for in a proposed fiscal year 1999 procurement appropriation and not in the supply management business area or any other

10 USC 2241
note.

area or category of the Department of Defense Working Capital Funds.

SEC. 8053. None of the funds provided in this Act and hereafter shall be available for use by a military department to modify an aircraft, weapon, ship or other item of equipment, that the military department concerned plans to retire or otherwise dispose of within 5 years after completion of the modification: *Provided*, That this prohibition shall not apply to safety modifications: *Provided further*, That this prohibition may be waived by the Secretary of a military department if the Secretary determines it is in the best national security interest of the United States to provide such waiver and so notifies the congressional defense committees in writing.

SEC. 8054. None of the funds appropriated by this Act for programs of the Central Intelligence Agency shall remain available for obligation beyond the current fiscal year, except for funds appropriated for the Reserve for Contingencies, which shall remain available until September 30, 1999.

SEC. 8055. Notwithstanding any other provision of law, funds made available in this Act for the Defense Intelligence Agency may be used for the design, development, and deployment of General Defense Intelligence Program intelligence communications and intelligence information systems for the Services, the Unified and Specified Commands, and the component commands.

SEC. 8056. Of the funds appropriated by the Department of Defense under the heading "OPERATION AND MAINTENANCE, DEFENSE-WIDE", not less than \$8,000,000 shall be made available only for the mitigation of environmental impacts, including training and technical assistance to tribes, related administrative support, the gathering of information, documenting of environmental damage, and developing a system for prioritization of mitigation and cost to complete estimates for mitigation, on Indian lands resulting from Department of Defense activities.

SEC. 8057. Amounts collected for the use of the facilities of the National Science Center for Communications and Electronics during the current fiscal year pursuant to section 1459(g) of the Department of Defense Authorization Act, 1986, and deposited to the special account established under subsection 1459(g)(2) of that Act are appropriated and shall be available until expended for the operation and maintenance of the Center as provided for in subsection 1459(g)(2).

SEC. 8058. None of the funds appropriated in this Act may be used to fill the commander's position at any military medical facility with a health care professional unless the prospective candidate can demonstrate professional administrative skills.

SEC. 8059. (a) None of the funds appropriated in this Act may be expended by an entity of the Department of Defense unless the entity, in expending the funds, complies with the Buy American Act. For purposes of this subsection, the term "Buy American Act" means title III of the Act entitled "An Act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes", approved March 3, 1933 (41 U.S.C. 10a et seq.).

(b) If the Secretary of Defense determines that a person has been convicted of intentionally affixing a label bearing a "Made in America" inscription to any product sold in or shipped to the United States that is not made in America, the Secretary shall

determine, in accordance with section 2410f of title 10, United States Code, whether the person should be debarred from contracting with the Department of Defense.

(c) In the case of any equipment or products purchased with appropriations provided under this Act, it is the sense of the Congress that any entity of the Department of Defense, in expending the appropriation, purchase only American-made equipment and products, provided that American-made equipment and products are cost-competitive, quality-competitive, and available in a timely fashion.

SEC. 8060. None of the funds appropriated by this Act shall be available for a contract for studies, analysis, or consulting services entered into without competition on the basis of an unsolicited proposal unless the head of the activity responsible for the procurement determines—

(1) as a result of thorough technical evaluation, only one source is found fully qualified to perform the proposed work; or

(2) the purpose of the contract is to explore an unsolicited proposal which offers significant scientific or technological promise, represents the product of original thinking, and was submitted in confidence by one source; or

(3) the purpose of the contract is to take advantage of unique and significant industrial accomplishment by a specific concern, or to insure that a new product or idea of a specific concern is given financial support:

Provided, That this limitation shall not apply to contracts in an amount of less than \$25,000, contracts related to improvements of equipment that is in development or production, or contracts as to which a civilian official of the Department of Defense, who has been confirmed by the Senate, determines that the award of such contract is in the interest of the national defense.

SEC. 8061. (a) Except as provided in subsections (b) and (c), none of the funds made available by this Act may be used—

(1) to establish a field operating agency; or

(2) to pay the basic pay of a member of the Armed Forces or civilian employee of the department who is transferred or reassigned from a headquarters activity if the member or employee's place of duty remains at the location of that headquarters.

(b) The Secretary of Defense or Secretary of a military department may waive the limitations in subsection (a), on a case-by-case basis, if the Secretary determines, and certifies to the Committees on Appropriations of the House of Representatives and Senate that the granting of the waiver will reduce the personnel requirements or the financial requirements of the department.

(c) This section does not apply to field operating agencies funded within the National Foreign Intelligence Program.

SEC. 8062. Funds appropriated by this Act for intelligence activities are deemed to be specifically authorized by the Congress for purposes of section 504 of the National Security Act of 1947 (50 U.S.C. 414) during fiscal year 1998 until the enactment of the Intelligence Authorization Act for Fiscal Year 1998.

SEC. 8063. Notwithstanding section 303 of Public Law 96-487 or any other provision of law, the Secretary of the Navy is authorized to lease real and personal property at Naval Air Facility,

Adak, Alaska, pursuant to 10 U.S.C. 2667(f), for commercial, industrial or other purposes.

(RESCISSIONS)

SEC. 8064. Of the funds provided in Department of Defense Appropriations Acts, the following funds are hereby rescinded from the following accounts in the specified amounts:

“Shipbuilding and Conversion, Navy, 1996/2000”, \$35,600,000;

“Other Procurement, Navy, 1996/1998”, \$3,300,000;

“Aircraft Procurement, Army, 1997/1999”, \$5,000,000;

“Procurement of Ammunition, Army, 1997/1999”, \$5,000,000;

“Other Procurement, Army, 1997/1999”, \$6,000,000;

“Other Procurement, Navy, 1997/1999”, \$2,200,000;

“Aircraft Procurement, Navy, 1997/1999”, \$24,000,000;

“Research, Development, Test and Evaluation, Army, 1997/1998”, \$6,000,000;

“Research, Development, Test and Evaluation, Navy, 1997/1998”, \$40,000,000;

“Research, Development, Test and Evaluation, Air Force, 1997/1998”, \$25,000,000; and

“Research, Development, Test and Evaluation, Defense-Wide, 1997/1998”, \$24,000,000.

SEC. 8065. None of the funds available in this Act may be used to reduce the authorized positions for military (civilian) technicians of the Army National Guard, the Air National Guard, Army Reserve and Air Force Reserve for the purpose of applying any administratively imposed civilian personnel ceiling, freeze, or reduction on military (civilian) technicians, unless such reductions are a direct result of a reduction in military force structure.

SEC. 8066. None of the funds appropriated or otherwise made available in this Act may be obligated or expended for assistance to the Democratic People’s Republic of North Korea unless specifically appropriated for that purpose.

SEC. 8067. During the current fiscal year, funds appropriated in this Act are available to compensate members of the National Guard for duty performed pursuant to a plan submitted by a Governor of a State and approved by the Secretary of Defense under section 112 of title 32, United States Code: *Provided*, That during the performance of such duty, the members of the National Guard shall be under State command and control: *Provided further*, That such duty shall be treated as full-time National Guard duty for purposes of sections 12602(a)(2) and (b)(2) of title 10, United States Code.

SEC. 8068. Funds appropriated in this Act for operation and maintenance of the Military Departments, Unified and Specified Commands and Defense Agencies shall be available for reimbursement of pay, allowances and other expenses which would otherwise be incurred against appropriations for the National Guard and Reserve when members of the National Guard and Reserve provide intelligence support to Unified Commands, Defense Agencies and Joint Intelligence Activities, including the activities and programs included within the General Defense Intelligence Program and the Consolidated Cryptologic Program: *Provided*, That nothing in this section authorizes deviation from established Reserve and National Guard personnel and training procedures.

SEC. 8069. During the current fiscal year, none of the funds appropriated in this Act may be used to reduce the civilian medical and medical support personnel assigned to military treatment facilities below the September 30, 1997 level: *Provided*, That the Service Surgeons General may waive this section by certifying to the congressional defense committees that the beneficiary population is declining in some catchment areas and civilian strength reductions may be consistent with responsible resource stewardship and capitation-based budgeting.

(INCLUDING TRANSFER OF FUNDS)

SEC. 8070. None of the funds appropriated in this Act may be transferred to or obligated from the Pentagon Reservation Maintenance Revolving Fund, unless the Secretary of Defense certifies that the total cost for the planning, design, construction and installation of equipment for the renovation of the Pentagon Reservation will not exceed \$1,118,000,000.

SEC. 8071. (a) None of the funds available to the Department of Defense for any fiscal year for drug interdiction or counter-drug activities may be transferred to any other department or agency of the United States except as specifically provided in an appropriations law.

10 USC 374 note.

(b) None of the funds available to the Central Intelligence Agency for any fiscal year for drug interdiction and counter-drug activities may be transferred to any other department or agency of the United States except as specifically provided in an appropriations law.

50 USC 403 note.

(TRANSFER OF FUNDS)

SEC. 8072. Appropriations available in this Act under the heading "OPERATION AND MAINTENANCE, DEFENSE-WIDE" for increasing energy and water efficiency in Federal buildings may, during their period of availability, be transferred to other appropriations or funds of the Department of Defense for projects related to increasing energy and water efficiency, to be merged with and to be available for the same general purposes, and for the same time period, as the appropriation or fund to which transferred.

SEC. 8073. None of the funds appropriated by this Act may be used for the procurement of ball and roller bearings other than those produced by a domestic source and of domestic origin: *Provided*, That the Secretary of the military department responsible for such procurement may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations of the House of Representatives and the Senate, that adequate domestic supplies are not available to meet Department of Defense requirements on a timely basis and that such an acquisition must be made in order to acquire capability for national security purposes.

SEC. 8074. Notwithstanding any other provision of law, funds available to the Department of Defense shall be made available to provide transportation of medical supplies and equipment, on a nonreimbursable basis, to American Samoa: *Provided*, That notwithstanding any other provision of law, funds available to the Department of Defense shall be made available to provide transportation of medical supplies and equipment, on a nonreimbursable

basis, to the Indian Health Service when it is in conjunction with a civil-military project.

SEC. 8075. None of the funds in this Act may be used to purchase any supercomputer which is not manufactured in the United States, unless the Secretary of Defense certifies to the congressional defense committees that such an acquisition must be made in order to acquire capability for national security purposes that is not available from United States manufacturers.

SEC. 8076. Notwithstanding any other provision of law, the Naval shipyards of the United States shall be eligible to participate in any manufacturing extension program financed by funds appropriated in this or any other Act.

SEC. 8077. Notwithstanding any other provision of law, each contract awarded by the Department of Defense during the current fiscal year for construction or service performed in whole or in part in a State which is not contiguous with another State and has an unemployment rate in excess of the national average rate of unemployment as determined by the Secretary of Labor, shall include a provision requiring the contractor to employ, for the purpose of performing that portion of the contract in such State that is not contiguous with another State, individuals who are residents of such State and who, in the case of any craft or trade, possess or would be able to acquire promptly the necessary skills: *Provided*, That the Secretary of Defense may waive the requirements of this section, on a case-by-case basis, in the interest of national security.

SEC. 8078. During the current fiscal year, the Army shall use the former George Air Force Base as the airhead for the National Training Center at Fort Irwin: *Provided*, That none of the funds in this Act shall be obligated or expended to transport Army personnel into Edwards Air Force Base for training rotations at the National Training Center.

Reports.

SEC. 8079. (a) The Secretary of Defense shall submit, on a quarterly basis, a report to the congressional defense committees, the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate setting forth all costs (including incremental costs) incurred by the Department of Defense during the preceding quarter in implementing or supporting resolutions of the United Nations Security Council, including any such resolution calling for international sanctions, international peacekeeping operations, and humanitarian missions undertaken by the Department of Defense. The quarterly report shall include an aggregate of all such Department of Defense costs by operation or mission.

(b) The Secretary of Defense shall detail in the quarterly reports all efforts made to seek credit against past United Nations expenditures and all efforts made to seek compensation from the United Nations for costs incurred by the Department of Defense in implementing and supporting United Nations activities.

SEC. 8080. (a) LIMITATION ON TRANSFER OF DEFENSE ARTICLES AND SERVICES.—Notwithstanding any other provision of law, none of the funds available to the Department of Defense for the current fiscal year may be obligated or expended to transfer to another nation or an international organization any defense articles or services (other than intelligence services) for use in the activities described in subsection (b) unless the congressional defense committees, the Committee on International Relations of the House of

Representatives, and the Committee on Foreign Relations of the Senate are notified 15 days in advance of such transfer.

(b) COVERED ACTIVITIES.—This section applies to—

(1) any international peacekeeping or peace-enforcement operation under the authority of chapter VI or chapter VII of the United Nations Charter under the authority of a United Nations Security Council resolution; and

(2) any other international peacekeeping, peace-enforcement, or humanitarian assistance operation.

(c) REQUIRED NOTICE.—A notice under subsection (a) shall include the following:

(1) A description of the equipment, supplies, or services to be transferred.

(2) A statement of the value of the equipment, supplies, or services to be transferred.

(3) In the case of a proposed transfer of equipment or supplies—

(A) a statement of whether the inventory requirements of all elements of the Armed Forces (including the reserve components) for the type of equipment or supplies to be transferred have been met; and

(B) a statement of whether the items proposed to be transferred will have to be replaced and, if so, how the President proposes to provide funds for such replacement.

SEC. 8081. To the extent authorized by subchapter VI of chapter 148 of title 10, United States Code, the Secretary of Defense shall issue loan guarantees in support of United States defense exports not otherwise provided for: *Provided*, That the total contingent liability of the United States for guarantees issued under the authority of this section may not exceed \$15,000,000,000: *Provided further*, That the exposure fees charged and collected by the Secretary for each guarantee, shall be paid by the country involved and shall not be financed as part of a loan guaranteed by the United States: *Provided further*, That the Secretary shall provide quarterly reports to the Committees on Appropriations, Armed Services and Foreign Relations of the Senate and the Committees on Appropriations, National Security and International Relations in the House of Representatives on the implementation of this program: *Provided further*, That amounts charged for administrative fees and deposited to the special account provided for under section 2540c(d) of title 10, shall be available for paying the costs of administrative expenses of the Department of Defense that are attributable to the loan guarantee program under subchapter VI of chapter 148 of title 10.

Loans.

Reports.

SEC. 8082. None of the funds available to the Department of Defense shall be obligated or expended to make a financial contribution to the United Nations for the cost of an United Nations peacekeeping activity (whether pursuant to assessment or a voluntary contribution) or for payment of any United States arrearage to the United Nations.

SEC. 8083. None of the funds available to the Department of Defense under this Act shall be obligated or expended to pay a contractor under a contract with the Department of Defense for costs of any amount paid by the contractor to an employee when—

(1) such costs are for a bonus or otherwise in excess of the normal salary paid by the contractor to the employee; and

(2) such bonus is part of restructuring costs associated with a business combination.

SEC. 8084. (a) None of the funds appropriated or otherwise made available in this Act may be used to transport or provide for the transportation of chemical munitions or agents to the Johnston Atoll for the purpose of storing or demilitarizing such munitions or agents.

(b) The prohibition in subsection (a) shall not apply to any obsolete World War II chemical munition or agent of the United States found in the World War II Pacific Theater of Operations.

(c) The President may suspend the application of subsection (a) during a period of war in which the United States is a party.

SEC. 8085. None of the funds provided in title II of this Act for “Former Soviet Union Threat Reduction” may be obligated or expended to finance housing for any individual who was a member of the military forces of the Soviet Union or for any individual who is or was a member of the military forces of the Russian Federation.

SEC. 8086. During the current fiscal year, no more than \$10,000,000 of appropriations made in this Act under the heading “OPERATION AND MAINTENANCE, DEFENSE-WIDE” may be transferred to appropriations available for the pay of military personnel, to be merged with, and to be available for the same time period as the appropriations to which transferred, to be used in support of such personnel in connection with support and services for eligible organizations and activities outside the Department of Defense pursuant to section 2012 of title 10, United States Code.

SEC. 8087. For purposes of section 1553(b) of title 31, United States Code, any subdivision of appropriations made in this Act under the heading “SHIPBUILDING AND CONVERSION, NAVY” shall be considered to be for the same purpose as any subdivision under the heading “SHIPBUILDING AND CONVERSION, NAVY” appropriations in any prior year, and the 1 percent limitation shall apply to the total amount of the appropriation.

SEC. 8088. Notwithstanding 31 U.S.C. 1552(a), not more than \$14,000,000 appropriated under the heading “AIRCRAFT PROCUREMENT, AIR FORCE” in Public Law 102-396 which was available and obligated for the B-2 Aircraft Program shall remain available for expenditure and for adjusting obligations for such program until September 30, 2003.

SEC. 8089. During the current fiscal year, in the case of an appropriation account of the Department of Defense for which the period of availability for obligation has expired or which has closed under the provisions of section 1552 of title 31, United States Code, and which has a negative unliquidated or unexpended balance, an obligation or an adjustment of an obligation may be charged to any current appropriation account for the same purpose as the expired or closed account if—

(1) the obligation would have been properly chargeable (except as to amount) to the expired or closed account before the end of the period of availability or closing of that account;

(2) the obligation is not otherwise properly chargeable to any current appropriation account of the Department of Defense; and

(3) in the case of an expired account, the obligation is not chargeable to a current appropriation of the Department of Defense under the provisions of section 1405(b)(8) of the National Defense Authorization Act for Fiscal Year 1991, Public Law 101-510, as amended (31 U.S.C. 1551 note): *Provided*, That in the case of an expired account, if subsequent review or investigation discloses that there was not in fact a negative unliquidated or unexpended balance in the account, any charge to a current account under the authority of this section shall be reversed and recorded against the expired account: *Provided further*, That the total amount charged to a current appropriation under this section may not exceed an amount equal to 1 percent of the total appropriation for that account.

(TRANSFER OF FUNDS)

SEC. 8090. Upon enactment of this Act, the Secretary of Defense shall make the following transfers of funds: *Provided*, That the amounts transferred shall be available for the same purposes as the appropriations to which transferred, and for the same time period as the appropriation from which transferred: *Provided further*, That the amounts shall be transferred between the following appropriations in the amount specified:

From:

Under the heading, "Shipbuilding and Conversion, Navy, 1989/2000":

SSN-688 attack submarine program, \$3,000,000;

DDG-51 destroyer program, \$1,500,000;

LHD-1 amphibious assault ship program,
\$8,000,000;

T-AO fleet oiler program, \$3,453,000;

AOE combat support ship program, \$3,600,000;

and

For craft, outfitting, and post delivery, \$2,019,000;

To:

Under the heading, "Shipbuilding and Conversion, Navy, 1989/2000":

SSN-21 attack submarine program, \$21,572,000;

From:

Under the heading, "Shipbuilding and Conversion, Navy, 1991/2001":

DDG-51 destroyer program, \$1,060,000;

LHD-1 amphibious assault ship program,
\$1,600,000;

LSD-41 cargo variant ship program, \$2,666,000;

AOE combat support ship program, \$7,307,000;

and

For craft, outfitting, and post delivery,
\$12,000,000;

To:

Under the heading, "Shipbuilding and Conversion, Navy, 1991/2001":

SSN-21 attack submarine program, \$24,633,000;

From:

Under the heading, “Shipbuilding and Conversion, Navy, 1996/2000”:

LHD-1 amphibious assault ship program,
\$5,592,000;

To:

Under the heading, “Shipbuilding and Conversion, Navy, 1996/2000”:

SSN-21 attack submarine program, \$5,592,000;

From:

Under the heading, “Shipbuilding and Conversion, Navy, 1994/1998”:

LHD-1 amphibious assault ship program,
\$400,000; and

DDG-51 destroyer program, \$1,054,000;

From:

Under the heading, “Shipbuilding and Conversion, Navy, 1995/1999”:

For craft, outfitting, and post delivery, conversions,
and first destination transportation, \$715,000;

From:

Under the heading, “Shipbuilding and Conversion, Navy, 1996/2000”:

LHD-1 amphibious assault ship program,
\$17,513,000; and

For craft, outfitting, and post delivery, conversions,
and first destination transportation, \$878,000;

From:

Under the heading, “Shipbuilding and Conversion, Navy, 1997/2001”:

For craft, outfitting, and post delivery, conversions,
and first destination transportation, \$3,600,000;

To:

Under the heading, “Shipbuilding and Conversion, Navy, 1997/2001”:

DDG-51 destroyer program, \$24,160,000;

From:

Under the heading, “Shipbuilding and Conversion, Navy, 1996/2000”:

Fast Patrol Boat, \$9,500,000;

To:

“Research, Development, Test and Evaluation, Navy, 1998/1999”, \$9,500,000;

From:

Under the heading, “Shipbuilding and Conversion, Navy, 1997/2001”:

Oceanographic ship SWATH, \$45,000,000;

To:

“Research, Development, Test and Evaluation, Navy, 1998/1999”, \$45,000,000;

From:

“Aircraft Procurement, Air Force, 1997/1999”,
\$73,531,000;

To:

“Research, Development, Test and Evaluation, Air Force, 1997/1998”, \$73,531,000;

Provided further, That notwithstanding any other provision of law, to facilitate a full and final settlement of all claims under contracts N00024-79-C-2614 and N00024-77-C-2031, the Secretary of the Navy may offset the amount of \$1,660,680.84, owed by the Navy under contract N00024-79-C-2614 for the T-ARC-7 against an equal amount, \$1,660,680.84, owed to the Navy under contract N00024-77-C-2031 for the AD 43.

SEC. 8091. The Under Secretary of Defense (Comptroller) shall submit to the congressional defense committees by February 1, 1998 a detailed report identifying, by amount and by separate budget activity, activity group, subactivity group, line item, program element, program, project, subproject, and activity, any activity for which the fiscal year 1999 budget request was reduced because Congress appropriated funds above the President's budget request for that specific activity for fiscal year 1998. Reports.

SEC. 8092. (a) None of the funds available to the Department of Defense under this Act may be obligated or expended to reimburse a defense contractor for restructuring costs associated with a business combination of the defense contractor that occurs after the date of enactment of this Act unless—

(1) the auditable savings for the Department of Defense resulting from the restructuring will exceed the costs allowed by a factor of at least two to one; or

(2) the savings for the Department of Defense resulting from the restructuring will exceed the costs allowed and the Secretary of Defense determines that the business combination will result in the preservation of a critical capability that might otherwise be lost to the Department; and

(3) the report required by section 818(e) of Public Law 103-337 to be submitted to Congress in 1997 is submitted.

(b) Not later than April 1, 1998, the Comptroller General shall, in consultation with the Inspector General of the Department of Defense, the Secretary of Defense, and the Secretary of Labor, submit to Congress a report which shall include the following: Reports.

(1) an analysis and breakdown of the restructuring costs paid by or submitted to the Department of Defense to companies involved in business combinations since 1993;

(2) an analysis of the specific costs associated with workforce reductions;

(3) an analysis of the services provided to the workers affected by business combinations;

(4) an analysis of the effectiveness of the restructuring costs used to assist laid off workers in gaining employment; and

(5) in accordance with section 818 of Public Law 103-337, an analysis of the savings reached from the business combination relative to the restructuring costs paid by the Department of Defense.

(c) The report should set forth recommendations to make this program more effective for workers affected by business combinations and more efficient in terms of the use of Federal dollars.

SEC. 8093. Funds appropriated in title II of this Act for supervision and administration costs for facilities maintenance and repair, minor construction, or design projects may be obligated at the time the reimbursable order is accepted by the performing activity: *Provided*, That for the purpose of this section, supervision and administration costs includes all in-house Government cost.

SEC. 8094. The Secretary of Defense may waive reimbursement of the cost of conferences, seminars, courses of instruction, or similar educational activities of the Asia-Pacific Center for Security Studies for military officers and civilian officials of foreign nations if the Secretary determines that attendance by such personnel, without reimbursement, is in the national security interest of the United States: *Provided*, That costs for which reimbursement is waived pursuant to this subsection shall be paid from appropriations available for the Asia-Pacific Center.

SEC. 8095. (a) Notwithstanding any other provision of law, the Chief of the National Guard Bureau may permit the use of equipment of the National Guard Distance Learning Project by any person or entity on a space-available, reimbursable basis. The Chief of the National Guard Bureau shall establish the amount of reimbursement for such use on a case-by-case basis.

(b) Amounts collected under subsection (a) shall be credited to funds available for the National Guard Distance Learning Project and be available to defray the costs associated with the use of equipment of the project under that subsection. Such funds shall be available for such purposes without fiscal year limitation.

SEC. 8096. Using funds available by this Act or any other Act, the Secretary of the Air Force, pursuant to a determination under section 2690 of title 10, United States Code, may implement cost-effective agreements for required heating facility modernization in the Kaiserslautern Military Community in the Federal Republic of Germany: *Provided*, That in the City of Kaiserslautern such agreements will include the use of United States anthracite as the base load energy for municipal district heat to the United States Defense installations: *Provided further*, That at Landstuhl Army Regional Medical Center and Ramstein Air Base, furnished heat may be obtained from private, regional or municipal services, if provisions are included for the consideration of United States coal as an energy source.

SEC. 8097. Notwithstanding any other provision of law, and notwithstanding the provisions in section 7306 of title 10, United States Code, in addition to amounts otherwise appropriated or made available by this Act, \$13,000,000 is appropriated to the Department of the Navy and shall be available only for a grant to the Intrepid Sea-Air-Space Foundation only for the refurbishment of the former U.S.S. Intrepid (CV 11).

SEC. 8098. In accordance with section 1557 of title 31, United States Code, the following obligated balance shall be exempt from subchapter IV of chapter 15 of such title and shall remain available for expenditure without fiscal year limitation: Funds obligated by the Economic Development Administration for EDA Project No. 04-49-04095 from funds made available in the Department of Defense Appropriations Act, 1994 (Public Law 103-189).

SEC. 8099. None of the funds provided by this Act may be used to pay costs of instruction for an Air Force officer for enrollment commencing during the 1998-1999 academic year in a post-graduate degree program at a civilian educational institution if—

(1) the degree program to be pursued by that officer is offered by the Air Force Institute of Technology (or was offered by that institute during the 1996-1997 academic year);

(2) the officer is qualified for enrollment at the Air Force Institute of Technology in that degree program; and

(3) the number of students commencing that degree program at the Air Force Institute of Technology during the first semester of the 1998–1999 academic year is less than the number of students commencing that degree program for the first semester of the 1996–1997 academic year.

SEC. 8100. During the current fiscal year, the amounts which are necessary for the operation and maintenance of the Fisher Houses administered by the Departments of the Army, the Navy, and the Air Force are hereby appropriated, to be derived from amounts which are available in the applicable Fisher House trust fund established under 10 U.S.C. 2221 for the Fisher Houses of each such department.

SEC. 8101. During the current fiscal year, refunds attributable to the use of the Government travel card by military personnel and civilian employees of the Department of Defense may be credited to operation and maintenance accounts of the Department of Defense which are current when the refunds are received.

SEC. 8102. During the current fiscal year, not more than a total of \$60,000,000 in withdrawal credits may be made by the Marine Corps Supply Management activity group of the Navy Working Capital Fund, Department of Defense Working Capital Funds, to the credit of current applicable appropriations of a Department of Defense activity in connection with the acquisition of critical low density repairables that are capitalized into the Navy Working Capital Fund.

SEC. 8103. Notwithstanding 31 U.S.C. 3902, during the current fiscal year interest penalties may be paid by the Department of Defense from funds financing the operation of the military department or defense agency with which the invoice or contract payment is associated.

SEC. 8104. At the time the President submits his budget for fiscal year 1999, the Department of Defense shall transmit to the congressional defense committees a budget justification document for the active and reserve Military Personnel accounts, to be known as the “M-1”, which shall identify, at the budget activity, activity group, and subactivity group level, the amounts requested by the President to be appropriated to the Department of Defense for military personnel in any budget request, or amended budget request, for fiscal year 1999.

SEC. 8105. Notwithstanding any other provision in this Act, the total amount appropriated in this Act is hereby reduced by \$100,000,000 to reflect savings due to excess inventory, to be distributed as follows: “Operation and Maintenance, Army”, \$40,000,000; “Operation and Maintenance, Navy”, \$40,000,000; and “Operation and Maintenance, Air Force”, \$20,000,000.

SEC. 8106. Notwithstanding any other provision in this Act, the total amount appropriated in title III of this Act is hereby reduced by \$75,000,000 to reflect savings from repeal of section 2403 of title 10, United States Code.

SEC. 8107. The Secretary of the Army may exchange or sell one Army C-20 aircraft and may apply the exchange allowance or sale proceeds in whole or in part payment for the acquisition of one C-37 aircraft: *Provided*, That in addition to such exchange allowance or sale proceeds, of the amount appropriated for fiscal year 1998 for Aircraft Procurement, Air Force, not more than \$6,000,000 shall be made available for acquisition of the C-37 for the United States Army: *Provided further*, That in addition

to such exchange allowance or sale proceeds, of the amount appropriated for fiscal year 1997 for Aircraft Procurement, Air Force, not more than \$27,100,000 shall be made available for acquisition of the C-37 for the United States Army.

SEC. 8108. During the current fiscal year, the Secretary of Defense may award contracts for capital assets having a development or acquisition cost of not less than \$100,000 of a Working Capital Fund in advance of the availability of funds in the Working Capital Fund for minor construction, automatic data processing equipment, software, equipment, and other capital improvements.

SEC. 8109. From funds made available by this Act for the Maritime Technology Program up to \$250,000 shall be made available to assist with a pilot project that will facilitate the transfer of commercial cruise ship shipbuilding technology and expertise to United States yards, utilize the experience and expertise of existing U.S.-flag cruise ship operators, and enable the operation of a U.S.-flag foreign-built cruise ship, and two newly constructed U.S.-flag cruise ships: *Provided*, That a person (including a related person with respect to that person) who, within 18 months after the date of enactment, enters into a binding contract for construction in the United States of two cruise ships, which contract shall provide for the construction of two cruise ships of equal or greater size than the cruise ship being operated by such person on the date of enactment and shall require the delivery of the first cruise ship no later than January 1, 2005, and the second cruise ship no later than January 1, 2008, may document with a coastwise endorsement a cruise ship constructed pursuant to this section and a foreign-built cruise ship otherwise in compliance with 46 U.S.C. 289, 883, and 12106 until such date which is 24 months after the delivery of the second cruise ship or any subsequently delivered cruise ship: *Provided further*, That a person (including a related person with respect to that person) within the meaning of 46 U.S.C. 801 may not operate a U.S.-flag foreign-built cruise ship, or any other cruise ship, in coastwise trade between or among the islands of Hawaii, upon execution of the contract referred to in this section and continuing throughout the life expectancy (as that term is used in 46 U.S.C. App. 1125) of a newly constructed U.S.-flag cruise ship referred to in this section, unless the cruise ship is operated by a person (including a related person with respect to that person) that is operating a cruise ship in coastwise trade between or among the islands of Hawaii on the date of enactment, except if any cruise ship constructed pursuant to this section operates in regular service other than between or among the islands of Hawaii: *Provided further*, That for purposes of this section the term “cruise ship” means a vessel that is at least 10,000 gross tons (as measured under chapter 143 of title 46, United States Code) and has berth or stateroom accommodations for at least 275 passengers: *Provided further*, That for purposes of this section, unless otherwise defined in this section, the term “person” means a corporation, partnership or association the controlling interest of which is owned by citizens of the United States within the meaning of 46 U.S.C. 802(b): *Provided further*, That for purposes of this section the term “related person” means with respect to a person: (1) a holding company, subsidiary, affiliate or association of the person; and (2) an officer, director, or agent of the person or of an entity referred to in (1): *Provided further*, That none of the funds provided in this or any other Act may

be obligated for the tooling to construct or the construction of vessels addressed by this section.

SEC. 8110. The Secretary of Defense shall submit to the congressional defense committees not later than November 15, 1997 an aviation safety plan outlining an appropriate level of navigational safety upgrades for all Department of Defense aircraft and the associated funding profile to install these upgrades in an expeditious manner.

SEC. 8111. Notwithstanding any other provision of law, the Secretary of Defense shall obligate the funds provided for University Research Initiatives in the Department of Defense Appropriations Act, 1997 (titles I through VIII under section 101(b) of Public Law 104-208) for the projects and in the amounts provided for in House Report 104-863 of the House of Representatives, 104th Congress, 2d session.

SEC. 8112. The Secretary of Defense shall submit to the Committees on Appropriations of the House of Representatives and Senate, not later than April 15, 1998, a report on alternatives for current theater combat simulations: *Provided*, That this report shall be based on a review and evaluation by the Defense Science Board of the adequacy of the current models used by the Department of Defense for theater combat simulations, with particular emphasis on the tactical warfare (TACWAR) model and the ability of that model to adequately measure airpower, stealth, and other asymmetrical United States warfighting advantages, and shall include the recommendations of the Defense Science Board for improvements to current models and modeling techniques.

Reports.

SEC. 8113. Effective on June 30, 1998, section 8106(a) of the Department of Defense Appropriations Act, 1997 (titles I through VIII of the matter under section 101(b) of Public Law 104-208; 110 Stat. 3009-111; 10 U.S.C. 113 note), is amended by striking “\$3,000,000” and inserting “\$1,000,000”.

Effective date.

SEC. 8114. None of the funds appropriated in title IV of this Act may be used to procure end-items for delivery to military forces for operational training, operational use or inventory requirements: *Provided*, That this restriction does not apply to end-items used in development, prototyping, and test activities preceding and leading to acceptance for operational use: *Provided further*, That this restriction does not apply to programs funded within the National Foreign Intelligence Program: *Provided further*, That the Secretary of Defense may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations of the House of Representatives and the Senate that it is in the national security interest to do so.

SEC. 8115. It is the sense of the Congress that all member nations of the North Atlantic Treaty Organization (NATO) should contribute their proportionate share to pay for the costs of the Partnership for Peace program and for any future costs attributable to the expansion of NATO.

SEC. 8116. The budget of the President for fiscal year 1999 submitted to Congress pursuant to section 1105 of title 31, United States Code, and each annual budget request thereafter, shall include budget activity groups (known as “subactivities”) in the operation and maintenance accounts of the military departments and other appropriation accounts, as may be necessary, to separately identify all costs incurred by the Department of Defense to support the expansion of the North Atlantic Treaty Organization.

10 USC 221 note.

The budget justification materials submitted to Congress in support of the budget of the Department of Defense for fiscal year 1999, and subsequent fiscal years, shall provide complete, detailed estimates for the incremental costs of such expansion.

SEC. 8117. None of the funds made available in this Act may be obligated or expended to enter into or renew a contract with a contractor that is subject to the reporting requirement set forth in subsection (d) of section 4212 of title 38, United States Code, but has not submitted the most recent report required by such subsection for 1997 or a subsequent year.

SEC. 8118. None of the funds made available in this Act may be used to approve or license the sale of the F-22 advanced tactical fighter to any foreign government.

SEC. 8119. None of the funds appropriated or otherwise made available by this Act may be made available for the United States Man and the Biosphere Program, or related projects.

SEC. 8120. Up to \$4,500,000 of funds available to the Department of Defense may be available for the payment of claims for loss and damage to personal property suffered as a direct result of the flooding in the Red River Basin during April and May, 1997 by members of the Armed Forces residing in the vicinity of Grand Forks Air Force Base, North Dakota, without regard to the provisions of section 3721(e) of title 31, United States Code.

SEC. 8121. Of the total amount appropriated under title II for the Navy, the Secretary of the Navy shall make \$25,000,000 available for a program to demonstrate expanded use of multitechnology automated reader cards throughout the Navy and the Marine Corps, including demonstration of the use of the so-called “smartship” technology of the ship-to-shore work load/off load program.

SEC. 8122. (a) FINDINGS.—(1) The North Atlantic Treaty Organization, at the Madrid summit, decided to admit three new members, the Czech Republic, Poland and Hungary.

(2) The President, on behalf of the United States endorsed and advocated the expansion of the North Atlantic Treaty Organization to include three additional members.

(3) The Senate will consider the ratification of instruments to approve the admissions of new members to the North Atlantic Treaty Organization.

(4) The United States has contributed more than \$20,000,000,000 since 1952 for infrastructure and support of the Alliance.

(5) In appropriations Acts considered by the Congress for fiscal year 1998, \$449,000,000 has been requested by the President for expenditures in direct support of United States participation in the Alliance.

(6) In appropriations Acts considered by the Congress for fiscal year 1998, \$9,983,300,000 has been requested by the President in support of United States military expenditures in North Atlantic Treaty Organization countries.

(b) REPORT TO CONGRESS.—The Secretary of Defense shall identify and report to the congressional defense committees not later than October 1, 1997—

(1) the amounts necessary, by appropriation account, for all anticipated costs to the United States for the admission

of the Czech Republic, Poland and Hungary to the North Atlantic Treaty Organization for the fiscal years 1998, 1999, 2000, 2001 and 2002; and

(2) any new commitments or obligations entered into or assumed by the United States in association with the admission of new members to the Alliance, to include the deployment of United States military personnel, the provision of defense articles or equipment, training activities and the modification and construction of military facilities.

SEC. 8123. (a) The Secretary of Defense may, on a case-by-case basis, waive with respect to a foreign country each limitation on the procurement of defense items from foreign sources provided in law if the Secretary determines that the application of the limitation with respect to that country would invalidate cooperative programs entered into between the Department of Defense and the foreign country, or would invalidate reciprocal trade agreements for the procurement of defense items entered into under section 2531 of title 10, United States Code, and the country does not discriminate against the same or similar defense items produced in the United States for that country.

(b) Subsection (a) applies with respect to—

(1) contracts and subcontracts entered into on or after the date of the enactment of this Act; and

(2) options for the procurement of items that are exercised after such date under contracts that are entered into before such date if the option prices are adjusted for any reason other than the application of a waiver granted under subsection (a).

(c) Subsection (a) does not apply to a limitation regarding construction of warships, ball and roller bearings, and clothing or textile materials as defined by section 11 (chapters 50-65) of the Harmonized Tariff Schedule and products classified under headings 4010, 4202, 4203, 6401 through 6406, 6505, 7019, and 9404.

SEC. 8124. It is the sense of Congress that should the Senate ratify NATO enlargement, that the proportional cost of the United States share of the NATO common budget should not increase, and that if any NATO member does not pay its share, the United States shall not pay either.

SEC. 8125. Congress finds that the Defense Base Closure and Realignment Commission directed the transfer of only 10 electromagnetic test environment systems from Eglin Air Force Base, Florida to Nellis Air Force Base, Nevada.

SEC. 8126. (a) FINDINGS.—

(1) the Department of Defense budget is insufficient to fulfill all the requirements on the unfunded priorities lists of the military services and defense agencies;

(2) the documented printing expenses of the Department of Defense amount to several hundred million dollars per year, and a similar amount of undocumented printing expenses may be included in external defense contracts;

(3) printing in two or more colors generally increases costs;

(4) the Joint Committee on Printing of the Congress of the United States has established regulations intended to protect taxpayers from extravagant Government printing expenses;

(5) the Government Printing and Binding Regulations published by the Joint Committee on Printing direct that

“* * * it is the responsibility of the head of any department,

independent office or establishment of the Government to assure that all multicolor printing shall contribute demonstrable value toward achieving a greater fulfillment of the ultimate end-purpose of whatever printed item in which it is included.”;

(6) the Department of Defense publishes a large number of brochures, calendars, and other products in which the use of multicolor printing does not appear to meet the demonstrably valuable contribution requirement of the Joint Committee on Printing, but instead appears to be used primarily for decorative effect; and

(7) the Department of Defense could save resources for higher priority needs by reducing printing expenses.

(b) SENSE OF THE SENATE.—Therefore, it is the sense of the Senate that—

(1) the Secretary of Defense should ensure that the printing costs of the Department of Defense and military services are held to the lowest amount possible;

(2) the Department of Defense should strictly comply with the Printing and Binding Regulations published by the Joint Committee on Printing of the Congress of the United States; and

(3) the Department of Defense budget submission for fiscal year 1999 should reflect the savings that will result from the stricter printing guidelines in paragraphs (1) and (2).

(RESCISSIONS)

SEC. 8127. Of the funds provided in title III of the Department of Defense Appropriations Act, 1996 (Public Law 104-61), \$62,000,000 are rescinded, and of the funds provided in title IV of the Department of Defense Appropriations Act, 1997 (as contained in section 101(b) of Public Law 104-208), \$38,000,000 are rescinded: *Provided*, That such rescissions shall not be made before July 1, 1998: *Provided further*, That not later than June 1, 1998, the Undersecretary of Defense (Comptroller) shall submit a report to the congressional defense committees listing the specific programs, projects and activities proposed for rescission subject to the provisions of this section.

SEC. 8128. Section 303(e) of the 1997 Emergency Supplemental Appropriations Act for Recovery from Natural Disasters, and for Overseas Peacekeeping Efforts, Including Those in Bosnia (Public Law 105-18; 111 Stat. 168) is struck and the following is inserted in lieu thereof:

“(e) AVAILABILITY OF FUNDS.—The Secretary may use funds available in the Defense Working Capital Fund for the payment of the costs of utilities, maintenance and repair, and improvements entered into under the lease under this section.”.

SEC. 8129. Subject to amounts appropriated under the heading “SHIPBUILDING AND CONVERSION, NAVY” in this Act for the New Attack Submarine Program, and notwithstanding any provisions of the National Defense Authorization Act for Fiscal Year 1996 and of the National Defense Authorization Act for Fiscal Year 1997 to the contrary, and notwithstanding section 2304(k) of title 10, United States Code, and the policy set forth in paragraph (1) of that section, the Secretary of the Navy may enter into a contract during fiscal year 1998 for the necessary procurement of four submarines under the New Attack Submarine Program

Reports.

with one of the two shipbuilders which are party to the Team Agreement between Electric Boat Corporation and Newport News Shipbuilding and Dry Dock Company dated February 25, 1997, that was submitted to the Congress by the Secretary of the Navy on March 31, 1997, as the prime contractor on the condition such prime contractor enter into one or more subcontracts (under such prime contract) with the other shipbuilder which is a party to such Team Agreement as contemplated in such Team Agreement, with such contract providing for construction of the first submarine in fiscal year 1998 and for the advance construction and advance procurement of material for the second, third, and fourth submarines in fiscal year 1998: *Provided*, That such prime contract shall provide that if such contract is terminated, the United States shall not be liable for termination costs in excess of the total amount appropriated for the New Attack Submarine Program.

SEC. 8130. In addition to amounts provided elsewhere in this Act, \$3,000,000 is hereby appropriated for “Operation and Maintenance, Defense-Wide”, and shall be made available only for the establishment of the “21st Century National Security Strategy Study Group” (hereafter in this section referred to as the “Study Group”): *Provided*, That these funds may be obligated only upon the completion of a memorandum of agreement between the Secretary of Defense (after consultation with the President), the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the Majority Leader of the Senate, and the Minority Leader of the Senate: *Provided further*, That this memorandum of agreement will set forth the scope of the Group’s work, as well as its charter, composition, authorities, lifespan, and products to be generated: *Provided further*, That this memorandum of agreement shall be completed not later than December 15, 1997.

SEC. 8131. (a) PANEL TO REVIEW LONG-RANGE AIR POWER.— Establishment.

(1) There is hereby established an independent panel to evaluate the adequacy of current planning for United States long-range air power and the requirement for continued low-rate production of B-2 stealth bombers.

(2) The panel shall be composed of nine members appointed as follows:

(A) two members shall be named by the President;

President.

(B) two members shall be named by the Speaker of the House of Representatives;

(C) one member shall be named by the Minority Leader of the House of Representatives;

(D) two members shall be named by the Majority Leader of the Senate;

(E) one member shall be named by the Minority Leader of the Senate; and

(F) one member, who will serve as chairman of the panel, shall be named by the President. President.

(b) FUNCTIONS OF PANEL.—(1) Not later than March 1, 1998, Reports. the panel shall submit to the President and Congress a report containing its conclusions and recommendations concerning the appropriate B-2 bomber force and specifically stating its recommendation on whether additional funds for the B-2 should be used for continued low-rate production of the B-2 or for upgrades to improve deployability, survivability and maintainability.

(2) As part of its evaluation and review, the panel shall consider, but not be limited to, the following:

(A) scenarios involving no warning time and little warning time from potential adversaries;

(B) the make-up of the current bomber fleet and expected attrition to that fleet over the next 15 years;

(C) the potential effect of additional B-2 bombers on deterrence;

(D) the potential effect of additional B-2 bombers in the “halt phase” of a conflict;

(E) the potential of a biological or chemical “lock-out” of tactical United States assets by future adversaries and the effect of additional B-2 bombers toward mitigating such a tactic;

(F) trade-offs between additional B-2 bombers and other programmed Department of Defense assets in meeting the scenarios described in subsections (b)(2)(A) through (b)(2)(E) above;

(G) the desirability of an increased rate of purchase of precision-guided munitions for aircraft in the existing B-2 fleet;

(H) the desirability of improving the low observable characteristics of the existing B-2 fleet; and

(I) the affordability of additional B-2 bombers in the context of projected levels of future defense funding.

(c) PANEL ADMINISTRATION.—(1) The members of the panel shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the panel.

(2) Upon the request of the chairman of the panel, the Secretary of Defense may detail to the panel, on a nonreimbursable basis, personnel of the Department of Defense to assist the panel in carrying out its duties. The Secretary of Defense shall furnish to the panel such administrative and support services as may be requested by the chairman of the panel and shall ensure that all appropriate actions are taken to preserve the options of the President until the panel submits its report under subsection (b)(1).

(d) FUNDING.—The Secretary of Defense shall, upon the request of the panel, make available to the panel such amounts as the panel may require to carry out its duties under this section.

(e) TERMINATION OF THE PANEL.—The panel shall terminate 30 days after the date on which it submits its report under subsection (b)(1).

President.
Certification.

SEC. 8132. None of the funds in this Act may be made available for the deployment of United States Armed Forces in the Republic of Bosnia and Herzegovina after June 30, 1998, unless the President, after consultation with the bipartisan leadership of the Senate and the House of Representatives, transmits to the Congress not later than May 15, 1998 a certification that the continued presence of United States Armed Forces is required in order to meet the national security interests of the United States: *Provided*, That such certification shall specify the following aspects of any deployment beyond June 30, 1998—

(1) the reasons why such deployment is in the national interest;

(2) the number of United States military personnel to be deployed in and around the Republic of Bosnia and Herzegovina and the former Yugoslavia;

(3) the expected duration of any such deployment;

(4) the mission and objectives of United States military forces deployed in and around the Republic of Bosnia and Herzegovina and the former Yugoslavia;

(5) the exit strategy for United States forces engaged in such deployment;

(6) the costs associated with any deployment beyond June 30, 1998; and

(7) the impact of such deployment on the morale, retention, and effectiveness of United States forces:

Provided further, That concurrent with said certification, the President shall submit a supplemental appropriations request for such amounts as are necessary for any continued deployment beyond June 30, 1998: *Provided further*, That nothing in this section shall be deemed to restrict the authority of the President under the Constitution to protect the lives of United States citizens.

This Act may be cited as the “Department of Defense Appropriations Act, 1998”.

Approved October 8, 1997.

LEGISLATIVE HISTORY—H.R. 2266 (S. 1005):

HOUSE REPORTS: Nos. 105-206 (Comm. on Appropriations) and 105-265 (Comm. of Conference).

SENATE REPORTS: No. 105-45 accompanying S. 1005 (Comm. on Appropriations). CONGRESSIONAL RECORD, Vol. 143 (1997):

July 29, considered and passed House; passed Senate, amended.

Sept. 25, House and Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Oct. 8, Presidential statement.

Oct. 14, President's special message on line item veto.

FEDERAL REGISTER, Vol. 62 (1997):

Oct. 15, Cancellation of items pursuant to the Line Item Veto Act.



Public Law 105–57
105th Congress

An Act

Oct. 9, 1997
[H.R. 1420]

To amend the National Wildlife Refuge System Administration Act of 1966 to improve the management of the National Wildlife Refuge System, and for other purposes.

National Wildlife
Refuge System
Improvement Act
of 1997.
16 USC 668dd
note.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCES.

(a) **SHORT TITLE.**—This Act may be cited as the “National Wildlife Refuge System Improvement Act of 1997”.

(b) **REFERENCES.**—Whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or provision of the National Wildlife Refuge System Administration Act of 1966 (16 U.S.C. 668dd et seq.).

16 USC 668dd
note.

SEC. 2. FINDINGS.

The Congress finds the following:

(1) The National Wildlife Refuge System is comprised of over 92,000,000 acres of Federal lands that have been incorporated within 509 individual units located in all 50 States and the territories of the United States.

(2) The System was created to conserve fish, wildlife, and plants and their habitats and this conservation mission has been facilitated by providing Americans opportunities to participate in compatible wildlife-dependent recreation, including fishing and hunting, on System lands and to better appreciate the value of and need for fish and wildlife conservation.

(3) The System serves a pivotal role in the conservation of migratory birds, anadromous and interjurisdictional fish, marine mammals, endangered and threatened species, and the habitats on which these species depend.

(4) The System assists in the fulfillment of important international treaty obligations of the United States with regard to fish, wildlife, and plants and their habitats.

(5) The System includes lands purchased not only through the use of tax dollars but also through the proceeds from sales of Duck Stamps and national wildlife refuge entrance fees. It is a System that is financially supported by those benefiting from and utilizing it.

(6) When managed in accordance with principles of sound fish and wildlife management and administration, fishing, hunting, wildlife observation, and environmental education in national wildlife refuges have been and are expected to continue to be generally compatible uses.

(7) On March 25, 1996, the President issued Executive Order 12996, which recognized “compatible wildlife-dependent recreational uses involving hunting, fishing, wildlife observation and photography, and environmental education and interpretation as priority public uses of the Refuge System”.

(8) Executive Order 12996 is a positive step and serves as the foundation for the permanent statutory changes made by this Act.

SEC. 3. DEFINITIONS.

(a) IN GENERAL.—Section 5 (16 U.S.C. 668ee) is amended to read as follows:

“SEC. 5. DEFINITIONS.

“For purposes of this Act:

“(1) The term ‘compatible use’ means a wildlife-dependent recreational use or any other use of a refuge that, in the sound professional judgment of the Director, will not materially interfere with or detract from the fulfillment of the mission of the System or the purposes of the refuge.

“(2) The terms ‘wildlife-dependent recreation’ and ‘wildlife-dependent recreational use’ mean a use of a refuge involving hunting, fishing, wildlife observation and photography, or environmental education and interpretation.

“(3) The term ‘sound professional judgment’ means a finding, determination, or decision that is consistent with principles of sound fish and wildlife management and administration, available science and resources, and adherence to the requirements of this Act and other applicable laws.

“(4) The terms ‘conserving’, ‘conservation’, ‘manage’, ‘managing’, and ‘management’, mean to sustain and, where appropriate, restore and enhance, healthy populations of fish, wildlife, and plants utilizing, in accordance with applicable Federal and State laws, methods and procedures associated with modern scientific resource programs. Such methods and procedures include, consistent with the provisions of this Act, protection, research, census, law enforcement, habitat management, propagation, live trapping and transplantation, and regulated taking.

“(5) The term ‘Coordination Area’ means a wildlife management area that is made available to a State—

“(A) by cooperative agreement between the United States Fish and Wildlife Service and a State agency having control over wildlife resources pursuant to section 4 of the Fish and Wildlife Coordination Act (16 U.S.C. 664); or

“(B) by long-term leases or agreements pursuant to title III of the Bankhead-Jones Farm Tenant Act (50 Stat. 525; 7 U.S.C. 1010 et seq.).

“(6) The term ‘Director’ means the Director of the United States Fish and Wildlife Service or a designee of that Director.

“(7) The terms ‘fish’, ‘wildlife’, and ‘fish and wildlife’ mean any wild member of the animal kingdom whether alive or dead, and regardless of whether the member was bred, hatched, or born in captivity, including a part, product, egg, or offspring of the member.

“(8) The term ‘person’ means any individual, partnership, corporation, or association.

“(9) The term ‘plant’ means any member of the plant kingdom in a wild, unconfined state, including any plant community, seed, root, or other part of a plant.

“(10) The terms ‘purposes of the refuge’ and ‘purposes of each refuge’ mean the purposes specified in or derived from the law, proclamation, executive order, agreement, public land order, donation document, or administrative memorandum establishing, authorizing, or expanding a refuge, refuge unit, or refuge subunit.

“(11) The term ‘refuge’ means a designated area of land, water, or an interest in land or water within the System, but does not include Coordination Areas.

“(12) The term ‘Secretary’ means the Secretary of the Interior.

“(13) The terms ‘State’ and ‘United States’ mean the several States of the United States, Puerto Rico, American Samoa, the Virgin Islands, Guam, and the territories and possessions of the United States.

“(14) The term ‘System’ means the National Wildlife Refuge System designated under section 4(a)(1).

“(15) The terms ‘take’, ‘taking’, and ‘taken’ mean to pursue, hunt, shoot, capture, collect, or kill, or to attempt to pursue, hunt, shoot, capture, collect, or kill.”.

(b) CONFORMING AMENDMENT.—Section 4 (16 U.S.C. 668dd) is amended by striking “Secretary of the Interior” each place it appears and inserting “Secretary”.

SEC. 4. MISSION OF THE SYSTEM.

Section 4(a) (16 U.S.C. 668dd(a)) is amended—

(1) by redesignating paragraphs (2) and (3) as paragraphs (5) and (6), respectively;

(2) in clause (i) of paragraph (6) (as so redesignated), by striking “paragraph (2)” and inserting “paragraph (5)”; and

(3) by inserting after paragraph (1) the following new paragraph:

“(2) The mission of the System is to administer a national network of lands and waters for the conservation, management, and where appropriate, restoration of the fish, wildlife, and plant resources and their habitats within the United States for the benefit of present and future generations of Americans.”.

SEC. 5. ADMINISTRATION OF THE SYSTEM.

(a) ADMINISTRATION GENERALLY.—Section 4(a) (16 U.S.C. 668dd(a)), as amended by section 4 of this Act, is further amended by inserting after new paragraph (2) the following new paragraphs:

“(3) With respect to the System, it is the policy of the United States that—

“(A) each refuge shall be managed to fulfill the mission of the System, as well as the specific purposes for which that refuge was established;

“(B) compatible wildlife-dependent recreation is a legitimate and appropriate general public use of the System, directly related to the mission of the System and the purposes of many refuges, and which generally fosters refuge management and through which the American public can develop an appreciation for fish and wildlife;

“(C) compatible wildlife-dependent recreational uses are the priority general public uses of the System and shall receive priority consideration in refuge planning and management; and

“(D) when the Secretary determines that a proposed wildlife-dependent recreational use is a compatible use within a refuge, that activity should be facilitated, subject to such restrictions or regulations as may be necessary, reasonable, and appropriate.

“(4) In administering the System, the Secretary shall—

“(A) provide for the conservation of fish, wildlife, and plants, and their habitats within the System;

“(B) ensure that the biological integrity, diversity, and environmental health of the System are maintained for the benefit of present and future generations of Americans;

“(C) plan and direct the continued growth of the System in a manner that is best designed to accomplish the mission of the System, to contribute to the conservation of the ecosystems of the United States, to complement efforts of States and other Federal agencies to conserve fish and wildlife and their habitats, and to increase support for the System and participation from conservation partners and the public;

“(D) ensure that the mission of the System described in paragraph (2) and the purposes of each refuge are carried out, except that if a conflict exists between the purposes of a refuge and the mission of the System, the conflict shall be resolved in a manner that first protects the purposes of the refuge, and, to the extent practicable, that also achieves the mission of the System;

“(E) ensure effective coordination, interaction, and cooperation with owners of land adjoining refuges and the fish and wildlife agency of the States in which the units of the System are located;

“(F) assist in the maintenance of adequate water quantity and water quality to fulfill the mission of the System and the purposes of each refuge;

“(G) acquire, under State law, water rights that are needed for refuge purposes;

“(H) recognize compatible wildlife-dependent recreational uses as the priority general public uses of the System through which the American public can develop an appreciation for fish and wildlife;

“(I) ensure that opportunities are provided within the System for compatible wildlife-dependent recreational uses;

“(J) ensure that priority general public uses of the System receive enhanced consideration over other general public uses in planning and management within the System;

“(K) provide increased opportunities for families to experience compatible wildlife-dependent recreation, particularly opportunities for parents and their children to safely engage in traditional outdoor activities, such as fishing and hunting;

“(L) continue, consistent with existing laws and interagency agreements, authorized or permitted uses of units of the System by other Federal agencies, including those necessary to facilitate military preparedness;

“(M) ensure timely and effective cooperation and collaboration with Federal agencies and State fish and wildlife agencies during the course of acquiring and managing refuges; and

“(N) monitor the status and trends of fish, wildlife, and plants in each refuge.”.

(b) POWERS.—Section 4(b) (16 U.S.C. 668dd(b)) is amended—

(1) in the matter preceding paragraph (1) by striking “authorized—” and inserting “authorized to take the following actions:”;

(2) in paragraph (1) by striking “to enter” and inserting “Enter”;

(3) in paragraph (2)—

(A) by striking “to accept” and inserting “Accept”; and

(B) by striking “, and” and inserting a period;

(4) in paragraph (3) by striking “to acquire” and inserting “Acquire”; and

(5) by adding at the end the following new paragraphs:

“(4) Subject to standards established by and the overall management oversight of the Director, and consistent with standards established by this Act, to enter into cooperative agreements with State fish and wildlife agencies for the management of programs on a refuge.

“(5) Issue regulations to carry out this Act.”.

Regulations.

SEC. 6. COMPATIBILITY STANDARDS AND PROCEDURES.

Section 4(d) (16 U.S.C. 668dd(d)) is amended by adding at the end the following new paragraphs:

“(3)(A)(i) Except as provided in clause (iv), the Secretary shall not initiate or permit a new use of a refuge or expand, renew, or extend an existing use of a refuge, unless the Secretary has determined that the use is a compatible use and that the use is not inconsistent with public safety. The Secretary may make the determinations referred to in this paragraph for a refuge concurrently with development of a conservation plan under subsection (e).

“(ii) On lands added to the System after March 25, 1996, the Secretary shall identify, prior to acquisition, withdrawal, transfer, reclassification, or donation of any such lands, existing compatible wildlife-dependent recreational uses that the Secretary determines shall be permitted to continue on an interim basis pending completion of the comprehensive conservation plan for the refuge.

“(iii) Wildlife-dependent recreational uses may be authorized on a refuge when they are compatible and not inconsistent with public safety. Except for consideration of consistency with State laws and regulations as provided for in subsection (m), no other determinations or findings are required to be made by the refuge official under this Act or the Refuge Recreation Act for wildlife-dependent recreation to occur.

“(iv) Compatibility determinations in existence on the date of enactment of the National Wildlife Refuge System Improvement Act of 1997 shall remain in effect until and unless modified.

“(B) Not later than 24 months after the date of the enactment of the National Wildlife Refuge System Improvement Act of 1997, the Secretary shall issue final regulations establishing the process for determining under subparagraph (A) whether a use of a refuge is a compatible use. These regulations shall—

“(i) designate the refuge official responsible for making initial compatibility determinations;

“(ii) require an estimate of the timeframe, location, manner, and purpose of each use;

Regulations.

“(iii) identify the effects of each use on refuge resources and purposes of each refuge;

“(iv) require that compatibility determinations be made in writing;

“(v) provide for the expedited consideration of uses that will likely have no detrimental effect on the fulfillment of the purposes of a refuge or the mission of the System;

“(vi) provide for the elimination or modification of any use as expeditiously as practicable after a determination is made that the use is not a compatible use;

“(vii) require, after an opportunity for public comment, reevaluation of each existing use, other than those uses specified in clause (viii), if conditions under which the use is permitted change significantly or if there is significant new information regarding the effects of the use, but not less frequently than once every 10 years, to ensure that the use remains a compatible use, except that, in the case of any use authorized for a period longer than 10 years (such as an electric utility right-of-way), the reevaluation required by this clause shall examine compliance with the terms and conditions of the authorization, not examine the authorization itself;

“(viii) require, after an opportunity for public comment, reevaluation of each compatible wildlife-dependent recreational use when conditions under which the use is permitted change significantly or if there is significant new information regarding the effects of the use, but not less frequently than in conjunction with each preparation or revision of a conservation plan under subsection (e) or at least every 15 years, whichever is earlier; and

“(ix) provide an opportunity for public review and comment on each evaluation of a use, unless an opportunity for public review and comment on the evaluation of the use has already been provided during the development or revision of a conservation plan for the refuge under subsection (e) or has otherwise been provided during routine, periodic determinations of compatibility for wildlife-dependent recreational uses.

Public
information.

“(4) The provisions of this Act relating to determinations of the compatibility of a use shall not apply to—

“(A) overflights above a refuge; and

“(B) activities authorized, funded, or conducted by a Federal agency (other than the United States Fish and Wildlife Service) which has primary jurisdiction over a refuge or a portion of a refuge, if the management of those activities is in accordance with a memorandum of understanding between the Secretary or the Director and the head of the Federal agency with primary jurisdiction over the refuge governing the use of the refuge.”.

SEC. 7. REFUGE CONSERVATION PLANNING PROGRAM.

(a) IN GENERAL.—Section 4 (16 U.S.C. 668dd) is amended—

(1) by redesignating subsections (e) through (i) as subsections (f) through (j), respectively; and

(2) by inserting after subsection (d) the following new subsection:

“(e)(1)(A) Except with respect to refuge lands in Alaska (which shall be governed by the refuge planning provisions of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3101 et seq.)), the Secretary shall—

Federal Register,
publication.

“(i) propose a comprehensive conservation plan for each refuge or related complex of refuges (referred to in this subsection as a ‘planning unit’) in the System;

“(ii) publish a notice of opportunity for public comment in the Federal Register on each proposed conservation plan;

“(iii) issue a final conservation plan for each planning unit consistent with the provisions of this Act and, to the extent practicable, consistent with fish and wildlife conservation plans of the State in which the refuge is located; and

“(iv) not less frequently than 15 years after the date of issuance of a conservation plan under clause (iii) and every 15 years thereafter, revise the conservation plan as may be necessary.

“(B) The Secretary shall prepare a comprehensive conservation plan under this subsection for each refuge within 15 years after the date of enactment of the National Wildlife Refuge System Improvement Act of 1997.

“(C) The Secretary shall manage each refuge or planning unit under plans in effect on the date of enactment of the National Wildlife Refuge System Improvement Act of 1997, to the extent such plans are consistent with this Act, until such plans are revised or superseded by new comprehensive conservation plans issued under this subsection.

“(D) Uses or activities consistent with this Act may occur on any refuge or planning unit before existing plans are revised or new comprehensive conservation plans are issued under this subsection.

“(E) Upon completion of a comprehensive conservation plan under this subsection for a refuge or planning unit, the Secretary shall manage the refuge or planning unit in a manner consistent with the plan and shall revise the plan at any time if the Secretary determines that conditions that affect the refuge or planning unit have changed significantly.

“(2) In developing each comprehensive conservation plan under this subsection for a planning unit, the Secretary, acting through the Director, shall identify and describe—

“(A) the purposes of each refuge comprising the planning unit;

“(B) the distribution, migration patterns, and abundance of fish, wildlife, and plant populations and related habitats within the planning unit;

“(C) the archaeological and cultural values of the planning unit;

“(D) such areas within the planning unit that are suitable for use as administrative sites or visitor facilities;

“(E) significant problems that may adversely affect the populations and habitats of fish, wildlife, and plants within the planning unit and the actions necessary to correct or mitigate such problems; and

“(F) opportunities for compatible wildlife-dependent recreational uses.

“(3) In preparing each comprehensive conservation plan under this subsection, and any revision to such a plan, the Secretary, acting through the Director, shall, to the maximum extent practicable and consistent with this Act—

“(A) consult with adjoining Federal, State, local, and private landowners and affected State conservation agencies; and

“(B) coordinate the development of the conservation plan or revision with relevant State conservation plans for fish and wildlife and their habitats.

“(4)(A) In accordance with subparagraph (B), the Secretary shall develop and implement a process to ensure an opportunity for active public involvement in the preparation and revision of comprehensive conservation plans under this subsection. At a minimum, the Secretary shall require that publication of any final plan shall include a summary of the comments made by States, owners of adjacent or potentially affected land, local governments, and any other affected persons, and a statement of the disposition of concerns expressed in those comments.

Public
information.

“(B) Prior to the adoption of each comprehensive conservation plan under this subsection, the Secretary shall issue public notice of the draft proposed plan, make copies of the plan available at the affected field and regional offices of the United States Fish and Wildlife Service, and provide opportunity for public comment.”.

Public
information.

SEC. 8. EMERGENCY POWER; STATE AUTHORITY; WATER RIGHTS; COORDINATION.

(a) IN GENERAL.—Section 4 (16 U.S.C. 668dd) is further amended by adding at the end the following new subsections:

“(k) Notwithstanding any other provision of this Act, the Secretary may temporarily suspend, allow, or initiate any activity in a refuge in the System if the Secretary determines it is necessary to protect the health and safety of the public or any fish or wildlife population.

“(l) Nothing in this Act shall be construed to authorize the Secretary to control or regulate hunting or fishing of fish and resident wildlife on lands or waters that are not within the System.

“(m) Nothing in this Act shall be construed as affecting the authority, jurisdiction, or responsibility of the several States to manage, control, or regulate fish and resident wildlife under State law or regulations in any area within the System. Regulations permitting hunting or fishing of fish and resident wildlife within the System shall be, to the extent practicable, consistent with State fish and wildlife laws, regulations, and management plans.

“(n)(1) Nothing in this Act shall—

“(A) create a reserved water right, express or implied, in the United States for any purpose;

“(B) affect any water right in existence on the date of enactment of the National Wildlife Refuge System Improvement Act of 1997; or

“(C) affect any Federal or State law in existence on the date of the enactment of the National Wildlife Refuge System Improvement Act of 1997 regarding water quality or water quantity.

“(2) Nothing in this Act shall diminish or affect the ability to join the United States in the adjudication of rights to the use of water pursuant to the McCarran Act (43 U.S.C. 666).

“(o) Coordination with State fish and wildlife agency personnel or with personnel of other affected State agencies pursuant to this Act shall not be subject to the Federal Advisory Committee Act (5 U.S.C. App.).”.

(b) CONFORMING AMENDMENT.—Section 4(c) (16 U.S.C. 668dd(c)) is amended by striking the last sentence.

16 USC 668dd
note.

SEC. 9. STATUTORY CONSTRUCTION WITH RESPECT TO ALASKA.

(a) IN GENERAL.—Nothing in this Act is intended to affect—

(1) the provisions for subsistence uses in Alaska set forth in the Alaska National Interest Lands Conservation Act (Public Law 96–487), including those in titles III and VIII of that Act;

(2) the provisions of section 102 of the Alaska National Interest Lands Conservation Act, the jurisdiction over subsistence uses in Alaska, or any assertion of subsistence uses in Alaska in the Federal courts; and

(3) the manner in which section 810 of the Alaska National Interest Lands Conservation Act is implemented in national wildlife refuges in Alaska.

(b) CONFLICTS OF LAWS.—If any conflict arises between any provision of this Act and any provision of the Alaska National Interest Lands Conservation Act, then the provision in the Alaska National Interest Lands Conservation Act shall prevail.

Approved October 9, 1997.

LEGISLATIVE HISTORY—H.R. 1420:

HOUSE REPORTS: No. 105–106 (Comm. on Resources).

CONGRESSIONAL RECORD, Vol. 143 (1997):

June 3, considered and passed House.

Sept. 10, considered and passed Senate, amended.

Sept. 23, House concurred in Senate amendments.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Oct. 9, Presidential statement.



Public Law 105–58
105th Congress

An Act

To establish the Oklahoma City National Memorial as a unit of the National Park System; to designate the Oklahoma City Memorial Trust, and for other purposes.

Oct. 9, 1997
[S. 871]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Oklahoma City National Memorial Act of 1997”.

Oklahoma City
National
Memorial Act of
1997.
16 USC 450ss
note.

SEC. 2. FINDINGS AND PURPOSES.

16 USC 450ss.

Congress finds that—

(1) few events in the past quarter-century have rocked Americans’ perception of themselves and their institutions, and brought together the people of our Nation with greater intensity than the April 19, 1995, bombing of the Alfred P. Murrah Federal Building in downtown Oklahoma City;

(2) the resulting deaths of 168 people, some of whom were children, immediately touched thousands of family members whose lives will forever bear scars of having those precious to them taken away so brutally;

(3) suffering with such families are countless survivors, including children, who struggle not only with the suffering around them, but their own physical and emotional injuries and with shaping a life beyond April 19;

(4) such losses and struggles are personal and, since they resulted from so public an attack, they are also shared with a community, a Nation, and the world;

(5) the story of the bombing does not stop with the attack itself or with the many losses it caused. The responses of Oklahoma’s public servants and private citizens, and those from throughout the Nation, remain as a testament to the sense of unity, compassion, even heroism, that characterized the rescue and recovery following the bombing;

(6) during the days immediately following the Oklahoma City bombing, Americans and people from around the world of all races, political philosophies, religions and walks of life responded with unprecedented solidarity and selflessness; and

(7) given the national and international impact and reaction, the Federal character of the site of the bombing, and the significant percentage of the victims and survivors who were Federal employees, the Oklahoma City Memorial will be established, designed, managed and maintained to educate

present and future generations, through a public/private partnership, to work together efficiently and respectfully in developing a National Memorial relating to all aspects of the April 19, 1995, bombing in Oklahoma City.

16 USC 450ss-1. **SEC. 3. DEFINITIONS.**

In this Act:

(1) **MEMORIAL.**—The term “Memorial” means the Oklahoma City National Memorial designated under section 4(a).

(2) **SECRETARY.**—The term “Secretary” means the Secretary of the Interior.

(3) **TRUST.**—The term “Trust” means the Oklahoma City National Memorial Trust designated under section 5(a).

16 USC 450ss-2. **SEC. 4. OKLAHOMA CITY NATIONAL MEMORIAL.**

(a) In order to preserve for the benefit and inspiration of the people of the United States and the world, as a National Memorial certain lands located in Oklahoma City, Oklahoma, there is established as a unit of the National Park System the Oklahoma City National Memorial. The Memorial shall be administered by the Trust in cooperation with the Secretary and in accordance with the provisions of this Act, the Act of August 25, 1916 (39 Stat. 535; 16 U.S.C. 1 et seq.), and the Act of August 21, 1935 (49 Stat. 666; 16 U.S.C. 461–467).

(b) The Memorial area shall be comprised of the lands, facilities and structures generally depicted on the map entitled “Oklahoma City National Memorial”, numbered OCNM 001, and dated May 1997 (hereafter referred to in this Act as the “map”):

(1) Such map shall be on file and available for public inspection in the appropriate offices of the National Park Service and the Trust.

(2) After advising the Committee on Energy and Natural Resources of the Senate and the Committee on Resources of the House of Representatives, in writing, the Trust, as established by section 5 of this Act, in consultation with the Secretary, may make minor revisions of the boundaries of the Memorial when necessary by publication of a revised drawing or other boundary description in the Federal Register.

16 USC 450ss-3. **SEC. 5. OKLAHOMA CITY NATIONAL MEMORIAL TRUST.**

(a) **ESTABLISHMENT.**—There is established a wholly owned Government corporation to be known as the Oklahoma City National Memorial Trust.

(b) **BOARD OF DIRECTORS.**—

(1) **IN GENERAL.**—The powers and management of the Trust shall be vested in a board of Directors (hereinafter referred to as the “Board”) consisting of the following 9 members:

(A) The Secretary or the Secretary’s designee.

President.

(B) Eight individuals, appointed by the President, from a list of recommendations submitted by the Governor of the State of Oklahoma; and a list of recommendations submitted by the Mayor of Oklahoma City, Oklahoma; and a list of recommendations submitted by the United States Senators from Oklahoma; and a list of recommendations submitted by United States Representatives from Oklahoma. The President shall make the appointments referred to in this subparagraph within 90 days after the enactment of this Act.

(2) **TERMS.**—Members of the Board appointed under paragraph (1)(B) shall each serve for a term of 4 years, except that of the members first appointed, 2 shall serve for a term of 3 years; and 2 shall serve a term of 2 years. Any vacancy in the Board shall be filled in the same manner in which the original appointment was made, and any member appointed to fill a vacancy shall serve for the remainder of that term for which his or her predecessor was appointed. No appointed member may serve more than 8 years in consecutive terms.

(3) **QUORUM.**—Five members of the Board shall constitute a quorum for the conduct of business by the Board.

(4) **ORGANIZATION AND COMPENSATION.**—The Board shall organize itself in such a manner as it deems most appropriate to effectively carry out the authorized activities of the Trust. Board members shall serve without pay, but may be reimbursed for the actual and necessary travel and subsistence expenses incurred by them in the performance of the duties of the Trust.

(5) **LIABILITY OF DIRECTORS.**—Members of the Board of Directors shall not be considered Federal employees by virtue of their membership on the Board, except for purposes of the Federal Tort Claims Act and the Ethics in Government Act, and the provisions of chapter 11 of title 18, United States Code.

(6) **MEETINGS.**—The Board shall meet at least three times per year in Oklahoma City, Oklahoma and at least two of those meetings shall be opened to the public. Upon a majority vote, the Board may close any other meetings to the public. The Board shall establish procedures for providing public information and opportunities for public comment regarding operations maintenance and management of the Memorial; as well as, policy, planning and design issues.

Public
information.

(7) **STAFF.**—

(A) **NON-NATIONAL PARK SERVICE STAFF.**—The Trust is authorized to appoint and fix the compensation and duties of an executive director and such other officers and employees as it deems necessary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may pay them without regard to the provisions of chapter 51, and subchapter III of chapter 53, title 5, United States Code, relating to classification and General Schedule pay rates.

(B) **INTERIM PARK SERVICE STAFF.**—At the request of the Trust, the Secretary shall provide for a period not to exceed 2 years, such personnel and technical expertise, as necessary, to provide assistance in the implementation of the provisions of this Act.

(C) **PARK SERVICE STAFF.**—At the request of the Trust, the Secretary shall provide such uniformed personnel, on a reimbursable basis, to carry out day-to-day visitor service programs.

(D) **OTHER FEDERAL EMPLOYEES.**—At the request of the Trust, the Director of any other Federal agency may provide such personnel, on a reimbursable basis, to carry out day-to-day visitor service programs.

(8) **NECESSARY POWERS.**—The Trust shall have all necessary and proper powers for the exercise of the authorities vested in it.

(9) TAXES.—The Trust and all properties administered by the Trust shall be exempt from all taxes and special assessments of every kind by the State of Oklahoma, and its political subdivisions including the county of Oklahoma and the city of Oklahoma City.

(10) GOVERNMENT CORPORATION.—

(A) The Trust shall be treated as a wholly owned Government corporation subject to chapter 91 of title 31, United States Code (commonly referred to as the Government Corporation Control Act). Financial statements of the Trust shall be audited annually in accordance with section 9105 of title 31 of the United States Code.

Reports.

(B) At the end of each calendar year, the Trust shall submit to the Committee on Energy and Natural Resources of the United States Senate and the Committee on Resources of the House of Representatives a comprehensive and detailed report of its operations, activities, and accomplishments for the prior fiscal year. The report also shall include a section that describes in general terms the Trust's goals for the current fiscal year.

16 USC 450ss-4.

SEC. 6. DUTIES AND AUTHORITIES OF THE TRUST.

(a) OVERALL REQUIREMENTS OF THE TRUST.—The Trust shall administer the operation, maintenance, management and interpretation of the Memorial including, but not limited to, leasing, rehabilitation, repair and improvement of property within the Memorial under its administrative jurisdiction using the authorities provided in this section, which shall be exercised in accordance with—

(1) the provisions of law generally applicable to units of the National Park Service, including: “An Act to establish a National Park Service, and for other purposes” approved August 25, 1916 (39 Stat. 535; 16 U.S.C. 1, 2-4);

(2) the Act of August 21, 1935 (49 Stat. 666; U.S.C. 461-467);

(3) the general objectives of the “Memorial Mission Statement”, adopted March 26, 1996, by the Oklahoma City Memorial Foundation;

(4) the “Oklahoma City Memorial Foundation Intergovernmental Letter of Understanding”, dated October 28, 1996; and

(5) the Cooperative Agreement to be entered into between the Trust and the Secretary pursuant to this Act.

(b) AUTHORITIES.—

(1) The Trust may participate in the development of programs and activities at the properties designated by the map, and the Trust shall have the authority to negotiate and enter into such agreements, leases, contracts and other arrangements with any person, firm, association, organization, corporation or governmental entity, including, without limitation, entities of Federal, State and local governments as are necessary and appropriate to carry out its authorized activities. Any such agreements may be entered into without regard to section 321 of the Act of June 30, 1932 (40 U.S.C. 303b).

(2) The Trust shall establish procedures for lease agreements and other agreements for use and occupancy of Memorial facilities, including a requirement that in entering into such agreements the Trust shall obtain reasonable competition.

(3) The Trust may not dispose of or convey fee title to any real property transferred to it under this Act.

(4) Federal laws and regulations governing procurement by Federal agencies shall not apply to the Trust, with the exception of laws and regulations related to Federal Government contracts governing working conditions, and any civil rights provisions otherwise applicable thereto.

(5) The Trust, in consultation with the Administrator of Federal Procurement Policy, shall establish and promulgate procedures applicable to the Trust's procurement of goods and services including, but not limited to, the award of contracts on the basis of contractor qualifications, price, commercially reasonable buying practices, and reasonable competition.

Regulations.

(c) MANAGEMENT PROGRAM.—Within one year after the enactment of this Act, the Trust, in consultation with the Secretary, shall develop a cooperative agreement for management of those lands, operations and facilities within the Memorial established by this Act. In furtherance of the general purposes of this Act, the Secretary and the Trust shall enter into a Cooperative Agreement pursuant to which the Secretary shall provide technical assistance for the planning, preservation, maintenance, management, and interpretation of the Memorial. The Secretary also shall provide such maintenance, interpretation, curatorial management, and general management as mutually agreed to by the Secretary and the Trust.

Contracts.

(d) DONATIONS.—The Trust may solicit and accept donations of funds, property, supplies, or services from individuals, foundations, corporations, and other private or public entities for the purposes of carrying out its duties.

(e) PROCEEDS.—Notwithstanding section 1341 of title 31 of the United States Code, all proceeds received by the Trust shall be retained by the Trust, and such proceeds shall be available, without further appropriation, for the administration, operation, preservation, restoration, operation and maintenance, improvement, repair and related expenses incurred with respect to Memorial properties under its administrative jurisdiction. The Secretary of the Treasury, at the option of the Trust shall invest excess monies of the Trust in public debt securities which shall bear interest at rates determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturity.

(f) SUITS.—The Trust may sue and be sued in its own name to the same extent as the Federal Government. Litigation arising out of the activities of the Trust shall be conducted by the Attorney General; except that the Trust may retain private attorneys to provide advice and counsel. The District Court for the Western District of Oklahoma shall have exclusive jurisdiction over any suit filed against the Trust.

(g) BYLAWS, RULES AND REGULATIONS.—The Trust may adopt, amend, repeal, and enforce bylaws, rules and regulations governing the manner in which its business may be conducted and the powers vested in it may be exercised. The Trust is authorized, in consultation with the Secretary, to adopt and to enforce those rules and regulations that are applicable to the operation of the National Park System and that may be necessary and appropriate to carry out its duties and responsibilities under this Act. The Trust shall

Federal Register,
publication.

give notice of the adoption of such rules and regulations by publication in the Federal Register.

(h) **INSURANCE.**—The Trust shall require that all leaseholders and contractors procure proper insurance against any loss in connection with properties under lease or contract, or the authorized activities granted in such lease or contract, as is reasonable and customary.

16 USC 450ss-5.

SEC. 7. LIMITATIONS ON FUNDING.

Authorization of Appropriations:

(1) **IN GENERAL.**—In furtherance of the purposes of this Act, there is hereby authorized the sum of \$5,000,000, to remain available until expended.

(2) **MATCHING REQUIREMENT.**—Amounts appropriated in any fiscal year to carry out the provisions of this Act may only be expended on a matching basis in a ratio of at least one non-Federal dollar to every Federal dollar. For the purposes of this provision, each non-Federal dollar donated to the Trust or to the Oklahoma City Memorial Foundation for the creation, maintenance, or operation of the Memorial shall satisfy the matching dollar requirement without regard to the fiscal year in which such donation is made.

16 USC 450ss-6.

SEC. 8. ALFRED P. MURRAH FEDERAL BUILDING.

Prior to the construction of the Memorial the Administrator of General Services shall, among other actions, exchange, sell, lease, donate, or otherwise dispose of the site of the Alfred P. Murrah Federal Building, or a portion thereof, to the Trust. Any such disposal shall not be subject to—

(1) the Public Buildings Act of 1959 (40 U.S.C. 601 et seq.);

(2) the Federal Property and Administrative Services Act of 1949 (40 U.S.C. et seq.); or

(3) any other Federal law establishing requirements or procedures for the disposal of Federal property.

Reports.

16 USC 450ss-7.

SEC. 9. GENERAL ACCOUNTING OFFICE STUDY.

Six years after the first meeting of the Board of Directors of the Trust, the General Accounting Office shall conduct an interim study of the activities of the Trust and shall report the results of the study to the Committee on Energy and Natural Resources and the Committee on Appropriations of the United States Senate,

and the Committee on Resources and Committee on Appropriations of the House of Representatives. The study shall include, but shall not be limited to, details of how the Trust is meeting its obligations under this Act.

Approved October 9, 1997.

LEGISLATIVE HISTORY—S. 871 (H.R. 1849):

HOUSE REPORTS: No. 105–316 accompanying H.R. 1849 (Comm. on Resources).

SENATE REPORTS: No. 105–71 (Comm. on Energy and Natural Resources).

CONGRESSIONAL RECORD, Vol. 143 (1997):

July 31, considered and passed Senate.

Sept. 23, considered and passed House, amended.

Sept. 25, Senate concurred in House amendment.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Oct. 9, Presidential statement.



Public Law 105-59
105th Congress

An Act

Oct. 10, 1997
[H.R. 394]

To provide for the release of the reversionary interest held by the United States in certain property located in the County of Iosco, Michigan.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. RELEASE OF REVERSIONARY INTEREST REGARDING CERTAIN PROPERTY IN IOSCO COUNTY, MICHIGAN.

(a) **RELEASE REQUIRED.**—The Secretary of Agriculture shall release the reversionary interest of the United States in the parcel of real property described in subsection (b), which was retained by the United States when the property was conveyed to the County of Iosco, Michigan, in 1960 pursuant to a deed recorded at Liber 144, beginning page 58, in the land records of the County.

(b) **DESCRIPTION OF PROPERTY.**—The parcel of real property referred to in subsection (a) consists of 1.92 acres in the County of Iosco, Michigan, and is described as follows:

That part of the N.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of Section 11, T.22 N.R. 8 East., Baldwin Township, Iosco County, Michigan described as follows: Commencing at the Center of said Section 11, thence South 89 degrees, 15' 41" East, along the East-West $\frac{1}{4}$ Line of said Section 11, 102.0 feet, thence South 00 degrees 08' 07" East, along an existing fence line, 972.56 feet, thence North 89 degrees 07' 13" W. 69.70 feet to a point in the North-South $\frac{1}{4}$ Line, thence North 02 degrees 02' 12" West, along said North-South $\frac{1}{4}$ Line, 973.42 feet to the Point of Beginning.

(c) **ADDITIONAL TERMS.**—The Secretary may require such terms or conditions in connection with the release under this section as the Secretary considers appropriate to protect the interests of the United States.

(d) **INSTRUMENT OF RELEASE.**—The Secretary shall execute and file in the appropriate office or offices a deed of release, amended deed, or other appropriate instrument effectuating the release of the reversionary interest under this section.

Approved October 10, 1997.

LEGISLATIVE HISTORY—H.R. 394:

HOUSE REPORTS: No. 105-35 (Comm. on Agriculture).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Apr. 8, considered and passed House.

Sept. 30, considered and passed Senate.

Public Law 105–60
105th Congress

An Act

To provide for the exchange of lands within Admiralty Island National Monument,
and for other purposes.

Oct. 10, 1997

[H.R. 1948]

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the “Hood Bay Land Exchange Act
of 1997”.

Hood Bay Land
Exchange Act of
1997.

Alaska.
16 USC 431 note,
1132 note.

SEC. 2. FINDINGS.

The Congress makes the following findings:

16 USC 431 note,
1132 note.

(1) The Alaska National Interest Lands Conservation Act established the Admiralty Island National Monument which is managed by the Secretary of Agriculture, by and through the Forest Service.

(2) The Forest Service has established a policy of encouraging the acquisition of private land inholdings within Admiralty Island National Monument on a willing buyer/willing seller basis. Congress has supported this policy, for example by passage of the Greens Creek Land Exchange Act of 1996 which provided for a land exchange of certain public and private lands in Admiralty Island National Monument.

(3) Lands owned by Alaska Pulp Corporation, consisting of 54 acres, more or less, located in Hood Bay on Admiralty Island within the boundaries of the Kootznoowoo Wilderness are available for transfer to Federal ownership on a willing seller/willing buyer basis. The acquisition of these lands would provide Federal ownership of this valuable land in a critical area of Admiralty Island National Monument.

(4) The United States is the owner of certain reversionary interests to 143.87 acres, more or less, located adjacent to Silver Bay near Sitka, Alaska, which interests were reserved in patent No. 1213671 issued to the Alaska Pulp Corporation on October 18, 1960. The transfer of the reversionary interests of the United States in such lands adjacent to Silver Bay to the Alaska Pulp Corporation would facilitate future use and development of that land.

(5) The future acquisition by the United States of the Chaik Bay property on Admiralty Island to be incorporated into the Kootznoowoo Wilderness would be in the public interest.

16 USC 431 note,
1132 note.

SEC. 3. DEFINITIONS.

As used in this Act:

(1) The term “ANILCA” means the Alaska National Interest Lands Conservation Act (16 U.S.C. 3101 et seq.).

(2) The term “Company” means the Alaska Pulp Corporation, an Alaska corporation, its successors, and assigns.

(3) The term “Company Property” means the property depicted on United States Survey Plat 1058 approved March 20, 1917, consisting of approximately 54 acres of land.

(4) The term “Federal Property” means the reversionary interest of the United States described in paragraphs (6) and (7) of the patent dated October 18, 1960, granted by the Bureau of Land Management to Alaska Lumber & Pulp Co., which was recorded at Book 15, Pages 271–273, Sitka Recording District on November 9, 1960. The term “Federal Property” does not include the interests described in paragraphs (1) through (5) of the said patent.

(5) The term “Monument” means the Admiralty Island National Monument, which was established by section 503 of ANILCA and which is managed by the Secretary of Agriculture as a unit of the National Forest System.

(6) The term “Secretary” means the Secretary of Agriculture.

(7) The term “Sitka” means the city and borough of Sitka, Alaska, a home-rule borough formed in accordance with the laws of the State of Alaska.

(8) The term “Sitka Property” means the property depicted on the maps entitled “Sitka Property”, dated August 29, 1997, consisting of approximately 49 acres of land.

16 USC 431 note,
1132 note.

SEC. 4. LAND EXCHANGE, TRANSFER, RELINQUISHMENT.

(a) EXCHANGE OF COMPANY AND FEDERAL PROPERTY.—After the Company conveys to the United States, by general warranty deed, all right, title, and interest of the Company in and to the Company Property, the Secretary shall within 60 days of acceptance of delivery of said deed, unconditionally and without limitation except as provided herein, relinquish to the Company all right, title, and interest of the United States in and to the Federal Property and shall evidence that relinquishment by conveying to the Company a quitclaim deed to the Federal Property.

(b) RELINQUISHMENT OF PROPERTY TO SITKA.—Upon relinquishment of the Federal Property to the Company under subsection (a), the Company shall transfer all right, title, and interest of the Company in the Sitka Property to Sitka.

(c) AVAILABILITY OF MAPS.—The maps referred to in section 3(3) depicting the Company Property and in section 3(4) depicting the Federal Property shall be on file and available for public inspection in the Office of the Forest Supervisor, Chatham Area, Tongass National Forest, in Sitka, Alaska. The maps referred to in section 3(8) depicting the Sitka Property shall be on file and available for public inspection in the Office of the Manager of the city and borough of Sitka, Alaska, until the conveyance described in subsection (b), at which time the maps shall be recorded along with the deed.

SEC. 5. PROCESSING OF AND TERMS AND CONDITIONS RELATING TO LAND EXCHANGE.16 USC 431 note,
1132 note.

(a) **SURVEYS.**—Notwithstanding any other provision of law, the Secretary of the Interior may conduct and approve all cadastral surveys that are necessary for completion of the exchange. The cost of any surveys shall be borne by the Company.

(b) **EQUAL VALUE EXCHANGE.**—The values of the Federal Property and the Company Property are deemed to be of equal value.

(c) **ADMINISTRATION.**—The Secretary is directed to implement and administer the rights and obligations of the United States under this Act.

(d) **CLEANUP OBLIGATIONS.**—Nothing in this Act shall impact or alter the Company's rights, duties, and obligations regarding investigation, remediation, cleanup, and restoration under its September 10, 1995, Commitment Agreement with the State of Alaska or other applicable law. The Company shall use its property consistent with all restrictive covenants, including those restrictive covenants recorded on September 4, 1997.

(e) **TITLE STANDARDS.**—Title to the Company Property to be conveyed to the United States shall be acceptable to the Secretary consistent with the title review standard of the Attorney General of the United States.

SEC. 6. GENERAL PROVISIONS.16 USC 431 note,
1132 note.

(a) **MANAGEMENT OF COMPANY PROPERTY.**—Upon acquisition of the Company Property by the United States pursuant to this Act, said property shall be managed as a part of the Admiralty Island National Monument and the Kootznoowoo Wilderness.

(b) **AUTHORIZATION TO NEGOTIATE FOR ACQUISITION OF PROPERTY.**—In furtherance of the purposes of the Kootznoowoo Wilderness, the Secretary, acting through the Forest Service, is authorized to enter into negotiations with the owners of private property in Chaik Bay on Admiralty Island, with the objective of acquiring such property. The Secretary is authorized to enter into an option to purchase or an exchange agreement with the owners of such property to be effected either through existing administrative mechanisms provided by law and regulation, or by subsequent ratification by Act of Congress.

Approved October 10, 1997.

LEGISLATIVE HISTORY—H.R. 1948 (S. 1015):**HOUSE REPORTS:** No. 105–261 (Comm. on Resources).**SENATE REPORTS:** No. 105–90 accompanying S. 1015 (Comm. on Energy and Natural Resources).**CONGRESSIONAL RECORD**, Vol. 143 (1997):

Sept. 23, considered and passed House.

Sept. 30, considered and passed Senate.



Public Law 105–61
105th Congress

An Act

Oct. 10, 1997
[H.R. 2378]

Making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 1998, and for other purposes.

Treasury and
General
Government
Appropriations
Act, 1998.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 1998, and for other purposes, namely:

Treasury
Department
Appropriations
Act, 1998.

TITLE I—DEPARTMENT OF THE TREASURY

DEPARTMENTAL OFFICES

SALARIES AND EXPENSES

18 USC 841 note.

For necessary expenses of the Departmental Offices including operation and maintenance of the Treasury Building and Annex; hire of passenger motor vehicles; maintenance, repairs, and improvements of, and purchase of commercial insurance policies for, real properties leased or owned overseas, when necessary for the performance of official business; not to exceed \$2,900,000 for official travel expenses; not to exceed \$150,000 for official reception and representation expenses; not to exceed \$258,000 for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Secretary of the Treasury and to be accounted for solely on his certificate; \$114,771,000: *Provided*, That section 113(2) of the Fiscal Year 1997 Department of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, Public Law 104–208 (110 Stat. 3009–22) is amended by striking “12 months” and inserting in lieu thereof “2 years”: *Provided further*, That the Office of Foreign Assets Control shall be funded at no less than \$4,500,000: *Provided further*, That chapter 9 of the fiscal year 1997 Supplemental Appropriations Act for Recovery from Natural Disasters, and for Overseas Peacekeeping Efforts, including those in Bosnia, Public Law 105–18 (111 Stat. 195–96) is amended by inserting after the “County of Denver” in each instance “the County of Arapahoe”: *Provided further*, That \$200,000 are provided to conduct a comprehensive study of gambling’s effects on bankruptcies in the United States: *Provided further*, That for necessary expenses of the Office of Enforcement, including, but not limited to, making transfers of funds to Treasury bureaus and offices for programs, projects or initiatives directed as the investigation or prosecution of violent crime, \$1,600,000, to remain

available until expended, to be derived from balances available in the Violent Crime Reduction Trust Fund.

OFFICE OF PROFESSIONAL RESPONSIBILITY

SALARIES AND EXPENSES

For necessary expenses of the Office of Professional Responsibility, including purchase and hire of passenger motor vehicles, \$1,250,000: *Provided*, That the Under Secretary of Treasury for Enforcement shall task the Office of Professional Responsibility to conduct a comprehensive review of integrity issues and other matters related to the potential vulnerability of the United States Customs Service to corruption, to include examination of charges of professional misconduct and corruption as well as analysis of the efficacy of departmental and bureau internal affairs systems.

AUTOMATION ENHANCEMENT

(INCLUDING TRANSFER OF FUNDS)

For the development and acquisition of automatic data processing equipment, software, and services for the Department of the Treasury, \$25,889,000, of which \$11,000,000 shall be available to the United States Customs Service for the Automated Commercial Environment project, of which \$6,100,000 shall be available to Departmental Offices for the International Trade Data System, and of which \$8,789,000 shall be available to Departmental Offices to modernize its information technology infrastructure and for business solution software: *Provided*, That these funds shall remain available until September 30, 1999: *Provided further*, That these funds shall be transferred to accounts and in amounts as necessary to satisfy the requirements of the Department's offices, bureaus, and other organizations: *Provided further*, That this transfer authority shall be in addition to any other transfer authority provided in this Act: *Provided further*, That none of the funds appropriated shall be used to support or supplement Internal Revenue Service appropriations for Information Systems: *Provided further*, That of the \$27,000,000 provided under this heading in Public Law 104-208, \$12,000,000 shall remain available until September 30, 1999: *Provided further*, That none of the funds appropriated for the International Trade Data System may be obligated until the Department has submitted a report on its system development plan to the Committees on Appropriations: *Provided further*, That the funds appropriated for the Automated Commercial Environment project may not be obligated until the Commissioner of Customs has submitted a systems architecture plan and a milestone schedule for the development and implementation of all projects included in the systems architecture plan, and the plan and schedule have been reviewed by the General Accounting Office and approved by the Committees on Appropriations.

Reports.

OFFICE OF INSPECTOR GENERAL

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, not to exceed \$2,000,000 for official travel expenses; including hire of passenger motor vehicles; and not to exceed \$100,000 for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Inspector General of the Treasury; \$29,719,000, of which \$26,034 shall be transferred to the "Departmental Offices" appropriation for the reimbursement of Secret Service personnel in accordance with section 115 of this Act.

TREASURY BUILDING AND ANNEX REPAIR AND RESTORATION

For the repair, alteration, and improvement of the Treasury Building and Annex, \$10,484,000, to remain available until September 30, 1999.

FINANCIAL CRIMES ENFORCEMENT NETWORK

SALARIES AND EXPENSES

For necessary expenses of the Financial Crimes Enforcement Network, including hire of passenger motor vehicles; travel expenses of non-Federal law enforcement personnel to attend meetings concerned with financial intelligence activities, law enforcement, and financial regulation; not to exceed \$14,000 for official reception and representation expenses; and for assistance to Federal law enforcement agencies, with or without reimbursement; \$22,835,000: *Provided*, That funds appropriated in this account may be used to procure personal services contracts.

VIOLENT CRIME REDUCTION PROGRAMS

(INCLUDING TRANSFER OF FUNDS)

For activities authorized by Public Law 103-322, to remain available until expended, which shall be derived from the Violent Crime Reduction Trust Fund, as follows:

(1) As authorized by section 190001(e), \$131,000,000; of which \$19,421,000 shall be available to the Bureau of Alcohol, Tobacco and Firearms, including \$3,000,000 for administering the Gang Resistance Education and Training program, \$3,974,000 for the canine explosives detection program, \$5,200,000 for CEASEFIRE/IBIS, \$5,639,000 for vehicles and communications systems, and \$1,608,000 for collection of information on arson and explosives; of which \$1,000,000 shall be available to the Financial Crimes Enforcement Network for the Secure Outreach/Encrypted Transmission Program; of which \$15,731,000 shall be available to the United States Secret Service, including \$6,700,000 for vehicle replacement, \$1,460,000 to provide technical assistance and to assess the effectiveness of new technology intended to combat identity-based crimes, \$5,000,000 for investigations of counterfeiting, and \$2,571,000 for forensic and related support of investigations

of missing and exploited children, of which \$571,000 shall be available as a grant for activities related to the investigations of exploited children and shall remain available until expended; of which \$60,648,000 shall be available for the United States Customs Service, including \$15,000,000 for high energy container x-ray systems and automated targeting systems, \$5,735,000 for laboratory modernization, \$7,400,000 for vehicle replacement, \$8,413,000 for anti-smuggling inspectors, \$9,500,000 for the passenger processing initiative, \$4,000,000 for redeploying agents and inspectors to high threat drug zones, \$4,500,000 for Forward-Looking Infrared capabilities, \$1,100,000 for construction of canopies for inspection of outbound vehicles along the Southwest border, and \$5,000,000 to acquire vehicle and container inspection systems; of which \$20,200,000 shall be available to the Office of National Drug Control Policy, including \$13,000,000 to the Counterdrug Technology Assessment Center for a program to transfer technology to State and local law enforcement agencies, \$6,000,000 for a Federal Drug Free-Prison Zone demonstration project, and \$1,200,000 for Model State Drug Law Conferences; and of which \$3,000,000 is provided to Federal Drug Control Programs for the Rocky Mountain HIDTA;

(2) As authorized by section 32401, \$10,000,000 to the Bureau of Alcohol, Tobacco and Firearms for disbursement through grants, cooperative agreements, or contracts to local governments for Gang Resistance Education and Training; *Provided*, That notwithstanding sections 32401 and 310001, such funds shall be allocated to State and local law enforcement and prevention organizations;

(3) As authorized by section 180103, \$1,000,000 to the Federal Law Enforcement Training Center for specialized training for rural law enforcement officers.

FEDERAL LAW ENFORCEMENT TRAINING CENTER

SALARIES AND EXPENSES

For necessary expenses of the Federal Law Enforcement Training Center, as a bureau of the Department of the Treasury, including materials and support costs of Federal law enforcement basic training; purchase (not to exceed 52 for police-type use, without regard to the general purchase price limitation) and hire of passenger motor vehicles; for expenses for student athletic and related activities; uniforms without regard to the general purchase price limitation for the current fiscal year; the conducting of and participating in firearms matches and presentation of awards; for public awareness and enhancing community support of law enforcement training; not to exceed \$9,500 for official reception and representation expenses; room and board for student interns; and services as authorized by 5 U.S.C. 3109; \$64,663,000, of which up to \$13,034,000 for materials and support costs of Federal law enforcement basic training shall remain available until September 30, 2000: *Provided*, That the Center is authorized to accept and use gifts of property, both real and personal, and to accept services, for authorized purposes, including funding of a gift of intrinsic value which shall be awarded annually by the Director of the Center to the outstanding student who graduated from a basic training program at the Center during the previous fiscal year, which shall be funded only by gifts received through the Center's gift authority: *Provided further*, That notwithstanding any other provision of law, students attending training at any Federal Law

42 USC 3771
note.

Enforcement Training Center site shall reside in on-Center or Center-provided housing, insofar as available and in accordance with Center policy: *Provided further*, That funds appropriated in this account shall be available, at the discretion of the Director, for: training United States Postal Service law enforcement personnel and Postal police officers; State and local government law enforcement training on a space-available basis; training of foreign law enforcement officials on a space-available basis with reimbursement of actual costs to this appropriation, except that reimbursement may be waived by the Secretary for law enforcement training activities in foreign countries undertaken pursuant to section 801 of the Antiterrorism and Effective Death Penalty Act of 1996, Public Law 104-32; training of private sector security officials on a space-available basis with reimbursement of actual costs to this appropriation; and travel expenses of non-Federal personnel to attend course development meetings and training at the Center: *Provided further*, That the Center is authorized to obligate funds in anticipation of reimbursements from agencies receiving training at the Federal Law Enforcement Training Center, except that total obligations at the end of the fiscal year shall not exceed total budgetary resources available at the end of the fiscal year: *Provided further*, That the Federal Law Enforcement Training Center is authorized to provide short-term medical services for students undergoing training at the Center.

ACQUISITION, CONSTRUCTION, IMPROVEMENTS, AND RELATED
EXPENSES

For expansion of the Federal Law Enforcement Training Center, for acquisition of necessary additional real property and facilities, and for ongoing maintenance, facility improvements, and related expenses, \$32,548,000, to remain available until expended.

INTERAGENCY LAW ENFORCEMENT

INTERAGENCY CRIME AND DRUG ENFORCEMENT

For expenses necessary for the detection and investigation of individuals involved in organized crime drug trafficking, including cooperative efforts with State and local law enforcement, \$73,794,000, of which \$7,827,000 shall remain available until expended.

FINANCIAL MANAGEMENT SERVICE

SALARIES AND EXPENSES

For necessary expenses of the Financial Management Service, \$202,490,000, of which not to exceed \$13,235,000 shall remain available until September 30, 2000 for information systems modernization initiatives: *Provided*, That beginning in fiscal year 1998 and thereafter, there are appropriated such sums as may be necessary to reimburse Federal Reserve Banks in their capacity as depositaries and fiscal agents for the United States for all services required or directed by the Secretary of the Treasury to be performed by such banks on behalf of the Treasury or other Federal agencies.

BUREAU OF ALCOHOL, TOBACCO AND FIREARMS

SALARIES AND EXPENSES

For necessary expenses of the Bureau of Alcohol, Tobacco and Firearms, including purchase of not to exceed 650 vehicles for police-type use for replacement only and hire of passenger motor vehicles; hire of aircraft; services of expert witnesses at such rates as may be determined by the Director; for payment of per diem and/or subsistence allowances to employees where an assignment to the National Response Team during the investigation of a bombing or arson incident requires an employee to work 16 hours or more per day or to remain overnight at his or her post of duty; not to exceed \$12,500 for official reception and representation expenses; for training of State and local law enforcement agencies with or without reimbursement, including training in connection with the training and acquisition of canines for explosives and fire accelerants detection; and provision of laboratory assistance to State and local agencies, with or without reimbursement; \$478,934,000, of which \$1,250,000 may be used for the Youth Crime Gun Interdiction Initiative; of which not to exceed \$1,000,000 shall be available for the payment of attorneys' fees as provided by 18 U.S.C. 924(d)(2); and of which \$1,000,000 shall be available for the equipping of any vessel, vehicle, equipment, or aircraft available for official use by a State or local law enforcement agency if the conveyance will be used in drug-related joint law enforcement operations with the Bureau of Alcohol, Tobacco and Firearms and for the payment of overtime salaries, travel, fuel, training, equipment, and other similar costs of State and local law enforcement officers that are incurred in joint operations with the Bureau of Alcohol, Tobacco and Firearms: *Provided*, That no funds made available by this or any other Act may be used to transfer the functions, missions, or activities of the Bureau of Alcohol, Tobacco and Firearms to other agencies or Departments in the fiscal year ending on September 30, 1998: *Provided further*, That no funds appropriated herein shall be available for salaries or administrative expenses in connection with consolidating or centralizing, within the Department of the Treasury, the records, or any portion thereof, of acquisition and disposition of firearms maintained by Federal firearms licensees: *Provided further*, That no funds appropriated herein shall be used to pay administrative expenses or the compensation of any officer or employee of the United States to implement an amendment or amendments to 27 CFR 178.118 or to change the definition of "Curios or relics" in 27 CFR 178.11 or remove any item from ATF Publication 5300.11 as it existed on January 1, 1994: *Provided further*, That none of the funds appropriated herein shall be available to investigate or act upon applications for relief from Federal firearms disabilities under 18 U.S.C. 925(c): *Provided further*, That such funds shall be available to investigate and act upon applications filed by corporations for relief from Federal firearms disabilities under 18 U.S.C. 925(c): *Provided further*, That no funds in this Act may be used to provide ballistics imaging equipment to any State or local authority who has obtained similar equipment through a Federal grant or subsidy unless the State or local authority agrees to return that equipment or to repay that grant or subsidy to the Federal Government: *Provided further*, That no funds under this Act may be used to

electronically retrieve information gathered pursuant to 18 U.S.C. 923(g)(4) by name or any personal identification code.

LABORATORY FACILITIES

For necessary expenses for construction of a new facility or facilities to house the Bureau of Alcohol, Tobacco and Firearms National Laboratory Center and the Fire Investigation Research and Development Center, not to exceed 185,000 occupiable square feet, \$55,022,000 to remain available until expended: *Provided*, That these funds shall not be available until a prospectus for the Laboratory Facilities is reviewed and resolutions of authorization are approved by the House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works.

UNITED STATES CUSTOMS SERVICE

SALARIES AND EXPENSES

For necessary expenses of the United States Customs Service, including purchase and lease of up to 1,050 motor vehicles of which 985 are for replacement only and of which 1,030 are for police-type use and commercial operations; hire of motor vehicles; contracting with individuals for personal services abroad; not to exceed \$30,000 for official reception and representation expenses; and awards of compensation to informers, as authorized by any Act enforced by the United States Customs Service; \$1,522,165,000, of which such sums as become available in the Customs User Fee Account, except sums subject to section 13031(f)(3) of the Consolidated Omnibus Reconciliation Act of 1985, as amended (19 U.S.C. 58c(f)(3)), shall be derived from that Account; of the total, not to exceed \$150,000 shall be available for payment for rental space in connection with preclearance operations, and not to exceed \$4,000,000 shall be available until expended for research, not to exceed \$5,000,000 shall be available until expended for conducting special operations pursuant to 19 U.S.C. 2081, and up to \$6,000,000 shall be available until expended for the procurement of automation infrastructure items, including hardware, software, and installation: *Provided*, That uniforms may be purchased without regard to the general purchase price limitation for the current fiscal year: *Provided further*, That \$1,250,000 shall be available to fund the Global Trade and Research Program at the Montana World Trade Center: *Provided further*, That notwithstanding any other provision of law, the fiscal year aggregate overtime limitation prescribed in subsection 5(c)(1) of the Act of February 13, 1911 (19 U.S.C. 261 and 267) shall be \$30,000.

OPERATIONS, MAINTENANCE AND PROCUREMENT, AIR AND MARINE INTERDICTION PROGRAMS

For expenses, not otherwise provided for, necessary for the operation and maintenance of marine vessels, aircraft, and other related equipment of the Air and Marine Programs, including operational training and mission-related travel, and rental payments for facilities occupied by the air or marine interdiction and demand reduction programs, the operations of which include: the interdiction of narcotics and other goods; the provision of support to Customs

and other Federal, State, and local agencies in the enforcement or administration of laws enforced by the Customs Service; and, at the discretion of the Commissioner of Customs, the provision of assistance to Federal, State, and local agencies in other law enforcement and emergency humanitarian efforts; \$92,758,000, which shall remain available until expended: *Provided*, That no aircraft or other related equipment, with the exception of aircraft which is one of a kind and has been identified as excess to Customs requirements and aircraft which has been damaged beyond repair, shall be transferred to any other Federal agency, department, or office outside of the Department of the Treasury, during fiscal year 1998 without the prior approval of the Committees on Appropriations.

CUSTOMS SERVICES AT SMALL AIRPORTS

(TO BE DERIVED FROM FEES COLLECTED)

Beginning in fiscal year 1998 and thereafter, such sums as may be necessary for expenses for the provision of Customs services at certain small airports or other facilities when authorized by law and designated by the Secretary of the Treasury, including expenditures for the salary and expenses of individuals employed to provide such services, to be derived from fees collected by the Secretary pursuant to section 236 of Public Law 98-573 for each of these airports or other facilities when authorized by law and designated by the Secretary, and to remain available until expended. 19 USC 58b-1.

HARBOR MAINTENANCE FEE COLLECTION

For administrative expenses related to the collection of the Harbor Maintenance Fee, pursuant to Public Law 103-182, \$3,000,000, to be derived from the Harbor Maintenance Trust Fund and to be transferred to and merged with the Customs "Salaries and Expenses" account for such purposes.

BUREAU OF THE PUBLIC DEBT

ADMINISTERING THE PUBLIC DEBT

For necessary expenses connected with any public-debt issues of the United States, \$173,826,000, of which not to exceed \$2,500 shall be available for official reception and representation expenses, and of which \$2,000,000 shall remain available until September 30, 2000 for information systems modernization initiatives: *Provided*, That the sum appropriated herein from the General Fund for fiscal year 1998 shall be reduced by not more than \$4,400,000 as definitive security issue fees and Treasury Direct Investor Account Maintenance fees are collected, so as to result in a final fiscal year 1998 appropriation from the General Fund estimated at \$169,426,000, and in addition, \$20,000, to be derived from the Oil Spill Liability Trust Fund to reimburse the Bureau for administrative and personnel expenses for financial management of the Fund, as authorized by section 102 of Public Law 101-380: *Provided further*, That notwithstanding any other provisions of law, effective upon enactment, the Bureau of the Public Debt shall be fully and directly reimbursed by the funds described in Public Law

101-136, title I, section 104, 103 Stat. 789 for costs and services performed by the Bureau in the administration of such funds.

INTERNAL REVENUE SERVICE

PROCESSING, ASSISTANCE, AND MANAGEMENT

For necessary expenses of the Internal Revenue Service, not otherwise provided for; including processing tax returns; revenue accounting; providing tax law and account assistance to taxpayers by telephone and correspondence; matching information returns and tax returns; management services; rent and utilities; and inspection; including purchase (not to exceed 150 for replacement only for police-type use) and hire of passenger motor vehicles (31 U.S.C. 1343(b)); and services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner; \$2,925,874,000, of which up to \$3,700,000 shall be for the Tax Counseling for the Elderly Program, and of which not to exceed \$25,000 shall be for official reception and representation expenses.

TAX LAW ENFORCEMENT

(INCLUDING RESCISSION)

For necessary expenses of the Internal Revenue Service for determining and establishing tax liabilities; tax and enforcement litigation; technical rulings; examining employee plans and exempt organizations; investigation and enforcement activities; securing unfiled tax returns; collecting unpaid accounts; statistics of income and compliance research; the purchase (for police-type use, not to exceed 850), and hire of passenger motor vehicles (31 U.S.C. 1343(b)); and services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner, \$3,142,822,000: *Provided*, That of the funds appropriated under this heading in Public Law 104-208, \$26,000,000 is rescinded and in Public Law 104-52, \$6,000,000 is rescinded.

EARNED INCOME TAX CREDIT COMPLIANCE INITIATIVE

For funding essential earned income tax credit compliance and error reduction initiatives pursuant to section 5702 of the Balanced Budget Act of 1997 (Public Law 105-33), \$138,000,000, of which not to exceed \$10,000,000 may be used to reimburse the Social Security Administration for the costs of implementing section 1090 of the Taxpayer Relief Act of 1997.

INFORMATION SYSTEMS

For necessary expenses for data processing and telecommunications support for Internal Revenue Service activities, including developmental information systems and operational information systems; the hire of passenger motor vehicles (31 U.S.C. 1343(b)); and services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner, \$1,272,487,000, which shall be available until September 30, 1999: *Provided*, That under the heading "Information Systems" in Public Law 104-208 (110 Stat. 3009), the following is deleted: "of which no less than \$130,075,000 shall be available for Tax Systems Modernization (TSM) development and deployment": *Provided further*, That the

Internal Revenue Service shall submit a reprogramming request, of which no less than \$87,000,000 shall be available for Year 2000 conversion: *Provided further*, That none of the funds under this heading, or funds made available under this heading in any previous Acts, may be obligated to award or otherwise initiate a Prime contract to implement the Internal Revenue Service's Modernization Blueprint submitted to Congress on May 15, 1997, although funds may be used to develop a Request for Proposals for the Prime contract.

INFORMATION TECHNOLOGY INVESTMENTS

For necessary expenses for the capital asset acquisition of information technology systems, including management and related contractual costs of said acquisition, including contractual costs associated with operations as authorized by 5 U.S.C. 3109, \$325,000,000, which shall remain available until September 30, 2000: *Provided*, That none of these funds is available for obligation until September 1, 1998: *Provided further*, That none of these funds shall be obligated until the Internal Revenue Service and the Department of the Treasury submits to Congress for approval, a plan for expenditure that: (1) implements the Internal Revenue Service's Modernization Blueprint submitted to Congress on May 15, 1997; (2) meets the information systems investment guidelines established by the Office of Management and Budget in the fiscal year 1998 budget; (3) has been reviewed and approved by the Internal Revenue Service's Investment Review Board, the Office of Management and Budget, and the Department of the Treasury's Modernization Management Board, and has been reviewed by the General Accounting Office; (4) meets the requirements of the May 15, 1997 Internal Revenue Service's Systems Life Cycle program; and (5) is in compliance with acquisition rules, requirements, guidelines, and systems acquisition management practices of the Federal Government.

ADMINISTRATIVE PROVISIONS

INTERNAL REVENUE SERVICE

SECTION 101. Not to exceed 5 percent of any appropriation made available in this Act to the Internal Revenue Service may be transferred to any other Internal Revenue Service appropriation upon the advance approval of the House and Senate Committees on Appropriations.

SEC. 102. The Internal Revenue Service shall maintain a training program to ensure that Internal Revenue Service employees are trained in taxpayers' rights, in dealing courteously with the taxpayers, and in cross-cultural relations.

26 USC 7803
note.

SEC. 103. The funds provided in this Act for the Internal Revenue Service shall be used to provide, as a minimum, the fiscal year 1995 level of service, staffing, and funding for Taxpayer Services.

SEC. 104. None of the funds appropriated by this title shall be used in connection with the collection of any underpayment of any tax imposed by the Internal Revenue Code of 1986 unless the conduct of officers and employees of the Internal Revenue Service in connection with such collection, including any private sector employees under contract to the Internal Revenue Service,

complies with subsection (a) of section 805 (relating to communications in connection with debt collection), and section 806 (relating to harassment or abuse), of the Fair Debt Collection Practices Act (15 U.S.C. 1692).

Confidentiality.
26 USC 6103
note.

SEC. 105. The Internal Revenue Service shall institute and enforce policies and procedures which will safeguard the confidentiality of taxpayer information.

SEC. 106. Funds made available by this or any other Act to the Internal Revenue Service shall be available for improved facilities and increased manpower to provide sufficient and effective 1-800 help line for taxpayers. The Commissioner shall continue to make the improvement of the Internal Revenue Service 1-800 help line service a priority and allocate resources necessary to increase phone lines and staff to improve the Internal Revenue Service 1-800 help line service.

Reports.
Certification.

SEC. 107. Hereafter, no field support reorganization of the Internal Revenue Service shall be undertaken in Aberdeen, South Dakota until the Internal Revenue Service toll-free help phone line assistance program reaches at least an 80 percent service level. The Commissioner shall submit to Congress a report and the General Accounting Office shall certify to Congress that the 80 percent service level has been met.

SEC. 108. Notwithstanding any other provision of law, no reorganization of the field office structure of the Internal Revenue Service Criminal Investigation division will result in a reduction of criminal investigators in Wisconsin and South Dakota from the 1996 level.

UNITED STATES SECRET SERVICE

SALARIES AND EXPENSES

For necessary expenses of the United States Secret Service, including purchase not to exceed 705 vehicles for police-type use, of which 675 shall be for replacement only, and hire of passenger motor vehicles; hire of aircraft; training and assistance requested by State and local governments, which may be provided without reimbursement; services of expert witnesses at such rates as may be determined by the Director; rental of buildings in the District of Columbia, and fencing, lighting, guard booths, and other facilities on private or other property not in Government ownership or control, as may be necessary to perform protective functions; for payment of per diem and/or subsistence allowances to employees where a protective assignment during the actual day or days of the visit of a protectee require an employee to work 16 hours per day or to remain overnight at his or her post of duty; the conducting of and participating in firearms matches; presentation of awards; for travel of Secret Service employees on protective missions without regard to the limitations on such expenditures in this or any other Act if approval is obtained in advance from the House and Senate Committees on Appropriations; for repairs, alterations, and minor construction at the James J. Rowley Secret Service Training Center; for research and development; for making grants to conduct behavioral research in support of protective research and operations; not to exceed \$20,000 for official reception and representation expenses; for sponsorship of a conference for the Women in Federal Law Enforcement, to be held during fiscal year 1998; not to exceed \$50,000 to provide technical assistance

and equipment to foreign law enforcement organizations in counterfeits investigations; for payment in advance for commercial accommodations as may be necessary to perform protective functions; and for uniforms without regard to the general purchase price limitation for the current fiscal year; \$564,348,000.

ACQUISITION, CONSTRUCTION, IMPROVEMENT, AND RELATED
EXPENSES

For necessary expenses of construction, repair, alteration, and improvement of facilities, \$8,799,000, to remain available until expended.

GENERAL PROVISIONS

DEPARTMENT OF THE TREASURY

SEC. 110. Any obligation or expenditure by the Secretary in connection with law enforcement activities of a Federal agency or a Department of the Treasury law enforcement organization in accordance with 31 U.S.C. 9703(g)(4)(B) from unobligated balances remaining in the Fund on September 30, 1998, shall be made in compliance with reprogramming guidelines.

SEC. 111. Appropriations to the Department of the Treasury in this Act shall be available for uniforms or allowances therefor, as authorized by law (5 U.S.C. 5901), including maintenance, repairs, and cleaning; purchase of insurance for official motor vehicles operated in foreign countries; purchase of motor vehicles without regard to the general purchase price limitations for vehicles purchased and used overseas for the current fiscal year; entering into contracts with the Department of State for the furnishing of health and medical services to employees and their dependents serving in foreign countries; and services authorized by 5 U.S.C. 3109.

SEC. 112. The funds provided to the Bureau of Alcohol, Tobacco and Firearms for fiscal year 1998 in this Act for the enforcement of the Federal Alcohol Administration Act shall be expended in a manner so as not to diminish enforcement efforts with respect to section 105 of the Federal Alcohol Administration Act.

SEC. 113. Not to exceed 2 percent of any appropriations in this Act made available to the Federal Law Enforcement Training Center, Financial Crimes Enforcement Network, Bureau of Alcohol, Tobacco and Firearms, United States Customs Service, and United States Secret Service may be transferred between such appropriations upon the advance approval of the House and Senate Committees on Appropriations. No transfer may increase or decrease any such appropriation by more than 2 percent.

SEC. 114. Not to exceed 2 percent of any appropriations in this Act made available to the Departmental Offices, Office of Inspector General, Financial Management Service, and Bureau of the Public Debt, may be transferred between such appropriations upon the advance approval of the House and Senate Committees on Appropriations. No transfer may increase or decrease any such appropriation by more than 2 percent.

SEC. 115. The Secretary of the Treasury shall pay from amounts transferred to the "Departmental Offices" appropriation, up to \$26,034 to reimburse Secret Service personnel for any attorney fees and costs they incurred with respect to investigation by the

Department of the Treasury Inspector General concerning testimony provided to Congress: *Provided*, That the Secretary of the Treasury shall pay an individual in full upon submission by the individual of documentation verifying the attorney fees and costs: *Provided further*, That the liability of the United States shall not be inferred from enactment of or payment under this provision: *Provided further*, That the Secretary of the Treasury shall not pay any claim filed under this section that is filed later than 120 days after the date of enactment of this Act: *Provided further*, That payment under this provision, when accepted, shall be in full satisfaction of all claims of, or on behalf of, the individual Secret Service agents who were the subjects of said investigation.

31 USC 301 note.

SEC. 116. (a)(1) Effective beginning on the date determined under paragraph (2), the compensation and other emoluments attached to the Office of Secretary of the Treasury shall be those that would then apply if Public Law 103-2 (107 Stat. 4; 31 U.S.C. 301 note) had never been enacted.

Effective date.

(2) Paragraph (1) shall become effective on the later of—

(A) the day after the date on which the individual holding the Office of Secretary of the Treasury on January 1, 1997, ceases to hold that office; or

(B) the date of the enactment of this Act.

(3) Nothing in this subsection shall be considered to affect the compensation or emoluments due to any individual in connection with any period preceding the date determined under paragraph (2).

(b) Subsection (b) of the first section of the public law referred to in subsection (a)(1) of this section shall not apply in the case of any appointment the consent of the Senate to which occurs on or after the date of the enactment of this Act.

(c) This section shall not be limited (for purposes of determining whether a provision of this section applies or continues to apply) to fiscal year 1998.

SEC. 117. (a) REQUIREMENT OF ADVANCE SUBMISSION OF TREASURY TESTIMONY.—During the fiscal year covered by this Act, any officer or employee of the Department of the Treasury who is scheduled to testify before the Committee on Appropriations of the House of Representatives or the Senate, or any of its subcommittees, shall, not less than 7 calendar days (excluding Saturdays, Sundays, and Federal legal public holidays) preceding the scheduled date of the testimony, submit to the committee or subcommittee—

(1) a written statement of the testimony to be presented, regardless of whether such statement is to be submitted for inclusion in the record of the hearing; and

(2) any other written information to be submitted for inclusion in the record of the hearing.

(b) LIMITATION ON TREASURY CLEARANCE PROCESS.—None of the funds made available in this Act may be used for any clearance process within the Department of the Treasury that could cause a submission beyond the specified time, as officially transmitted by the committee, of—

(1) any corrections to the transcript copy of testimony given before the Committee on Appropriations of the House of Representatives or the Senate, or any of its subcommittees; or

(2) any information to be provided in writing in response to an oral or written request by such committee or subcommittee for specific information for inclusion in the record of the hearing.

(c) EXCEPTION.—The time periods established in subsections (a) and (b) shall not apply to any specific testimony, or corrections, if the Secretary of the Treasury—

(1) determines that special circumstances prevent compliance; and

(2) submits to the committee or subcommittee involved a written notification of such determination, including the Secretary's estimate of the time periods required for specific testimony, information, or corrections.

SEC. 118. (a) NEW RATES OF BASIC PAY.—Section 501 of the District of Columbia Police and Firemen's Salary Act of 1958 (District of Columbia Code, section 4–416), is amended—

3 USC 204 note.

(1) in subsection (b)(1), by striking “Interior” and all that follows through “Treasury,” and inserting “Interior”;

(2) by redesignating subsection (c) as subsection (b)(3);

(3) in subsection (b)(3) (as redesignated)—

(A) by striking “or to officers and members of the United States Secret Service Uniformed Division”; and

(B) by striking “subsection (b) of this section” and inserting “this subsection”; and

(4) by adding after subsection (b) the following new subsection:

“(c)(1) The annual rates of basic compensation of officers and members of the United States Secret Service Uniformed Division, serving in classes corresponding or similar to those in the salary schedule in section 101 (District of Columbia Code, section 4–406), shall be fixed in accordance with the following schedule of rates:

“SALARY SCHEDULE

Salary class and title	Service steps								
	1	2	3	4	5	6	7	8	9
Class 1: Private	29,215	30,088	31,559	33,009	35,331	37,681	39,128	40,593	42,052
Class 4: Sergeant	39,769	41,747	43,728	45,718	47,715	49,713			
Class 5: Lieutenant	45,148	47,411	49,663	51,924	54,180				
Class 7: Captain	52,523	55,155	57,788	60,388					
Class 8: Inspector	60,886	63,918	66,977	70,029					
Class 9: Deputy Chief	71,433	76,260	81,113	85,950					
Class 10: Assistant Chief	84,694	90,324	95,967						
Class 11: Chief of the United States Secret Service Uniformed Di- vision	98,383	104,923							

Effective date.

“(2) Effective at the beginning of the first applicable pay period commencing on or after the first day of the month in which an adjustment takes effect under section 5303 of title 5, United States Code (or any subsequent similar provision of law), in the rates of pay under the General Schedule (or any pay system that may supersede such schedule), the annual rates of basic compensation of officers and members of the United States Secret Service Uniformed Division shall be adjusted by the Secretary of the Treasury by an amount equal to the percentage of such annual rate of pay which corresponds to the overall percentage of the adjustment made in the rates of pay under the General Schedule.

“(3) Locality-based comparability payments authorized under section 5304 of title 5, United States Code, shall be applicable to the basic pay under this section, except locality-based comparability payments may not be paid at a rate which, when added to the rate of basic pay otherwise payable to the officer or member, would cause the total to exceed the rate of basic pay payable for level IV of the Executive Schedule.

“(4) Basic pay, and any locality pay combined with basic pay may not be paid by reason of any provision of this subsection (disregarding any locality-based comparability payment payable under Federal law) at a rate in excess of the rate of basic pay payable for level V of the Executive Schedule contained in subchapter II of chapter 53 of title 5, United States Code.

“(5) Any reference in any law to the salary schedule in section 101 (District of Columbia Code, section 4-406) with respect to officers and members of the United States Secret Service Uniformed Division shall be considered to be a reference to the salary schedule in paragraph (1) of this subsection as adjusted in accordance with this subsection.

“(6)(A) Except as otherwise permitted by or under law, no allowance, differential, bonus, award, or other similar cash payment under this title or under title 5, United States Code, may be paid to an officer or member of the United States Secret Service Uniformed Division in a calendar year if, or to the extent that, when added to the total basic pay paid or payable to such officer or member for service performed in such calendar year as an officer or member, such payment would cause the total to exceed the annual rate of basic pay payable for level I of the Executive Schedule, as of the end of such calendar year.

“(B) This paragraph shall not apply to any payment under the following provisions of title 5, United States Code:

“(i) Subchapter III or VII of chapter 55, or section 5596.

“(ii) Chapter 57 (other than section 5753, 5754, or 5755).

“(iii) Chapter 59 (other than section 5928).

“(7)(A) Any amount which is not paid to an officer or member of the United States Secret Service Uniformed Division in a calendar year because of the limitation under paragraph (6) shall be paid to such officer or member in a lump sum at the beginning of the following calendar year.

“(B) Any amount paid under this paragraph in a calendar year shall be taken into account for purposes of applying the limitations under paragraph (6) with respect to such calendar year.

Regulations.

“(8) The Office of Personnel Management shall prescribe regulations as may be necessary (consistent with section 5582 of title 5, United States Code) concerning how a lump-sum payment under paragraph (7) shall be made with respect to any employee who

dies before an amount payable to such employee under paragraph (7) is made.”.

(b) CONVERSION TO NEW SALARY SCHEDULE.—

(1)(A) Effective on the first day of the first pay period beginning after the date of enactment of this section, the Secretary of the Treasury shall fix the rates of basic pay for members of the United States Secret Service Uniformed Division in accordance with this paragraph.

Effective date.

(B) Subject to subparagraph (C), each officer and member receiving basic compensation, immediately prior to the effective date of this section, at one of the scheduled rates in the salary schedule in section 101 of the District of Columbia Police and Firemen's Salary Act of 1958, as adjusted by law and as in effect prior to the effective date of this section, shall be placed in and receive basic compensation at the corresponding scheduled service step of the salary schedule under subsection (a)(4).

(C)(i) The Assistant Chief and the Chief of the United States Secret Service Uniformed Division shall be placed in and receive basic compensation in salary class 10 and salary class 11, respectively, in the appropriate service step in the new salary class in accordance with section 304 of the District of Columbia Police and Firemen's Salary Act of 1958 (District of Columbia Code, section 4-413).

(ii) Each member whose position is to be converted to the salary schedule under section 501(c) of the District of Columbia Police and Firemen's Salary Act of 1958 (District of Columbia Code, section 4-416(c)) as amended by this section, in accordance with subsection (a) of this section, and who, prior to the effective date of this section has earned, but has not been credited with, an increase in his or her rate of pay shall be afforded that increase before such member is placed in the corresponding service step in the salary schedule under section 501(c).

(2) Except in the cases of the Assistant Chief and the Chief of the United States Secret Service Uniformed Division, the conversion of positions and individuals to appropriate classes of the salary schedule under section 501(c) of the District of Columbia Police and Firemen's Salary Act of 1958 (District of Columbia Code, section 4-416(c)) as amended by this section, and the initial adjustments of rates of basic pay of those positions and individuals, in accordance with paragraph (1) of this subsection, shall not be considered to be transfers or promotions within the meaning of section 304 of the District of Columbia Police and Firemen's Salary Act of 1958 (District of Columbia Code, section 4-413).

(3) Each member whose position is converted to the salary schedule under section 501(c) of the District of Columbia Police and Firemen's Salary Act of 1958 (District of Columbia Code, section 4-416(c)) as amended by this section, in accordance with subsection (a) of this section, shall be granted credit for purposes of such member's first service step adjustment under the salary schedule in such section 510(c) for all satisfactory service performed by the member since the member's last increase in basic pay prior to the adjustment under that section.

(c) LIMITATION ON PAY PERIOD EARNINGS.—The Act of August 15, 1950 (64 Stat. 477), (District of Columbia Code, section 4-1104), is amended—

(1) in subsection (h), by striking “any officer or member” each place it appears and inserting “an officer or member of the Metropolitan Police force; or of the Fire Department of the District of Columbia; or of the United States Park Police”;

(2) by redesignating subsection (h)(3) as subsection (i); and

(3) by inserting after paragraph (2) the following new paragraph:

“(3)(A) no premium pay provided by this section shall be paid to, and no compensatory time is authorized for, any officer or member of the United States Secret Service Uniformed Division whose rate of basic pay, combined with any applicable locality-based comparability payment, equals or exceeds the lesser of—

“(i) 150 percent of the minimum rate payable for grade GS-15 of the General Schedule (including any applicable locality-based comparability payment under section 5304 of title 5, United States Code or any similar provision of law, and any applicable special rate of pay under section 5305 of title 5, United States Code or any similar provision of law); or

“(ii) the rate payable for level V of the Executive Schedule contained in subchapter II of chapter 53 of title 5, United States Code.

“(B) In the case of any officer or member of the United States Secret Service Uniformed Division whose rate of basic pay, combined with any applicable locality-based comparability payment, is less than the lesser of—

“(i) 150 percent of the minimum rate payable for grade GS-15 of the General Schedule (including any applicable locality-based comparability payment under section 5304 of title 5, United States Code or any similar provision of law, and any applicable special rate of pay under section 5305 of title 5, United States Code or any similar provision of law); or

“(ii) the rate payable for level V of the Executive Schedule contained in subchapter II of chapter 53 of title 5, United States Code,

such premium pay may be paid only to the extent that such payment would not cause such officer or member’s aggregate rate of compensation to exceed such lesser amount with respect to any pay period.”.

(d) SAVINGS PROVISION.—On the effective date of this section, any existing special salary rates authorized for members of the United States Secret Service Uniformed Division under section 5305 of title 5, United States Code (or any previous similar provision of law) and any special rates of pay or special pay adjustments under section 403, 404, or 405 of the Federal Law Enforcement Pay Reform Act of 1990 applicable to members of the United States Secret Service Uniformed Division shall be rendered inapplicable.

(e) CONFORMING AMENDMENT.—The Federal Law Enforcement Pay Reform Act of 1990 (104 Stat. 1466) is amended by striking subsections (b)(1) and (c)(1) of section 405.

(f) EFFECTIVE DATE.—The provisions of this section shall become effective on the first day of the first pay period beginning after the date of enactment of this Act.

SEC. 119. Section 117 of the Treasury, Postal Service, and General Government Appropriations Act, 1997 (as contained in

section 101(f) of division A of Public Law 104-208) is hereby repealed. 110 Stat. 3009-325.

SEC. 120. Based on results of industry response to the Request for Proposals, in tax-year 1998, the Internal Revenue Service shall initiate a pilot project which would pay qualified returns preparers, electronic return originators, or transmitters who electronically forward and file tax returns (form 1040 and related information returns) properly formatted and accepted by the Internal Revenue Service, up to \$3.00 per return so filed if such payments are determined by the Commissioner of the Internal Revenue Service to be in the best interest of the Government: *Provided*, That the payment may not be made unless the electronic filing service is provided without charge to the taxpayer whose return is so filed: *Provided further*, That the Internal Revenue Service shall use standard procurement processes to establish this pilot project and through these processes, the Internal Revenue Service shall assure the security of all electronic transmissions and the full protection of the privacy of taxpayer data.

SEC. 121. Subsection (a) of section 5378 of title 5, United States Code, is amended to read as follows:

“(a) The Secretary of the Department of the Treasury, or his designee, in his sole discretion shall fix the rates of basic pay for positions within the police forces of the United States Mint and the Bureau of Engraving and Printing without regard to the pay provisions of title 5, United States Code, except that no entry-level police officer shall receive basic pay for a calendar year that is less than the basic rate of pay for General Schedule GS-7 and no executive security official shall receive basic compensation for a calendar year that exceeds the basic rate of pay for General Schedule GS-15.”.

SEC. 122. (a) The Secretary of the Treasury is authorized to receive all unavailable collections transferred from the Special Forfeiture Fund established by section 26073 of the Anti-Drug Abuse Act of 1988 (21 U.S.C. 1509) by the Director of the Office of Drug Control Policy as a deposit into the Treasury Forfeiture Fund (31 U.S.C. 9703(a)), to become available for obligation on October 1, 1998, as revenue available for purposes identified under 31 U.S.C. 9703(g)(4)(B). 31 USC 9703 note.

(b) Paragraph (3)(C) of section 9703(g) of title 31, United States Code, is amended by adding after the last sentence of that paragraph as amended by Public Law 104-208, the following sentence: “Unobligated balances remaining pursuant to section 4(B) of 9703(g) shall also be carried forward.”.

(c) Paragraph (4)(B) of section 9703(g) of title 31, United States Code, is amended by striking “, subject to subparagraph (C),” from the first and only sentence of that paragraph.

SEC. 123. Notwithstanding any other provision of law, the Secretary of the Treasury shall establish the port of Kodiak, Alaska as a port of entry and United States Customs Service personnel in Anchorage, Alaska shall serve such port of entry. There are authorized to be appropriated such sums as necessary to cover the costs associated with the performance of customs functions using such United States Customs Service personnel. Alaska.

SEC. 124. None of the funds made available by this Act may be used by the Inspector General to contract for advisory and assistance services that has the meaning given such term in section 1105(g) of title 31, United States Code.

This title may be cited as the “Treasury Department Appropriations Act, 1998”.

Postal Service
Appropriations
Act, 1998.

TITLE II—POSTAL SERVICE

PAYMENTS TO THE POSTAL SERVICE FUND

39 USC 403 note.

For payment to the Postal Service Fund for revenue forgone on free and reduced rate mail, pursuant to subsections (c) and (d) of section 2401 of title 39, United States Code, \$86,274,000: *Provided*, That mail for overseas voting and mail for the blind shall continue to be free: *Provided further*, That 6-day delivery and rural delivery of mail shall continue at not less than the 1983 level: *Provided further*, That none of the funds made available to the Postal Service by this Act shall be used to implement any rule, regulation, or policy of charging any officer or employee of any State or local child support enforcement agency, or any individual participating in a State or local program of child support enforcement, a fee for information requested or provided concerning an address of a postal customer: *Provided further*, That none of the funds provided in this Act shall be used to consolidate or close small rural and other small post offices in the fiscal year ending on September 30, 1998.

This title may be cited as the “Postal Service Appropriations Act, 1998”.

Executive Office
Appropriations
Act, 1998.

TITLE III—EXECUTIVE OFFICE OF THE PRESIDENT AND FUNDS APPROPRIATED TO THE PRESIDENT

COMPENSATION OF THE PRESIDENT AND THE WHITE HOUSE OFFICE

COMPENSATION OF THE PRESIDENT

3 USC 102 note.

For compensation of the President, including an expense allowance at the rate of \$50,000 per annum as authorized by 3 U.S.C. 102; \$250,000: *Provided*, That none of the funds made available for official expenses shall be expended for any other purpose and any unused amount shall revert to the Treasury pursuant to section 1552 of title 31, United States Code: *Provided further*, That none of the funds made available for official expenses shall be considered as taxable to the President.

SALARIES AND EXPENSES

For necessary expenses for the White House as authorized by law, including not to exceed \$3,850,000 for services as authorized by 5 U.S.C. 3109 and 3 U.S.C. 105; including subsistence expenses as authorized by 3 U.S.C. 105, which shall be expended and accounted for as provided in that section; hire of passenger motor vehicles, newspapers, periodicals, teletype news service, and travel (not to exceed \$100,000 to be expended and accounted for as provided by 3 U.S.C. 103); not to exceed \$19,000 for official entertainment expenses, to be available for allocation within the Executive Office of the President; \$51,199,000: *Provided*, That \$9,800,000 of the funds appropriated shall be available for reimbursements to the White House Communications Agency.

EXECUTIVE RESIDENCE AT THE WHITE HOUSE

OPERATING EXPENSES

For the care, maintenance, repair and alteration, refurnishing, improvement, heating and lighting, including electric power and fixtures, of the Executive Residence at the White House and official entertainment expenses of the President, \$8,045,000, to be expended and accounted for as provided by 3 U.S.C. 105, 109, 110, and 112-114.

REIMBURSABLE EXPENSES

For the reimbursable expenses of the Executive Residence at the White House, such sums as may be necessary: *Provided*, That all reimbursable operating expenses of the Executive Residence shall be made in accordance with the provisions of this paragraph: *Provided further*, That, notwithstanding any other provision of law, such amount for reimbursable operating expenses shall be the exclusive authority of the Executive Residence to incur obligations and to receive offsetting collections, for such expenses: *Provided further*, That the Executive Residence shall require each person sponsoring a reimbursable political event to pay in advance an amount equal to the estimated cost of the event, and all such advance payments shall be credited to this account and remain available until expended: *Provided further*, That the Executive Residence shall require the national committee of the political party of the President to maintain on deposit \$25,000, to be separately accounted for and available for expenses relating to reimbursable political events sponsored by such committee during such fiscal year: *Provided further*, That the Executive Residence shall ensure that a written notice of any amount owed for a reimbursable operating expense under this paragraph is submitted to the person owing such amount within 60 days after such expense is incurred, and that such amount is collected within 30 days after the submission of such notice: *Provided further*, That the Executive Residence shall charge interest and assess penalties and other charges on any such amount that is not reimbursed within such 30 days, in accordance with the interest and penalty provisions applicable to an outstanding debt on a United States Government claim under section 3717 of title 31, United States Code: *Provided further*, That each such amount that is reimbursed, and any accompanying interest and charges, shall be deposited in the Treasury as miscellaneous receipts: *Provided further*, That the Executive Residence shall prepare and submit to the Committees on Appropriations, by not later than 90 days after the end of the fiscal year covered by this Act, a report setting forth the reimbursable operating expenses of the Executive Residence during the preceding fiscal year, including the total amount of such expenses, the amount of such total that consists of reimbursable official and ceremonial events, the amount of such total that consists of reimbursable political events, and the portion of each such amount that has been reimbursed as of the date of the report: *Provided further*, That the Executive Residence shall: (1) implement a system for the tracking of expenses related to reimbursable events within the Executive Residence that includes a standard for the classification of any such expense as political or nonpolitical; and (2) prepare and submit to the Committees on Appropriations, by not later than December 1, 1997, a

Notice.

Reports.

Records.
Reports.

report setting forth a detailed description of such system and a schedule for its implementation: *Provided further*, That no provision of this paragraph may be construed to exempt the Executive Residence from any other applicable requirement of subchapter I or II of chapter 37 of title 31, United States Code.

WHITE HOUSE REPAIR AND RESTORATION

For the repair, alteration, and improvement of the Executive Residence at the White House, \$200,000, to remain available until expended for renovation and relocation of the White House laundry, to be expended and accounted for as provided by 3 U.S.C. 105, 109, 110, and 112-114.

SPECIAL ASSISTANCE TO THE PRESIDENT AND THE OFFICIAL RESIDENCE OF THE VICE PRESIDENT

SALARIES AND EXPENSES

For necessary expenses to enable the Vice President to provide assistance to the President in connection with specially assigned functions, services as authorized by 5 U.S.C. 3109 and 3 U.S.C. 106, including subsistence expenses as authorized by 3 U.S.C. 106, which shall be expended and accounted for as provided in that section; and hire of passenger motor vehicles; \$3,378,000.

OPERATING EXPENSES

For the care, operation, refurbishing, improvement, heating and lighting, including electric power and fixtures, of the official residence of the Vice President, the hire of passenger motor vehicles, and not to exceed \$90,000 for official entertainment expenses of the Vice President, to be accounted for solely on his certificate; \$334,000: *Provided*, That advances or repayments or transfers from this appropriation may be made to any department or agency for expenses of carrying out such activities.

COUNCIL OF ECONOMIC ADVISERS

SALARIES AND EXPENSES

For necessary expenses of the Council in carrying out its functions under the Employment Act of 1946 (15 U.S.C. 1021), \$3,542,000.

OFFICE OF POLICY DEVELOPMENT

SALARIES AND EXPENSES

For necessary expenses of the Office of Policy Development, including services as authorized by 5 U.S.C. 3109, and 3 U.S.C. 107; \$3,983,000.

NATIONAL SECURITY COUNCIL

SALARIES AND EXPENSES

For necessary expenses of the National Security Council, including services as authorized by 5 U.S.C. 3109, \$6,648,000.

OFFICE OF ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses of the Office of Administration, including services as authorized by 5 U.S.C. 3109 and 3 U.S.C. 107, and hire of passenger motor vehicles \$28,883,000, of which \$2,000,000 shall remain available until expended for a capital investment plan which provides for the modernization of the information technology infrastructure.

OFFICE OF MANAGEMENT AND BUDGET

SALARIES AND EXPENSES

For necessary expenses of the Office of Management and Budget, including hire of passenger motor vehicles, services as authorized by 5 U.S.C. 3109, \$57,440,000, of which not to exceed \$5,000,000 shall be available to carry out the provisions of chapter 35 of title 44, United States Code: *Provided*, That, as provided in 31 U.S.C. 1301(a), appropriations shall be applied only to the objects for which appropriations were made except as otherwise provided by law: *Provided further*, That none of the funds appropriated in this Act for the Office of Management and Budget may be used for the purpose of reviewing any agricultural marketing orders or any activities or regulations under the provisions of the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 601 et seq.): *Provided further*, That none of the funds made available for the Office of Management and Budget by this Act may be expended for the altering of the transcript of actual testimony of witnesses, except for testimony of officials of the Office of Management and Budget, before the House and Senate Committees on Appropriations or the House and Senate Committees on Veterans' Affairs or their subcommittees: *Provided further*, That this proviso shall not apply to printed hearings released by the House and Senate Committees on Appropriations or the House and Senate Committees on Veterans' Affairs.

OFFICE OF NATIONAL DRUG CONTROL POLICY

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Office of National Drug Control Policy; for research activities pursuant to title I of Public Law 100-690; not to exceed \$8,000 for official reception and representation expenses; and for participation in joint projects or in the provision of services on matters of mutual interest with nonprofit, research, or public organizations or agencies, with or without reimbursement; \$35,016,000, of which \$17,000,000 shall remain available until expended, consisting of \$1,000,000 for policy research and evaluation and \$16,000,000 for the Counterdrug Technology Assessment Center for counternarcotics research and development projects: *Provided*, That the \$16,000,000 for the Counterdrug Technology Assessment Center shall be available for transfer to other Federal departments or agencies: *Provided further*, That the Office is authorized to accept, hold, administer, and utilize gifts, both real and personal, for the purpose of aiding or facilitating the

work of the Office: *Provided further*, That not before December 31, 1997, the Director of the Office of National Drug Control Policy shall transfer all balances in the Special Forfeiture Fund established by section 6073 of the Anti-Drug Abuse Act of 1988 (21 U.S.C. 1509) to the Treasury Forfeiture Fund (31 U.S.C. 9703(a)).

FEDERAL DRUG CONTROL PROGRAMS

HIGH INTENSITY DRUG TRAFFICKING AREAS PROGRAM

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Office of National Drug Control Policy's High Intensity Drug Trafficking Areas Program, \$159,007,000 for drug control activities consistent with the approved strategy for each of the designated High Intensity Drug Trafficking Areas, of which \$3,000,000 shall be used for a newly designated High Intensity Drug Trafficking Area in Milwaukee, Wisconsin should the Director of the Office of National Drug Control Policy determine the location meets the designated criteria; of which \$7,300,000 shall be used for national efforts related to methamphetamine reduction; of which \$1,500,000 shall be used for methamphetamine reduction efforts within the Rocky Mountain High Intensity Drug Trafficking Area; of which \$6,000,000 shall be used for a newly designated High Intensity Drug Trafficking Area in the three-State area of Kentucky, Tennessee, and West Virginia; of which \$1,000,000 shall be used for a newly designated High Intensity Drug Trafficking Area in central Florida; of which no less than \$80,000,000 shall be transferred to State and local entities for drug control activities, which shall be obligated within 120 days of the date of enactment of this Act and up to \$79,007,000 may be transferred to Federal agencies and departments at a rate to be determined by the Director: *Provided*, That funding shall be provided for existing High Intensity Drug Trafficking Areas at no less than the fiscal year 1997 level.

SPECIAL FORFEITURE FUND

(INCLUDING TRANSFER OF FUNDS)

For activities to support a national anti-drug campaign for youth, and other purposes, authorized by Public Law 100-690, as amended, \$211,000,000, to remain available until expended: *Provided*, That such funds may be transferred to other Federal departments and agencies to carry out such activities: *Provided further*, That of the funds provided, \$195,000,000 shall be to support a national media campaign to reduce and prevent drug use among young Americans: *Provided further*, That none of the funds provided for the support of a national media campaign may be obligated until the Director, Office of National Drug Control Policy, submits a strategy for approval to the Committees on Appropriations and the Senate Judiciary Committee that includes: (1) guidelines to ensure and certify that funds will supplement and not supplant current anti-drug community based coalitions; (2) guidelines to ensure and certify that funds will supplement and not supplant current pro bono public service time donated by national and local broadcasting networks; (3) guidelines to ensure and certify that none of the funds will be used for partisan political purposes; (4) guidelines to ensure and certify that no media campaigns to

be funded pursuant to this campaign shall feature any elected officials, persons seeking elected office, cabinet-level officials, or other Federal officials employed pursuant to Schedule C of title 5, Code of Federal Regulations, section 213, absent advance notice to the Committees on Appropriations and the Senate Judiciary Committee; (5) a detailed implementation plan to be submitted to the Committees on Appropriations and the Senate Judiciary Committee for securing private sector contributions including but not limited to in-kind contributions; (6) a detailed implementation plan to be submitted to the Committees on Appropriations and the Senate Judiciary Committee of the qualifications necessary for any organization, entity, or individual to receive funding for or otherwise be provided broadcast media time; and (7) a system to measure outcomes of success of the national media campaign: *Provided further*, That the Director shall report to Congress quarterly on the obligation of funds as well as the specific parameters of the national media campaign and report to Congress within two years on the effectiveness of the national media campaign based upon the measurable outcomes provided to Congress previously: *Provided further*, That of the funds provided for the support of a national media campaign, \$17,000,000 shall not be obligated prior to September 30, 1998: *Provided further*, That of the funds provided, \$6,000,000 shall be used to continue the drug use reduction program for those involved in the criminal justice system: *Provided further*, That of the funds provided, \$10,000,000 shall be to initiate a program of matching grants to drug-free communities, as authorized in the Drug-Free Communities Act of 1997.

Reports.

This title may be cited as the “Executive Office Appropriations Act, 1998”.

TITLE IV—INDEPENDENT AGENCIES

Independent
Agencies
Appropriations
Act, 1998.

COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

SALARIES AND EXPENSES

For necessary expenses of the Committee for Purchase From People Who Are Blind or Severely Disabled established by the Act of June 23, 1971, Public Law 92-28, \$1,940,000.

FEDERAL ELECTION COMMISSION

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses to carry out the provisions of the Federal Election Campaign Act of 1971, as amended, \$31,650,000, of which no less than \$3,800,000 shall be available for internal automated data processing systems, and of which not to exceed \$5,000 shall be available for reception and representation expenses: *Provided*, That of the amounts appropriated for salaries and expenses, \$750,000 shall be transferred to the General Accounting Office for the sole purpose of entering into a contract with the private sector for a management review, and technology and performance audit, of the Federal Election Commission, and \$300,000 may be transferred to the Government Printing Office.

FEDERAL LABOR RELATIONS AUTHORITY

SALARIES AND EXPENSES

For necessary expenses to carry out functions of the Federal Labor Relations Authority, pursuant to Reorganization Plan Numbered 2 of 1978, and the Civil Service Reform Act of 1978, including services as authorized by 5 U.S.C. 3109, including hire of experts and consultants, hire of passenger motor vehicles, rental of conference rooms in the District of Columbia and elsewhere; \$22,039,000: *Provided*, That public members of the Federal Service Impasses Panel may be paid travel expenses and per diem in lieu of subsistence as authorized by law (5 U.S.C. 5703) for persons employed intermittently in the Government service, and compensation as authorized by 5 U.S.C. 3109: *Provided further*, That notwithstanding 31 U.S.C. 3302, funds received from fees charged to non-Federal participants at labor-management relations conferences shall be credited to and merged with this account, to be available without further appropriation for the costs of carrying out these conferences.

GENERAL SERVICES ADMINISTRATION

FEDERAL BUILDINGS FUND

LIMITATIONS ON AVAILABILITY OF REVENUE

To carry out the purpose of the Fund established pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f)), the revenues and collections deposited into the Fund shall be available for necessary expenses of real property management and related activities not otherwise provided for, including operation, maintenance, and protection of federally owned and leased buildings; rental of buildings in the District of Columbia; restoration of leased premises; moving governmental agencies (including space adjustments and telecommunications relocation expenses) in connection with the assignment, allocation and transfer of space; contractual services incident to cleaning or servicing buildings, and moving; repair and alteration of federally owned buildings including grounds, approaches and appurtenances; care and safeguarding of sites; maintenance, preservation, demolition, and equipment; acquisition of buildings and sites by purchase, condemnation, or as otherwise authorized by law; acquisition of options to purchase buildings and sites; conversion and extension of federally owned buildings; preliminary planning and design of projects by contract or otherwise; construction of new buildings (including equipment for such buildings); and payment of principal, interest, and any other obligations for public buildings acquired by installment purchase and purchase contract, in the aggregate amount of \$4,835,934,000, of which: (1) \$300,000,000 shall remain available until expended, for repairs and alterations which includes associated design and construction services: *Provided*, That additional projects for which prospectuses have been fully approved may be funded under this category only if advance approval is obtained from the Committees on Appropriations of the House and Senate: *Provided further*, That the amounts provided in this or any prior Act for "Repairs and

Alterations” may be used to fund costs associated with implementing security improvements to buildings necessary to meet the minimum standards for security in accordance with current law and in compliance with the reprogramming guidelines of the appropriate Committees of the House and Senate: *Provided further*, That funds made available in this Act or any previous Act for “Repairs and Alterations” shall, for prospectus projects, be limited to the amount originally made available, except each project may be increased by an amount not to exceed 10 percent when advance approval is obtained from the Committees on Appropriations of the House and Senate of a greater amount: *Provided further*, That the difference between the funds appropriated and expended on any projects in this or any prior Act, under the heading “Repairs and Alterations”, may be transferred to Basic Repairs and Alterations or used to fund authorized increases in prospectus projects: *Provided further*, That all funds for repairs and alterations prospectus projects shall expire on September 30, 2000 and remain in the Federal Building Fund except funds for projects as to which funds for design or other funds have been obligated in whole or in part prior to such date: *Provided further*, That the amount provided in this or any prior Act for Basic Repairs and Alterations may be used to pay claims against the Government arising from any projects under the heading “Repairs and Alterations” or used to fund authorized increases in prospectus projects; (2) \$142,542,000 for installment acquisition payments including payments on purchase contracts which shall remain available until expended; (3) \$2,275,340,000 for rental of space which shall remain available until expended; (4) \$1,331,789,000 for building operations which shall remain available until expended; and (5) \$680,543,000 which shall remain available until expended for projects and activities previously requested and approved under this heading in prior fiscal years: *Provided further*, That for the purposes of this authorization, and hereafter, buildings constructed pursuant to the purchase contract authority of the Public Buildings Amendments of 1972 (40 U.S.C. 602a), buildings occupied pursuant to installment purchase contracts, and buildings under the control of another department or agency where alterations of such buildings are required in connection with the moving of such other department or agency from buildings then, or thereafter to be, under the control of the General Services Administration shall be considered to be federally owned buildings: *Provided further*, That funds available in the Federal Buildings Fund may be expended for emergency repairs when advance approval is obtained from the Committees on Appropriations of the House and Senate: *Provided further*, That amounts necessary to provide reimbursable special services to other agencies under section 210(f)(6) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f)(6)) and amounts to provide such reimbursable fencing, lighting, guard booths, and other facilities on private or other property not in Government ownership or control as may be appropriate to enable the United States Secret Service to perform its protective functions pursuant to 18 U.S.C. 3056, as amended, shall be available from such revenues and collections: *Provided further*, That revenues and collections and any other sums accruing to this Fund during fiscal year 1998, excluding reimbursements under section 210(f)(6) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 490(f)(6)) in excess of \$4,835,934,000 shall remain in

Expiration date.

40 USC 490i.

the Fund and shall not be available for expenditure except as authorized in appropriations Acts.

POLICY AND OPERATIONS

For expenses authorized by law, not otherwise provided for, for Government-wide policy and oversight activities associated with asset management activities; utilization and donation of surplus personal property; transportation; procurement and supply; Government-wide and internal responsibilities relating to automated data management, telecommunications, information resources management, and related technology activities; utilization survey, deed compliance inspection, appraisal, environmental and cultural analysis, and land use planning functions pertaining to excess and surplus real property; agency-wide policy direction; Board of Contract Appeals; accounting, records management, and other support services incident to adjudication of Indian Tribal Claims by the United States Court of Federal Claims; services as authorized by 5 U.S.C. 3109; and not to exceed \$5,000 for official reception and representation expenses; \$107,487,000.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General and services authorized by 5 U.S.C. 3109, \$33,870,000: *Provided*, That not to exceed \$10,000 shall be available for payment for information and detection of fraud against the Government, including payment for recovery of stolen Government property: *Provided further*, That not to exceed \$2,500 shall be available for awards to employees of other Federal agencies and private citizens in recognition of efforts and initiatives resulting in enhanced Office of Inspector General effectiveness.

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

For carrying out the provisions of the Act of August 25, 1958, as amended (3 U.S.C. 102 note), and Public Law 95-138, \$2,208,000: *Provided*, That the Administrator of General Services shall transfer to the Secretary of the Treasury such sums as may be necessary to carry out the provisions of such Acts.

GENERAL PROVISIONS

GENERAL SERVICES ADMINISTRATION

SEC. 401. The appropriate appropriation or fund available to the General Services Administration shall be credited with the cost of operation, protection, maintenance, upkeep, repair, and improvement, included as part of rentals received from Government corporations pursuant to law (40 U.S.C. 129).

SEC. 402. Funds available to the General Services Administration shall be available for the hire of passenger motor vehicles.

SEC. 403. Funds in the Federal Buildings Fund made available for fiscal year 1998 for Federal Buildings Fund activities may be transferred between such activities only to the extent necessary to meet program requirements: *Provided*, That any proposed transfers shall be approved in advance by the Committees on Appropriations of the House and Senate.

SEC. 404. No funds made available by this Act shall be used to transmit a fiscal year 1999 request for United States Courthouse construction that: (1) does not meet the design guide standards for construction as established and approved by the General Services Administration, the Judicial Conference of the United States, and the Office of Management and Budget; and (2) does not reflect the priorities of the Judicial Conference of the United States as set out in its approved 5-year construction plan: *Provided*, That the fiscal year 1999 request must be accompanied by a standardized courtroom utilization study of each facility to be constructed, replaced, or expanded.

SEC. 405. None of the funds provided in this Act may be used to increase the amount of occupiable square feet, provide cleaning services, security enhancements, or any other service usually provided through the Federal Buildings Fund, to any agency which does not pay the rate per square foot assessment for space and services as determined by the General Services Administration in compliance with the Public Buildings Amendments Act of 1972 (Public Law 92-313).

SEC. 406. Section 10 of the General Services Administration General Provisions, Public Law 100-440, is hereby repealed.

102 Stat. 1742.

SEC. 407. Funds provided to other Government agencies by the Information Technology Fund, General Services Administration, under 40 U.S.C. 757 and sections 5124(b) and 5128 of Public Law 104-106, Information Technology Management Reform Act of 1996, for performance of pilot information technology projects which have potential for Government-wide benefits and savings, may be repaid to this Fund from any savings actually incurred by these projects or other funding, to the extent feasible.

SEC. 408. The Administrator of General Services is directed to ensure that the materials used for the facade on the United States Courthouse Annex, Savannah, Georgia project are compatible with the existing Savannah Federal Building-United States Courthouse facade, in order to ensure compatibility of this new facility with the Savannah historic district and to ensure that the Annex will not endanger the National Landmark status of the Savannah historic district.

SEC. 409. (a) The Act approved August 25, 1958, as amended (Public Law 85-745; 3 U.S.C. 102 note), is amended by striking section 2.

(b) Section 3214 of title 39, United States Code, is amended—

(1) in subsection (a) by striking “(a) Subject to subsection (b), a” and inserting “A”; and

(2) by striking subsection (b).

SEC. 410. There is hereby appropriated to the General Services Administration such sums as may be necessary to repay debts to the United States Treasury incurred pursuant to section 6 of the Pennsylvania Avenue Development Corporation Act of 1972, as amended (Public Law 92-578, 86 Stat. 1266, 40 U.S.C. 875), and in addition such amounts as are necessary for payment of interest and premiums, if any, related to such debts.

SEC. 411. From funds made available under the heading “Federal Buildings Fund Limitations on Revenue”, claims against the Government of less than \$250,000 arising from direct construction projects and acquisition of buildings may be liquidated from savings effected in other construction projects with prior notification to the Committees on Appropriations of the House and Senate.

SEC. 412. (a) IN GENERAL.—Notwithstanding any other provision of law, the Administrator of General Services shall sell the property described in subsection (b) through a process of competitive bidding, in accordance with procedures and requirements applicable to such a sale under section 203(e) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484(e)).

(b) PROPERTY DESCRIBED.—The property referred to in subsection (a) is the property known as the Bakersfield Federal Building, located at 800 Truxton Avenue in Bakersfield, California, including the land on which the building is situated and all improvements to such building and land.

SEC. 413. Section 201(b) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 481) is amended to read as follows:

“(b)(1) The Administrator shall as far as practicable provide any of the services specified in subsection (a) of this section to any other Federal agency, mixed ownership corporation (as defined in section 9101 of title 31, United States Code), or the District of Columbia, upon its request.

“(2)(A) Upon the request of a qualified nonprofit agency for the blind or other severely handicapped that is to provide a commodity or service to the Federal Government under the Javits-Wagner-O’Day Act (41 U.S.C. 46 et seq.), the Administrator may provide any of the services specified in subsection (a) to such agency to the extent practicable.

“(B) A nonprofit agency receiving services under the authority of subparagraph (A) shall use the services directly in making or providing an approved commodity or approved service to the Federal Government.

“(C) In this paragraph—

“(i) The term ‘qualified nonprofit agency for the blind or other severely handicapped’ means—

“(I) a qualified nonprofit agency for the blind, as defined in section 5(3) of the Javits-Wagner-O’Day Act (41 U.S.C. 48b(3)); and

“(II) a qualified nonprofit agency for other severely handicapped, as defined in section 5(4) of such Act (41 U.S.C. 48b(4)).

“(ii) The term ‘approved commodity’ and ‘approved service’ means a commodity and a service, respectively, that has been determined by the Committee for Purchase from the Blind and Other Severely Handicapped under section 2 of the Javits-Wagner-O’Day Act (41 U.S.C. 47) to be suitable for procurement by the Federal Government.”.

FEDERAL PAYMENT TO MORRIS K. UDALL SCHOLARSHIP AND EXCELLENCE IN NATIONAL ENVIRONMENTAL POLICY FOUNDATION

For payment to the Morris K. Udall Scholarship and Excellence in National Environmental Trust Fund, to be available for purposes of Public Law 102-259, \$1,750,000, to remain available until expended.

JOHN F. KENNEDY ASSASSINATION RECORDS REVIEW BOARD

For the necessary expenses to carry out the John F. Kennedy Assassination Records Collection Act of 1992, \$1,600,000: *Provided*, That \$100,000 shall be available only for the purposes of the prompt

Termination
date.

and orderly termination of the John F. Kennedy Assassination Records Review Board, to be concluded no later than September 30, 1998.

MERIT SYSTEMS PROTECTION BOARD

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses to carry out functions of the Merit Systems Protection Board pursuant to Reorganization Plan Numbered 2 of 1978 and the Civil Service Reform Act of 1978, including services as authorized by 5 U.S.C. 3109, rental of conference rooms in the District of Columbia and elsewhere, hire of passenger motor vehicles, and direct procurement of survey printing, \$25,290,000, together with not to exceed \$2,430,000 for administrative expenses to adjudicate retirement appeals to be transferred from the Civil Service Retirement and Disability Fund in amounts determined by the Merit Systems Protection Board.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

OPERATING EXPENSES

For necessary expenses in connection with the administration of the National Archives (including the Information Security Oversight Office) and records and related activities, as provided by law, and for expenses necessary for the review and declassification of documents, and for the hire of passenger motor vehicles, \$205,166,500: *Provided*, That the Archivist of the United States is authorized to use any excess funds available from the amount borrowed for construction of the National Archives facility, for expenses necessary to provide adequate storage for holdings.

ARCHIVES FACILITIES AND PRESIDENTIAL LIBRARIES REPAIRS AND RESTORATION

For the repair, alteration, and improvement of archives facilities and presidential libraries, and to provide adequate storage for holdings, \$14,650,000, to remain available until expended.

NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMISSION

GRANTS PROGRAM

For necessary expenses for allocations and grants for historical publications and records as authorized by 44 U.S.C. 2504, as amended, \$5,500,000, to remain available until expended.

OFFICE OF GOVERNMENT ETHICS

SALARIES AND EXPENSES

For necessary expenses to carry out functions of the Office of Government Ethics pursuant to the Ethics in Government Act of 1978, as amended by Public Law 100-598, and the Ethics Reform Act of 1989, Public Law 101-194, including services as authorized by 5 U.S.C. 3109, rental of conference rooms in the District of Columbia and elsewhere, hire of passenger motor vehicles, and

not to exceed \$1,500 for official reception and representation expenses; \$8,265,000.

OFFICE OF PERSONNEL MANAGEMENT

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF TRUST FUNDS)

For necessary expenses to carry out functions of the Office of Personnel Management pursuant to Reorganization Plan Numbered 2 of 1978 and the Civil Service Reform Act of 1978, including services as authorized by 5 U.S.C. 3109; medical examinations performed for veterans by private physicians on a fee basis; rental of conference rooms in the District of Columbia and elsewhere; hire of passenger motor vehicles; not to exceed \$2,500 for official reception and representation expenses; advances for reimbursements to applicable funds of the Office of Personnel Management and the Federal Bureau of Investigation for expenses incurred under Executive Order No. 10422 of January 9, 1953, as amended; and payment of per diem and/or subsistence allowances to employees where Voting Rights Act activities require an employee to remain overnight at his or her post of duty; \$85,350,000; and in addition \$91,236,000 for administrative expenses, to be transferred from the appropriate trust funds of the Office of Personnel Management without regard to other statutes, including direct procurement of printed materials, for the retirement and insurance programs: *Provided*, That the provisions of this appropriation shall not affect the authority to use applicable trust funds as provided by section 8348(a)(1)(B) of title 5, United States Code: *Provided further*, That, except as may be consistent with 5 U.S.C. 8902a(f)(1) and (i), no payment may be made from the Employees Health Benefits Fund to any physician, hospital, or other provider of health care services or supplies who is, at the time such services or supplies are provided to an individual covered under chapter 89 of title 5, United States Code, excluded, pursuant to section 1128 or 1128A of the Social Security Act (42 U.S.C. 1320a-7 through 1320a-7a), from participation in any program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.): *Provided further*, That no part of this appropriation shall be available for salaries and expenses of the Legal Examining Unit of the Office of Personnel Management established pursuant to Executive Order No. 9358 of July 1, 1943, or any successor unit of like purpose: *Provided further*, That the President's Commission on White House Fellows, established by Executive Order No. 11183 of October 3, 1964, may, during the fiscal year ending September 30, 1998, accept donations of money, property, and personal services in connection with the development of a publicity brochure to provide information about the White House Fellows, except that no such donations shall be accepted for travel or reimbursement of travel expenses, or for the salaries of employees of such Commission.

OFFICE OF INSPECTOR GENERAL

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF TRUST FUNDS)

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act, as amended, including services as authorized by 5 U.S.C. 3109, hire of passenger motor vehicles, \$960,000; and in addition, not to exceed \$8,645,000 for administrative expenses to audit the Office of Personnel Management's retirement and insurance programs, to be transferred from the appropriate trust funds of the Office of Personnel Management, as determined by the Inspector General: *Provided*, That the Inspector General is authorized to rent conference rooms in the District of Columbia and elsewhere.

GOVERNMENT PAYMENT FOR ANNUITANTS, EMPLOYEES HEALTH BENEFITS

For payment of Government contributions with respect to retired employees, as authorized by chapter 89 of title 5, United States Code, and the Retired Federal Employees Health Benefits Act (74 Stat. 849), as amended, such sums as may be necessary.

GOVERNMENT PAYMENT FOR ANNUITANTS, EMPLOYEE LIFE INSURANCE

For payment of Government contributions with respect to employees retiring after December 31, 1989, as required by chapter 87 of title 5, United States Code, such sums as may be necessary.

PAYMENT TO CIVIL SERVICE RETIREMENT AND DISABILITY FUND

For financing the unfunded liability of new and increased annuity benefits becoming effective on or after October 20, 1969, as authorized by 5 U.S.C. 8348, and annuities under special Acts to be credited to the Civil Service Retirement and Disability Fund, such sums as may be necessary: *Provided*, That annuities authorized by the Act of May 29, 1944, as amended, and the Act of August 19, 1950, as amended (33 U.S.C. 771-775), may hereafter be paid out of the Civil Service Retirement and Disability Fund.

33 USC 776.

OFFICE OF SPECIAL COUNSEL

SALARIES AND EXPENSES

For necessary expenses to carry out functions of the Office of Special Counsel pursuant to Reorganization Plan Numbered 2 of 1978, the Civil Service Reform Act of 1978 (Public Law 95-454), the Whistleblower Protection Act of 1989 (Public Law 101-12), Public Law 103-424, and the Uniformed Services Employment and Reemployment Act of 1994 (Public Law 103-353), including services as authorized by 5 U.S.C. 3109, payment of fees and expenses for witnesses, rental of conference rooms in the District of Columbia and elsewhere, and hire of passenger motor vehicles; \$8,450,000.

UNITED STATES TAX COURT

SALARIES AND EXPENSES

26 USC 7443
note.

For necessary expenses, including contract reporting and other services as authorized by 5 U.S.C. 3109, \$33,921,000: *Provided*, That travel expenses of the judges shall be paid upon the written certificate of the judge.

This title may be cited as the “Independent Agencies Appropriations Act, 1998”.

TITLE V—GENERAL PROVISIONS

THIS ACT

Contracts.
Public
information.

SEC. 501. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 502. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to 5 U.S.C. 3109, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.

SEC. 503. None of the funds made available by this Act shall be available for any activity or for paying the salary of any Government employee where funding an activity or paying a salary to a Government employee would result in a decision, determination, rule, regulation, or policy that would prohibit the enforcement of section 307 of the Tariff Act of 1930.

SEC. 504. None of the funds made available by this Act shall be available in fiscal year 1998, for the purpose of transferring control over the Federal Law Enforcement Training Center located at Glynco, Georgia, and Artesia, New Mexico, out of the Department of the Treasury.

SEC. 505. The Office of Personnel Management may, during the fiscal year ending September 30, 1998, and hereafter, accept donations of supplies, services, land, and equipment for the Federal Executive Institute and Management Development Centers to assist in enhancing the quality of Federal management.

SEC. 506. No part of any appropriation contained in this Act shall be available to pay the salary for any person filling a position, other than a temporary position, formerly held by an employee who has left to enter the Armed Forces of the United States and has satisfactorily completed his period of active military or naval service, and has within 90 days after his release from such service or from hospitalization continuing after discharge for a period of not more than 1 year, made application for restoration to his former position and has been certified by the Office of Personnel Management as still qualified to perform the duties of his former position and has not been restored thereto.

SEC. 507. No funds appropriated pursuant to this Act may be expended by an entity unless the entity agrees that in expending the assistance the entity will comply with sections 2 through 4 of the Act of March 3, 1933 (41 U.S.C. 10a-10c, popularly known as the “Buy American Act”).

SEC. 508. (a) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—In the case of any equipment or products that may be authorized to be purchased with financial assistance provided under this Act, it is the sense of the Congress that entities receiving such assistance should, in expending the assistance, purchase only American-made equipment and products.

(b) NOTICE TO RECIPIENTS OF ASSISTANCE.—In providing financial assistance under this Act, the Secretary of the Treasury shall provide to each recipient of the assistance a notice describing the statement made in subsection (a) by the Congress.

SEC. 509. If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a “Made in America” inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, such person shall be ineligible to receive any contract or subcontract made with funds provided pursuant to this Act, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

SEC. 510. Except as otherwise specifically provided by law, not to exceed 50 percent of unobligated balances remaining available at the end of fiscal year 1998 from appropriations made available for salaries and expenses for fiscal year 1998 in this Act, shall remain available through September 30, 1999, for each such account for the purposes authorized: *Provided*, That a request shall be submitted to the House and Senate Committees on Appropriations for approval prior to the expenditure of such funds: *Provided further*, That these requests shall be made in compliance with reprogramming guidelines.

SEC. 511. None of the funds made available in this Act may be used by the Executive Office of the President to request from the Federal Bureau of Investigation any official background investigation report on any individual, except when it is made known to the Federal official having authority to obligate or expend such funds that—

(1) such individual has given his or her express written consent for such request not more than 6 months prior to the date of such request and during the same presidential administration; or

(2) such request is required due to extraordinary circumstances involving national security.

SEC. 512. (a) PROHIBITING REAPPOINTMENT OF MEMBERS OF FEDERAL ELECTION COMMISSION.—Section 306(a)(2)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437c(a)(2)(A)) is amended by striking “for terms of 6 years” and inserting “for a single term of 6 years”.

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply with respect to individuals nominated by the President to be members of the Federal Election Commission after December 31, 1997.

2 USC 437c note.

SEC. 513. No funds appropriated by this Act shall be available to pay for an abortion, or the administrative expenses in connection with any health plan under the Federal employees health benefit program which provides any benefits or coverage for abortions.

SEC. 514. The provision of section 513 shall not apply where the life of the mother would be endangered if the fetus were carried to term, or the pregnancy is the result of an act of rape or incest.

SEC. 515. Section 1 under the subheading “GENERAL PROVISION” under the heading “OFFICE OF PERSONNEL MANAGEMENT” under title IV of the Treasury, Postal Service and General Government Appropriations Act, 1992 (Public Law 102-141; 105 Stat. 861; 5 U.S.C. 5941 note), as amended by section 532 of the Treasury, Postal Service and General Government Appropriations Act, 1995 (Public Law 103-329; 108 Stat. 2413), and by section 5 under the heading “GENERAL PROVISIONS—OFFICE OF PERSONNEL MANAGEMENT” under title IV of the Treasury, Postal Service, and General Government Appropriations Act, 1996 (Public Law 104-52; 109 Stat. 490), is further amended by striking “1998” both places it appears and inserting “2000”.

SEC. 516. (a) Title 5, United States Code, is amended—

(1) in section 8334 by adding at the end the following new subsection:

“(m) A Member who has served in a position in the executive branch for which the rate of basic pay was reduced for the duration of the service of the Member to remove the impediment to the appointment of the Member imposed by article I, section 6, clause 2 of the Constitution, or the survivor of such a Member, may deposit to the credit of the Fund an amount equal to the difference between the amount deducted from the basic pay of the Member during that period of service and the amount that would have been deducted if the rate of basic pay which would otherwise have been in effect during that period had been in effect, plus interest computed under subsection (e).”;

(2) in section 8337(a) by striking “or (q)” and inserting “(q), or (r)”;

(3) in section 8339—

(A) in subsections (f) and (i) through (m) by striking “and (q) of this section” and “and (q)” each time either appears and inserting “(q), and (r)”;

(B) in subsection (g) by striking “or (q) of this section” each time it appears and inserting “(q), or (r)”;

(C) by adding at the end the following new subsection:

“(r) The annuity of a Member who has served in a position in the executive branch for which the rate of basic pay was reduced for the duration of the service of the Member in that position to remove the impediment to the appointment of the Member imposed by article I, section 6, clause 2 of the Constitution, shall, subject to a deposit in the Fund as provided under section 8334(m), be computed as though the rate of basic pay which would otherwise have been in effect during that period of service had been in effect.”;

(4) in section 8341(b)(1) and (d) by striking “and (q) of this title” each place it appears and inserting “(q), and (r)”;

(5) in section 8334a(c) by striking “and (q) of section 8339 of this title” and inserting “(q), and (r) of section 8339”;

(6) in section 8344(a)(A) by striking “and (q) of this title” and inserting “(q), and (r)”;

(7) in section 8415 by adding at the end the following new subsection:

“(h) The annuity of a Member who has served in a position in the executive branch for which the rate of basic pay was reduced for the duration of the service of the Member in that position to remove the impediment to the appointment of the Member imposed by article I, section 6, clause 2 of the Constitution, shall,

subject to a deposit in the Fund as provided under section 8422(g), be computed as though the rate of basic pay which would otherwise have been in effect during that period of service had been in effect.”.

(8) in section 8422 by adding at the end the following new subsection:

“(g) A Member who has served in a position in the executive branch for which the rate of basic pay was reduced for the duration of the service of the Member to remove the impediment to the appointment of the Member imposed by article I, section 6, clause 2 of the Constitution, or the survivor of such a Member, may deposit to the credit of the Fund an amount equal to the difference between the amount deducted from the basic pay of the Member during that period of service and the amount that would have been deducted if the rate of basic pay which would otherwise have been in effect during that period had been in effect, plus interest computed under section 8334(e).”; and

(9) in section 8468 by striking “through (f)” and inserting “through (g)”.

(b) The amendments made by subsection (a) shall be applicable to any annuity commencing before, on, or after the date of enactment of this Act, and shall be effective with regard to any payment made after the first month following the date of enactment.

Applicability.
Effective date.
5 USC 8334a.

SEC. 517. (a) Section 5948 of title 5, United States Code, is amended—

(1) in subsection (d) by striking the second sentence and inserting the following: “No agreement shall be entered into under this section later than September 30, 2000, nor shall any agreement cover a period of service extending beyond September 30, 2002.”; and

(2) in subsection (j)(2)(A) by striking “September 30, 1997” and inserting “September 30, 2000”.

(b) Section 3 of the Federal Physicians Comparability Allowance Act of 1978 (5 U.S.C. 5948 note) is amended by striking “September 30, 1999” and inserting “September 30, 2002”.

(c) The amendments made by this section shall take effect on the date of enactment of this Act.

Effective date.
5 USC 5948 note.

SEC. 518. (a)(1) Section 8341 of title 5, United States Code, is amended by adding at the end the following:

“(k)(1) Subsections (b)(3)(B), (d)(ii), and (h)(3)(B)(i) (to the extent that they provide for termination of a survivor annuity because of a remarriage before age 55) shall not apply if the widow, widower, or former spouse was married for at least 30 years to the individual on whose service the survivor annuity is based.

“(2) A remarriage described in paragraph (1) shall not be taken into account for purposes of section 8339(j)(5)(B) or (C) or any other provision of this chapter which the Office may by regulation identify in order to carry out the purposes of this subsection.”.

(2) Such section 8341 is further amended—

(A) in subsections (b)(3)(B) and (d)(ii) by striking “remarries” and inserting “except as provided in subsection (k), remarries”; and

(B) in subsection (h)(3)(B)(i) by striking “in” and inserting “except as provided in subsection (k), in”.

(b)(1)(A) Section 8442(d) of title 5, United States Code, is amended by adding at the end the following:

“(3) Paragraph (1)(B) (relating to termination of a survivor annuity because of a remarriage before age 55) shall not apply if the widow or widower was married for at least 30 years to the individual on whose service the survivor annuity is based.”.

(B) Subsection (d)(1)(B) of such section 8442 is amended by striking “remarries” and inserting “except as provided in paragraph (3), remarries”.

(2)(A) Section 8445 of title 5, United States Code, is amended by adding at the end the following:

“(h)(1) Subsection (c)(2) (to the extent that it provides for termination of a survivor annuity because of a remarriage before age 55) shall not apply if the former spouse was married for at least 30 years to the individual on whose service the survivor annuity is based.

“(2) A remarriage described in paragraph (1) shall not be taken into account for purposes of section 8419(b)(1)(B) or any other provision of this chapter which the Office may by regulation identify in order to carry out the purposes of this subsection.”.

(B) Subsection (c)(2) of such section 8445 is amended by striking “shall” and inserting “except as provided in subsection (h), shall”.

(c) The amendments made by this section shall apply with respect to remarriages occurring on or after January 1, 1995.

Applicability.
5 USC 8341 note.

TITLE VI—GENERAL PROVISIONS

DEPARTMENTS, AGENCIES, AND CORPORATIONS

SEC. 601. Funds appropriated in this or any other Act may be used to pay travel to the United States for the immediate family of employees serving abroad in cases of death or life threatening illness of said employee.

SEC. 602. No department, agency, or instrumentality of the United States receiving appropriated funds under this or any other Act for fiscal year 1998 shall obligate or expend any such funds, unless such department, agency, or instrumentality has in place, and will continue to administer in good faith, a written policy designed to ensure that all of its workplaces are free from the illegal use, possession, or distribution of controlled substances (as defined in the Controlled Substances Act) by the officers and employees of such department, agency, or instrumentality.

SEC. 603. Notwithstanding 31 U.S.C. 1345, any agency, department, or instrumentality of the United States which provides or proposes to provide child care services for Federal employees may reimburse any Federal employee or any person employed to provide such services for travel, transportation, and subsistence expenses incurred for training classes, conferences, or other meetings in connection with the provision of such services: *Provided*, That any per diem allowance made pursuant to this section shall not exceed the rate specified in regulations prescribed pursuant to section 5707 of title 5, United States Code.

31 USC 1343
note.

SEC. 604. Unless otherwise specifically provided, the maximum amount allowable during the current fiscal year in accordance with section 16 of the Act of August 2, 1946 (60 Stat. 810), for the purchase of any passenger motor vehicle (exclusive of buses, ambulances, law enforcement, and undercover surveillance vehicles), is hereby fixed at \$8,100 except station wagons for which the maximum shall be \$9,100: *Provided*, That these limits may be exceeded

by not to exceed \$3,700 for police-type vehicles, and by not to exceed \$4,000 for special heavy-duty vehicles: *Provided further*, That the limits set forth in this section may not be exceeded by more than 5 percent for electric or hybrid vehicles purchased for demonstration under the provisions of the Electric and Hybrid Vehicle Research, Development, and Demonstration Act of 1976: *Provided further*, That the limits set forth in this section may be exceeded by the incremental cost of clean alternative fuels vehicles acquired pursuant to Public Law 101-549 over the cost of comparable conventionally fueled vehicles.

SEC. 605. Appropriations of the executive departments and independent establishments for the current fiscal year available for expenses of travel, or for the expenses of the activity concerned, are hereby made available for quarters allowances and cost-of-living allowances, in accordance with 5 U.S.C. 5922-5924.

SEC. 606. Unless otherwise specified during the current fiscal year, no part of any appropriation contained in this or any other Act shall be used to pay the compensation of any officer or employee of the Government of the United States (including any agency the majority of the stock of which is owned by the Government of the United States) whose post of duty is in the continental United States unless such person: (1) is a citizen of the United States; (2) is a person in the service of the United States on the date of enactment of this Act who, being eligible for citizenship, has filed a declaration of intention to become a citizen of the United States prior to such date and is actually residing in the United States; (3) is a person who owes allegiance to the United States; (4) is an alien from Cuba, Poland, South Vietnam, the countries of the former Soviet Union, or the Baltic countries lawfully admitted to the United States for permanent residence; (5) is a South Vietnamese, Cambodian, or Laotian refugee paroled in the United States after January 1, 1975; or (6) is a national of the People's Republic of China who qualifies for adjustment of status pursuant to the Chinese Student Protection Act of 1992: *Provided*, That for the purpose of this section, an affidavit signed by any such person shall be considered prima facie evidence that the requirements of this section with respect to his or her status have been complied with: *Provided further*, That any person making a false affidavit shall be guilty of a felony, and, upon conviction, shall be fined no more than \$4,000 or imprisoned for not more than 1 year, or both: *Provided further*, That the above penal clause shall be in addition to, and not in substitution for, any other provisions of existing law: *Provided further*, That any payment made to any officer or employee contrary to the provisions of this section shall be recoverable in action by the Federal Government. This section shall not apply to citizens of Ireland, Israel, or the Republic of the Philippines, or to nationals of those countries allied with the United States in a current defense effort, or to international broadcasters employed by the United States Information Agency, or to temporary employment of translators, or to temporary employment in the field service (not to exceed 60 days) as a result of emergencies.

5 USC 3101 note.

SEC. 607. Appropriations available to any department or agency during the current fiscal year for necessary expenses, including maintenance or operating expenses, shall also be available for payment to the General Services Administration for charges for space and services and those expenses of renovation and alteration of

buildings and facilities which constitute public improvements performed in accordance with the Public Buildings Act of 1959 (73 Stat. 749), the Public Buildings Amendments of 1972 (87 Stat. 216), or other applicable law.

SEC. 608. In addition to funds provided in this or any other Act, all Federal agencies are authorized to receive and use funds resulting from the sale of materials, including Federal records disposed of pursuant to a records schedule recovered through recycling or waste prevention programs. Such funds shall be available until expended for the following purposes:

(1) Acquisition, waste reduction and prevention, and recycling programs as described in Executive Order No. 12873 (October 20, 1993), including any such programs adopted prior to the effective date of the Executive order.

(2) Other Federal agency environmental management programs, including, but not limited to, the development and implementation of hazardous waste management and pollution prevention programs.

(3) Other employee programs as authorized by law or as deemed appropriate by the head of the Federal agency.

SEC. 609. Funds made available by this or any other Act for administrative expenses in the current fiscal year of the corporations and agencies subject to chapter 91 of title 31, United States Code, shall be available, in addition to objects for which such funds are otherwise available, for rent in the District of Columbia; services in accordance with 5 U.S.C. 3109; and the objects specified under this head, all the provisions of which shall be applicable to the expenditure of such funds unless otherwise specified in the Act by which they are made available: *Provided*, That in the event any functions budgeted as administrative expenses are subsequently transferred to or paid from other funds, the limitations on administrative expenses shall be correspondingly reduced.

SEC. 610. No part of any appropriation for the current fiscal year contained in this or any other Act shall be paid to any person for the filling of any position for which he or she has been nominated after the Senate has voted not to approve the nomination of said person.

SEC. 611. No part of any appropriation contained in this or any other Act shall be available for interagency financing of boards (except Federal Executive Boards), commissions, councils, committees, or similar groups (whether or not they are interagency entities) which do not have a prior and specific statutory approval to receive financial support from more than one agency or instrumentality.

SEC. 612. Funds made available by this or any other Act to the Postal Service Fund (39 U.S.C. 2003) shall be available for employment of guards for all buildings and areas owned or occupied by the Postal Service and under the charge and control of the Postal Service, and such guards shall have, with respect to such property, the powers of special policemen provided by the first section of the Act of June 1, 1948, as amended (62 Stat. 281; 40 U.S.C. 318), and, as to property owned or occupied by the Postal Service, the Postmaster General may take the same actions as the Administrator of General Services may take under the provisions of sections 2 and 3 of the Act of June 1, 1948, as amended (62 Stat. 281; 40 U.S.C. 318a and 318b), attaching thereto penal consequences under the authority and within the limits provided

in section 4 of the Act of June 1, 1948, as amended (62 Stat. 281; 40 U.S.C. 318c).

SEC. 613. None of the funds made available pursuant to the provisions of this Act shall be used to implement, administer, or enforce any regulation which has been disapproved pursuant to a resolution of disapproval duly adopted in accordance with the applicable law of the United States.

SEC. 614. (a) Notwithstanding any other provision of law, and except as otherwise provided in this section, no part of any of the funds appropriated for the fiscal year ending on September 30, 1998, by this or any other Act, may be used to pay any prevailing rate employee described in section 5342(a)(2)(A) of title 5, United States Code—

5 USC 5343 note.

(1) during the period from the date of expiration of the limitation imposed by section 616 of the Treasury, Postal Service and General Government Appropriations Act, 1997, until the normal effective date of the applicable wage survey adjustment that is to take effect in fiscal year 1998, in an amount that exceeds the rate payable for the applicable grade and step of the applicable wage schedule in accordance with such section 616; and

(2) during the period consisting of the remainder of fiscal year 1998, in an amount that exceeds, as a result of a wage survey adjustment, the rate payable under paragraph (1) by more than the sum of—

(A) the percentage adjustment taking effect in fiscal year 1998 under section 5303 of title 5, United States Code, in the rates of pay under the General Schedule; and

(B) the difference between the overall average percentage of the locality-based comparability payments taking effect in fiscal year 1998 under section 5304 of such title (whether by adjustment or otherwise), and the overall average percentage of such payments which was effective in fiscal year 1997 under such section.

(b) Notwithstanding any other provision of law, no prevailing rate employee described in subparagraph (B) or (C) of section 5342(a)(2) of title 5, United States Code, and no employee covered by section 5348 of such title, may be paid during the periods for which subsection (a) is in effect at a rate that exceeds the rates that would be payable under subsection (a) were subsection (a) applicable to such employee.

(c) For the purposes of this section, the rates payable to an employee who is covered by this section and who is paid from a schedule not in existence on September 30, 1997, shall be determined under regulations prescribed by the Office of Personnel Management.

Regulations.

(d) Notwithstanding any other provision of law, rates of premium pay for employees subject to this section may not be changed from the rates in effect on September 30, 1997, except to the extent determined by the Office of Personnel Management to be consistent with the purpose of this section.

(e) This section shall apply with respect to pay for service performed after September 30, 1997.

Applicability.

(f) For the purpose of administering any provision of law (including section 8431 of title 5, United States Code, and any

rule or regulation that provides premium pay, retirement, life insurance, or any other employee benefit) that requires any deduction or contribution, or that imposes any requirement or limitation on the basis of a rate of salary or basic pay, the rate of salary or basic pay payable after the application of this section shall be treated as the rate of salary or basic pay.

(g) Nothing in this section shall be considered to permit or require the payment to any employee covered by this section at a rate in excess of the rate that would be payable were this section not in effect.

(h) The Office of Personnel Management may provide for exceptions to the limitations imposed by this section if the Office determines that such exceptions are necessary to ensure the recruitment or retention of qualified employees.

SEC. 615. During the period in which the head of any department or agency, or any other officer or civilian employee of the Government appointed by the President of the United States, holds office, no funds may be obligated or expended in excess of \$5,000 to furnish or redecorate the office of such department head, agency head, officer, or employee, or to purchase furniture or make improvements for any such office, unless advance notice of such furnishing or redecoration is expressly approved by the Committees on Appropriations of the House and Senate. For the purposes of this section, the word “office” shall include the entire suite of offices assigned to the individual, as well as any other space used primarily by the individual or the use of which is directly controlled by the individual.

SEC. 616. Notwithstanding any other provision of law, no executive branch agency shall purchase, construct, and/or lease any additional facilities, except within or contiguous to existing locations, to be used for the purpose of conducting Federal law enforcement training without the advance approval of the House and Senate Committees on Appropriations.

SEC. 617. Notwithstanding section 1346 of title 31, United States Code, or section 611 of this Act, funds made available for fiscal year 1998 by this or any other Act shall be available for the interagency funding of national security and emergency preparedness telecommunications initiatives which benefit multiple Federal departments, agencies, or entities, as provided by Executive Order No. 12472 (April 3, 1984).

SEC. 618. (a) None of the funds appropriated by this or any other Act may be obligated or expended by any Federal department, agency, or other instrumentality for the salaries or expenses of any employee appointed to a position of a confidential or policy-determining character excepted from the competitive service pursuant to section 3302 of title 5, United States Code, without a certification to the Office of Personnel Management from the head of the Federal department, agency, or other instrumentality employing the Schedule C appointee that the Schedule C position was not created solely or primarily in order to detail the employee to the White House.

(b) The provisions of this section shall not apply to Federal employees or members of the armed services detailed to or from—

- (1) the Central Intelligence Agency;
- (2) the National Security Agency;
- (3) the Defense Intelligence Agency;

(4) the offices within the Department of Defense for the collection of specialized national foreign intelligence through reconnaissance programs;

(5) the Bureau of Intelligence and Research of the Department of State;

(6) any agency, office, or unit of the Army, Navy, Air Force, and Marine Corps, the Federal Bureau of Investigation and the Drug Enforcement Administration of the Department of Justice, the Department of Transportation, the Department of the Treasury, and the Department of Energy performing intelligence functions; and

(7) the Director of Central Intelligence.

SEC. 619. No department, agency, or instrumentality of the United States receiving appropriated funds under this or any other Act for fiscal year 1998 shall obligate or expend any such funds, unless such department, agency, or instrumentality has in place, and will continue to administer in good faith, a written policy designed to ensure that all of its workplaces are free from discrimination and sexual harassment and that all of its workplaces are not in violation of title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act of 1967, and the Rehabilitation Act of 1973.

SEC. 620. No part of any appropriation contained in this Act may be used to pay for the expenses of travel of employees, including employees of the Executive Office of the President, not directly responsible for the discharge of official governmental tasks and duties: *Provided*, That this restriction shall not apply to the family of the President, Members of Congress or their spouses, Heads of State of a foreign country or their designees, persons providing assistance to the President for official purposes, or other individuals so designated by the President.

SEC. 621. Notwithstanding any provision of law, the President, or his designee, must certify to Congress, annually, that no person or persons with direct or indirect responsibility for administering the Executive Office of the President's Drug-Free Workplace Plan are themselves subject to a program of individual random drug testing.

President.
Certification.
5 USC 7301 note.

SEC. 622. (a) None of the funds made available in this or any other Act may be obligated or expended for any employee training that—

(1) does not meet identified needs for knowledge, skills, and abilities bearing directly upon the performance of official duties;

(2) contains elements likely to induce high levels of emotional response or psychological stress in some participants;

(3) does not require prior employee notification of the content and methods to be used in the training and written end of course evaluation;

(4) contains any methods or content associated with religious or quasi-religious belief systems or "new age" belief systems as defined in Equal Employment Opportunity Commission Notice N-915.022, dated September 2, 1988;

(5) is offensive to, or designed to change, participants' personal values or lifestyle outside the workplace; or

(6) includes content related to human immunodeficiency virus-acquired immune deficiency syndrome (HIV/AIDS) other than that necessary to make employees more aware of the

medical ramifications of HIV/AIDS and the workplace rights of HIV-positive employees.

(b) Nothing in this section shall prohibit, restrict, or otherwise preclude an agency from conducting training bearing directly upon the performance of official duties.

SEC. 623. No funds appropriated in this or any other Act for fiscal year 1998 may be used to implement or enforce the agreements in Standard Forms 312 and 4355 of the Government or any other nondisclosure policy, form, or agreement if such policy, form, or agreement does not contain the following provisions: "These restrictions are consistent with and do not supersede, conflict with, or otherwise alter the employee obligations, rights, or liabilities created by Executive Order No. 12356; section 7211 of title 5, United States Code (governing disclosures to Congress); section 1034 of title 10, United States Code, as amended by the Military Whistleblower Protection Act (governing disclosure to Congress by members of the military); section 2302(b)(8) of title 5, United States Code, as amended by the Whistleblower Protection Act (governing disclosures of illegality, waste, fraud, abuse or public health or safety threats); the Intelligence Identities Protection Act of 1982 (50 U.S.C. 421 et seq.) (governing disclosures that could expose confidential Government agents); and the statutes which protect against disclosure that may compromise the national security, including sections 641, 793, 794, 798, and 952 of title 18, United States Code, and section 4(b) of the Subversive Activities Act of 1950 (50 U.S.C. 783(b)). The definitions, requirements, obligations, rights, sanctions, and liabilities created by said Executive order and listed statutes are incorporated into this agreement and are controlling." *Provided*, That notwithstanding the preceding paragraph, a nondisclosure policy form or agreement that is to be executed by a person connected with the conduct of an intelligence or intelligence-related activity, other than an employee or officer of the United States Government, may contain provisions appropriate to the particular activity for which such document is to be used. Such form or agreement shall, at a minimum, require that the person will not disclose any classified information received in the course of such activity unless specifically authorized to do so by the United States Government. Such nondisclosure forms shall also make it clear that they do not bar disclosures to Congress or to an authorized official of an executive agency or the Department of Justice that are essential to reporting a substantial violation of law.

SEC. 624. No part of any funds appropriated in this or any other Act shall be used by an agency of the executive branch, other than for normal and recognized executive-legislative relationships, for publicity or propaganda purposes, and for the preparation, distribution or use of any kit, pamphlet, booklet, publication, radio, television or film presentation designed to support or defeat legislation pending before the Congress, except in presentation to the Congress itself.

Reports.

SEC. 625. (a) IN GENERAL.—No later than September 30, 1998, the Director of the Office of Management and Budget shall submit to the Congress a report that provides—

(1) estimates of the total annual costs and benefits of Federal regulatory programs, including quantitative and non-quantitative measures of regulatory costs and benefits;

(2) estimates of the costs and benefits (including quantitative and nonquantitative measures) of each rule that is likely to have a gross annual effect on the economy of \$100,000,000 or more in increased costs;

(3) an assessment of the direct and indirect impacts of Federal rules on the private sector, State and local government, and the Federal Government; and

(4) recommendations from the Director and a description of significant public comments to reform or eliminate any Federal regulatory program or program element that is inefficient, ineffective, or is not a sound use of the Nation's resources.

(b) NOTICE.—The Director shall provide public notice and an opportunity to comment on the report under subsection (a) before the report is issued in final form.

SEC. 626. None of the funds appropriated by this Act or any other Act, may be used by an agency to provide a Federal employee's home address to any labor organization except when it is made known to the Federal official having authority to obligate or expend such funds that the employee has authorized such disclosure or that such disclosure has been ordered by a court of competent jurisdiction.

SEC. 627. The Secretary of the Treasury is authorized to establish scientific certification standards for explosives detection canines, and shall provide, on a reimbursable basis, for the certification of explosives detection canines employed by Federal agencies, or other agencies providing explosives detection services at airports in the United States.

18 USC 846 note.

SEC. 628. None of the funds made available in this Act or any other Act may be used to provide any non-public information such as mailing or telephone lists to any person or any organization outside of the Federal Government without the approval of the House and Senate Committees on Appropriations.

SEC. 629. Notwithstanding section 611, interagency financing is authorized to carry out the purposes of the National Bioethics Advisory Commission.

SEC. 630. No part of any appropriation contained in this or any other Act shall be used for publicity or propaganda purposes within the United States not heretofore authorized by the Congress.

SEC. 631. None of the funds appropriated in this or any other Act shall be used to acquire information technologies which do not comply with part 39.106 (Year 2000 compliance) of the Federal Acquisition Regulation, unless an agency's Chief Information Officer determines that noncompliance with part 39.106 is necessary to the function and operation of the requesting agency or the acquisition is required by a signed contract with the agency in effect before the date of enactment of this Act. Any waiver granted by the Chief Information Officer shall be reported to the Office of Management and Budget, and copies shall be provided to Congress.

Reports.

SEC. 632. For fiscal year 1998, the Secretary of the Treasury is authorized to use funds made available to the FSLIC Resolution Fund under Public Law 103-327, not to exceed \$33,700,000, to reimburse the Department of Justice for the reasonable expenses of litigation that are incurred in the defense of claims against the United States arising from FIRREA and its implementation.

SEC. 633. Personal Allowance Parity Among NAFTA Parties. (a) IN GENERAL.—The United States Trade Representative and the Secretary of the Treasury, in consultation with the Secretary

of Commerce, shall initiate discussions with officials of the Governments of Mexico and Canada to achieve parity in the duty-free personal allowance structure of the United States, Mexico, and Canada.

(b) **REPORT.**—The United States Trade Representative and the Secretary of the Treasury shall report to Congress within 90 days after the date of enactment of this Act on the progress that is being made to correct any disparity between the United States, Mexico, and Canada with respect to duty-free personal allowances.

(c) **RECOMMENDATIONS.**—If parity with respect to duty-free personal allowances between the United States, Mexico, and Canada is not achieved within 180 days after the date of enactment of this Act, the United States Trade Representative and the Secretary of the Treasury shall submit recommendations to Congress for appropriate legislation and action.

SEC. 634. None of the funds made available in this Act for the United States Customs Service may be used to allow the importation into the United States of any good, ware, article, or merchandise mined, produced, or manufactured by forced or indentured child labor, as determined pursuant to section 307 of the Tariff Act of 1930 (19 U.S.C. 1307).

Reports.
5 USC 5707 note.

SEC. 635. No later than 30 days after the enactment of this Act, the Director of the Office of Management and Budget shall require all Federal departments and agencies to report total obligations for the expenses of employee relocation. All obligations incident to employee relocation authorized under either chapter 57 of title 5, United States Code, or section 901 of the Foreign Service Act of 1980 (22 U.S.C. 4081; Public Law 96-465), shall be included. Such information for the past, current, and budget years shall be included in the agency budget submission to the President. The Director of the Office of Management and Budget shall prepare a table presenting obligations for the expenses of employee relocation for all departments and agencies, and such table shall be transmitted to Congress each year as part of the President's annual budget.

5 USC 5546 note.

SEC. 636. Notwithstanding any other provision of law, no part of any appropriation contained in this Act or any other Act for any fiscal year shall be available for paying Sunday premium pay to any employee unless such employee actually performed work during the time corresponding to such premium pay.

SEC. 637. Section 302(g)(1) of the Federal Election Campaign Act of 1971 (2 U.S.C. 432(g)(1)) is amended—

(1) by striking “and” after “Senator,”; and

(2) by inserting after “candidate,” the following: “and by the Republican and Democratic Senatorial Campaign Committees”.

SEC. 638. (a) Chapter 31 of title 5, United States Code, is amended by inserting after section 3112 the following:

“§ 3113. Restriction on reemployment after conviction of certain crimes

“An employee shall be separated from service and barred from reemployment in the Federal service, if—

“(1) the employee is convicted of a violation of section 201(b) of title 18; and

“(2) such violation related to conduct prohibited under section 1010(a) of the Controlled Substances Import and Export Act (21 U.S.C. 960(a)).”.

(b) The table of sections for chapter 31 of title 5, United States Code, is amended by inserting after the item relating to section 3112 the following:

“3113. Restriction on reemployment after conviction of certain crimes.”.

(c) This section shall apply during fiscal year 1998 and each fiscal year thereafter.

Applicability.
5 USC 3113 note.

SEC. 639. (a) COORDINATION OF COUNTERDRUG INTELLIGENCE CENTERS AND ACTIVITIES.—(1) Not later than 120 days after the date of enactment of this Act, the Director of the Office of National Drug Control Policy shall submit to the appropriate congressional committees, including the Committees on Appropriations, a plan to improve coordination, and eliminate unnecessary duplication, among the counterdrug intelligence centers and counterdrug activities of the Federal Government, including the centers and activities of the following departments and agencies:

(A) The Department of Defense, including the Defense Intelligence Agency.

(B) The Department of the Treasury, including the United States Customs Service and the Financial Crimes Enforcement Network (FinCEN).

(C) The Central Intelligence Agency.

(D) The Coast Guard.

(E) The Department of Justice, including the National Drug Intelligence Center (NDIC); the Drug Enforcement Administration, including the El Paso Intelligence Center (EPIC); and the Federal Bureau of Investigation.

(2) The purpose of the plan under paragraph (1) is to maximize the effectiveness of the centers and activities referred to in that paragraph in achieving the objectives of the national drug control strategy. In order to maximize such effectiveness, the plan shall—

(A) articulate clear and specific mission statements for each counterdrug intelligence center and activity, including the manner in which responsibility for counterdrug intelligence activities will be allocated among the counterdrug intelligence centers;

(B) specify the relationship between such centers;

(C) specify the means by which proper oversight of such centers will be assured;

(D) specify the means by which counterdrug intelligence will be forwarded effectively to all levels of officials responsible for United States counterdrug policy; and

(E) specify mechanisms to ensure that State and local law enforcement agencies are apprised of counterdrug intelligence acquired by Federal law enforcement agencies in a manner which—

(i) facilitates effective counterdrug activities by State and local law enforcement agencies; and

(ii) provides such State and local law enforcement agencies with the information relating to the safety of officials involved in their counterdrug activities.

(b) APPROPRIATE CONGRESSIONAL COMMITTEES DEFINED.—In this section, the term “appropriate congressional committees” means the following:

(1) The Committee on Foreign Relations, the Committee on the Judiciary, and the Select Committee on Intelligence of the Senate.

(2) The Committee on International Relations, the Committee on the Judiciary, and the Permanent Select Committee on Intelligence of the House of Representatives.

SEC. 640. No part of any appropriation contained in this or any other Act shall be available for the payment of the salary of any officer or employee of the Federal Government, who—

(1) prohibits or prevents, or attempts or threatens to prohibit or prevent, any other officer or employee of the Federal Government from having any direct oral or written communication or contact with any Member, committee, or subcommittee of the Congress in connection with any matter pertaining to the employment of such other officer or employee or pertaining to the department or agency of such other officer or employee in any way, irrespective of whether such communication or contact is at the initiative of such other officer or employee or in response to the request or inquiry of such Member, committee, or subcommittee; or

(2) removes, suspends from duty without pay, demotes, reduces in rank, seniority, status, pay, or performance of efficiency rating, denies promotion to, relocates, reassigns, transfers, disciplines, or discriminates in regard to any employment right, entitlement, or benefit, or any term or condition of employment of, any other officer or employee of the Federal Government, or attempts or threatens to commit any of the foregoing actions with respect to such other officer or employee, by reason of any communication or contact of such other officer or employee with any Member, committee, or subcommittee of the Congress as described in paragraph (1).

SEC. 641. Section 5118(d)(2) of title 31, United States Code, is amended by striking “This paragraph shall” and all that follows through the end of the paragraph.

SEC. 642. (a) This section may be cited as the “Federal Employees’ Retirement System Open Enrollment Act of 1997”.

(b) Any individual who, as of January 1, 1998, is employed by the Federal Government, and on such date is subject to subchapter III of chapter 83 of title 5, United States Code, may elect to become subject to chapter 84 of such title in accordance with regulations promulgated under subsection (c).

(c) The Office of Personnel Management shall promulgate regulations to carry out the provisions of this section. Such regulations shall—

(1)(A) subject to subparagraph (B), provide for an election under subsection (b) to be made not before July 1, 1998, or after December 31, 1998; and

(B) with respect to a Member of Congress, provide for—

(i) an election under subsection (b) to be made not before July 1, 1998, or after October 31, 1998; and

(ii) such an election to take effect not before January 4, 1999;

(2) provide notice and information to individuals who may make such an election, including information on a comparison of benefits an individual would receive from coverage under chapter 83 or 84 of title 5, United States Code; and

Federal
Employees’
Retirement
System Open
Enrollment Act
of 1997.
5 USC 8331 note.

Regulations.

(3) provide for treatment of such an election similar to the applicable provisions of title III of the Federal Employees' Retirement System Act of 1986 (Public Law 99–335; 100 Stat. 599 et seq.).

(d)(1) Section 210(a)(5)(H)(i) of the Social Security Act (42 U.S.C. 410(a)(5)(H)(i)) is amended—

(A) by striking “or” after “1986” and inserting a comma; and

(B) by inserting “or the Federal Employees' Retirement System Open Enrollment Act of 1997” after “(50 U.S.C. 2157),”.

(2) Section 3121(b)(5)(H)(i) of the Internal Revenue Code of 1986 is amended—

(A) by striking “or” after “1986” and inserting a comma; and

(B) by inserting “or the Federal Employees' Retirement System Open Enrollment Act of 1997” after “(50 U.S.C. 2157),”.

This Act may be cited as the “Treasury and General Government Appropriations Act, 1998”.

26 USC 3121.

Approved October 10, 1997.

LEGISLATIVE HISTORY—H.R. 2378 (S. 1023):

HOUSE REPORTS: Nos. 105–240, Pts. 1–3 (Comm. on Appropriations) and 105–284 (Comm. of Conference).

SENATE REPORTS: No. 105–49 accompanying S. 1023 (Comm. on Appropriations).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Sept. 17, considered and passed House; passed Senate, amended, in lieu of S. 1023.

Sept. 30, House agreed to conference report.

Oct. 1, Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Oct. 10, Presidential statement.

Oct. 16, President's special message on line item veto.

FEDERAL REGISTER, Vol. 62 (1997):

Oct. 17, Cancellation of item pursuant to the Line Item Veto Act.



Public Law 105–62
105th Congress

An Act

Oct. 13, 1997
[H.R. 2203]

Making appropriations for energy and water development for the fiscal year ending September 30, 1998, and for other purposes.

Energy and
Water
Development
Appropriations
Act, 1998.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 1998, for energy and water development, and for other purposes, namely:

TITLE I

DEPARTMENT OF DEFENSE—CIVIL

DEPARTMENT OF THE ARMY

CORPS OF ENGINEERS—CIVIL

The following appropriations shall be expended under the direction of the Secretary of the Army and the supervision of the Chief of Engineers for authorized civil functions of the Department of the Army pertaining to rivers and harbors, flood control, beach erosion, and related purposes.

GENERAL INVESTIGATIONS

For expenses necessary for the collection and study of basic information pertaining to river and harbor, flood control, shore protection, and related projects, restudy of authorized projects, miscellaneous investigations, and, when authorized by laws, surveys and detailed studies and plans and specifications of projects prior to construction, \$156,804,000, to remain available until expended, of which funds are provided for the following projects in the amounts specified:

Delaware Bay Coastline, Delaware and New Jersey,
\$456,000;

Tampa Harbor, Alafia Channel, Florida, \$270,000;

Laulaulei, Hawaii, \$200,000;

Barnegat Inlet to Little Egg Harbor Inlet, New Jersey,
\$400,000;

Brigantine Inlet to Great Egg Harbor Inlet, New Jersey,
\$472,000;

Great Egg Harbor Inlet to Townsends Inlet, New Jersey,
\$400,000;

Lower Cape May Meadows—Cape May Point, New Jersey, \$154,000;
Manasquan Inlet to Barnegat Inlet, New Jersey, \$400,000;
Raritan Bay to Sandy Hook Bay (Cliffwood Beach), New Jersey, \$300,000;
Townsend Inlet to Cape May Inlet, New Jersey, \$500,000;
and

Monongahela River, Fairmont, West Virginia, \$350,000:
Provided, That the Secretary of the Army, acting through the Chief of Engineers, is directed to use \$600,000 of the funds appropriated in Public Law 102-377 for the Red River Waterway, Shreveport, Louisiana, to Daingerfield, Texas, project for the feasibility phase of the Red River Navigation, Southwest Arkansas, study: *Provided further*, That the Secretary of the Army, acting through the Chief of Engineers, is directed to use \$470,000 of the funds appropriated herein to initiate the feasibility phase for the Metropolitan Louisville, Southwest, Kentucky, study: *Provided further*, That the Secretary of the Army is directed to use \$500,000 of the funds appropriated herein to implement section 211(f)(7) of Public Law 104-303 (110 Stat. 3684) and to reimburse the non-Federal sponsor a portion of the Federal share of project costs for the Hunting Bayou element of the project for flood control, Buffalo Bayou and tributaries, Texas: *Provided further*, That the Secretary of the Army is directed to use \$150,000 of the funds appropriated herein to implement section 211(f)(8) of Public Law 104-303 (110 Stat. 3684) and to reimburse the non-Federal sponsor a portion of the Federal share of project costs for the project for flood control, White Oak Bayou watershed, Texas.

CONSTRUCTION, GENERAL

For the prosecution of river and harbor, flood control, shore protection, and related projects authorized by laws; and detailed studies, and plans and specifications, of projects (including those for development with participation or under consideration for participation by States, local governments, or private groups) authorized or made eligible for selection by law (but such studies shall not constitute a commitment of the Government to construction), \$1,473,373,000, to remain available until expended, of which such sums as are necessary pursuant to Public Law 99-662 shall be derived from the Inland Waterways Trust Fund, for one-half of the costs of construction and rehabilitation of inland waterways projects, including rehabilitation costs for the Lock and Dam 25, Mississippi River, Illinois and Missouri; Lock and Dam 14, Mississippi River, Iowa; Lock and Dam 24, Mississippi River, Illinois and Missouri; and Lock and Dam 3, Mississippi River, Minnesota, projects, and of which funds are provided for the following projects in the amounts specified:

Arkansas River, Tucker Creek, Arkansas, \$300,000;
Norco Bluffs, California, \$1,000,000;
San Timoteo Creek (Santa Ana River Mainstem), California, \$5,000,000;
Panama City Beaches, Florida, \$5,000,000;
Tybee Island, Georgia, \$2,000,000;
Indianapolis Central Waterfront, Indiana, \$5,000,000;
Indiana Shoreline Erosion, Indiana, \$3,000,000;
Lake George, Hobart, Indiana, \$3,500,000;
Ohio River Flood Protection, Indiana, \$1,300,000;

Harlan, Williamsburg, and Middlesboro, Kentucky, elements of the Levisa and Tug Forks of the Big Sandy River and Upper Cumberland River, \$26,390,000;

Martin County, Kentucky, element of the Levisa and Tug Forks of the Big Sandy River and Upper Cumberland River, \$5,000,000;

Pike County, Kentucky, element of the Levisa and Tug Forks of the Big Sandy River and Upper Cumberland River, \$5,300,000;

Town of Martin (Levisa and Tug Forks of the Big Sandy River and Upper Cumberland River), Kentucky, \$700,000;

Salyersville, Kentucky, \$2,050,000;

Southern and Eastern Kentucky, Kentucky, \$3,000,000;

Lake Pontchartrain and Vicinity (Hurricane Protection), Louisiana, \$22,920,000;

Lake Pontchartrain (Jefferson Parish) Stormwater Discharge, Louisiana, \$3,000,000;

Jackson County, Mississippi, \$3,000,000;

Natchez Bluff, Mississippi, \$4,000,000;

Pearl River, Mississippi (Walkiah Bluff), \$2,000,000;

Joseph G. Minish Passaic River Park, New Jersey, \$3,000,000;

Hudson River, Athens, New York, \$8,700,000;

Lackawanna River, Olyphant, Pennsylvania, \$1,400,000;

Lackawanna River, Scranton, Pennsylvania, \$5,425,000;

Lycoming County, Pennsylvania, \$339,000;

South Central Pennsylvania Environment Improvement Program, \$30,000,000, of which \$10,000,000 shall be available only for water-related environmental infrastructure and resource protection and development projects in Lackawanna, Lycoming, Susquehanna, Wyoming, Pike, and Monroe counties in Pennsylvania in accordance with the purposes of subsection (a) and requirements of subsections (b) through (e) of section 313 of the Water Resources Development Act of 1992, as amended;

Wallisville Lake, Texas, \$9,200,000;

Virginia Beach, Virginia (Reimbursement), \$925,000;

Virginia Beach, Virginia (Hurricane Protection), \$13,000,000;

West Virginia and Pennsylvania Flood Control, West Virginia and Pennsylvania, \$3,000,000;

Hatfield Bottom (Levisa and Tug Forks of the Big Sandy River and Upper Cumberland River), West Virginia, \$1,000,000;

Lower Mingo (Kermit) (Levisa and Tug Forks of the Big Sandy River and Upper Cumberland River), West Virginia, \$6,300,000;

Lower Mingo, West Virginia, Tributaries Supplement, \$150,000;

Upper Mingo County (Levisa and Tug Forks of the Big Sandy River and Upper Cumberland River), West Virginia, \$3,000,000;

Levisa Basin Flood Warning System (Levisa and Tug Forks of the Big Sandy River and Upper Cumberland River), Kentucky and Virginia, \$400,000;

Tug Fork Basin Flood Warning System (Levisa and Tug Forks of the Big Sandy River and Upper Cumberland River), West Virginia, \$400,000; and

Wayne County (Levisa and Tug Forks of the Big Sandy River and Upper Cumberland River), West Virginia, \$1,200,000: *Provided*, That the Secretary of the Army, acting through the Chief of Engineers, is directed to proceed with design and construction of the Southeast Louisiana, Louisiana, project and to award continuing contracts, which are not to be considered fully funded, beginning in fiscal year 1998 consistent with the limit of the authorized appropriation ceiling: *Provided further*, That the Secretary of the Army, acting through the Chief of Engineers, is directed to use \$225,000 of funds provided herein to construct necessary repairs to the flume and conduit for flood control at the Hagerman's Run, Williamsport, Pennsylvania, flood control project: *Provided further*, That the Secretary of the Army is directed to incorporate the economic analyses for the Green Ridge and Plot sections of the Lackawanna River, Scranton, Pennsylvania, project with the economic analysis for the Albright Street section of the project, and to cost-share and implement these combined sections as a single project with no separable elements, except that each section may be undertaken individually when the non-Federal sponsor provides the applicable local cooperation requirements: *Provided further*, That section 114 of Public Law 101-101, the Energy and Water Development Appropriations Act, 1990, is amended by striking "total cost of \$19,600,000" and inserting "total cost of \$40,000,000": *Provided further*, That the Secretary of the Army, acting through the Chief of Engineers, is authorized and directed to combine the Wilmington Harbor—Northeast Cape Fear River, North Carolina, project authorized in section 202(a) of the Water Resources Development Act of 1986, the Wilmington Harbor, Channel Widening, North Carolina, project authorized in section 101(a)(23) of the Water Resources Development Act of 1996, and the Cape Fear—Northeast (Cape Fear) Rivers, North Carolina, project authorized in section 101(a)(22) of the Water Resources Development Act of 1996 into a single project with one Project Cooperation Agreement based on cost sharing as a single project: *Provided further*, That the Secretary of the Army, acting through the Chief of Engineers, is directed to use \$20,000,000 of the funds appropriated herein to initiate construction of the Houston-Galveston Navigation Channels, Texas, project and execute a Project Cooperation Agreement for the entire project authorized in the Water Resources Development Act of 1996, Public Law 104-303: *Provided further*, That the Secretary of the Army, acting through the Chief of Engineers, may use up to \$5,000,000 of the funding appropriated herein to initiate construction of an emergency outlet from Devils Lake, North Dakota, to the Sheyenne River, and that this amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901(b)(2)(D)(i)); except that funds shall not become available unless the Secretary of the Army determines that an emergency (as defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122)) exists with respect to the emergency need for the outlet and reports to Congress that the construction is technically sound, economically justified, and environmentally acceptable and in compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.): *Provided further*, That the economic justification for the emergency outlet shall be prepared in accordance with the principles and guidelines for economic evaluation as

103 Stat. 651.

required by regulations and procedures of the Army Corps of Engineers for all flood control projects, and that the economic justification be fully described, including the analysis of the benefits and costs, in the project plan documents: *Provided further*, That the plans for the emergency outlet shall be reviewed and, to be effective, shall contain assurances provided by the Secretary of State, after consultation with the International Joint Commission, that the project will not violate the requirements or intent of the Treaty Between the United States and Great Britain Relating to Boundary Waters Between the United States and Canada, signed at Washington January 11, 1909 (36 Stat. 2448; TS 548) (commonly known as the “Boundary Waters Treaty of 1909”): *Provided further*, That the Secretary of the Army shall submit the final plans and other documents for the emergency outlet to Congress: *Provided further*, That no funds made available under this Act or any other Act for any fiscal year may be used by the Secretary of the Army to carry out the portion of the feasibility study of the Devils Lake Basin, North Dakota, authorized under the Energy and Water Development Appropriations Act, 1993 (Public Law 102-377), that addresses the needs of the area for stabilized lake levels through inlet controls, or to otherwise study any facility or carry out any activity that would permit the transfer of water from the Missouri River Basin into Devils Lake: *Provided further*, That the entire amount of \$5,000,000 shall be available only to the extent an official budget request, that includes the designation of the entire amount of the request as an emergency requirement as defined by the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: *Provided further*, That the Secretary of the Army is directed to use \$2,000,000 of the funds appropriated herein to implement section 211(f)(6) of Public Law 104-303 (110 Stat. 3683) and to reimburse the non-Federal sponsor a portion of the Federal share of project construction costs for the flood control components comprising the Brays Bayou element of the project for flood control, Buffalo Bayou and tributaries, Texas.

FLOOD CONTROL, MISSISSIPPI RIVER AND TRIBUTARIES, ARKANSAS,
ILLINOIS, KENTUCKY, LOUISIANA, MISSISSIPPI, MISSOURI, AND
TENNESSEE

For expenses necessary for prosecuting work of flood control, and rescue work, repair, restoration, or maintenance of flood control projects threatened or destroyed by flood, as authorized by law (33 U.S.C. 702a, 702g-1), \$296,212,000, to remain available until expended: *Provided*, That notwithstanding the funding limitations set forth in Public Law 104-6 (109 Stat. 85), the Secretary of the Army, acting through the Chief of Engineers, is authorized and directed to use additional funds appropriated herein or previously appropriated to complete remedial measures to prevent slope instability at Hickman Bluff, Kentucky: *Provided further*, That, using funds appropriated in this Act, the Secretary of the Army may construct the Ten and Fifteen Mile Bayou channel enlargement as an integral part of the work accomplished on the St. Francis Basin, Arkansas and Missouri Project, authorized by the Flood Control Act of 1950: *Provided further*, That the Secretary of the Army, acting through the Chief of Engineers, is directed to use up to \$4,000,000, including the \$1,900,000 appropriated herein, to dredge Sardis Lake, Mississippi, at 100 percent Federal

cost, so that the City of Sardis, Mississippi, may proceed with its development of the valuable resources of Sardis Lake in Mississippi, consistent with language provided in House Report 104-679, accompanying the Fiscal Year 1997 Energy and Water Development Appropriations Act (Public Law 104-206): *Provided further*, That within available funds, the Secretary of the Army, acting through the Chief of Engineers, is directed to conduct, at 100 percent Federal cost, the necessary Environmental Assessment and Impact Studies for the initial components of Sardis Lake development as provided in the Sardis Lake Recreation and Tourism Master Plan, Phase II.

OPERATION AND MAINTENANCE, GENERAL

For expenses necessary for the preservation, operation, maintenance, and care of existing river and harbor, flood control, and related works, including such sums as may be necessary for the maintenance of harbor channels provided by a State, municipality or other public agency, outside of harbor lines, and serving essential needs of general commerce and navigation; surveys and charting of northern and northwestern lakes and connecting waters; clearing and straightening channels; and removal of obstructions to navigation, \$1,740,025,000, to remain available until expended, of which such sums as become available in the Harbor Maintenance Trust Fund, pursuant to Public Law 99-662, may be derived from that Fund, and of which such sums as become available from the special account established by the Land and Water Conservation Act of 1965, as amended (16 U.S.C. 460l), may be derived from that Fund for construction, operation, and maintenance of outdoor recreation facilities, and of which funds are provided for the following projects in the amounts specified:

Anclote River, Florida, \$1,500,000;
Beverly Shores, Indiana, \$1,700,000;
Boston Harbor, Massachusetts, \$16,500,000;
Flint River, Michigan, \$875,000; and
Raystown Lake, Pennsylvania, \$4,690,000:

Provided, That the Secretary of the Army, acting through the Chief of Engineers, is directed to use funds appropriated in Public Law 104-206 to reimburse the local sponsor of the Fort Myers Beach, Florida, project for the maintenance dredging performed by the local sponsor to open the authorized channel to navigation in fiscal year 1996: *Provided further*, That no funds, whether appropriated, contributed, or otherwise provided, shall be available to the United States Army Corps of Engineers for the purpose of acquiring land in Jasper County, South Carolina, in connection with the Savannah Harbor navigation project: *Provided further*, That the Secretary of the Army, acting through the Chief of Engineers, is authorized and directed to dredge a navigational channel in the Chena River at Fairbanks, Alaska, from its confluence with the Tanana River upstream to the University Road Bridge that will allow the safe passage during normal water levels of vessels up to 350 feet in length, 60 feet in width, and drafting up to 3 feet: *Provided further*, That using \$6,000,000 of funds appropriated herein, the Secretary of the Army is directed to extend the navigation channel on the Allegheny River, Pennsylvania, project to provide passenger boat access to the Kittanning, Pennsylvania, Riverfront Park: *Provided further*, That the Secretary of the Army, acting through the Chief of Engineers, is directed to use \$2,500,000 of the funds provided

herein to implement measures upstream of Lake Cumberland, Kentucky, to intercept and dispose of solid waste.

REGULATORY PROGRAM

For expenses necessary for administration of laws pertaining to regulation of navigable waters and wetlands, \$106,000,000, to remain available until expended.

FLOOD CONTROL AND COASTAL EMERGENCIES

For expenses necessary for emergency flood control, hurricane, and shore protection activities, as authorized by section 5 of the Flood Control Act approved August 18, 1941, as amended, \$4,000,000, to remain available until expended.

FORMERLY UTILIZED SITES REMEDIAL ACTION PROGRAM

(INCLUDING TRANSFER OF FUNDS)

For expenses necessary to administer and execute the Formerly Utilized Sites Remedial Action Program to clean up contaminated sites throughout the United States where work was performed as part of the Nation's early atomic energy program, \$140,000,000, to remain available until expended: *Provided*, That the unexpended balances of prior appropriations provided for these activities in this Act or any previous Energy and Water Development Appropriations Act may be transferred to and merged with this appropriation account, and thereafter, may be accounted for as one fund for the same time period as originally enacted.

GENERAL EXPENSES

For expenses necessary for general administration and related functions in the Office of the Chief of Engineers and offices of the Division Engineers; activities of the Coastal Engineering Research Board, the Humphreys Engineer Center Support Activity, the Engineering Strategic Studies Center, the Water Resources Support Center, and the USACE Finance Center; and for costs of implementing the Secretary of the Army's plan to reduce the number of division offices as directed in title I, Public Law 104-206, \$148,000,000, to remain available until expended: *Provided*, That no part of any other appropriation provided in title I of this Act shall be available to fund the activities of the Office of the Chief of Engineers or the executive direction and management activities of the division offices.

REVOLVING FUND

Amounts in the Revolving Fund may be used to construct a 17,000 square foot addition to the United States Army Corps of Engineers Alaska District main office building on Elemendorf Air Force Base. The Revolving Fund shall be reimbursed for such funding from the benefitting appropriations by collection each year of user fees sufficient to repay the capitalized cost of the asset and to operate and maintain the asset.

ADMINISTRATIVE PROVISION

Appropriations in this title shall be available for official reception and representation expenses (not to exceed \$5,000); and during the current fiscal year the Revolving Fund, Corps of Engineers, shall be available for purchase (not to exceed 100 for replacement only) and hire of passenger motor vehicles.

GENERAL PROVISIONS

CORPS OF ENGINEERS—CIVIL

SEC. 101. In fiscal year 1998, the Secretary of the Army is authorized and directed to provide planning, design and construction assistance to non-Federal interests in carrying out water-related environmental infrastructure and environmental resources development projects in Alaska, including assistance for wastewater treatment and related facilities; water supply, storage, treatment and distribution facilities; and development, restoration or improvement of wetlands and other aquatic areas for the purpose of protection or development of surface water resources: *Provided*, That the non-Federal interest shall enter into a binding agreement with the Secretary wherein the non-Federal interest will provide all lands, easements, rights-of-way, relocations, and dredge material disposal areas required for the project, and pay 50 per centum of the costs of required feasibility studies, 25 per centum of the costs of designing and constructing the project, and 100 per centum of the costs of operation, maintenance, repair, replacement or rehabilitation of the project: *Provided further*, That the value of lands, easements, rights-of-way, relocations and dredged material disposal areas provided by the non-Federal interest shall be credited toward the non-Federal share, not to exceed 25 per centum, of the costs of designing and constructing the project: *Provided further*, That utilizing \$5,000,000 of the funds appropriated herein, the Secretary is directed to carry out this section.

GREEN BROOK SUB-BASIN FLOOD CONTROL PROJECT, NEW JERSEY

SEC. 102. No funds made available under this Act or any other Act for any fiscal year may be used by the Secretary of the Army to construct the Oak Way detention structure or the Sky Top detention structure in Berkeley Heights, New Jersey, as part of the project for flood control, Green Brook Sub-Basin, Raritan River Basin, New Jersey, authorized by section 401(a) of the Water Resources Development Act of 1986 (Public Law 99-662; 100 Stat. 4119).

TITLE II

DEPARTMENT OF THE INTERIOR

CENTRAL UTAH PROJECT

CENTRAL UTAH PROJECT COMPLETION ACCOUNT

For carrying out activities authorized by the Central Utah Project Completion Act, and for activities related to the Uintah and Upalco Units authorized by 43 U.S.C. 620, \$40,353,000, to

remain available until expended, of which \$16,610,000 shall be deposited into the Utah Reclamation Mitigation and Conservation Account: *Provided*, That of the amounts deposited into that account, \$5,000,000 shall be considered the Federal contribution authorized by paragraph 402(b)(2) of the Central Utah Project Completion Act and \$11,610,000 shall be available to the Utah Reclamation Mitigation and Conservation Commission to carry out activities authorized under that Act.

In addition, for necessary expenses incurred in carrying out related responsibilities of the Secretary of the Interior, \$800,000, to remain available until expended.

BUREAU OF RECLAMATION

For carrying out the functions of the Bureau of Reclamation as provided in the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto) and other Acts applicable to that Bureau as follows:

WATER AND RELATED RESOURCES

(INCLUDING TRANSFER OF FUNDS)

For management, development, and restoration of water and related natural resources and for related activities, including the operation, maintenance and rehabilitation of reclamation and other facilities, participation in fulfilling related Federal responsibilities to Native Americans, and related grants to, and cooperative and other agreements with, State and local governments, Indian tribes, and others, \$694,348,000, to remain available until expended, of which \$18,758,000 shall be available for transfer to the Upper Colorado River Basin Fund and \$56,442,000 shall be available for transfer to the Lower Colorado River Basin Development Fund, and of which such amounts as may be necessary may be advanced to the Colorado River Dam Fund: *Provided*, That such transfers may be increased or decreased within the overall appropriation under this heading: *Provided further*, That of the total appropriated, the amount for program activities that can be financed by the Reclamation Fund or the Bureau of Reclamation special fee account established by 16 U.S.C. 460l-6a(i) shall be derived from that Fund or account: *Provided further*, That funds contributed under 43 U.S.C. 395 are available until expended for the purposes for which contributed: *Provided further*, That funds advanced under 43 U.S.C. 397a shall be credited to this account and are available until expended for the same purposes as the sums appropriated under this heading: *Provided further*, That any amounts provided for the safety of dams modification work at Coolidge Dam, San Carlos Irrigation Project, Arizona, are in addition to the amount authorized in 43 U.S.C. 509: *Provided further*, That using \$500,000 of funds appropriated herein, the Secretary of the Interior shall undertake a non-reimbursable project to install drains in the Pena Blanca area of New Mexico to prevent seepage from Cochiti Dam: *Provided further*, That funds available for expenditure for the Departmental Irrigation Drainage Program may be expended by the Bureau of Reclamation for site remediation on a non-reimbursable basis: *Provided further*, That the amount authorized for Indian municipal, rural, and industrial water features by section 10 of Public Law 89-108, as amended by section 8 of Public Law 99-

294 and section 1701(b) of Public Law 102-575, is increased by \$1,300,000 (October 1997 prices): *Provided further*, That the unexpended balances of the Bureau of Reclamation appropriation accounts for “Construction Program (Including Transfer of Funds)”, “General Investigations”, “Emergency Fund”, and “Operation and Maintenance” shall be transferred to and merged with this account, to be available for the purposes for which they originally were appropriated: *Provided further*, That the Secretary of the Interior may use \$2,500,000 of funds appropriated herein to initiate construction of the McCall Area Wastewater Reclamation and Reuse, Idaho, project.

BUREAU OF RECLAMATION LOAN PROGRAM ACCOUNT

For the cost of direct loans and/or grants, \$10,000,000, to remain available until expended, as authorized by the Small Reclamation Projects Act of August 6, 1956, as amended (43 U.S.C. 422a-422l): *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$31,000,000.

In addition, for administrative expenses necessary to carry out the program for direct loans and/or grants, \$425,000, to remain available until expended: *Provided*, That of the total sums appropriated, the amount of program activities that can be financed by the Reclamation Fund shall be derived from that Fund.

CENTRAL VALLEY PROJECT RESTORATION FUND

For carrying out the programs, projects, plans, and habitat restoration, improvement, and acquisition provisions of the Central Valley Project Improvement Act, such sums as may be collected in the Central Valley Project Restoration Fund pursuant to sections 3407(d), 3404(c)(3), 3405(f), and 3406(c)(1) of Public Law 102-575, to remain available until expended: *Provided*, That the Bureau of Reclamation is directed to levy additional mitigation and restoration payments totaling no more than \$25,130,000 (October 1992 price levels) on a three-year rolling average basis, as authorized by section 3407(d) of Public Law 102-575.

CALIFORNIA BAY-DELTA ECOSYSTEM RESTORATION

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Department of the Interior and other participating Federal agencies in carrying out the California Bay-Delta Environmental Enhancement and Water Security Act consistent with plans to be approved by the Secretary of the Interior, in consultation with such Federal agencies, \$85,000,000, to remain available until expended, of which such amounts as may be necessary to conform with such plans shall be transferred to appropriate accounts of such Federal agencies: *Provided*, That such funds may be obligated only as non-Federal sources provide their share in accordance with the cost-sharing agreement required under section 102(d) of such Act: *Provided further*, That such funds may be obligated prior to the completion of a final programmatic environmental impact statement only if: (1) consistent with 40 CFR

1506.1(c); and (2) used for purposes that the Secretary finds are of sufficiently high priority to warrant such an expenditure.

POLICY AND ADMINISTRATION

For necessary expenses of policy, administration, and related functions in the office of the Commissioner, the Denver office, and offices in the five regions of the Bureau of Reclamation, to remain available until expended, \$47,558,000, to be derived from the Reclamation Fund and be nonreimbursable as provided in 43 U.S.C. 377: *Provided*, That no part of any other appropriation in this Act shall be available for activities or functions budgeted as policy and administration expenses.

ADMINISTRATIVE PROVISION

Appropriations for the Bureau of Reclamation shall be available for purchase of not to exceed six passenger motor vehicles for replacement only.

TITLE III

DEPARTMENT OF ENERGY

ENERGY PROGRAMS

ENERGY SUPPLY

For expenses of the Department of Energy activities including the purchase, construction and acquisition of plant and capital equipment and other expenses necessary for energy supply, and uranium supply and enrichment activities in carrying out the purposes of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), including the acquisition or condemnation of any real property or any facility or for plant or facility acquisition, construction, or expansion, \$906,807,000.

NON-DEFENSE ENVIRONMENTAL MANAGEMENT

For Department of Energy expenses, including the purchase, construction and acquisition of plant and capital equipment and other expenses necessary for non-defense environmental management activities in carrying out the purposes of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), including the acquisition or condemnation of any real property or any facility or for plant or facility acquisition, construction or expansion, \$497,059,000, to remain available until expended.

URANIUM ENRICHMENT DECONTAMINATION AND DECOMMISSIONING FUND

For necessary expenses in carrying out uranium enrichment facility decontamination and decommissioning, remedial actions and other activities of title II of the Atomic Energy Act of 1954 and title X, subtitle A of the Energy Policy Act of 1992, \$220,200,000, to be derived from the Fund, to remain available until expended: *Provided*, That \$40,000,000 of amounts derived from the Fund for such expenses shall be available in accordance with title X, subtitle A, of the Energy Policy Act of 1992.

SCIENCE

For expenses of the Department of Energy activities including the purchase, construction and acquisition of plant and capital equipment and other expenses necessary for science activities in carrying out the purposes of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), including the acquisition or condemnation of any real property or facility or for plant or facility acquisition, construction, or expansion, and purchase of 15 passenger motor vehicles for replacement only, \$2,235,708,000, to remain available until expended: *Provided*, That \$35,000,000 of the unobligated balances originally available for Superconducting Super Collider termination activities shall be made available for other activities under this heading.

NUCLEAR WASTE DISPOSAL FUND

For nuclear waste disposal activities to carry out the purposes of Public Law 97-425, as amended, including the acquisition of real property or facility construction or expansion, \$160,000,000, to remain available until expended, to be derived from the Nuclear Waste Fund; of which \$4,000,000 shall be available to the Nuclear Regulatory Commission to license a multi-purpose canister design; and of which not to exceed \$5,000,000 may be provided to affected local governments, as defined in Public Law 97-425, to conduct appropriate activities pursuant to the Act: *Provided*, That the distribution of the funds to the units of local government shall be determined by the Department of Energy: *Provided further*, That the funds shall be made available to the units of local government by direct payment: *Provided further*, That within ninety days of the completion of each Federal fiscal year, each local entity shall provide certification to the Department of Energy, that all funds expended from such payments have been expended for activities as defined in Public Law 97-425. Failure to provide such certification shall cause such entity to be prohibited from any further funding provided for similar activities: *Provided further*, That none of the funds herein appropriated may be: (1) used directly or indirectly to influence legislative action on any matter pending before Congress or a State legislature or for lobbying activity as provided in 18 U.S.C. 1913; (2) used for litigation expenses; or (3) used to support multistate efforts or other coalition building activities inconsistent with the restrictions contained in this Act: *Provided further*, That none of the funds provided herein shall be distributed to the State of Nevada by direct payment, grant, or other means, for financial assistance under section 116 of the Nuclear Waste Policy Act of 1982, as amended: *Provided further*, That the foregoing proviso shall not apply to payments in lieu of taxes under section 116(c)(3)(A) of the Nuclear Waste Policy Act of 1982, as amended.

DEPARTMENTAL ADMINISTRATION

For salaries and expenses of the Department of Energy necessary for departmental administration in carrying out the purposes of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), including the hire of passenger motor vehicles and official reception and representation expenses (not to exceed \$35,000), \$218,747,000, to remain available until expended: *Provided*, That

moneys received by the Department for miscellaneous revenues estimated to total \$131,330,000 in fiscal year 1998 may be retained and used for operating expenses within this account, and may remain available until expended, as authorized by section 201 of Public Law 95-238, notwithstanding the provisions of 31 U.S.C. 3302: *Provided further*, That the sum herein appropriated shall be reduced by the amount of miscellaneous revenues received during fiscal year 1998 so as to result in a final fiscal year 1998 appropriation from the General Fund estimated at not more than \$87,417,000.

OFFICE OF THE INSPECTOR GENERAL

For necessary expenses of the Office of the Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, \$27,500,000, to remain available until expended.

ATOMIC ENERGY DEFENSE ACTIVITIES

WEAPONS ACTIVITIES

For Department of Energy expenses, including the purchase, construction and acquisition of plant and capital equipment and other incidental expenses necessary for atomic energy defense weapons activities in carrying out the purposes of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), including the acquisition or condemnation of any real property or any facility or for plant or facility acquisition, construction, or expansion; and the purchase of passenger motor vehicles (not to exceed 70 for replacement only), \$4,146,692,000, to remain available until expended: *Provided*, That funding for any ballistic missile defense program undertaken by the Department of Energy for the Department of Defense shall be provided by the Department of Defense according to procedures established for Work for Others by the Department of Energy.

DEFENSE ENVIRONMENTAL RESTORATION AND WASTE MANAGEMENT

For Department of Energy expenses, including the purchase, construction and acquisition of plant and capital equipment and other expenses necessary for atomic energy defense environmental restoration and waste management activities in carrying out the purposes of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), including the acquisition or condemnation of any real property or any facility or for plant or facility acquisition, construction, or expansion; and the purchase of passenger motor vehicles (not to exceed 6 for replacement only), \$4,429,438,000, to remain available until expended; and, in addition, \$200,000,000 for privatization projects, to remain available until expended.

DEFENSE FACILITIES CLOSURE PROJECTS

For expenses of the Department of Energy to accelerate the closure of defense environmental management sites, including the purchase, construction and acquisition of plant and capital equipment and other necessary expenses, \$890,800,000, to remain available until expended.

OTHER DEFENSE ACTIVITIES

For Department of Energy expenses, including the purchase, construction and acquisition of plant and capital equipment and other expenses necessary for atomic energy defense, other defense activities, in carrying out the purposes of the Department of Energy Organization Act (42 U.S.C. 7101, et seq.), including the acquisition or condemnation of any real property or any facility or for plant or facility acquisition, construction, or expansion, and the purchase of passenger motor vehicles (not to exceed 2 for replacement only), \$1,666,008,000, to remain available until expended.

DEFENSE NUCLEAR WASTE DISPOSAL

For nuclear waste disposal activities to carry out the purposes of Public Law 97-425, as amended, including the acquisition of real property or facility construction or expansion, \$190,000,000, to remain available until expended.

POWER MARKETING ADMINISTRATIONS

OPERATION AND MAINTENANCE, ALASKA POWER ADMINISTRATION

For necessary expenses of operation and maintenance of projects in Alaska and of marketing electric power and energy, \$3,500,000, to remain available until expended; and, in addition, \$10,000,000 for capital assets acquisition, to remain available until expended.

BONNEVILLE POWER ADMINISTRATION FUND

Expenditures from the Bonneville Power Administration Fund, established pursuant to Public Law 93-454, are approved for the anadromous fish supplementation facilities in the Yakima River Basin, Methow River Basin and Upper Snake River Basin, for the Billy Shaw Reservoir resident fish substitution project, and for the resident trout fish culture facility in Southeast Idaho; and official reception and representation expenses in an amount not to exceed \$3,000.

During fiscal year 1998, no new direct loan obligations may be made.

OPERATION AND MAINTENANCE, SOUTHEASTERN POWER
ADMINISTRATION

For necessary expenses of operation and maintenance of power transmission facilities and of marketing electric power and energy pursuant to the provisions of section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), as applied to the southeastern power area, \$12,222,000, to remain available until expended; in addition, notwithstanding 31 U.S.C. 3302, not to exceed \$20,000,000 in reimbursements for transmission wheeling and ancillary services, to remain available until expended.

OPERATION AND MAINTENANCE, SOUTHWESTERN POWER
ADMINISTRATION

For necessary expenses of operation and maintenance of power transmission facilities and of marketing electric power and energy,

and for construction and acquisition of transmission lines, substations and appurtenant facilities, and for administrative expenses, including official reception and representation expenses in an amount not to exceed \$1,500 in carrying out the provisions of section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), as applied to the southwestern power area, \$25,210,000, to remain available until expended; in addition, notwithstanding the provisions of 31 U.S.C. 3302, not to exceed \$4,650,000 in reimbursements, to remain available until expended.

CONSTRUCTION, REHABILITATION, OPERATION AND MAINTENANCE,
WESTERN AREA POWER ADMINISTRATION

(INCLUDING TRANSFER OF FUNDS)

For carrying out the functions authorized by title III, section 302(a)(1)(E) of the Act of August 4, 1977 (42 U.S.C. 7101 et seq.), and other related activities including conservation and renewable resources programs as authorized, including the replacement of not more than two helicopters through transfers, exchanges, or sale, and official reception and representation expenses in an amount not to exceed \$1,500, \$189,043,000, to remain available until expended, of which \$182,806,000 shall be derived from the Department of the Interior Reclamation Fund: *Provided*, That of the amount herein appropriated, \$5,592,000 is for deposit into the Utah Reclamation Mitigation and Conservation Account pursuant to title IV of the Reclamation Projects Authorization and Adjustment Act of 1992: *Provided further*, That the Secretary of the Treasury is authorized to transfer from the Colorado River Dam Fund to the Western Area Power Administration \$5,592,000 to carry out the power marketing and transmission activities of the Boulder Canyon project as provided in section 104(a)(4) of the Hoover Power Plant Act of 1984, to remain available until expended.

FALCON AND AMISTAD OPERATING AND MAINTENANCE FUND

For operation, maintenance, and emergency costs for the hydroelectric facilities at the Falcon and Amistad Dams, \$970,000, to remain available until expended, and to be derived from the Falcon and Amistad Operating and Maintenance Fund of the Western Area Power Administration, as provided in section 423 of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995.

FEDERAL ENERGY REGULATORY COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Federal Energy Regulatory Commission to carry out the provisions of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), including services as authorized by 5 U.S.C. 3109, the hire of passenger motor vehicles, and official reception and representation expenses (not to exceed \$3,000), \$162,141,000, to remain available until expended: *Provided*, That notwithstanding any other provision of law, not to exceed \$162,141,000 of revenues from fees and annual charges, and other services and collections in fiscal year 1998 shall be retained and used for necessary expenses in this account, and shall remain available until expended: *Provided further*, That the sum herein appropriated from the General Fund shall be reduced as revenues

42 USC 7171
note.

are received during fiscal year 1998 so as to result in a final fiscal year 1998 appropriation from the General Fund estimated at not more than \$0.

GENERAL PROVISIONS

DEPARTMENT OF ENERGY

SEC. 301. (a) None of the funds appropriated by this Act or any prior appropriations Act may be used to award a management and operating contract unless such contract is awarded using competitive procedures or the Secretary of Energy grants, on a case-by-case basis, a waiver to allow for such a deviation. The Secretary may not delegate the authority to grant such a waiver.

(b) At least 60 days before a contract award, amendment, or modification for which the Secretary intends to grant such a waiver, the Secretary shall submit to the Subcommittees on Energy and Water Development of the Committees on Appropriations of the House of Representatives and the Senate a report notifying the subcommittees of the waiver and setting forth the reasons for the waiver. Reports.

SEC. 302. (a) None of the funds appropriated by this Act or any prior appropriations Act may be used to award, amend, or modify a contract in a manner that deviates from the Federal Acquisition Regulation, unless the Secretary of Energy grants, on a case-by-case basis, a waiver to allow for such a deviation. The Secretary may not delegate the authority to grant such a waiver.

(b) At least 60 days before a contract award, amendment, or modification for which the Secretary intends to grant such a waiver, the Secretary shall submit to the Subcommittees on Energy and Water Development of the Committees on Appropriations of the House of Representatives and the Senate a report notifying the subcommittees of the waiver and setting forth the reasons for the waiver. Reports.

SEC. 303. None of the funds appropriated by this Act or any prior appropriations Act may be used to—

(1) develop or implement a workforce restructuring plan that covers employees of the Department of Energy; or

(2) provide enhanced severance payments or other benefits for employees of the Department of Energy;

under section 3161 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484; 106 Stat. 2644; 42 U.S.C. 7274h).

SEC. 304. None of the funds appropriated by this Act or any prior appropriations Act may be used to augment the \$61,159,000 made available for obligation by this Act for severance payments and other benefits and community assistance grants under section 3161 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484; 106 Stat. 2644; 42 U.S.C. 7274h).

SEC. 305. None of the funds appropriated by this Act or any prior appropriations Act may be used to prepare or initiate Requests For Proposals (RFPs) for a program if the program has not been funded by Congress.

(TRANSFERS OF UNEXPENDED BALANCES)

SEC. 306. The unexpended balances of prior appropriations provided for activities in this Act may be transferred to appropriation accounts for such activities established pursuant to this title. Balances so transferred may be merged with funds in the applicable established accounts and thereafter may be accounted for as one fund for the same time period as originally enacted.

TITLE IV

INDEPENDENT AGENCIES

APPALACHIAN REGIONAL COMMISSION

40 USC app. 401
note.

For expenses necessary to carry out the programs authorized by the Appalachian Regional Development Act of 1965, as amended, notwithstanding section 405 of said Act, and for necessary expenses for the Federal Co-Chairman and the alternate on the Appalachian Regional Commission and for payment of the Federal share of the administrative expenses of the Commission, including services as authorized by 5 U.S.C. 3109, and hire of passenger motor vehicles, \$170,000,000, to remain available until expended.

DEFENSE NUCLEAR FACILITIES SAFETY BOARD

SALARIES AND EXPENSES

For necessary expenses of the Defense Nuclear Facilities Safety Board in carrying out activities authorized by the Atomic Energy Act of 1954, as amended by Public Law 100-456, section 1441, \$17,000,000, to remain available until expended.

NUCLEAR REGULATORY COMMISSION

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Commission in carrying out the purposes of the Energy Reorganization Act of 1974, as amended, and the Atomic Energy Act of 1954, as amended, including the employment of aliens; services authorized by 5 U.S.C. 3109; publication and dissemination of atomic information; purchase, repair, and cleaning of uniforms; official representation expenses (not to exceed \$20,000); reimbursements to the General Services Administration for security guard services; hire of passenger motor vehicles and aircraft, \$468,000,000, to remain available until expended: *Provided*, That of the amount appropriated herein, \$15,000,000 shall be derived from the Nuclear Waste Fund: *Provided further*, That from this appropriation, transfers of sums may be made to other agencies of the Government for the performance of the work for which this appropriation is made, and in such cases the sums so transferred may be merged with the appropriation to which transferred: *Provided further*, That moneys received by the Commission for the cooperative nuclear safety research program, services rendered to State governments, foreign governments and international organizations, and the material and information access authorization programs, including criminal history checks under

section 149 of the Atomic Energy Act may be retained and used for salaries and expenses associated with those activities, notwithstanding 31 U.S.C. 3302, and shall remain available until expended: *Provided further*, That revenues from licensing fees, inspection services, and other services and collections estimated at \$450,000,000 in fiscal year 1998 shall be retained and used for necessary salaries and expenses in this account, notwithstanding 31 U.S.C. 3302, and shall remain available until expended: *Provided further*, That \$3,000,000 of the funds herein appropriated for regulatory reviews and other assistance provided to the Department of Energy and other Federal agencies shall be excluded from license fee revenues, notwithstanding 42 U.S.C. 2214: *Provided further*, That the sum herein appropriated shall be reduced by the amount of revenues received during fiscal year 1998 from licensing fees, inspection services and other services and collections, excluding those moneys received for the cooperative nuclear safety research program, services rendered to State governments, foreign governments and international organizations, and the material and information access authorization programs, so as to result in a final fiscal year 1998 appropriation estimated at not more than \$18,000,000.

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, including services authorized by 5 U.S.C. 3109, \$4,800,000, to remain available until expended; and in addition, an amount not to exceed 5 percent of this sum may be transferred from Salaries and Expenses, Nuclear Regulatory Commission: *Provided*, That notice of such transfers shall be given to the Committees on Appropriations of the House of Representatives and Senate: *Provided further*, That from this appropriation, transfers of sums may be made to other agencies of the Government for the performance of the work for which this appropriation is made, and in such cases the sums so transferred may be merged with the appropriation to which transferred: *Provided further*, That revenues from licensing fees, inspection services, and other services and collections shall be retained and used for necessary salaries and expenses in this account, notwithstanding 31 U.S.C. 3302, and shall remain available until expended: *Provided further*, That the sum herein appropriated shall be reduced by the amount of revenues received during fiscal year 1998 from licensing fees, inspection services, and other services and collections, so as to result in a final fiscal year 1998 appropriation estimated at not more than \$0.

NUCLEAR WASTE TECHNICAL REVIEW BOARD

SALARIES AND EXPENSES

For necessary expenses of the Nuclear Waste Technical Review Board, as authorized by Public Law 100-203, section 5051, \$2,600,000, to be derived from the Nuclear Waste Fund, and to remain available until expended.

TENNESSEE VALLEY AUTHORITY

16 USC 831ee.

For the purpose of carrying out the provisions of the Tennessee Valley Authority Act of 1933, as amended (16 U.S.C. ch. 12A), including hire, maintenance, and operation of aircraft, and purchase and hire of passenger motor vehicles, \$70,000,000, to remain available until expended, of which \$6,900,000 shall be available for operation, maintenance, surveillance, and improvement of Land Between the Lakes; and for essential stewardship activities for which appropriations were provided to the Tennessee Valley Authority in Public Law 104-206, such sums as are necessary in fiscal year 1999 and thereafter, to be derived only from one or more of the following sources: nonpower fund balances and collections; investment returns of the nonpower program; applied programmatic savings in the power and nonpower programs; savings from the suspension of bonuses and awards; savings from reductions in memberships and contributions; increases in collections resulting from nonpower activities, including user fees; or increases in charges to private and public utilities both investor and cooperatively owned, as well as to direct load customers: *Provided*, That such funds are available to fund the stewardship activities under this paragraph, notwithstanding sections 11, 14, 15, 29, or other provisions of the Tennessee Valley Authority Act, as amended, or provisions of the TVA power bond covenants: *Provided further*, That the savings from, and revenue adjustments to, the TVA budget in fiscal year 1999 and thereafter shall be sufficient to fund the aforementioned stewardship activities such that the net spending authority and resulting outlays for these activities shall not exceed \$0 in fiscal year 1999 and thereafter.

TITLE V

GENERAL PROVISIONS

SEC. 501. None of the funds appropriated by this Act may be used in any way, directly or indirectly, to influence congressional action on any legislation or appropriation matters pending before Congress, other than to communicate to Members of Congress as described in section 1913 of title 18, United States Code.

SEC. 502. (a) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available in this Act should be American-made.

(b) NOTICE REQUIREMENT.—In providing financial assistance to, or entering into any contract with, any entity using funds made available in this Act, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (a) by the Congress.

(c) PROHIBITION OF CONTRACTS WITH PERSONS FALSELY LABELING PRODUCTS AS MADE IN AMERICA.—If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a “Made in America” inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, the person shall be ineligible to receive any contract or subcontract made with funds made available in this Act, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

SEC. 503. None of the funds made available in this Act may be provided by contract or by grant (including a grant of funds to be available for student aid) to any institution of higher education, or subelement thereof, that is currently ineligible for contracts and grants pursuant to section 514 of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1997 (as contained in section 101(e) of division A of Public Law 104-208; 110 Stat. 3009-270).

SEC. 504. None of the funds made available in this Act may be obligated or expended to enter into or renew a contract with a contractor that is subject to the reporting requirement set forth in subsection (d) of section 4212 of title 38, United States Code, but has not submitted the most recent report required by such subsection.

SEC. 505. None of the funds made available in this Act to pay the salary of any officer or employee of the Department of the Interior may be used for the Animas-La Plata Project, in Colorado and New Mexico, except for: (1) activities required to comply with the applicable provisions of current law; and (2) continuation of activities pursuant to the Colorado Ute Indian Water Rights Settlement Act of 1988 (Public Law 100-585).

SEC. 506. Section 1621 of title XVI of the Reclamation Wastewater and Groundwater Act, Public Law 104-266, is amended by— 43 USC 390h-12g.

(1) striking “study” in the section title and in subsection (a), and inserting “project” into the title and in subsection (a);

(2) inserting in subsection (a) “planning, design, and construction of the” following “to participate in the”; and

(3) inserting in subsection (a) “and nonpotable surface water” following “impaired ground water”.

SEC. 507. Section 1208(a)(2) of the Yavapai-Prescott Indian Treaty Settlement Act of 1994 (Public Law 103-434) is amended by striking “\$4,000,000 for construction” and inserting “\$13,000,000, at 1997 prices, for construction plus or minus such amounts as may be justified by reason of ordinary fluctuations of applicable cost indexes”. 108 Stat. 4562.

SEC. 508. (a) The State of West Virginia shall receive credit towards its required contribution under Contract No. DACW59-C-0071 for the cost of recreational facilities to be constructed by a joint venture of the State in cooperation with private interests for recreation development at Stonewall Jackson Lake, West Virginia, except that the State shall receive no credit for costs associated with golf course development and the amount of the credit may not exceed the amount owed by the State under the Contract. West Virginia.

(b) The Corps of Engineers shall revise both the 1977 recreation cost-sharing agreement and the Park and Recreation Lease dated October 2, 1995 to remove the requirement that such recreation facilities are to be owned by the Government at the time of their completion as contained in Article 2-06 of the cost-sharing agreement and Article 36 of the lease.

(c) Nothing in this section shall reduce the amount of funds owed the United States Government pursuant to the 1977 recreation cost-sharing agreement.

SEC. 509. Amounts to be transferred to the Department of Energy by the United States Enrichment Corporation (USEC)

pursuant to this section shall be retained and used for the specific purpose of development and demonstration of AVLIS technology for uranium enrichment: *Provided*, That, notwithstanding section 1605 of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2297e-4), USEC shall transfer to the Department such sums as are necessary in fiscal year 1998 for AVLIS demonstration and development activities to be derived only from one or more of the following sources: savings from adjustments in the level of inventories; savings from reductions in capital and operating costs; savings from reductions in power costs including savings from increased use of off-peak power; or savings from adjustments in the amount of purchases: *Provided further*, That the savings from such reductions and adjustments in the amounts paid by USEC in fiscal year 1998 shall be sufficient to fund the aforementioned AVLIS demonstration and development activities such that the net spending authority and resulting outlays for these activities shall not exceed \$0 in fiscal year 1998 and thereafter: *Provided further*, That, prior to transferring funds to the Department for AVLIS activities pursuant to this section, the Chief Financial Officer of USEC shall submit to the Committees on Appropriations of the House of Representatives and Senate an itemized listing of the amounts of the reductions made pursuant to this section to fund the proposed transfer: *Provided further*, That, by November 1, 1998, the Chief Financial Officer of USEC shall submit to the Committees on Appropriations of the House of Representatives and Senate an itemized listing of the amounts of the reductions made pursuant to this section for fiscal year 1998: *Provided further*, That the provisions in this section related to the transfer to and use by the Department of funds for AVLIS demonstration and development activities shall expire as of the privatization date for USEC, as defined in section 3102 of the USEC Privatization Act (42 U.S.C. 2297h), and the total amount obligated by the Department pursuant to this section for AVLIS demonstration and development activities shall not exceed \$60,000,000.

Records.

Expiration date.

SEC. 510. (a) None of the funds appropriated or otherwise made available by this Act may be used to determine the final point of discharge for the interceptor drain for the San Luis Unit until development by the Secretary of the Interior and the State of California of a plan, which shall conform to the water quality standards of the State of California as approved by the Administrator of the Environmental Protection Agency, to minimize any detrimental effect of the San Luis drainage waters.

(b) The costs of the Kesterson Reservoir Cleanup Program and the costs of the San Joaquin Valley Drainage Program shall be classified by the Secretary of the Interior as reimbursable or nonreimbursable and collected until fully repaid pursuant to the "Cleanup Program—Alternative Repayment Plan" and the "SJVDP—Alternative Repayment Plan" described in the report entitled "Repayment Report, Kesterson Reservoir Cleanup Program and San Joaquin Valley Drainage Program, February 1995", prepared by the Department of the Interior, Bureau of Reclamation. Any future obligations of funds by the United States relating to, or providing for, drainage service or drainage studies for the San Luis Unit shall be fully reimbursable by San Luis Unit beneficiaries of such service or studies pursuant to Federal Reclamation law.

SEC. 511. MAINTENANCE OF SECURITY AT THE GASEOUS DIFFUSION PLANTS.—Section 3107 of the USEC Privatization Act (42 U.S.C. 2297h-5) is amended by adding at the end the following:

Kentucky.
Ohio.

“(h) MAINTENANCE OF SECURITY.—

“(1) IN GENERAL.—With respect to the Paducah Gaseous Diffusion Plant, Kentucky, and the Portsmouth Gaseous Diffusion Plant, Ohio, the guidelines relating to the authority of the Department of Energy’s contractors (including any Federal agency, or private entity operating a gaseous diffusion plant under a contract or lease with the Department of Energy) and any subcontractor (at any tier) to carry firearms and make arrests in providing security at Federal installations, issued under section 161k. of the Atomic Energy Act of 1954 (42 U.S.C. 2201k.) shall require, at a minimum, the presence of an adequate number of security guards carrying sidearms at all times to ensure maintenance of security at the gaseous diffusion plants (whether a gaseous diffusion plant is operated directly by a Federal agency or by a private entity under a contract or lease with a Federal agency).”.

SEC. 512. None of the funds made available in this or any other Act may be used to restart the High Flux Beam Reactor.

This Act may be cited as the “Energy and Water Development Appropriations Act, 1998”.

Approved October 13, 1997.

LEGISLATIVE HISTORY—H.R. 2203 (S. 1004):

HOUSE REPORTS: Nos. 105-90 (Comm. on Appropriations) and 105-271 (Comm. of Conference).

SENATE REPORTS: No. 105-44 accompanying S. 1004 (Comm. on Appropriations).
CONGRESSIONAL RECORD, Vol. 143 (1997):

July 24, 25, considered and passed House.

July 28, considered and passed Senate, amended, in lieu of S. 1004.

Sept. 30, House and Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Oct. 13, Presidential statement.

Oct. 17, President’s special message on line item veto.

FEDERAL REGISTER, Vol. 62 (1997):

Oct. 20, Cancellation of items pursuant to the Line Item Veto Act.



Public Law 105–63
105th Congress

An Act

Oct. 22, 1997
[S. 1000]

To designate the United States courthouse at 500 State Avenue in Kansas City, Kansas, as the “Robert J. Dole United States Courthouse”.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION OF ROBERT J. DOLE UNITED STATES COURTHOUSE.

The United States courthouse at 500 State Avenue in Kansas City, Kansas, shall be known and designated as the “Robert J. Dole United States Courthouse”.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the United States courthouse referred to in section 1 shall be deemed to be a reference to the “Robert J. Dole United States Courthouse”.

Approved October 22, 1997.

LEGISLATIVE HISTORY—S. 1000:

CONGRESSIONAL RECORD, Vol. 143 (1997):

July 25, considered and passed Senate.

Sept. 23, considered and passed House.



Public Law 105–64
105th Congress

Joint Resolution

Making further continuing appropriations for the fiscal year 1998, and for other purposes.

Oct. 23, 1997
[H.J. Res. 97]

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 106(3) of Public Law 105–46 is amended by striking “October 23, 1997” and inserting in lieu thereof “November 7, 1997”, and each provision amended by sections 118, 122, and 123 of such public law shall be applied as if “November 7, 1997” was substituted for “October 23, 1997”.

Ante, p. 1156.

Approved October 23, 1997.

LEGISLATIVE HISTORY—H.J. Res. 97:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Oct. 22, considered and passed House; considered in Senate.

Oct. 23, considered and passed Senate.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Oct. 23, Presidential statement.



Public Law 105–65
105th Congress

An Act

Oct. 27, 1997
[H.R. 2158]

Making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, commissions, corporations, and offices for the fiscal year ending September 30, 1998, and for other purposes.

Departments of
Veterans Affairs
and Housing and
Urban
Development,
and Independent
Agencies
Appropriations
Act, 1998.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, commissions, corporations, and offices for the fiscal year ending September 30, 1998, and for other purposes, namely:

TITLE I

DEPARTMENT OF VETERANS AFFAIRS

VETERANS BENEFITS ADMINISTRATION

COMPENSATION AND PENSIONS

(INCLUDING TRANSFERS OF FUNDS)

For the payment of compensation benefits to or on behalf of veterans and a pilot program for disability examinations as authorized by law (38 U.S.C. 107, chapters 11, 13, 18, 51, 53, 55, and 61); pension benefits to or on behalf of veterans as authorized by law (38 U.S.C. chapters 15, 51, 53, 55, and 61; 92 Stat. 2508); and burial benefits, emergency and other officers' retirement pay, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies guaranteed under the provisions of Article IV of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, and for other benefits as authorized by law (38 U.S.C. 107, 1312, 1977, and 2106, chapters 23, 51, 53, 55, and 61; 50 U.S.C. App. 540–548; 43 Stat. 122, 123; 45 Stat. 735; 76 Stat. 1198); \$19,932,997,000, to remain available until expended: *Provided*, That not to exceed \$26,380,000 of the amount appropriated shall be reimbursed to "General operating expenses" and "Medical care" for necessary expenses in implementing those provisions authorized in the Omnibus Budget Reconciliation Act of 1990, and in the Veterans' Benefits Act of 1992 (38 U.S.C. chapters 51, 53, and 55), the funding source for which is specifically provided as the "Compensation and pensions" appropriation: *Provided further*, That such sums as may be earned on an actual qualifying patient basis, shall be reimbursed to "Medical facilities revolving fund" to augment the funding of individual medical facilities for

nursing home care provided to pensioners as authorized by the Veterans' Benefits Act of 1992 (38 U.S.C. chapter 55).

READJUSTMENT BENEFITS

For the payment of readjustment and rehabilitation benefits to or on behalf of veterans as authorized by 38 U.S.C. chapters 21, 30, 31, 34, 35, 36, 39, 51, 53, 55, and 61, \$1,366,000,000, to remain available until expended: *Provided*, That funds shall be available to pay any court order, court award or any compromise settlement arising from litigation involving the vocational training program authorized by section 18 of Public Law 98-77, as amended.

VETERANS INSURANCE AND INDEMNITIES

For military and naval insurance, national service life insurance, servicemen's indemnities, service-disabled veterans insurance, and veterans mortgage life insurance as authorized by 38 U.S.C. chapter 19; 70 Stat. 887; 72 Stat. 487, \$51,360,000, to remain available until expended.

VETERANS HOUSING BENEFIT PROGRAM FUND PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct and guaranteed loans, such sums as may be necessary to carry out the program, as authorized by 38 U.S.C. chapter 37, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That during fiscal year 1998, within the resources available, not to exceed \$300,000 in gross obligations for direct loans are authorized for specially adapted housing loans: *Provided further*, That during 1998 any moneys that would be otherwise deposited into or paid from the Loan Guaranty Revolving Fund, the Guaranty and Indemnity Fund, or the Direct Loan Revolving Fund shall be deposited into or paid from the Veterans Housing Benefit Program Fund: *Provided further*, That any balances in the Loan Guaranty Revolving Fund, the Guaranty and Indemnity Fund, or the Direct Loan Revolving Fund on the effective date of this Act may be transferred to and merged with the Veterans Housing Benefit Program Fund.

In addition, for administrative expenses to carry out the direct and guaranteed loan programs, \$160,437,000, which may be transferred to and merged with the appropriation for "General operating expenses".

EDUCATION LOAN FUND PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, \$1,000, as authorized by 38 U.S.C. 3698, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$3,000.

In addition, for administrative expenses necessary to carry out the direct loan program, \$200,000, which may be transferred

to and merged with the appropriation for “General operating expenses”.

VOCATIONAL REHABILITATION LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, \$44,000, as authorized by 38 U.S.C. chapter 31, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$2,278,000.

In addition, for administrative expenses necessary to carry out the direct loan program, \$388,000, which may be transferred to and merged with the appropriation for “General operating expenses”.

NATIVE AMERICAN VETERAN HOUSING LOAN PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For administrative expenses to carry out the direct loan program authorized by 38 U.S.C. chapter 37, subchapter V, as amended, \$515,000, which may be transferred to and merged with the appropriation for “General operating expenses”.

VETERANS HEALTH ADMINISTRATION

MEDICAL CARE

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses for the maintenance and operation of hospitals, nursing homes, and domiciliary facilities; for furnishing, as authorized by law, inpatient and outpatient care and treatment to beneficiaries of the Department of Veterans Affairs, including care and treatment in facilities not under the jurisdiction of the Department; and furnishing recreational facilities, supplies, and equipment; funeral, burial, and other expenses incidental thereto for beneficiaries receiving care in the Department; administrative expenses in support of planning, design, project management, real property acquisition and disposition, construction and renovation of any facility under the jurisdiction or for the use of the Department; oversight, engineering and architectural activities not charged to project cost; repairing, altering, improving or providing facilities in the several hospitals and homes under the jurisdiction of the Department, not otherwise provided for, either by contract or by the hire of temporary employees and purchase of materials; uniforms or allowances therefor, as authorized by 5 U.S.C. 5901–5902; aid to State homes as authorized by 38 U.S.C. 1741; administrative and legal expenses of the Department for collecting and recovering amounts owed the Department as authorized under 38 U.S.C. chapter 17, and the Federal Medical Care Recovery Act, 42 U.S.C. 2651 et seq.; and not to exceed \$8,000,000 to fund cost comparison studies as referred to in 38 U.S.C. 8110(a)(5); \$17,057,396,000, plus reimbursements: *Provided*, That of the funds made available under this heading, \$570,000,000 is for the equipment and land and structures object classifications only, which

amount shall not become available for obligation until August 1, 1998, and shall remain available until September 30, 1999: *Provided further*, That of the amount made available under this heading, not to exceed \$5,000,000 shall be for a study on the cost-effectiveness of contracting with local hospitals in east central Florida for the provision of non-emergent inpatient health care needs of veterans.

In addition, in conformance with Public Law 105-33 establishing the Department of Veterans Affairs Medical Care Collections Fund, such sums as may be deposited to such Fund pursuant to 38 U.S.C. 1729A may be transferred to this account, to remain available until expended for the purposes of this account.

MEDICAL AND PROSTHETIC RESEARCH

For necessary expenses in carrying out programs of medical and prosthetic research and development as authorized by 38 U.S.C. chapter 73, to remain available until September 30, 1999, \$272,000,000, plus reimbursements.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

For necessary expenses in the administration of the medical, hospital, nursing home, domiciliary, construction, supply, and research activities, as authorized by law; administrative expenses in support of planning, design, project management, architectural, engineering, real property acquisition and disposition, construction and renovation of any facility under the jurisdiction or for the use of the Department of Veterans Affairs, including site acquisition; engineering and architectural activities not charged to project cost; and research and development in building construction technology; \$59,860,000, plus reimbursements.

GENERAL POST FUND, NATIONAL HOMES

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, \$7,000, as authorized by Public Law 102-54, section 8, which shall be transferred from the "General post fund": *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$70,000.

In addition, for administrative expenses to carry out the direct loan programs, \$54,000, which shall be transferred from the "General post fund", as authorized by Public Law 102-54, section 8.

DEPARTMENTAL ADMINISTRATION

GENERAL OPERATING EXPENSES

For necessary operating expenses of the Department of Veterans Affairs, not otherwise provided for, including uniforms or allowances therefor; not to exceed \$25,000 for official reception and representation expenses; hire of passenger motor vehicles; and reimbursement of the General Services Administration for security guard services, and the Department of Defense for the cost of

overseas employee mail; \$786,135,000: *Provided*, That funds under this heading shall be available to administer the Service Members Occupational Conversion and Training Act: *Provided further*, That none of the funds made available under this heading may be used for the relocation of the loan guaranty divisions of the Department of Veterans Affairs Regional Office in St. Petersburg, Florida to the Department of Veterans Affairs Regional Office in Atlanta, Georgia.

NATIONAL CEMETERY SYSTEM

For necessary expenses for the maintenance and operation of the National Cemetery System, not otherwise provided for, including uniforms or allowances therefor; cemeterial expenses as authorized by law; purchase of three passenger motor vehicles for use in cemeterial operations; and hire of passenger motor vehicles, \$84,183,000.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, \$31,013,000.

CONSTRUCTION, MAJOR PROJECTS

For constructing, altering, extending and improving any of the facilities under the jurisdiction or for the use of the Department of Veterans Affairs, or for any of the purposes set forth in sections 316, 2404, 2406, 8102, 8103, 8106, 8108, 8109, 8110, and 8122 of title 38, United States Code, including planning, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition, where the estimated cost of a project is \$4,000,000 or more or where funds for a project were made available in a previous major project appropriation, \$177,900,000, to remain available until expended: *Provided*, That the \$32,100,000 provided under this heading in Public Law 104-204 for the replacement hospital at Travis Air Force Base, Fairfield, California, shall not be obligated for that purpose but shall be available for any project approved by the Congress in the budgetary process: *Provided further*, That except for advance planning of projects funded through the advance planning fund and the design of projects funded through the design fund, none of these funds shall be used for any project which has not been considered and approved by the Congress in the budgetary process: *Provided further*, That funds provided in this appropriation for fiscal year 1998, for each approved project shall be obligated: (1) by the awarding of a construction documents contract by September 30, 1998; and (2) by the awarding of a construction contract by September 30, 1999: *Provided further*, That the Secretary shall promptly report in writing to the Committees on Appropriations any approved major construction project in which obligations are not incurred within the time limitations established above: *Provided further*, That no funds from any other account except the "Parking revolving fund", may be obligated for constructing, altering, extending, or improving a project which was approved in the budget process and funded

Contracts.

Reports.

in this account until one year after substantial completion and beneficial occupancy by the Department of Veterans Affairs of the project or any part thereof with respect to that part only.

CONSTRUCTION, MINOR PROJECTS

For constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the Department of Veterans Affairs, including planning, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition, or for any of the purposes set forth in sections 316, 2404, 2406, 8102, 8103, 8106, 8108, 8109, 8110, and 8122 of title 38, United States Code, where the estimated cost of a project is less than \$4,000,000; \$175,000,000, to remain available until expended, along with unobligated balances of previous "Construction, minor projects" appropriations which are hereby made available for any project where the estimated cost is less than \$4,000,000: *Provided*, That funds in this account shall be available for: (1) repairs to any of the nonmedical facilities under the jurisdiction or for the use of the Department which are necessary because of loss or damage caused by any natural disaster or catastrophe; and (2) temporary measures necessary to prevent or to minimize further loss by such causes.

PARKING REVOLVING FUND

For the parking revolving fund as authorized by 38 U.S.C. 8109, income from fees collected, to remain available until expended, which shall be available for all authorized expenses except operations and maintenance costs, which will be funded from "Medical care".

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

For grants to assist States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify or alter existing hospital, nursing home and domiciliary facilities in State homes, for furnishing care to veterans as authorized by 38 U.S.C. 8131-8137, \$80,000,000, to remain available until expended.

GRANTS FOR THE CONSTRUCTION OF STATE VETERAN CEMETERIES

For grants to aid States in establishing, expanding, or improving State veteran cemeteries as authorized by 38 U.S.C. 2408, \$10,000,000, to remain available until expended.

ADMINISTRATIVE PROVISIONS

(INCLUDING TRANSFER OF FUNDS)

SEC. 101. Any appropriation for fiscal year 1998 for "Compensation and pensions", "Readjustment benefits", and "Veterans insurance and indemnities" may be transferred to any other of the mentioned appropriations.

SEC. 102. Appropriations available to the Department of Veterans Affairs for fiscal year 1998 for salaries and expenses shall be available for services authorized by 5 U.S.C. 3109.

SEC. 103. No appropriations in this Act for the Department of Veterans Affairs (except the appropriations for “Construction, major projects”, “Construction, minor projects”, and the “Parking revolving fund”) shall be available for the purchase of any site for or toward the construction of any new hospital or home.

SEC. 104. No appropriations in this Act for the Department of Veterans Affairs shall be available for hospitalization or examination of any persons (except beneficiaries entitled under the laws bestowing such benefits to veterans, and persons receiving such treatment under 5 U.S.C. 7901-7904 or 42 U.S.C. 5141-5204), unless reimbursement of cost is made to the “Medical care” account at such rates as may be fixed by the Secretary of Veterans Affairs.

SEC. 105. Appropriations available to the Department of Veterans Affairs for fiscal year 1998 for “Compensation and pensions”, “Readjustment benefits”, and “Veterans insurance and indemnities” shall be available for payment of prior year accrued obligations required to be recorded by law against the corresponding prior year accounts within the last quarter of fiscal year 1997.

SEC. 106. Appropriations accounts available to the Department of Veterans Affairs for fiscal year 1998 shall be available to pay prior year obligations of corresponding prior year appropriations accounts resulting from title X of the Competitive Equality Banking Act, Public Law 100-86, except that if such obligations are from trust fund accounts they shall be payable from “Compensation and pensions”.

SEC. 107. Notwithstanding any other provision of law, during fiscal year 1998, the Secretary of Veterans Affairs shall, from the National Service Life Insurance Fund (38 U.S.C. 1920), the Veterans’ Special Life Insurance Fund (38 U.S.C. 1923), and the United States Government Life Insurance Fund (38 U.S.C. 1955), reimburse the “General operating expenses” account for the cost of administration of the insurance programs financed through those accounts: *Provided*, That reimbursement shall be made only from the surplus earnings accumulated in an insurance program in fiscal year 1998, that are available for dividends in that program after claims have been paid and actuarially determined reserves have been set aside: *Provided further*, That if the cost of administration of an insurance program exceeds the amount of surplus earnings accumulated in that program, reimbursement shall be made only to the extent of such surplus earnings: *Provided further*, That the Secretary shall determine the cost of administration for fiscal year 1998, which is properly allocable to the provision of each insurance program and to the provision of any total disability income insurance included in such insurance program.

SEC. 108. Section 214(l)(1)(D) of the Immigration and Nationality Act (8 U.S.C. 1184(l)(1)(D)) (as added by section 220 of the Immigration and Nationality Technical Corrections Act of 1994 and redesignated as subsection (l) by section 671(a)(3)(A) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996) is amended by inserting before the period at the end the following: “, except that, in the case of a request by the Department of Veterans Affairs, the alien shall not be required to practice medicine in a geographic area designated by the Secretary”.

SEC. 109. In accordance with section 1557 of title 31, United States Code, the following obligated balance shall be exempt from subchapter IV of chapter 15 of such title and shall remain available for expenditure without fiscal year limitation: Funds obligated by

the Department of Veterans Affairs for lease number 757-084B-001-91 from funds made available in the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1993 (Public Law 102-389) under the heading “Medical care”.

TITLE II

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC AND INDIAN HOUSING

HOUSING CERTIFICATE FUND

(INCLUDING TRANSFERS OF FUNDS)

For activities and assistance to prevent the involuntary displacement of low-income families, the elderly and the disabled because of the loss of affordable housing stock, expiration of subsidy contracts (other than contracts for which amounts are provided under another heading in this Act) or expiration of use restrictions, or other changes in housing assistance arrangements, and for other purposes, \$9,373,000,000, to remain available until expended: *Provided*, That of the total amount provided under this heading, \$8,180,000,000 shall be for assistance under the United States Housing Act of 1937 (42 U.S.C. 1437) for use in connection with expiring or terminating section 8 subsidy contracts, for enhanced vouchers as provided under the “Preserving Existing Housing Investment” account in the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (Public Law 104-204), and contracts entered into pursuant to section 441 of the Stewart B. McKinney Homeless Assistance Act: *Provided further*, That the Secretary may determine not to apply section 8(o)(6)(B) of the Act to housing vouchers during fiscal year 1998: *Provided further*, That of the total amount provided under this heading, \$850,000,000 shall be for amendments to section 8 contracts other than contracts for projects developed under section 202 of the Housing Act of 1959, as amended: *Provided further*, That of the total amount provided under this heading, \$343,000,000 shall be for section 8 rental assistance under the United States Housing Act of 1937 including assistance to relocate residents of properties: (1) that are owned by the Secretary and being disposed of; or (2) that are discontinuing section 8 project-based assistance; for the conversion of section 23 projects to assistance under section 8; for funds to carry out the family unification program; and for the relocation of witnesses in connection with efforts to combat crime in public and assisted housing pursuant to a request from a law enforcement or prosecution agency: *Provided further*, That of the total amount made available in the preceding proviso, \$40,000,000 shall be made available to nonelderly disabled families affected by the designation of a public housing development under section 7 of such Act, the establishment of preferences in accordance with section 651 of the Housing and Community Development Act of 1992 (42 U.S.C. 13611), or the restriction of occupancy to elderly families in accordance with section 658 of such Act, and to the extent the Secretary determines that such amount is not needed to fund applications for such affected families, to other nonelderly disabled families: *Provided further*, That the amount made available

under the fifth proviso under the heading “Prevention of Resident Displacement” in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997, Public Law 104-204, shall also be made available to nonelderly disabled families affected by the restriction of occupancy to elderly families in accordance with section 658 of the Housing and Community Development Act of 1992: *Provided further*, That to the extent the Secretary determines that the amount made available under the fifth proviso under the heading “Prevention of Resident Displacement” in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997, Public Law 104-204, is not needed to fund applications for affected families described in the fifth proviso, or in the preceding proviso under this heading in this Act, the amount not needed shall be made available to other nonelderly disabled families: *Provided further*, That all balances, as of September 30, 1997, remaining in the “Annual Contributions for Assisted Housing” account and the “Prevention of Resident Displacement” account for use in connection with expiring or terminating section 8 subsidy contracts and for amendments to section 8 contracts other than contracts for projects developed under section 202 of the Housing Act of 1959, as amended, shall be transferred to and merged with the amounts provided for those purposes under this heading.

SECTION 8 RESERVE PRESERVATION ACCOUNT

The amounts recaptured during fiscal year 1998 that were heretofore made available to public housing agencies for tenant-based assistance under the section 8 existing housing certificate and housing voucher programs from the Annual Contributions for Assisted Housing account shall be collected in the account under this heading, for use as provided for under this heading, as set forth under the Annual Contributions for Assisted Housing heading in chapter 11 of Public Law 105-18, approved June 12, 1997.

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

(INCLUDING RESCISSION AND TRANSFER OF FUNDS)

Notwithstanding any other provision of law, of the amounts recaptured under this heading during fiscal year 1998 and prior years, \$550,000,000, heretofore maintained as section 8 reserves made available to housing agencies for tenant-based assistance under the section 8 existing housing certificate and housing voucher programs, are rescinded.

All balances outstanding as of September 30, 1997, in the Preserving Existing Housing Investment Account for the Preservation program shall be transferred to and merged with the amounts previously provided for those purposes under this heading.

PUBLIC HOUSING CAPITAL FUND

(INCLUDING TRANSFERS OF FUNDS)

For the Public Housing Capital Fund Program for modernization of existing public housing projects as authorized under section 14 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437), \$2,500,000,000, to remain available until expended:

Provided, That of the total amount, \$30,000,000 shall be for carrying out activities under section 6(j) of such Act and technical assistance for the inspection of public housing units, contract expertise, and training and technical assistance directly or indirectly, under grants, contracts, or cooperative agreements, to assist in the oversight and management of public housing (whether or not the housing is being modernized with assistance under this proviso) or tenant-based assistance, including, but not limited to, an annual resident survey, data collection and analysis, training and technical assistance by or to officials and employees of the Department and of public housing agencies and to residents in connection with the public housing program and for lease adjustments to section 23 projects: *Provided further*, That of the amount available under this heading, up to \$5,000,000 shall be for the Tenant Opportunity Program: *Provided further*, That all balances, as of September 30, 1997, of funds heretofore provided (other than for Indian families) for the development or acquisition costs of public housing, for modernization of existing public housing projects, for public housing amendments, for public housing modernization and development technical assistance, for lease adjustments under the section 23 program, and for the Family Investment Centers program, shall be transferred to and merged with amounts made available under this heading.

PUBLIC HOUSING OPERATING FUND

(INCLUDING TRANSFER OF FUNDS)

For payments to public housing agencies for operating subsidies for low-income housing projects as authorized by section 9 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437g), \$2,900,000,000, to remain available until expended: *Provided*, That all balances outstanding, as of September 30, 1997, of funds heretofore provided (other than for Indian families) for payments to public housing agencies for operating subsidies for low-income housing projects, shall be transferred to and merged with amounts made available under this heading.

DRUG ELIMINATION GRANTS FOR LOW-INCOME HOUSING

(INCLUDING TRANSFER OF FUNDS)

For grants to public housing agencies and tribally designated housing entities for use in eliminating crime in public housing projects authorized by 42 U.S.C. 11901–11908, for grants for federally assisted low-income housing authorized by 42 U.S.C. 11909, and for drug information clearinghouse services authorized by 42 U.S.C. 11921–11925, \$310,000,000, to remain available until expended, of which \$10,000,000 shall be for grants, technical assistance, contracts and other assistance, training, and program assessment and execution for or on behalf of public housing agencies, resident organizations, and Indian tribes and their tribally designated housing entities (including the cost of necessary travel for participants in such training); \$10,000,000 shall be used in connection with efforts to combat violent crime in public and assisted housing under the Operation Safe Home program administered by the Inspector General of the Department of Housing and Urban Development; \$10,000,000 shall be provided to the Office of Inspector General for Operation Safe Home; and \$20,000,000

Grants.

shall be available for a program named the New Approach Anti-Drug program which will provide competitive grants to entities managing or operating public housing developments, federally assisted multifamily housing developments, or other multifamily housing developments for low-income families supported by non-Federal governmental entities or similar housing developments supported by nonprofit private sources in order to provide or augment security (including personnel costs), to assist in the investigation and/or prosecution of drug-related criminal activity in and around such developments, and to provide assistance for the development of capital improvements at such developments directly relating to the security of such developments: *Provided*, That grants for the New Approach Anti-Drug program shall be made on a competitive basis as specified in section 102 of the Department of Housing and Urban Development Reform Act of 1989: *Provided further*, That the term “drug-related crime”, as defined in 42 U.S.C. 11905(2), shall also include other types of crime as determined by the Secretary: *Provided further*, That, notwithstanding section 5130(c) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11909(c)), the Secretary may determine not to use any such funds to provide public housing youth sports grants.

REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VI)

For grants to public housing agencies for assisting in the demolition of obsolete public housing projects or portions thereof, the revitalization (where appropriate) of sites (including remaining public housing units) on which such projects are located, replacement housing which will avoid or lessen concentrations of very low-income families, and tenant-based assistance in accordance with section 8 of the United States Housing Act of 1937; and for providing replacement housing and assisting tenants displaced by the demolition, \$550,000,000, to remain available until expended, of which the Secretary may use up to \$10,000,000 for technical assistance and contract expertise, to be provided directly or indirectly by grants, contracts or cooperative agreements, including training and cost of necessary travel for participants in such training, by or to officials and employees of the Department and of public housing agencies and to residents: *Provided*, That of the amount made available under this heading, \$26,000,000 shall be made available, including up to \$10,000,000 for Heritage House in Kansas City, Missouri, for the demolition of obsolete elderly public housing projects and the replacement, where appropriate, and revitalization of the elderly public housing as new communities for the elderly designed to meet the special needs and physical requirements of the elderly: *Provided further*, That no funds appropriated under this heading shall be used for any purpose that is not provided for herein, in the United States Housing Act of 1937, in the Appropriations Acts for the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies, for the fiscal years 1993, 1994, 1995, and 1997, and the Omnibus Consolidated Rescissions and Appropriations Act of 1996: *Provided further*, That none of such funds shall be used directly or indirectly by granting competitive advantage in awards to settle litigation or pay judgments, unless expressly permitted herein.

NATIVE AMERICAN HOUSING BLOCK GRANTS

(INCLUDING TRANSFERS OF FUNDS)

For the Native American Housing Block Grants program, as authorized under title I of the Native American Housing Assistance and Self-Determination Act of 1996 (Public Law 104-330), \$600,000,000, to remain available until expended, of which \$5,000,000 shall be used to support the inspection of Indian housing units, contract expertise, training, and technical assistance in the oversight and management of Indian housing and tenant-based assistance, including up to \$200,000 for related travel: *Provided*, That of the amount provided under this heading, \$5,000,000 shall be made available for the cost of guaranteed notes and other obligations, as authorized by title VI of the Native American Housing Assistance and Self-Determination Act of 1996: *Provided further*, That such costs, including the costs of modifying such notes and other obligations, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize the total principal amount of any notes and other obligations, any part of which is to be guaranteed, not to exceed \$217,000,000: *Provided further*, That the funds made available in the first proviso are for a demonstration on ways to enhance economic growth, to increase access to private capital, and to encourage the investment and participation of traditional financial institutions in tribal and other Native American areas: *Provided further*, That all balances outstanding as of September 30, 1997, previously appropriated under the headings “Annual Contributions for Assisted Housing”, “Development of Additional New Subsidized Housing”, “Preserving Existing Housing Investment”, “HOME Investment Partnerships Program”, “Emergency Shelter Grants Program”, and “Homeless Assistance Funds”, identified for Indian Housing Authorities and other agencies primarily serving Indians or Indian areas, shall be transferred to and merged with amounts made available under this heading.

INDIAN HOUSING LOAN GUARANTEE FUND PROGRAM ACCOUNT

For the cost of guaranteed loans, as authorized by section 184 of the Housing and Community Development Act of 1992 (106 Stat. 3739), \$5,000,000, to remain available until expended: *Provided*, That such costs, including the costs of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed \$73,800,000.

CAPITAL GRANTS/CAPITAL LOANS PRESERVATION ACCOUNT

At the discretion of the Secretary, to reimburse owners, non-profits, and tenant groups for which plans of action were submitted with regard to eligible properties under the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) or the Emergency Low Income Housing Preservation Act of 1987 (ELIHPA) prior to the effective date of this Act, but were not executed for lack of available funds, with such reimbursement available only for documented costs directly applicable to the preparation of the plan of action or any purchase agreement as determined

by the Secretary, on terms and conditions to be established by the Secretary, \$10,000,000 shall be made available.

COMMUNITY PLANNING AND DEVELOPMENT

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

For carrying out the Housing Opportunities for Persons with AIDS program, as authorized by the AIDS Housing Opportunity Act (42 U.S.C. 12901), \$204,000,000, to remain available until expended: *Provided*, That of the amount made available under this heading for non-formula allocation, the Secretary may designate, on a noncompetitive basis, one or more nonprofit organizations that provide meals delivered to homebound persons with acquired immunodeficiency syndrome or a related disease to receive grants, not exceeding \$250,000 for any grant, and the Secretary shall assess the efficacy of providing such assistance to such persons.

COMMUNITY DEVELOPMENT BLOCK GRANTS

(INCLUDING TRANSFERS OF FUNDS)

For grants to States and units of general local government and for related expenses, not otherwise provided for, to carry out a community development grants program as authorized by title I of the Housing and Community Development Act of 1974, as amended (the “Act” herein) (42 U.S.C. 5301), \$4,675,000,000, to remain available until September 30, 2000: *Provided*, That \$67,000,000 shall be for grants to Indian tribes notwithstanding section 106(a)(1) of such Act; \$2,100,000 shall be available as a grant to the Housing Assistance Council; \$1,500,000 shall be available as a grant to the National American Indian Housing Council; \$32,000,000 shall be for grants pursuant to section 107 of such Act; \$7,500,000 shall be for the Community Outreach Partnership program; \$16,700,000 shall be for grants pursuant to section 11 of the Housing Opportunity Program Extension Act of 1996 (Public Law 104-120): *Provided further*, That not to exceed 20 percent of any grant made with funds appropriated herein (other than a grant made available under the preceding proviso to the Housing Assistance Council or the National American Indian Housing Council, or a grant using funds under section 107(b)(3) of the Housing and Community Development Act of 1974, as amended) shall be expended for “Planning and Management Development” and “Administration” as defined in regulations promulgated by the Department.

Of the amount made available under this heading, \$15,000,000 shall be made available for “Capacity Building for Community Development and Affordable Housing”, as authorized by section 4 of the HUD Demonstration Act of 1993 (Public Law 103-120), as in effect immediately before June 12, 1997, with not less than \$5,000,000 of the funding to be used in rural areas, including tribal areas.

Of the amount provided under this heading, the Secretary of Housing and Urban Development may use up to \$55,000,000 for a public and assisted housing self-sufficiency program, of which up to \$5,000,000 may be used for the Moving to Work Demonstration, and at least \$7,000,000 shall be used for grants for service

coordinators and congregate services for the elderly and disabled: *Provided*, That for self-sufficiency activities, the Secretary may make grants to public housing agencies (including Indian tribes and their tribally designated housing entities), nonprofit corporations, and other appropriate entities for a supportive services program to assist residents of public and assisted housing, former residents of such housing receiving tenant-based assistance under section 8 of such Act (42 U.S.C. 1437f), and other low-income families and individuals: *Provided further*, That the program shall provide supportive services, principally for the benefit of public housing residents, to the elderly and the disabled, and to families with children where the head of household would benefit from the receipt of supportive services and is working, seeking work, or is preparing for work by participating in job training or educational programs: *Provided further*, That the supportive services may include congregate services for the elderly and disabled, service coordinators, and coordinated education, training, and other supportive services, including academic skills training, job search assistance, assistance related to retaining employment, vocational and entrepreneurship development and support programs, transportation, and child care: *Provided further*, That the Secretary shall require applications to demonstrate firm commitments of funding or services from other sources: *Provided further*, That the Secretary shall select public and Indian housing agencies to receive assistance under this heading on a competitive basis, taking into account the quality of the proposed program, including any innovative approaches, the extent of the proposed coordination of supportive services, the extent of commitments of funding or services from other sources, the extent to which the proposed program includes reasonably achievable, quantifiable goals for measuring performance under the program over a three-year period, the extent of success an agency has had in carrying out other comparable initiatives, and other appropriate criteria established by the Secretary (except that this proviso shall not apply to renewal of grants for service coordinators and congregate services for the elderly and disabled).

Of the amount made available under this heading, notwithstanding any other provision of law, \$35,000,000 shall be available for YouthBuild program activities authorized by subtitle D of title IV of the Cranston-Gonzalez National Affordable Housing Act, as amended, and such activities shall be an eligible activity with respect to any funds made available under this heading. Local YouthBuild programs that demonstrate an ability to leverage private and nonprofit funding shall be given a priority for YouthBuild funding.

Of the amount made available under this heading, \$25,000,000 shall be available for the Secretary, in consultation with the Secretary of Agriculture, to make grants, not to exceed \$4,000,000 each, for rural and tribal areas, including at least one Native American area in Alaska and one rural area in each of the States of Iowa and Missouri, to test comprehensive approaches to developing a job base through economic development, developing affordable low- and moderate-income rental and homeownership housing, and increasing the investment of both private and nonprofit capital.

Of the amount made available under this heading, \$138,000,000 shall be available for the Economic Development Initiative (EDI) to finance a variety of efforts, including \$100,000,000 for making

grants for targeted economic investments in accordance with the terms and conditions specified for such grants in the conference report and the joint explanatory statement of the committee of conference accompanying this Act.

Of the amount made available under this heading, notwithstanding any other provision of law, \$60,000,000 shall be available for the lead-based paint hazard reduction program as authorized under sections 1011 and 1053 of the Residential Lead-Based Hazard Reduction Act of 1992.

Of the amount made available under this heading, \$25,000,000, including \$15,000,000 for the County of San Bernardino, California, shall be used for neighborhood initiatives that are utilized to improve the conditions of distressed and blighted areas and neighborhoods, and to determine whether housing benefits can be integrated more effectively with welfare reform initiatives.

For the cost of guaranteed loans, \$29,000,000, as authorized by section 108 of the Housing and Community Development Act of 1974: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed \$1,261,000,000, notwithstanding any aggregate limitation on outstanding obligations guaranteed in section 108(k) of the Housing and Community Development Act of 1974. In addition, for administrative expenses to carry out the guaranteed loan program, \$1,000,000, which shall be transferred to and merged with the appropriation for departmental salaries and expenses.

Of the \$500,000,000 made available under the heading "Community Development Block Grants Fund" in the 1997 Emergency Supplemental Appropriations Act for Recovery from Natural Disasters, and for Overseas Peacekeeping Efforts, Including Those in Bosnia (Public Law 105-18), not more than \$3,500,000 shall be made available for the non-Federal cost-share for a levee project at Devils Lake, North Dakota: *Provided*, That the Secretary of Housing and Urban Development shall provide the State of North Dakota with a waiver to allow the use of its annual Community Development Block Grant allocation for use in funding the non-Federal cost-share for a levee project at Devils Lake, North Dakota: *Provided further*, That notwithstanding any other provision of law, the Secretary is prohibited from providing waivers, other than those provided herein, for funds in excess of \$100,000 in emergency Community Development Block Grants funds for the non-Federal cost-share of projects funded by the Secretary of the Army through the Corps of Engineers.

BROWNFIELDS REDEVELOPMENT

For Economic Development Grants, as authorized by section 108(q) of the Housing and Community Development Act of 1974, as amended, for Brownfields redevelopment projects, \$25,000,000, to remain available until expended: *Provided*, That the Secretary of Housing and Urban Development shall make these grants available on a competitive basis as specified in section 102 of the Department of Housing and Urban Development Reform Act of 1989.

EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES

For planning grants, technical assistance, contracts and other assistance, and training in connection with Empowerment Zones and Enterprise Communities, designated by the Secretary of Housing and Urban Development, to continue efforts to stimulate economic opportunity in America's distressed communities, \$5,000,000, to remain available until expended.

HOME INVESTMENT PARTNERSHIPS PROGRAM

For the HOME investment partnerships program, as authorized under title II of the Cranston-Gonzalez National Affordable Housing Act (Public Law 101-625), as amended, \$1,500,000,000, to remain available until expended: *Provided*, That up to \$7,000,000 shall be available for the development and operation of integrated community development management information systems: *Provided further*, That \$20,000,000 shall be available for Housing Counseling under section 106 of the Housing and Urban Development Act of 1968: *Provided further*, That up to \$10,000,000 shall be available to carry out a demonstration program in which the Secretary makes grants to up to three organizations exempt from Federal taxation under section 501(c)(3) of the Internal Revenue Code, selected on a competitive basis, to demonstrate methods of expanding homeownership opportunities for low-income borrowers through expanding the secondary market for non-conforming home mortgage loans to low-wealth borrowers: *Provided further*, That grantees for such demonstration program shall have experience in working with lenders who make non-conforming loans to low-income borrowers, have experience in expanding the secondary market for such loans, have demonstrated success in carrying out such activities including raising non-Federal grants and capital on concessionary terms for the purpose of expanding the secondary market for loans in the previous two years in amounts equal to or exceeding the amount awarded to such organization under this paragraph, and have demonstrated the ability to provide data on the performance of such loans sufficient to allow for future analysis of the investment risk of such loans.

SUPPORTIVE HOUSING PROGRAM

(RESCISSION)

Of the funds made available under this heading in Public Law 102-389 and prior laws for the Supportive Housing Demonstration Program, as authorized by the Stewart B. McKinney Homeless Assistance Act, \$6,000,000 of funds recaptured during fiscal year 1998 shall be rescinded.

SHELTER PLUS CARE

(RESCISSION)

Of the funds made available under this heading in Public Law 102-389 and prior laws for the Shelter Plus Care program, as authorized by the Stewart B. McKinney Homeless Assistance Act, \$4,000,000 of funds recaptured during fiscal year 1998 shall be rescinded.

HOMELESS ASSISTANCE GRANTS

For the emergency shelter grants program (as authorized under subtitle B of title IV of the Stewart B. McKinney Homeless Assistance Act, as amended); the supportive housing program (as authorized under subtitle C of title IV of such Act); the section 8 moderate rehabilitation single room occupancy program (as authorized under the United States Housing Act of 1937, as amended) to assist homeless individuals pursuant to section 441 of the Stewart B. McKinney Homeless Assistance Act; and the shelter plus care program (as authorized under subtitle F of title IV of such Act), \$823,000,000, to remain available until expended.

HOUSING PROGRAMS

HOUSING FOR SPECIAL POPULATIONS

(INCLUDING TRANSFERS OF FUNDS)

For assistance for the purchase, construction, acquisition, or development of additional public and subsidized housing units for low-income families under the United States Housing Act of 1937, as amended (42 U.S.C. 1437), not otherwise provided for, \$839,000,000, to remain available until expended: *Provided*, That of the total amount provided under this heading, \$645,000,000 shall be for capital advances, including amendments to capital advance contracts, for housing for the elderly, as authorized by section 202 of the Housing Act of 1959, as amended, and for project rental assistance, and amendments to contracts for project rental assistance, for the elderly under section 202(c)(2) of the Housing Act of 1959, and for supportive services associated with the housing; and \$194,000,000 shall be for capital advances, including amendments to capital advance contracts, for supportive housing for persons with disabilities, as authorized by section 811 of the Cranston-Gonzalez National Affordable Housing Act, for project rental assistance, for amendments to contracts for project rental assistance, and supportive services associated with the housing for persons with disabilities as authorized by section 811 of such Act: *Provided further*, That the Secretary may designate up to 25 percent of the amounts earmarked under this paragraph for section 811 of such Act for tenant-based assistance, as authorized under that section, including such authority as may be waived under the next proviso, which assistance is five years in duration: *Provided further*, That the Secretary may waive any provision of section 202 of the Housing Act of 1959 and section 811 of the Cranston-Gonzalez National Affordable Housing Act (including the provisions governing the terms and conditions of project rental assistance and tenant-based assistance) that the Secretary determines is not necessary to achieve the objectives of these programs, or that otherwise impedes the ability to develop, operate or administer projects assisted under these programs, and may make provision for alternative conditions or terms where appropriate: *Provided further*, That all balances, as of September 30, 1997, remaining in either the "Annual Contributions for Assisted Housing" account or the "Development of Additional New Subsidized Housing" account for capital advances, including amendments to capital advances, for housing for the elderly, as authorized by section 202 of the Housing Act of 1959, as amended, and for project rental assistance,

and amendments to contracts for project rental assistance, for supportive housing for the elderly, under section 202(c)(2) of such Act, shall be transferred to and merged with the amounts for those purposes under this heading; and, all balances, as of September 30, 1997, remaining in either the “Annual Contributions for Assisted Housing” account or the “Development of Additional New Subsidized Housing” account for capital advances, including amendments to capital advances, for supportive housing for persons with disabilities, as authorized by section 811 of the Cranston-Gonzalez National Affordable Housing Act, and for project rental assistance, and amendments to contracts for project rental assistance, for supportive housing for persons with disabilities, as authorized under section 811 of such Act, shall be transferred to and merged with the amounts for those purposes under this heading.

OTHER ASSISTED HOUSING PROGRAMS

RENTAL HOUSING ASSISTANCE

(RESCISSION)

The limitation otherwise applicable to the maximum payments that may be required in any fiscal year by all contracts entered into under section 236 of the National Housing Act (12 U.S.C. 1715z-1) is reduced in fiscal year 1998 by not more than \$7,350,000 in uncommitted balances of authorizations provided for this purpose in appropriation Acts: *Provided*, That up to \$125,000,000 of recaptured budget authority shall be canceled.

FLEXIBLE SUBSIDY FUND

(TRANSFER OF FUNDS)

From the Rental Housing Assistance Fund, all uncommitted balances of excess rental charges as of September 30, 1997, and any collections made during fiscal year 1998, shall be transferred to the Flexible Subsidy Fund, as authorized by section 236(g) of the National Housing Act, as amended.

FEDERAL HOUSING ADMINISTRATION

FHA-MUTUAL MORTGAGE INSURANCE PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

During fiscal year 1998, commitments to guarantee loans to carry out the purposes of section 203(b) of the National Housing Act, as amended, shall not exceed a loan principal of \$110,000,000,000.

During fiscal year 1998, obligations to make direct loans to carry out the purposes of section 204(g) of the National Housing Act, as amended, shall not exceed \$200,000,000: *Provided*, That the foregoing amount shall be for loans to nonprofit and governmental entities in connection with sales of single family real properties owned by the Secretary and formerly insured under the Mutual Mortgage Insurance Fund.

For administrative expenses necessary to carry out the guaranteed and direct loan program, \$338,421,000, to be derived from the FHA-mutual mortgage insurance guaranteed loans receipt

account, of which not to exceed \$326,309,000 shall be transferred to the appropriation for departmental salaries and expenses; and of which not to exceed \$12,112,000 shall be transferred to the appropriation for the Office of Inspector General.

FHA—GENERAL AND SPECIAL RISK PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

For the cost of guaranteed loans, as authorized by sections 238 and 519 of the National Housing Act (12 U.S.C. 1715z-3 and 1735c), including the cost of loan guarantee modifications (as that term is defined in section 502 of the Congressional Budget Act of 1974, as amended), \$81,000,000, to remain available until expended: *Provided*, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, of up to \$17,400,000,000: *Provided further*, That any amounts made available in any prior appropriations Act for the cost (as such term is defined in section 502 of the Congressional Budget Act of 1974) of guaranteed loans that are obligations of the funds established under section 238 or 519 of the National Housing Act that have not been obligated or that are deobligated shall be available to the Secretary of Housing and Urban Development in connection with the making of such guarantees and shall remain available until expended, notwithstanding the expiration of any period of availability otherwise applicable to such amounts.

Gross obligations for the principal amount of direct loans, as authorized by sections 204(g), 207(l), 238(a), and 519(a) of the National Housing Act, shall not exceed \$120,000,000; of which not to exceed \$100,000,000 shall be for bridge financing in connection with the sale of multifamily real properties owned by the Secretary and formerly insured under such Act; and of which not to exceed \$20,000,000 shall be for loans to nonprofit and governmental entities in connection with the sale of single-family real properties owned by the Secretary and formerly insured under such Act.

In addition, for administrative expenses necessary to carry out the guaranteed and direct loan programs, \$222,305,000, of which \$218,134,000, including \$25,000,000 for the enforcement of housing standards on FHA-insured multifamily projects, shall be transferred to the appropriation for departmental salaries and expenses; and of which \$4,171,000 shall be transferred to the appropriation for the Office of Inspector General.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

GUARANTEES OF MORTGAGE-BACKED SECURITIES LOAN GUARANTEE
PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

During fiscal year 1998, new commitments to issue guarantees to carry out the purposes of section 306 of the National Housing Act, as amended (12 U.S.C. 1721(g)), shall not exceed \$130,000,000,000.

For administrative expenses necessary to carry out the guaranteed mortgage-backed securities program, \$9,383,000, to be derived from the GNMA-guarantees of mortgage-backed securities guaranteed loan receipt account, of which not to exceed \$9,383,000 shall

be transferred to the appropriation for departmental salaries and expenses.

POLICY DEVELOPMENT AND RESEARCH

RESEARCH AND TECHNOLOGY

For contracts, grants, and necessary expenses of programs of research and studies relating to housing and urban problems, not otherwise provided for, as authorized by title V of the Housing and Urban Development Act of 1970, as amended (12 U.S.C. 1701z-1 et seq.), including carrying out the functions of the Secretary under section 1(a)(1)(i) of Reorganization Plan No. 2 of 1968, \$36,500,000, to remain available until September 30, 1999.

Of the amount made available under this heading, \$500,000 shall be made available for a contract with the National Academy of Public Administration to evaluate the Secretary's efforts to implement needed management systems and processes.

FAIR HOUSING AND EQUAL OPPORTUNITY

FAIR HOUSING ACTIVITIES

For contracts, grants, and other assistance, not otherwise provided for, as authorized by title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988, and section 561 of the Housing and Community Development Act of 1987, as amended, \$30,000,000, to remain available until September 30, 1999, of which \$15,000,000 shall be to carry out activities pursuant to such section 561. No funds made available under this heading shall be used to lobby the executive or legislative branches of the Federal Government in connection with a specific contract, grant or loan.

MANAGEMENT AND ADMINISTRATION

SALARIES AND EXPENSES

(INCLUDING TRANSFERS OF FUNDS)

For necessary administrative and nonadministrative expenses of the Department of Housing and Urban Development not otherwise provided for, including not to exceed \$7,000 for official reception and representation expenses, \$1,000,826,000, of which \$544,443,000 shall be provided from the various funds of the Federal Housing Administration, \$9,383,000 shall be provided from funds of the Government National Mortgage Association, and \$1,000,000 shall be provided from the "Community Development Grants Program" account.

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, \$66,850,000, of which \$16,283,000 shall be provided from the various funds of the Federal Housing Administration and \$10,000,000 shall be transferred from the amount earmarked for Operation

Safe Home in the “Drug Elimination Grants for Low-Income Housing” account.

OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For carrying out the Federal Housing Enterprise Financial Safety and Soundness Act of 1992, \$16,000,000, to remain available until expended, to be derived from the Federal Housing Enterprise Oversight Fund: *Provided*, That not to exceed such amount shall be available from the General Fund of the Treasury to the extent necessary to incur obligations and make expenditures pending the receipt of collections to the Fund: *Provided further*, That the General Fund amount shall be reduced as collections are received during the fiscal year so as to result in a final appropriation from the General Fund estimated at not more than \$0.

ADMINISTRATIVE PROVISIONS

42 USC 1437c
note. SEC. 201. EXTENDERS. (a) ONE-FOR-ONE REPLACEMENT OF PUBLIC HOUSING.—Section 1002(d) of Public Law 104-19 is amended by striking “1997” and inserting “1998”.

42 USC 1437f
note. (b) STREAMLINING SECTION 8 TENANT-BASED ASSISTANCE.—Section 203(d) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996, is amended by striking “fiscal years 1996 and 1997” and inserting “fiscal years 1996, 1997, and 1998”.

42 USC 1437f. (c) SECTION 8 RENT ADJUSTMENTS.—Section 8(c)(2)(A) of the United States Housing Act of 1937 is amended—

(1) in the third sentence, by striking “fiscal year 1997” and inserting “fiscal years 1997 and 1998”; and

(2) in the last sentence, by striking “fiscal year 1997” and inserting “fiscal years 1997 and 1998”.

(d) PUBLIC AND ASSISTED HOUSING RENTS, INCOME ADJUSTMENTS AND PREFERENCES.—

110 Stat. 40. (1) Section 402(a) of The Balanced Budget Downpayment Act, I is amended by striking “fiscal year 1997” and inserting “fiscal years 1997 and 1998”.

42 USC 1437a
note. (2) Section 402(f) of The Balanced Budget Downpayment Act, I is amended by striking “fiscal years 1996 and 1997” and inserting “fiscal years 1996, 1997, and 1998”.

110 Stat. 44. SEC. 202. DELAY REISSUANCE OF VOUCHERS AND CERTIFICATES.—Section 403(c) of The Balanced Budget Downpayment Act, I is amended—

(1) by striking “fiscal years 1996 and 1997” and inserting “fiscal years 1996, 1997, and 1998”; and

(2) by striking “1996 and October” and inserting “1996, October”; and

(3) by inserting before the semicolon the following: “and October 1, 1998 for assistance made available during fiscal year 1998”.

Illinois. SEC. 203. WAIVER.—The part of the HUD 1996 Community Development Block Grant to the State of Illinois which is administered by the State of Illinois Department of Commerce and Community Affairs (grant number B-96-DC-170001) and which, in turn,

was granted by the Illinois Department of Commerce and Community Affairs to the city of Oglesby, Illinois, located in LaSalle County, Illinois (State of Illinois Department of Commerce and Community Affairs grant number 96-24104), for the purpose of providing infrastructure for a warehouse in Oglesby, Illinois, is exempt from the provisions of section 104(g)(2), (g)(3), and (g)(4) of title I of the Housing and Community Development Act of 1974, as amended.

SEC. 204. FINANCING ADJUSTMENT FACTORS.—Fifty percent of the amounts of budget authority, or in lieu thereof 50 percent of the cash amounts associated with such budget authority, that are recaptured from projects described in section 1012(a) of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (Public Law 100-628; 102 Stat. 3224, 3268) shall be rescinded, or in the case of cash, shall be remitted to the Treasury, and such amounts of budget authority or cash recaptured and not rescinded or remitted to the Treasury shall be used by State housing finance agencies or local governments or local housing agencies with projects approved by the Secretary of Housing and Urban Development for which settlement occurred after January 1, 1992, in accordance with such section. Notwithstanding the previous sentence, the Secretary may award up to 15 percent of the budget authority or cash recaptured and not rescinded or remitted to the Treasury to provide project owners with incentives to refinance their project at a lower interest rate.

SEC. 205. ANNUAL ADJUSTMENT FACTORS.—Section 8(c)(2)(A) of the United States Housing Act of 1937, as amended by section 201 of this title, is further amended by inserting the following new sentences at the end: “In establishing annual adjustment factors for units in new construction and substantial rehabilitation projects, the Secretary shall take into account the fact that debt service is a fixed expense. The immediately foregoing sentence shall be effective only during fiscal year 1998.”.

Effective date.

SEC. 206. COMMUNITY DEVELOPMENT BLOCK GRANT.—Notwithstanding any other provision of law, the \$7,100,000 appropriated for an industrial park at 18th Street and Indiana Avenue shall be made available by the Secretary instead to 18th and Vine for rehabilitation and infrastructure development associated with the “Negro Leagues Baseball Museum” and the jazz museum.

SEC. 207. FAIR HOUSING AND FREE SPEECH.—None of the amounts made available under this Act may be used during fiscal year 1998 to investigate or prosecute under the Fair Housing Act any otherwise lawful activity engaged in by one or more persons, including the filing or maintaining of a nonfrivolous legal action, that is engaged in solely for the purpose of achieving or preventing action by a government official or entity, or a court of competent jurisdiction.

SEC. 208. REQUIREMENT FOR HUD TO MAINTAIN PUBLIC NOTICE AND COMMENT RULEMAKING.—Notwithstanding any other provision of law, for fiscal year 1998 and for all fiscal years thereafter, the Secretary of Housing and Urban Development shall maintain all current requirements under part 10 of the Department of Housing and Urban Development regulations (24 CFR part 10) with respect to the Department’s policies and procedures for the promulgation and issuance of rules, including the use of public participation in the rulemaking process.

SEC. 209. BROWNFIELDS AS ELIGIBLE CDBG ACTIVITY.—During fiscal year 1998, States and entitlement communities may use funds allocated under the community development block grants program under title I of the Housing and Community Development Act of 1974 for environmental cleanup and economic development activities related to Brownfields projects in conjunction with the appropriate environmental regulatory agencies, as if such activities were eligible under section 105(a) of such Act.

12 USC
1735f-19.

SEC. 210. PARTIAL PAYMENT OF CLAIMS ON HEALTH CARE FACILITIES.—Section 541(a) of the National Housing Act is amended—

(1) in the section heading, by adding “AND HEALTH CARE FACILITIES” at the end; and

(2) in subsection (a)—

(A) by inserting “or a health care facility (including a nursing home, intermediate care facility, or board and care home (as those terms are defined in section 232 of this Act), a hospital (as that term is defined in section 242 of this Act), or a group practice facility (as that term is defined in section 1106 of this Act))” after “1978”; and

(B) by inserting “or for keeping the health care facility operational to serve community needs,” after “character of the project,”.

12 USC 1709.

SEC. 211. CALCULATION OF DOWNPAYMENT.—Section 203(b) of the National Housing Act is amended by striking “fiscal year 1997” in paragraph (10)(A) and inserting “fiscal years 1997 and 1998”.

SEC. 212. HOPE VI NOFA.—Notwithstanding any other provision of law, including the July 22, 1996 Notice of Funding Availability (61 Fed. Reg. 38024), the demolition of units at developments funded under the Notice of Funding Availability shall be at the option of the New York City Housing Authority and the assistance awarded shall be allocated by the public housing agency among other eligible activities under the HOPE VI program and without the development costs limitations of the Notice, provided that the public housing agency shall not exceed the total cost limitations for the public housing agency, as provided by the Department of Housing and Urban Development.

12 USC
1715z-11a.

SEC. 213. ENHANCED DISPOSITION AUTHORITY.—Section 204 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997, is amended by inserting after “owned by the Secretary” the following: “, including, for fiscal years 1997 and 1998, the provision of grants and loans from the General Insurance Fund (12 U.S.C. 1735c) for the necessary costs of rehabilitation or demolition,”.

42 USC 12747.

SEC. 214. HOME PROGRAM FORMULA.—The first sentence of section 217(b)(3) of the Cranston-Gonzalez National Affordable Housing Act is amended by striking “only those jurisdictions that are allocated an amount of \$500,000 or greater shall receive an allocation” and inserting the following: “jurisdictions that are allocated an amount of \$500,000 or more, and participating jurisdictions (other than consortia that fail to renew the membership of all of their member jurisdictions) that are allocated an amount less than \$500,000, shall receive an allocation”.

SEC. 215. HUD RENT REFORM.—Notwithstanding any other provision of law, the Secretary of Housing and Urban Development may provide tenant-based assistance to eligible tenants of a project

insured under either section 221(d)(3) or 236 of the National Housing Act in the same manner as if the owner had prepaid the insured mortgage to the extent necessary to minimize any rent increases or to prevent displacement of low-income tenants in accordance with a transaction approved by the Secretary provided that the rents are no higher than the published section 8 fair market rents, as of the date of enactment, during the tenants' occupancy of the property.

SEC. 216. NURSING HOME LEASE TERMS.—Section 232(b)(4)(B) of the National Housing Act is amended by striking “fifty years from the date the mortgage was executed” and inserting “ten years to run beyond the maturity date of the mortgage”.

12 USC 1715w.

SEC. 217. HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS GRANTS. (a) ELIGIBILITY.—Notwithstanding section 854(c)(1)(A) of the AIDS Housing Opportunity Act (42 U.S.C. 12903(c)(1)(A)), from any amounts made available under this title for fiscal year 1998 that are allocated under such section, the Secretary of Housing and Urban Development shall allocate and make a grant, in the amount determined under subsection (b), for any State that—

(1) received an allocation for fiscal year 1997 under clause (ii) of such section;

(2) is not otherwise eligible for an allocation for fiscal year 1998 under such clause (ii) because the State does not have the number of cases of acquired immunodeficiency syndrome required under such clause; and

(3) would meet such requirement if the cases in the metropolitan statistical area for any city within the State, which city was not eligible for an allocation for fiscal year 1997 under clause (i) of such section but is eligible for an allocation for fiscal year 1998 under such clause, were considered to be cases outside of metropolitan statistical areas described in clause (i) of such section.

(b) AMOUNT.—The amount of the allocation and grant for any State described in subsection (a) shall be the amount that is equal to the lesser of—

(1) the difference between—

(A) the total amount allocated for such State under section 854(c)(1)(A)(ii) of the AIDS Housing Opportunity Act for fiscal year 1997; and

(B) the total amount allocated for the city described in subsection (a)(3) of this section under section 854(c)(1)(A)(i) of such Act for fiscal year 1998 (from amounts made available under this title); and

(2) \$300,000.

SEC. 218. DEBT FORGIVENESS.—The Secretary of Housing and Urban Development shall cancel the indebtedness of the Village of Robbins, Illinois, relating to loans under the Reconstruction Finance Corporation and refinanced under the Public Facility Loan program (loan numbers ILL-11-RFC-0029 and ILL-11-PFL0111). The Village is hereby relieved of all liability to the Federal Government for the outstanding principal balance on such loans, for the amount of accrued interest on such loans, and for any fees and charges payable in connection with such loans.

TITLE III—INDEPENDENT AGENCIES

AMERICAN BATTLE MONUMENTS COMMISSION

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, of the American Battle Monuments Commission, including the acquisition of land or interest in land in foreign countries; purchases and repair of uniforms for caretakers of national cemeteries and monuments outside of the United States and its territories and possessions; rent of office and garage space in foreign countries; purchase (one for replacement only) and hire of passenger motor vehicles; and insurance of official motor vehicles in foreign countries, when required by law of such countries; \$26,897,000, to remain available until expended: *Provided*, That where station allowance has been authorized by the Department of the Army for officers of the Army serving the Army at certain foreign stations, the same allowance shall be authorized for officers of the Armed Forces assigned to the Commission while serving at the same foreign stations, and this appropriation is hereby made available for the payment of such allowance: *Provided further*, That when traveling on business of the Commission, officers of the Armed Forces serving as members or as Secretary of the Commission may be reimbursed for expenses as provided for civilian members of the Commission: *Provided further*, That the Commission shall reimburse other Government agencies, including the Armed Forces, for salary, pay, and allowances of personnel assigned to it.

36 USC 121b.

36 USC 122.

36 USC 122a.

CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD

SALARIES AND EXPENSES

For necessary expenses in carrying out activities pursuant to section 112(r)(6) of the Clean Air Act, including hire of passenger vehicles, and for services authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem equivalent to the maximum rate payable for senior level positions under 5 U.S.C. 5376, \$4,000,000.

DEPARTMENT OF THE TREASURY

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND PROGRAM
ACCOUNT

For grants, loans, and technical assistance to qualifying community development lenders, and administrative expenses of the Fund, including services authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for ES-3, \$80,000,000, to remain available until September 30, 1999, of which \$12,000,000 may be used for the cost of direct loans, and up to \$1,000,000 may be used for administrative expenses to carry out the direct loan program: *Provided*, That the cost of direct loans, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed

\$32,000,000: *Provided further*, That not more than \$25,000,000 of the funds made available under this heading may be used for programs and activities authorized in section 114 of the Community Development Banking and Financial Institutions Act of 1994.

CONSUMER PRODUCT SAFETY COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Consumer Product Safety Commission, including hire of passenger motor vehicles, services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the maximum rate payable under 5 U.S.C. 5376, purchase of nominal awards to recognize non-Federal officials' contributions to Commission activities, and not to exceed \$500 for official reception and representation expenses, \$45,000,000.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

NATIONAL AND COMMUNITY SERVICE PROGRAMS OPERATING EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses for the Corporation for National and Community Service (referred to in the matter under this heading as the "Corporation") in carrying out programs, activities, and initiatives under the National and Community Service Act of 1990 (referred to in the matter under this heading as the "Act") (42 U.S.C. 12501 et seq.), \$425,500,000, to remain available until September 30, 1999: *Provided*, That not more than \$27,000,000 shall be available for administrative expenses authorized under section 501(a)(4) of the Act (42 U.S.C. 12671(a)(4)): *Provided further*, That not more than \$2,500 shall be for official reception and representation expenses: *Provided further*, That not more than \$70,000,000, to remain available without fiscal year limitation, shall be transferred to the National Service Trust account for educational awards authorized under subtitle D of title I of the Act (42 U.S.C. 12601 et seq.), of which not to exceed \$5,000,000 shall be available for national service scholarships for high school students performing community service: *Provided further*, That not more than \$227,000,000 of the amount provided under this heading shall be available for grants under the National Service Trust program authorized under subtitle C of title I of the Act (42 U.S.C. 12571 et seq.) (relating to activities including the Americorps program), of which not more than \$40,000,000 may be used to administer, reimburse, or support any national service program authorized under section 121(d)(2) of such Act (42 U.S.C. 12581(d)(2)): *Provided further*, That not more than \$5,500,000 of the funds made available under this heading shall be made available for the Points of Light Foundation for activities authorized under title III of the Act (42 U.S.C. 12661 et seq.): *Provided further*, That no funds shall be available for national service programs run by Federal agencies authorized under section 121(b) of such Act (42 U.S.C. 12571(b)): *Provided further*, That to the maximum extent feasible, funds appropriated under subtitle C of title I of the Act shall be provided in a manner that is consistent with the recommendations of peer review panels in order to ensure that priority is given to programs

that demonstrate quality, innovation, replicability, and sustainability: *Provided further*, That not more than \$18,000,000 of the funds made available under this heading shall be available for the Civilian Community Corps authorized under subtitle E of title I of the Act (42 U.S.C. 12611 et seq.): *Provided further*, That not more than \$43,000,000 shall be available for school-based and community-based service-learning programs authorized under subtitle B of title I of the Act (42 U.S.C. 12521 et seq.): *Provided further*, That not more than \$30,000,000 shall be available for quality and innovation activities authorized under subtitle H of title I of the Act (42 U.S.C. 12853 et seq.): *Provided further*, That not more than \$5,000,000 shall be available for audits and other evaluations authorized under section 179 of the Act (42 U.S.C. 12639): *Provided further*, That to the maximum extent practicable, the Corporation shall increase significantly the level of matching funds and in-kind contributions provided by the private sector, shall expand significantly the number of educational awards provided under subtitle D of title I, and shall reduce the total Federal costs per participant in all programs.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, \$3,000,000.

COURT OF VETERANS APPEALS

SALARIES AND EXPENSES

For necessary expenses for the operation of the United States Court of Veterans Appeals as authorized by 38 U.S.C. 7251-7298, \$9,319,000, of which \$790,000, shall be available for the purpose of providing financial assistance as described, and in accordance with the process and reporting procedures set forth, under this heading in Public Law 102-229.

DEPARTMENT OF DEFENSE—CIVIL

CEMETERIAL EXPENSES, ARMY

SALARIES AND EXPENSES

For necessary expenses, as authorized by law, for maintenance, operation, and improvement of Arlington National Cemetery and Soldiers' and Airmen's Home National Cemetery, including the purchase of two passenger motor vehicles for replacement only, and not to exceed \$1,000 for official reception and representation expenses, \$11,815,000, to remain available until expended.

ENVIRONMENTAL PROTECTION AGENCY

SCIENCE AND TECHNOLOGY

(INCLUDING TRANSFER OF FUNDS)

For science and technology, including research and development activities, which shall include research and development activities under the Comprehensive Environmental Response, Compensation,

and Liability Act of 1980 (CERCLA), as amended; necessary expenses for personnel and related costs and travel expenses, including uniforms, or allowances therefore, as authorized by 5 U.S.C. 5901-5902; services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS-18; procurement of laboratory equipment and supplies; other operating expenses in support of research and development; construction, alteration, repair, rehabilitation, and renovation of facilities, not to exceed \$75,000 per project, \$631,000,000, which shall remain available until September 30, 1999: *Provided*, That \$49,600,000 of the funds appropriated under this heading shall be to conduct and administer a comprehensive, peer-reviewed, near- and long-term particulate matter research program in accordance with the terms and conditions set forth for such research program in the conference report and joint explanatory statement of the committee of conference accompanying this Act (H.R. 2158): *Provided further*, That no later than 30 days following enactment of this Act, the Environmental Protection Agency shall enter into a contract or cooperative agreement with the National Academy of Sciences to develop a comprehensive, prioritized, near- and long-term particulate matter research program and monitoring plan in accordance with the terms and conditions set forth in the conference report and joint explanatory statement of the committee of conference accompanying this Act (H.R. 2158).

Contracts.

ENVIRONMENTAL PROGRAMS AND MANAGEMENT

For environmental programs and management, including necessary expenses, not otherwise provided for, for personnel and related costs and travel expenses, including uniforms, or allowances therefore, as authorized by 5 U.S.C. 5901-5902; services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS-18; hire of passenger motor vehicles; hire, maintenance, and operation of aircraft; purchase of reprints; library memberships in societies or associations which issue publications to members only or at a price to members lower than to subscribers who are not members; construction, alteration, repair, rehabilitation, and renovation of facilities, not to exceed \$75,000 per project; and not to exceed \$6,000 for official reception and representation expenses, \$1,801,000,000, which shall remain available until September 30, 1999.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, and for construction, alteration, repair, rehabilitation, and renovation of facilities, not to exceed \$75,000 per project, \$28,501,000, to remain available until September 30, 1999.

BUILDINGS AND FACILITIES

For construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities of, or for use by, the Environmental Protection Agency, \$109,420,000, to remain available until expended: *Provided*, That the Environmental Protection Agency is authorized to establish and construct a consolidated research facility at Research Triangle Park, North Carolina, at

a maximum total construction cost of \$272,700,000, and to obligate such monies as are made available by this Act for this purpose.

HAZARDOUS SUBSTANCE SUPERFUND

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses to carry out the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), as amended, including sections 111(c)(3), (c)(5), (c)(6), and (e)(4) (42 U.S.C. 9611), and for construction, alteration, repair, rehabilitation, and renovation of facilities, not to exceed \$75,000 per project; not to exceed \$2,150,000,000 (of which \$100,000,000 shall not become available until September 1, 1998), to remain available until expended, consisting of \$1,900,000,000, as authorized by section 517(a) of the Superfund Amendments and Reauthorization Act of 1986 (SARA), as amended by Public Law 101-508, and \$250,000,000 as a payment from general revenues to the Hazardous Substance Superfund as authorized by section 517(b) of SARA, as amended by Public Law 101-508: *Provided*, That funds appropriated under this heading may be allocated to other Federal agencies in accordance with section 111(a) of CERCLA: *Provided further*, That of the funds appropriated under this heading, \$650,000,000 shall not become available for obligation until October 1, 1998, and, further, shall be available for obligation only upon enactment by May 15, 1998, of specific legislation which reauthorizes the Superfund program: *Provided further*, That \$11,641,000 of the funds appropriated under this heading shall be transferred to the "Office of Inspector General" appropriation to remain available until September 30, 1999: *Provided further*, That notwithstanding section 111(m) of CERCLA or any other provision of law, \$74,000,000 of the funds appropriated under this heading shall be available to the Agency for Toxic Substances and Disease Registry to carry out activities described in sections 104(i), 111(c)(4), and 111(c)(14) of CERCLA and section 118(f) of SARA: *Provided further*, That \$35,000,000 of the funds appropriated under this heading shall be transferred to the "Science and Technology" appropriation to remain available until September 30, 1999: *Provided further*, That none of the funds appropriated under this heading shall be used for Brownfields revolving loan funds unless specifically authorized by subsequent legislation: *Provided further*, That none of the funds appropriated under this heading shall be available for the Agency for Toxic Substances and Disease Registry to issue in excess of 40 toxicological profiles pursuant to section 104(i) of CERCLA during fiscal year 1998.

LEAKING UNDERGROUND STORAGE TANK PROGRAM

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses to carry out leaking underground storage tank cleanup activities authorized by section 205 of the Superfund Amendments and Reauthorization Act of 1986, and for construction, alteration, repair, rehabilitation, and renovation of facilities, not to exceed \$75,000 per project, \$65,000,000, to remain available until expended: *Provided*, That no more than \$7,500,000 shall be available for administrative expenses.

OIL SPILL RESPONSE

(INCLUDING TRANSFER OF FUNDS)

For expenses necessary to carry out the Environmental Protection Agency's responsibilities under the Oil Pollution Act of 1990, \$15,000,000, to be derived from the Oil Spill Liability trust fund, and to remain available until expended: *Provided*, That not more than \$9,000,000 of these funds shall be available for administrative expenses.

STATE AND TRIBAL ASSISTANCE GRANTS

For environmental programs and infrastructure assistance, including capitalization grants for State revolving funds and performance partnership grants, \$3,213,125,000, to remain available until expended, of which \$1,350,000,000 shall be for making capitalization grants for the Clean Water State Revolving Funds under title VI of the Federal Water Pollution Control Act, as amended, and \$725,000,000 shall be for capitalization grants for the Drinking Water State Revolving Funds under section 1452 of the Safe Drinking Water Act, as amended; \$75,000,000 for architectural, engineering, planning, design, construction and related activities in connection with the construction of high priority water and wastewater facilities in the area of the United States-Mexico border, after consultation with the appropriate border commission; \$50,000,000 for grants to the State of Texas which shall be matched by State funds from State resources at 20 percent of the Federal appropriation for the purpose of improving water and wastewater treatment for colonias; \$15,000,000 for grants to the State of Alaska to address drinking water and wastewater infrastructure needs of rural and Alaska Native Villages as provided by section 303 of Public Law 104-182; \$253,125,000 for making grants for the construction of wastewater and water treatment facilities and groundwater protection infrastructure in accordance with the terms and conditions specified for such grants in the conference report and joint explanatory statement of the committee of conference accompanying this Act (H.R. 2158); and \$745,000,000 for grants to States, federally recognized tribes, and air pollution control agencies for multi-media or single media pollution prevention, control and abatement and related activities pursuant to the provisions set forth under this heading in Public Law 104-134, provided that eligible recipients of these funds and the funds made available for this purpose since fiscal year 1996 and hereafter include States, federally recognized tribes, interstate agencies, tribal consortia, and air pollution control agencies, as provided in authorizing statutes, subject to such terms and conditions as the Administrator shall establish, and for making grants under section 103 of the Clean Air Act for particulate matter monitoring and data collection activities: *Provided*, That, consistent with section 1452(g) of the Safe Drinking Water Act (42 U.S.C. 300j-12(g)), section 302 of the Safe Drinking Water Act Amendments of 1996 (Public Law 104-182) and the accompanying joint explanatory statement of the committee on conference (H. Rept. No. 104-741 to accompany S. 1316, the Safe Drinking Water Act Amendments of 1996), and notwithstanding any other provision of law, States may combine the assets of State Revolving Funds (SRFs) established under section 1452 of the Safe Drinking Water Act, as amended, and title

33 USC 1281
note.

33 USC 1281
note.

VI of the Federal Water Pollution Control Act, as amended, as security for bond issues to enhance the lending capacity of one or both SRFs, but not to acquire the State match for either program, provided that revenues from the bonds are allocated to the purposes of the Safe Drinking Water Act and the Federal Water Pollution Control Act in the same portion as the funds are used as security for the bonds: *Provided further*, That, hereafter from funds appropriated under this heading, the Administrator is authorized to make grants to federally recognized Indian governments for the development of multi-media environmental programs: *Provided further*, That, hereafter, the funds available under this heading for grants to States, federally recognized tribes, and air pollution control agencies for multi-media or single media pollution prevention, control and abatement and related activities may also be used for the direct implementation by the Federal Government of a program required by law in the absence of an acceptable State or tribal program: *Provided further*, That notwithstanding any other provision of law, in the case of a publicly owned treatment works in the District of Columbia, the Federal share of grants awarded under title II of the Federal Water Pollution Control Act, beginning October 1, 1997, and continuing through September 30, 1999, shall be 80 percent of the cost of construction, and all grants made to such publicly owned treatment works in the District of Columbia may include an advance of allowance under section 201(l)(2): *Provided further*, That, notwithstanding any other provision of law, the Administrator is authorized to make a grant of \$4,326,000 under title II of the Federal Water Pollution Control Act, as amended, from funds appropriated in prior years under section 205 of the Act for the State of Florida and available due to deobligation, to the appropriate instrumentality for wastewater treatment works in Monroe County, Florida.

WORKING CAPITAL FUND

31 USC 501 note.

Under this heading in Public Law 104-204, delete the following: the phrases “franchise fund pilot to be known as the”; “as authorized by section 403 of Public Law 103-356,”; and “as provided in such section”; and the final proviso. After the phrase “to be available”, insert “without fiscal year limitation”.

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

For necessary expenses of the Office of Science and Technology Policy, in carrying out the purposes of the National Science and Technology Policy, Organization, and Priorities Act of 1976 (42 U.S.C. 6601 and 6671), hire of passenger motor vehicles, and services as authorized by 5 U.S.C. 3109, not to exceed \$2,500 for official reception and representation expenses, and rental of conference rooms in the District of Columbia, \$4,932,000.

COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

For necessary expenses to continue functions assigned to the Council on Environmental Quality and Office of Environmental Quality pursuant to the National Environmental Policy Act of 1969,

the Environmental Quality Improvement Act of 1970, and Reorganization Plan No. 1 of 1977, \$2,500,000: *Provided*, That, notwithstanding any other provision of law, no funds other than those appropriated under this heading shall be used for or by the Council on Environmental Quality and Office of Environmental Quality: *Provided further*, That notwithstanding section 202 of the National Environmental Policy Act of 1970, the Council shall consist of one member, appointed by the President, by and with the advice and consent of the Senate, serving as chairman and exercising all powers, functions, and duties of the Council.

42 USC 4342
note.

UNANTICIPATED NEEDS

For expenses necessary to enable the President to meet unanticipated needs, in furtherance of the national interest, security, or defense which may arise at home or abroad during the current fiscal year, \$1,000,000.

FEDERAL DEPOSIT INSURANCE CORPORATION

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, \$34,365,000, to be derived from the Bank Insurance Fund, the Savings Association Insurance Fund, and the FSLIC Resolution Fund.

FEDERAL EMERGENCY MANAGEMENT AGENCY

DISASTER RELIEF

For necessary expenses in carrying out the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), \$320,000,000, and, notwithstanding 42 U.S.C. 5203, to remain available until expended.

DISASTER ASSISTANCE DIRECT LOAN PROGRAM ACCOUNT

For the cost of direct loans, \$1,495,000, as authorized by section 319 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$25,000,000.

In addition, for administrative expenses to carry out the direct loan program, \$341,000.

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, including hire and purchase of motor vehicles as authorized by 31 U.S.C. 1343; uniforms, or allowances therefor, as authorized by 5 U.S.C. 5901-5902; services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS-18; expenses of attendance of cooperating officials and

individuals at meetings concerned with the work of emergency preparedness; transportation in connection with the continuity of Government programs to the same extent and in the same manner as permitted the Secretary of a Military Department under 10 U.S.C. 2632; and not to exceed \$2,500 for official reception and representation expenses, \$171,773,000.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, \$4,803,000.

EMERGENCY MANAGEMENT PLANNING AND ASSISTANCE

For necessary expenses, not otherwise provided for, to carry out activities under the National Flood Insurance Act of 1968, as amended, and the Flood Disaster Protection Act of 1973, as amended (42 U.S.C. 4001 et seq.), the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), the Earthquake Hazards Reduction Act of 1977, as amended (42 U.S.C. 7701 et seq.), the Federal Fire Prevention and Control Act of 1974, as amended (15 U.S.C. 2201 et seq.), the Defense Production Act of 1950, as amended (50 U.S.C. App. 2061 et seq.), sections 107 and 303 of the National Security Act of 1947, as amended (50 U.S.C. 404–405), and Reorganization Plan No. 3 of 1978, \$243,546,000: *Provided*, That for purposes of pre-disaster mitigation pursuant to 42 U.S.C. 5131(b) and (c) and 42 U.S.C. 5196(e) and (i), \$30,000,000 of the funds made available under this heading shall be available until expended for project grants: *Provided further*, That the Director of the Federal Emergency Management Agency shall make a grant for \$1,500,000 to resolve issues under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91-646, involving the City of Jackson, Mississippi.

Grants.
Mississippi.

EMERGENCY FOOD AND SHELTER PROGRAM

To carry out an emergency food and shelter program pursuant to title III of Public Law 100-77, as amended, \$100,000,000: *Provided*, That total administrative costs shall not exceed three and one-half percent of the total appropriation.

NATIONAL FLOOD INSURANCE FUND

(INCLUDING TRANSFER OF FUNDS)

For activities under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973, and the National Flood Insurance Reform Act of 1994, not to exceed \$21,610,000 for salaries and expenses associated with flood mitigation and flood insurance operations, and not to exceed \$78,464,000 for flood mitigation, including up to \$20,000,000 for expenses under section 1366 of the National Flood Insurance Act, which amount shall be available for transfer to the National Flood Mitigation Fund until September 30, 1999. In fiscal year 1998, no funds in excess of: (1) \$47,000,000 for operating expenses; (2) \$375,165,000 for agents' commissions and taxes; and (3) \$50,000,000 for interest on Treasury borrowings shall be available from the National Flood Insurance Fund without

prior notice to the Committees on Appropriations. For fiscal year 1998, flood insurance rates shall not exceed the level authorized by the National Flood Insurance Reform Act of 1994.

Section 1309(a)(2) of the National Flood Insurance Act (42 U.S.C. 4016(a)(2)), as amended by Public Law 104-208, is further amended by striking “1997” and inserting “1998”.

Section 1319 of the National Flood Insurance Act of 1968, as amended (42 U.S.C. 4026), is amended by striking “October 23, 1997” and inserting “September 30, 1998”.

Section 1336 of the National Flood Insurance Act of 1968, as amended (42 U.S.C. 4056), is amended by striking “October 23, 1997” and inserting “September 30, 1998”.

The first sentence of section 1376(c) of the National Flood Insurance Act of 1968, as amended (42 U.S.C. 4127(c)), is amended by striking all after “to be appropriated” and inserting “such sums as may be necessary through September 30, 1998, for studies under this title.”.

ADMINISTRATIVE PROVISION

The Director of the Federal Emergency Management Agency shall promulgate through rulemaking a methodology for assessment and collection of fees to be assessed and collected beginning in fiscal year 1998 applicable to persons subject to the Federal Emergency Management Agency’s radiological emergency preparedness regulations. The aggregate charges assessed pursuant to this section during fiscal year 1998 shall approximate, but not be less than, 100 percent of the amounts anticipated by the Federal Emergency Management Agency to be obligated for its radiological emergency preparedness program for such fiscal year. The methodology for assessment and collection of fees shall be fair and equitable, and shall reflect the full amount of costs of providing radiological emergency planning, preparedness, response and associated services. Such fees shall be assessed in a manner that reflects the use of agency resources for classes of regulated persons and the administrative costs of collecting such fees. Fees received pursuant to this section shall be deposited in the general fund of the Treasury as offsetting receipts. Assessment and collection of such fees are only authorized during fiscal year 1998.

Regulations.

GENERAL SERVICES ADMINISTRATION

CONSUMER INFORMATION CENTER FUND

For necessary expenses of the Consumer Information Center, including services authorized by 5 U.S.C. 3109, \$2,419,000, to be deposited into the Consumer Information Center Fund: *Provided*, That the appropriations, revenues and collections deposited into the fund shall be available for necessary expenses of Consumer Information Center activities in the aggregate amount of \$7,500,000. Appropriations, revenues, and collections accruing to this fund during fiscal year 1998 in excess of \$7,500,000 shall remain in the fund and shall not be available for expenditure except as authorized in appropriations Acts: *Provided further*, That notwithstanding any other provision of law, the Consumer Information Center may accept and deposit to this account, during fiscal year 1998 and hereafter, gifts for the purpose of defraying its costs of printing, publishing, and distributing consumer information and educational materials

40 USC 761a.

and undertaking other consumer information activities; may expend those gifts for those purposes, in addition to amounts appropriated or otherwise made available; and the balance shall remain available for expenditure for such purpose.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

HUMAN SPACE FLIGHT

For necessary expenses, not otherwise provided for, in the conduct and support of human space flight research and development activities, including research, development, operations, and services; maintenance; construction of facilities including repair, rehabilitation, and modification of real and personal property, and acquisition or condemnation of real property, as authorized by law; space flight, spacecraft control and communications activities including operations, production, and services; and purchase, lease, charter, maintenance and operation of mission and administrative aircraft, \$5,506,500,000, to remain available until September 30, 1999: *Provided*, That of the \$2,351,300,000 made available under this heading for Space Station activities, only \$1,500,000,000 shall be available before March 31, 1998.

SCIENCE, AERONAUTICS AND TECHNOLOGY

For necessary expenses, not otherwise provided for, in the conduct and support of science, aeronautics and technology research and development activities, including research, development, operations, and services; maintenance; construction of facilities including repair, rehabilitation, and modification of real and personal property, and acquisition or condemnation of real property, as authorized by law; space flight, spacecraft control and communications activities including operations, production, and services; and purchase, lease, charter, maintenance and operation of mission and administrative aircraft, \$5,690,000,000, to remain available until September 30, 1999.

MISSION SUPPORT

For necessary expenses, not otherwise provided for, in carrying out mission support for human space flight programs and science, aeronautical, and technology programs, including research operations and support; space communications activities including operations, production and services; maintenance; construction of facilities including repair, rehabilitation, and modification of facilities, minor construction of new facilities and additions to existing facilities, facility planning and design, environmental compliance and restoration, and acquisition or condemnation of real property, as authorized by law; program management; personnel and related costs, including uniforms or allowances therefor, as authorized by 5 U.S.C. 5901-5902; travel expenses; purchase, lease, charter, maintenance, and operation of mission and administrative aircraft; not to exceed \$35,000 for official reception and representation expenses; and purchase (not to exceed 33 for replacement only) and hire of passenger motor vehicles; \$2,433,200,000, to remain available until September 30, 1999.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, \$18,300,000.

ADMINISTRATIVE PROVISIONS

Notwithstanding the limitation on the availability of funds appropriated for “Human space flight”, “Science, aeronautics and technology”, or “Mission support” by this appropriations Act, when any activity has been initiated by the incurrence of obligations for construction of facilities as authorized by law, such amount available for such activity shall remain available until expended. This provision does not apply to the amounts appropriated in “Mission support” pursuant to the authorization for repair, rehabilitation and modification of facilities, minor construction of new facilities and additions to existing facilities, and facility planning and design.

Notwithstanding the limitation on the availability of funds appropriated for “Human space flight”, “Science, aeronautics and technology”, or “Mission support” by this appropriations Act, the amounts appropriated for construction of facilities shall remain available until September 30, 2000.

Notwithstanding the limitation on the availability of funds appropriated for “Mission support” and “Office of Inspector General”, amounts made available by this Act for personnel and related costs and travel expenses of the National Aeronautics and Space Administration shall remain available until September 30, 1998 and may be used to enter into contracts for training, investigations, costs associated with personnel relocation, and for other services, to be provided during the next fiscal year.

Of the funds provided to the National Aeronautics and Space Administration in this Act, the Administrator shall by November 1, 1998, make available no less than \$400,000 for a study by the National Research Council, with an interim report to be completed by June 1, 1998, that evaluates, in terms of the potential impact on the Space Station’s assembly schedule, budget, and capabilities, the engineering challenges posed by extravehicular activity (EVA) requirements, United States and non-United States space launch requirements, the potential need to upgrade or replace equipment and components after assembly complete, and the requirement to decommission and disassemble the facility.

Reports.

NATIONAL CREDIT UNION ADMINISTRATION

CENTRAL LIQUIDITY FACILITY

During fiscal year 1998, gross obligations of the Central Liquidity Facility for the principal amount of new direct loans to member credit unions, as authorized by the National Credit Union Central Liquidity Facility Act (12 U.S.C. 1795), shall not exceed \$600,000,000: *Provided*, That administrative expenses of the Central Liquidity Facility in fiscal year 1998 shall not exceed \$203,000: *Provided further*, That \$1,000,000, together with amounts of principal and interest on loans repaid, to be available until expended, is available for loans to community development credit unions.

NATIONAL SCIENCE FOUNDATION

RESEARCH AND RELATED ACTIVITIES

For necessary expenses in carrying out the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861–1875), and the Act to establish a National Medal of Science (42 U.S.C. 1880–1881); services as authorized by 5 U.S.C. 3109; maintenance and operation of aircraft and purchase of flight services for research support; acquisition of aircraft; \$2,545,700,000, of which not to exceed \$228,530,000 shall remain available until expended for Polar research and operations support, and for reimbursement to other Federal agencies for operational and science support and logistical and other related activities for the United States Antarctic program; the balance to remain available until September 30, 1999: *Provided*, That receipts for scientific support services and materials furnished by the National Research Centers and other National Science Foundation supported research facilities may be credited to this appropriation: *Provided further*, That to the extent that the amount appropriated is less than the total amount authorized to be appropriated for included program activities, all amounts, including floors and ceilings, specified in the authorizing Act for those program activities or their subactivities shall be reduced proportionally: *Provided further*, That \$40,000,000 of the funds available under this heading shall be made available for a comprehensive research initiative on plant genomes for economically significant crops.

MAJOR RESEARCH EQUIPMENT

For necessary expenses of major construction projects pursuant to the National Science Foundation Act of 1950, as amended, \$109,000,000, to remain available until expended, of which \$35,000,000 shall become available on September 30, 1998.

EDUCATION AND HUMAN RESOURCES

For necessary expenses in carrying out science and engineering education and human resources programs and activities pursuant to the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861–1875), including services as authorized by 5 U.S.C. 3109 and rental of conference rooms in the District of Columbia, \$632,500,000, to remain available until September 30, 1999: *Provided*, That to the extent that the amount of this appropriation is less than the total amount authorized to be appropriated for included program activities, all amounts, including floors and ceilings, specified in the authorizing Act for those program activities or their subactivities shall be reduced proportionally.

SALARIES AND EXPENSES

For salaries and expenses necessary in carrying out the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861–1875); services authorized by 5 U.S.C. 3109; hire of passenger motor vehicles; not to exceed \$9,000 for official reception and representation expenses; uniforms or allowances therefor, as authorized by 5 U.S.C. 5901–5902; rental of conference rooms in the District of Columbia; reimbursement of the General Services Administration for security guard services and headquarters relocation; \$136,950,000: *Provided*, That contracts may be entered into under

“Salaries and expenses” in fiscal year 1998 for maintenance and operation of facilities, and for other services, to be provided during the next fiscal year.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General as authorized by the Inspector General Act of 1978, as amended, \$4,850,000, to remain available until September 30, 1999.

NEIGHBORHOOD REINVESTMENT CORPORATION

PAYMENT TO THE NEIGHBORHOOD REINVESTMENT CORPORATION

For payment to the Neighborhood Reinvestment Corporation for use in neighborhood reinvestment activities, as authorized by the Neighborhood Reinvestment Corporation Act (42 U.S.C. 8101-8107), \$60,000,000.

SELECTIVE SERVICE SYSTEM

SALARIES AND EXPENSES

For necessary expenses of the Selective Service System, including expenses of attendance at meetings and of training for uniformed personnel assigned to the Selective Service System, as authorized by 5 U.S.C. 4101-4118 for civilian employees; and not to exceed \$1,000 for official reception and representation expenses; \$23,413,000: *Provided*, That during the current fiscal year, the President may exempt this appropriation from the provisions of 31 U.S.C. 1341, whenever he deems such action to be necessary in the interest of national defense: *Provided further*, That none of the funds appropriated by this Act may be expended for or in connection with the induction of any person into the Armed Forces of the United States.

TITLE IV—GENERAL PROVISIONS

SEC. 401. Where appropriations in titles I, II, and III of this Act are expendable for travel expenses and no specific limitation has been placed thereon, the expenditures for such travel expenses may not exceed the amounts set forth therefore in the budget estimates submitted for the appropriations: *Provided*, That this provision does not apply to accounts that do not contain an object classification for travel: *Provided further*, That this section shall not apply to travel performed by uncompensated officials of local boards and appeal boards of the Selective Service System; to travel performed directly in connection with care and treatment of medical beneficiaries of the Department of Veterans Affairs; to travel performed in connection with major disasters or emergencies declared or determined by the President under the provisions of the Robert T. Stafford Disaster Relief and Emergency Assistance Act; to travel performed by the Offices of Inspector General in connection with audits and investigations; or to payments to interagency motor pools where separately set forth in the budget schedules: *Provided further*, That if appropriations in titles I, II, and III exceed the amounts set forth in budget estimates initially submitted for such appropriations, the expenditures for travel may correspondingly

exceed the amounts therefore set forth in the estimates in the same proportion.

SEC. 402. Appropriations and funds available for the administrative expenses of the Department of Housing and Urban Development and the Selective Service System shall be available in the current fiscal year for purchase of uniforms, or allowances therefor, as authorized by 5 U.S.C. 5901-5902; hire of passenger motor vehicles; and services as authorized by 5 U.S.C. 3109.

SEC. 403. Funds of the Department of Housing and Urban Development subject to the Government Corporation Control Act or section 402 of the Housing Act of 1950 shall be available, without regard to the limitations on administrative expenses, for legal services on a contract or fee basis, and for utilizing and making payment for services and facilities of Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Financing Bank, Federal Reserve banks or any member thereof, Federal Home Loan banks, and any insured bank within the meaning of the Federal Deposit Insurance Corporation Act, as amended (12 U.S.C. 1811-1831).

SEC. 404. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 405. No funds appropriated by this Act may be expended—

(1) pursuant to a certification of an officer or employee of the United States unless—

(A) such certification is accompanied by, or is part of, a voucher or abstract which describes the payee or payees and the items or services for which such expenditure is being made; or

(B) the expenditure of funds pursuant to such certification, and without such a voucher or abstract, is specifically authorized by law; and

(2) unless such expenditure is subject to audit by the General Accounting Office or is specifically exempt by law from such audit.

SEC. 406. None of the funds provided in this Act to any department or agency may be expended for the transportation of any officer or employee of such department or agency between his domicile and his place of employment, with the exception of any officer or employee authorized such transportation under 31 U.S.C. 1344 or 5 U.S.C. 7905.

SEC. 407. None of the funds provided in this Act may be used for payment, through grants or contracts, to recipients that do not share in the cost of conducting research resulting from proposals not specifically solicited by the Government: *Provided*, That the extent of cost sharing by the recipient shall reflect the mutuality of interest of the grantee or contractor and the Government in the research.

SEC. 408. None of the funds in this Act may be used, directly or through grants, to pay or to provide reimbursement for payment of the salary of a consultant (whether retained by the Federal Government or a grantee) at more than the daily equivalent of the rate paid for level IV of the Executive Schedule, unless specifically authorized by law.

SEC. 409. None of the funds provided in this Act shall be used to pay the expenses of, or otherwise compensate, non-Federal

parties intervening in regulatory or adjudicatory proceedings. Nothing herein affects the authority of the Consumer Product Safety Commission pursuant to section 7 of the Consumer Product Safety Act (15 U.S.C. 2056 et seq.).

SEC. 410. Except as otherwise provided under existing law or under an existing Executive order issued pursuant to an existing law, the obligation or expenditure of any appropriation under this Act for contracts for any consulting service shall be limited to contracts which are: (1) a matter of public record and available for public inspection; and (2) thereafter included in a publicly available list of all contracts entered into within 24 months prior to the date on which the list is made available to the public and of all contracts on which performance has not been completed by such date. The list required by the preceding sentence shall be updated quarterly and shall include a narrative description of the work to be performed under each such contract.

Contracts.
Public
information.
Records.

SEC. 411. Except as otherwise provided by law, no part of any appropriation contained in this Act shall be obligated or expended by any executive agency, as referred to in the Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.), for a contract for services unless such executive agency: (1) has awarded and entered into such contract in full compliance with such Act and the regulations promulgated thereunder; and (2) requires any report prepared pursuant to such contract, including plans, evaluations, studies, analyses and manuals, and any report prepared by the agency which is substantially derived from or substantially includes any report prepared pursuant to such contract, to contain information concerning: (A) the contract pursuant to which the report was prepared; and (B) the contractor who prepared the report pursuant to such contract.

SEC. 412. Except as otherwise provided in section 406, none of the funds provided in this Act to any department or agency shall be obligated or expended to provide a personal cook, chauffeur, or other personal servants to any officer or employee of such department or agency.

SEC. 413. None of the funds provided in this Act to any department or agency shall be obligated or expended to procure passenger automobiles as defined in 15 U.S.C. 2001 with an EPA estimated miles per gallon average of less than 22 miles per gallon.

SEC. 414. None of the funds appropriated in title I of this Act shall be used to enter into any new lease of real property if the estimated annual rental is more than \$300,000 unless the Secretary submits, in writing, a report to the Committees on Appropriations of the Congress and a period of 30 days has expired following the date on which the report is received by the Committees on Appropriations.

Reports.

SEC. 415. (a) It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available in this Act should be American-made.

(b) In providing financial assistance to, or entering into any contract with, any entity using funds made available in this Act, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (a) by the Congress.

Notice.

SEC. 416. None of the funds appropriated in this Act may be used to implement any cap on reimbursements to grantees

for indirect costs, except as published in Office of Management and Budget Circular A-21.

SEC. 417. Such sums as may be necessary for fiscal year 1998 pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.

SEC. 418. None of the funds made available in this Act may be used for any program, project, or activity, when it is made known to the Federal entity or official to which the funds are made available that the program, project, or activity is not in compliance with any Federal law relating to risk assessment, the protection of private property rights, or unfunded mandates.

SEC. 419. Corporations and agencies of the Department of Housing and Urban Development which are subject to the Government Corporation Control Act, as amended, are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Act as may be necessary in carrying out the programs set forth in the budget for 1998 for such corporation or agency except as hereinafter provided: *Provided*, That collections of these corporations and agencies may be used for new loan or mortgage purchase commitments only to the extent expressly provided for in this Act (unless such loans are in support of other forms of assistance provided for in this or prior appropriations Acts), except that this proviso shall not apply to the mortgage insurance or guaranty operations of these corporations, or where loans or mortgage purchases are necessary to protect the financial interest of the United States Government.

SEC. 420. Notwithstanding section 320(g) of the Federal Water Pollution Control Act (33 U.S.C. 1330(g)), funds made available pursuant to authorization under such section for fiscal year 1998 and prior fiscal years may be used for implementing comprehensive conservation and management plans.

Termination.

SEC. 421. Such funds as may be necessary to carry out the orderly termination of the Office of Consumer Affairs shall be made available from funds appropriated to the Department of Health and Human Services for fiscal year 1998.

SEC. 422. Notwithstanding any other provision of law, the term “qualified student loan” with respect to national service education awards shall mean any loan made directly to a student by the Alaska Commission on Postsecondary Education, in addition to other meanings under section 148(b)(7) of the National and Community Service Act.

Multifamily
Assisted Housing
Reform and
Affordability Act
of 1997.

TITLE V—HUD MULTIFAMILY HOUSING REFORM

SEC. 501. TABLE OF CONTENTS.

The table of contents for this title is as follows:

TITLE V—HUD MULTIFAMILY HOUSING REFORM

Sec. 510. Short title.

SUBTITLE A—FHA-INSURED MULTIFAMILY HOUSING MORTGAGE AND HOUSING ASSISTANCE RESTRUCTURING

Sec. 511. Findings and purposes.

Sec. 512. Definitions.

Sec. 513. Authority of participating administrative entities.

- Sec. 514. Mortgage restructuring and rental assistance sufficiency plan.
- Sec. 515. Section 8 renewals and long-term affordability commitment by owner of project.
- Sec. 516. Prohibition on restructuring.
- Sec. 517. Restructuring tools.
- Sec. 518. Management standards.
- Sec. 519. Monitoring of compliance.
- Sec. 520. Reports to Congress.
- Sec. 521. GAO audit and review.
- Sec. 522. Regulations.
- Sec. 523. Technical and conforming amendments.
- Sec. 524. Section 8 contract renewals.

SUBTITLE B—MISCELLANEOUS PROVISIONS

- Sec. 531. Rehabilitation grants for certain insured projects.
- Sec. 532. GAO report on section 8 rental assistance for multifamily housing projects.

SUBTITLE C—ENFORCEMENT PROVISIONS

- Sec. 541. Implementation.
- Sec. 542. Income verification.

PART 1—FHA SINGLE FAMILY AND MULTIFAMILY HOUSING

- Sec. 551. Authorization to immediately suspend mortgagees.
- Sec. 552. Extension of equity skimming to other single family and multifamily housing programs.
- Sec. 553. Civil money penalties against mortgagees, lenders, and other participants in FHA programs.

PART 2—FHA MULTIFAMILY PROVISIONS

- Sec. 561. Civil money penalties against general partners, officers, directors, and certain managing agents of multifamily projects.
- Sec. 562. Civil money penalties for noncompliance with section 8 HAP contracts.
- Sec. 563. Extension of double damages remedy.
- Sec. 564. Obstruction of Federal audits.

SUBTITLE D—OFFICE OF MULTIFAMILY HOUSING ASSISTANCE RESTRUCTURING

- Sec. 571. Establishment of Office of Multifamily Housing Assistance Restructuring.
- Sec. 572. Director.
- Sec. 573. Duty and authority of Director.
- Sec. 574. Personnel.
- Sec. 575. Budget and financial reports.
- Sec. 576. Limitation on subsequent employment.
- Sec. 577. Audits by GAO.
- Sec. 578. Suspension of program because of failure to appoint Director.
- Sec. 579. Termination.

SEC. 510. SHORT TITLE.

This title may be cited as the “Multifamily Assisted Housing Reform and Affordability Act of 1997”.

12 USC 1701
note.

Subtitle A—FHA-Insured Multifamily Housing Mortgage and Housing Assistance Restructuring

SEC. 511. FINDINGS AND PURPOSES.

42 USC 1437f
note.

(a) FINDINGS.—Congress finds that—

(1) there exists throughout the Nation a need for decent, safe, and affordable housing;

(2) as of the date of enactment of this Act, it is estimated that—

(A) the insured multifamily housing portfolio of the Federal Housing Administration consists of 14,000 rental properties, with an aggregate unpaid principal mortgage balance of \$38,000,000,000; and

(B) approximately 10,000 of these properties contain housing units that are assisted with project-based rental

assistance under section 8 of the United States Housing Act of 1937;

(3) FHA-insured multifamily rental properties are a major Federal investment, providing affordable rental housing to an estimated 2,000,000 low- and very low-income families;

(4) approximately 1,600,000 of these families live in dwelling units that are assisted with project-based rental assistance under section 8 of the United States Housing Act of 1937;

(5) a substantial number of housing units receiving project-based assistance have rents that are higher than the rents of comparable, unassisted rental units in the same housing rental market;

(6) many of the contracts for project-based assistance will expire during the several years following the date of enactment of this Act;

(7) it is estimated that—

(A) if no changes in the terms and conditions of the contracts for project-based assistance are made before fiscal year 2000, the cost of renewing all expiring rental assistance contracts under section 8 of the United States Housing Act of 1937 for both project-based and tenant-based rental assistance will increase from approximately \$3,600,000,000 in fiscal year 1997 to over \$14,300,000,000 by fiscal year 2000 and some \$22,400,000,000 in fiscal year 2006;

(B) of those renewal amounts, the cost of renewing project-based assistance will increase from \$1,200,000,000 in fiscal year 1997 to almost \$7,400,000,000 by fiscal year 2006; and

(C) without changes in the manner in which project-based rental assistance is provided, renewals of expiring contracts for project-based rental assistance will require an increasingly larger portion of the discretionary budget authority of the Department of Housing and Urban Development in each subsequent fiscal year for the foreseeable future;

(8) absent new budget authority for the renewal of expiring rental contracts for project-based assistance, many of the FHA-insured multifamily housing projects that are assisted with project-based assistance are likely to default on their FHA-insured mortgage payments, resulting in substantial claims to the FHA General Insurance Fund and Special Risk Insurance Fund;

(9) more than 15 percent of federally assisted multifamily housing projects are physically or financially distressed, including a number which suffer from mismanagement;

(10) due to Federal budget constraints, the downsizing of the Department of Housing and Urban Development, and diminished administrative capacity, the Department lacks the ability to ensure the continued economic and physical well-being of the stock of federally insured and assisted multifamily housing projects;

(11) the economic, physical, and management problems facing the stock of federally insured and assisted multifamily housing projects will be best served by reforms that—

(A) reduce the cost of Federal rental assistance, including project-based assistance, to these projects by reducing the debt service and operating costs of these projects while

retaining the low-income affordability and availability of this housing;

(B) address physical and economic distress of this housing and the failure of some project managers and owners of projects to comply with management and ownership rules and requirements; and

(C) transfer and share many of the loan and contract administration functions and responsibilities of the Secretary to and with capable State, local, and other entities; and

(12) the authority and duties of the Secretary, not including the control by the Secretary of applicable accounts in the Treasury of the United States, may be delegated to State, local or other entities at the discretion of the Secretary, to the extent the Secretary determines, and for the purpose of carrying out this Act, so that the Secretary has the discretion to be relieved of processing and approving any document or action required by these reforms.

(b) PURPOSES.—Consistent with the purposes and requirements of the Government Performance and Results Act of 1993, the purposes of this subtitle are—

(1) to preserve low-income rental housing affordability and availability while reducing the long-term costs of project-based assistance;

(2) to reform the design and operation of Federal rental housing assistance programs, administered by the Secretary, to promote greater multifamily housing project operating and cost efficiencies;

(3) to encourage owners of eligible multifamily housing projects to restructure their FHA-insured mortgages and project-based assistance contracts in a manner that is consistent with this subtitle before the year in which the contract expires;

(4) to reduce the cost of insurance claims under the National Housing Act related to mortgages insured by the Secretary and used to finance eligible multifamily housing projects;

(5) to streamline and improve federally insured and assisted multifamily housing project oversight and administration;

(6) to resolve the problems affecting financially and physically troubled federally insured and assisted multifamily housing projects through cooperation with residents, owners, State and local governments, and other interested entities and individuals;

(7) to protect the interest of project owners and managers, because they are partners of the Federal Government in meeting the affordable housing needs of the Nation through the section 8 rental housing assistance program;

(8) to protect the interest of tenants residing in the multifamily housing projects at the time of the restructuring for the housing; and

(9) to grant additional enforcement tools to use against those who violate agreements and program requirements, in order to ensure that the public interest is safeguarded and that Federal multifamily housing programs serve their intended purposes.

42 USC 1437f
note.

SEC. 512. DEFINITIONS.

In this subtitle:

(1) **COMPARABLE PROPERTIES.**—The term “comparable properties” means properties in the same market areas, where practicable, that—

(A) are similar to the eligible multifamily housing project as to neighborhood (including risk of crime), type of location, access, street appeal, age, property size, apartment mix, physical configuration, property and unit amenities, utilities, and other relevant characteristics; and

(B) are not receiving project-based assistance.

(2) **ELIGIBLE MULTIFAMILY HOUSING PROJECT.**—The term “eligible multifamily housing project” means a property consisting of more than 4 dwelling units—

(A) with rents that, on an average per unit or per room basis, exceed the rent of comparable properties in the same market area, determined in accordance with guidelines established by the Secretary;

(B) that is covered in whole or in part by a contract for project-based assistance under—

(i) the new construction or substantial rehabilitation program under section 8(b)(2) of the United States Housing Act of 1937 (as in effect before October 1, 1983);

(ii) the property disposition program under section 8(b) of the United States Housing Act of 1937;

(iii) the moderate rehabilitation program under section 8(e)(2) of the United States Housing Act of 1937;

(iv) the loan management assistance program under section 8 of the United States Housing Act of 1937;

(v) section 23 of the United States Housing Act of 1937 (as in effect before January 1, 1975);

(vi) the rent supplement program under section 101 of the Housing and Urban Development Act of 1965; or

(vii) section 8 of the United States Housing Act of 1937, following conversion from assistance under section 101 of the Housing and Urban Development Act of 1965; and

(C) financed by a mortgage insured or held by the Secretary under the National Housing Act.

(3) **EXPIRING CONTRACT.**—The term “expiring contract” means a project-based assistance contract attached to an eligible multifamily housing project which, under the terms of the contract, will expire.

(4) **EXPIRATION DATE.**—The term “expiration date” means the date on which an expiring contract expires.

(5) **FAIR MARKET RENT.**—The term “fair market rent” means the fair market rental established under section 8(c) of the United States Housing Act of 1937.

(6) **LOW-INCOME FAMILIES.**—The term “low-income families” has the same meaning as provided under section 3(b)(2) of the United States Housing Act of 1937.

(7) **MORTGAGE RESTRUCTURING AND RENTAL ASSISTANCE SUFFICIENCY PLAN.**—The term “mortgage restructuring and

rental assistance sufficiency plan” means the plan as provided under section 514.

(8) NONPROFIT ORGANIZATION.—The term “nonprofit organization” means any private nonprofit organization that—

(A) is organized under State or local laws;

(B) has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual; and

(C) has a long-term record of service in providing or financing quality affordable housing for low-income families through relationships with public entities.

(9) PORTFOLIO RESTRUCTURING AGREEMENT.—The term “portfolio restructuring agreement” means the agreement entered into between the Secretary and a participating administrative entity, as provided under section 513.

(10) PARTICIPATING ADMINISTRATIVE ENTITY.—The term “participating administrative entity” means a public agency (including a State housing finance agency or a local housing agency), a nonprofit organization, or any other entity (including a law firm or an accounting firm) or a combination of such entities, that meets the requirements under section 513(b).

(11) PROJECT-BASED ASSISTANCE.—The term “project-based assistance” means rental assistance described in paragraph (2)(B) of this section that is attached to a multifamily housing project.

(12) RENEWAL.—The term “renewal” means the replacement of an expiring Federal rental contract with a new contract under section 8 of the United States Housing Act of 1937, consistent with the requirements of this subtitle.

(13) SECRETARY.—The term “Secretary” means the Secretary of Housing and Urban Development.

(14) STATE.—The term “State” has the same meaning as in section 104 of the Cranston-Gonzalez National Affordable Housing Act.

(15) TENANT-BASED ASSISTANCE.—The term “tenant-based assistance” has the same meaning as in section 8(f) of the United States Housing Act of 1937.

(16) UNIT OF GENERAL LOCAL GOVERNMENT.—The term “unit of general local government” has the same meaning as in section 104 of the Cranston-Gonzalez National Affordable Housing Act.

(17) VERY LOW-INCOME FAMILY.—The term “very low-income family” has the same meaning as in section 3(b) of the United States Housing Act of 1937.

(18) QUALIFIED MORTGAGEE.—The term “qualified mortgagee” means an entity approved by the Secretary that is capable of servicing, as well as originating, FHA-insured mortgages, and that—

(A) is not suspended or debarred by the Secretary;

(B) is not suspended or on probation imposed by the Mortgagee Review Board; and

(C) is not in default under any Government National Mortgage Association obligation.

SEC. 513. AUTHORITY OF PARTICIPATING ADMINISTRATIVE ENTITIES.

(a) PARTICIPATING ADMINISTRATIVE ENTITIES.—

42 USC 1437f
note.

Contracts.

(1) IN GENERAL.—Subject to subsection (b)(3), the Secretary shall enter into portfolio restructuring agreements with participating administrative entities for the implementation of mortgage restructuring and rental assistance sufficiency plans to restructure multifamily housing mortgages insured or held by the Secretary under the National Housing Act, in order to—

(A) reduce the costs of expiring contracts for assistance under section 8 of the United States Housing Act of 1937;

(B) address financially and physically troubled projects; and

(C) correct management and ownership deficiencies.

(2) PORTFOLIO RESTRUCTURING AGREEMENTS.—Each portfolio restructuring agreement entered into under this subsection shall—

(A) be a cooperative agreement to establish the obligations and requirements between the Secretary and the participating administrative entity;

(B) identify the eligible multifamily housing projects or groups of projects for which the participating administrative entity is responsible for assisting in developing and implementing approved mortgage restructuring and rental assistance sufficiency plans under section 514;

(C) require the participating administrative entity to review and certify to the accuracy and completeness of the evaluation of rehabilitation needs required under section 514(e)(3) for each eligible multifamily housing project included in the portfolio restructuring agreement, in accordance with regulations promulgated by the Secretary;

(D) identify the responsibilities of both the participating administrative entity and the Secretary in implementing a mortgage restructuring and rental assistance sufficiency plan, including any actions proposed to be taken under section 516 or 517;

(E) require each mortgage restructuring and rental assistance sufficiency plan to be prepared in accordance with the requirements of section 514 for each eligible multifamily housing project;

(F) include other requirements established by the Secretary, including a right of the Secretary to terminate the contract immediately for failure of the participating administrative entity to comply with any applicable requirement;

(G) if the participating administrative entity is a State housing finance agency or a local housing agency, indemnify the participating administrative entity against lawsuits and penalties for actions taken pursuant to the agreement, excluding actions involving willful misconduct or negligence;

(H) include compensation for all reasonable expenses incurred by the participating administrative entity necessary to perform its duties under this subtitle; and

(I) include, where appropriate, incentive agreements with the participating administrative entity to reward superior performance in meeting the purposes of this Act.

(b) SELECTION OF PARTICIPATING ADMINISTRATIVE ENTITY.—

(1) **SELECTION CRITERIA.**—The Secretary shall select a participating administrative entity based on whether, in the determination of the Secretary, the participating administrative entity—

(A) has demonstrated experience in working directly with residents of low-income housing projects and with tenants and other community-based organizations;

(B) has demonstrated experience with and capacity for multifamily restructuring and multifamily financing (which may include risk-sharing arrangements and restructuring eligible multifamily housing properties under the fiscal year 1997 Federal Housing Administration multifamily housing demonstration program);

(C) has a history of stable, financially sound, and responsible administrative performance (which may include the management of affordable low-income rental housing);

(D) has demonstrated financial strength in terms of asset quality, capital adequacy, and liquidity;

(E) has demonstrated that it will carry out the specific transactions and other responsibilities under this subtitle in a timely, efficient, and cost-effective manner; and

(F) meets other criteria, as determined by the Secretary.

(2) **SELECTION.**—If more than 1 interested entity meets the qualifications and selection criteria for a participating administrative entity, the Secretary may select the entity that demonstrates, as determined by the Secretary, that it will—

(A) provide the most timely, efficient, and cost-effective—

(i) restructuring of the mortgages covered by the portfolio restructuring agreement; and

(ii) administration of the section 8 project-based assistance contract, if applicable; and

(B) protect the public interest (including the long-term provision of decent low-income affordable rental housing and protection of residents, communities, and the American taxpayer).

(3) **PARTNERSHIPS.**—For the purposes of any participating administrative entity applying under this subsection, participating administrative entities are encouraged to develop partnerships with each other and with nonprofit organizations, if such partnerships will further the participating administrative entity's ability to meet the purposes of this Act.

(4) **ALTERNATIVE ADMINISTRATORS.**—With respect to any eligible multifamily housing project for which a participating administrative entity is unavailable, or should not be selected to carry out the requirements of this subtitle with respect to that multifamily housing project for reasons relating to the selection criteria under paragraph (1), the Secretary shall—

(A) carry out the requirements of this subtitle with respect to that eligible multifamily housing project; or

(B) contract with other qualified entities that meet the requirements of paragraph (1) to provide the authority to carry out all or a portion of the requirements of this subtitle with respect to that eligible multifamily housing project.

Notification.

(5) **PRIORITY FOR PUBLIC AGENCIES AS PARTICIPATING ADMINISTRATIVE ENTITIES.**—The Secretary shall provide a reasonable period during which the Secretary will consider proposals only from State housing finance agencies or local housing agencies, and the Secretary shall select such an agency without considering other applicants if the Secretary determines that the agency is qualified. The period shall be of sufficient duration for the Secretary to determine whether any State housing finance agencies or local housing agencies are interested and qualified. Not later than the end of the period, the Secretary shall notify the State housing finance agency or the local housing agency regarding the status of the proposal and, if the proposal is rejected, the reasons for the rejection and an opportunity for the applicant to respond.

(6) **STATE AND LOCAL PORTFOLIO REQUIREMENTS.**—

(A) **IN GENERAL.**—If the housing finance agency of a State is selected as the participating administrative entity, that agency shall be responsible for such eligible multifamily housing projects in that State as may be agreed upon by the participating administrative entity and the Secretary. If a local housing agency is selected as the participating administrative entity, that agency shall be responsible for such eligible multifamily housing projects in the jurisdiction of the agency as may be agreed upon by the participating administrative entity and the Secretary.

(B) **NONDELEGATION.**—Except with the prior approval of the Secretary, a participating administrative entity may not delegate or transfer responsibilities and functions under this subtitle to 1 or more entities.

(7) **PRIVATE ENTITY REQUIREMENTS.**—

(A) **IN GENERAL.**—If a for-profit entity is selected as the participating administrative entity, that entity shall be required to enter into a partnership with a public purpose entity (including the Department).

(B) **PROHIBITION.**—No private entity shall share, participate in, or otherwise benefit from any equity created, received, or restructured as a result of the portfolio restructuring agreement.

42 USC 1437f
note.

SEC. 514. MORTGAGE RESTRUCTURING AND RENTAL ASSISTANCE SUFFICIENCY PLAN.

(a) **IN GENERAL.**—

(1) **DEVELOPMENT OF PROCEDURES AND REQUIREMENTS.**—The Secretary shall develop procedures and requirements for the submission of a mortgage restructuring and rental assistance sufficiency plan for each eligible multifamily housing project with an expiring contract.

(2) **TERMS AND CONDITIONS.**—Each mortgage restructuring and rental assistance sufficiency plan submitted under this subsection shall be developed by the participating administrative entity, in cooperation with an owner of an eligible multifamily housing project and any servicer for the mortgage that is a qualified mortgagee, under such terms and conditions as the Secretary shall require.

(3) **CONSOLIDATION.**—Mortgage restructuring and rental assistance sufficiency plans submitted under this subsection

may be consolidated as part of an overall strategy for more than 1 property.

(b) NOTICE REQUIREMENTS.—The Secretary shall establish notice procedures and hearing requirements for tenants and owners concerning the dates for the expiration of project-based assistance contracts for any eligible multifamily housing project.

(c) EXTENSION OF CONTRACT TERM.—Subject to agreement by a project owner, the Secretary may extend the term of any expiring contract or provide a section 8 contract with rent levels set in accordance with subsection (g) for a period sufficient to facilitate the implementation of a mortgage restructuring and rental assistance sufficiency plan, as determined by the Secretary.

(d) TENANT RENT PROTECTION.—If the owner of a project with an expiring Federal rental assistance contract does not agree to extend the contract, not less than 12 months prior to terminating the contract, the project owner shall provide written notice to the Secretary and the tenants and the Secretary shall make tenant-based assistance available to tenants residing in units assisted under the expiring contract at the time of expiration.

Notification.

(e) MORTGAGE RESTRUCTURING AND RENTAL ASSISTANCE SUFFICIENCY PLAN.—Each mortgage restructuring and rental assistance sufficiency plan shall—

(1) except as otherwise provided, restructure the project-based assistance rents for the eligible multifamily housing project in a manner consistent with subsection (g), or provide for tenant-based assistance in accordance with section 515;

(2) allow for rent adjustments by applying an operating cost adjustment factor established under guidelines established by the Secretary;

(3) require the owner or purchaser of an eligible multifamily housing project to evaluate the rehabilitation needs of the project, in accordance with regulations of the Secretary, and notify the participating administrative entity of the rehabilitation needs;

(4) require the owner or purchaser of the project to provide or contract for competent management of the project;

(5) require the owner or purchaser of the project to take such actions as may be necessary to rehabilitate, maintain adequate reserves, and to maintain the project in decent and safe condition, based on housing quality standards established by—

(A) the Secretary; or

(B) local housing codes or codes adopted by public housing agencies that—

(i) meet or exceed housing quality standards established by the Secretary; and

(ii) do not severely restrict housing choice;

(6) require the owner or purchaser of the project to maintain affordability and use restrictions in accordance with regulations promulgated by the Secretary, for a term of not less than 30 years which restrictions shall be—

(A) contained in a legally enforceable document recorded in the appropriate records; and

(B) consistent with the long-term physical and financial viability and character of the project as affordable housing;

(7) include a certification by the participating administrative entity that the restructuring meets subsidy layering

requirements established by the Secretary by regulation for purposes of this subtitle;

(8) require the owner or purchaser of the project to meet such other requirements as the Secretary determines to be appropriate; and

(9) prohibit the owner from refusing to lease a reasonable number of units to holders of certificates and vouchers under section 8 of the United States Housing Act of 1937 because of the status of the prospective tenants as certificate and voucher holders.

(f) TENANT AND OTHER PARTICIPATION AND CAPACITY BUILDING.—

(1) PROCEDURES.—

(A) IN GENERAL.—The Secretary shall establish procedures to provide an opportunity for tenants of the project, residents of the neighborhood, the local government, and other affected parties to participate effectively and on a timely basis in the restructuring process established by this subtitle.

(B) COVERAGE.—These procedures shall take into account the need to provide tenants of the project, residents of the neighborhood, the local government, and other affected parties timely notice of proposed restructuring actions and appropriate access to relevant information about restructuring activities. To the extent practicable and consistent with the need to accomplish project restructuring in an efficient manner, the procedures shall give all such parties an opportunity to provide comments to the participating administrative entity in writing, in meetings, or in another appropriate manner (which comments shall be taken into consideration by the participating administrative entity).

(2) REQUIRED CONSULTATION.—The procedures developed pursuant to paragraph (1) shall require consultation with tenants of the project, residents of the neighborhood, the local government, and other affected parties, in connection with at least the following:

(A) the mortgage restructuring and rental assistance sufficiency plan;

(B) any proposed transfer of the project; and

(C) the rental assistance assessment plan pursuant to section 515(c).

(3) FUNDING.—

(A) IN GENERAL.—The Secretary may provide not more than \$10,000,000 annually in funding from which the Secretary may make obligations to tenant groups, nonprofit organizations, and public entities for building the capacity of tenant organizations, for technical assistance in furthering any of the purposes of this subtitle (including transfer of developments to new owners) and for tenant services, from those amounts made available under appropriations Acts for implementing this subtitle or previously made available for technical assistance in connection with the preservation of affordable rental housing for low-income persons.

(B) MANNER OF PROVIDING.—Notwithstanding any other provision of law restricting the use of preservation

technical assistance funds, the Secretary may provide any funds made available under subparagraph (A) through existing technical assistance programs pursuant to any other Federal law, including the Low-Income Housing Preservation and Resident Homeownership Act of 1990 and the Multifamily Property Disposition Reform Act of 1994, or through any other means that the Secretary considers consistent with the purposes of this subtitle, without regard to any set-aside requirement otherwise applicable to those funds.

(C) PROHIBITION.—None of the funds made available under subparagraph (A) may be used directly or indirectly to pay for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed to influence in any manner a Member of Congress, to favor or oppose, by vote or otherwise, any legislation or appropriation by Congress, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation.

(g) RENT LEVELS.—

(1) IN GENERAL.—Except as provided in paragraph (2), each mortgage restructuring and rental assistance sufficiency plan pursuant to the terms, conditions, and requirements of this subtitle shall establish for units assisted with project-based assistance in eligible multifamily housing projects adjusted rent levels that—

(A) are equivalent to rents derived from comparable properties, if—

(i) the participating administrative entity makes the rent determination within a reasonable period of time; and

(ii) the market rent determination is based on not less than 2 comparable properties; or

(B) if those rents cannot be determined, are equal to 90 percent of the fair market rents for the relevant market area.

(2) EXCEPTIONS.—

(A) IN GENERAL.—A contract under this section may include rent levels that exceed the rent level described in paragraph (1) at rent levels that do not exceed 120 percent of the fair market rent for the market area (except that the Secretary may waive this limit for not more than five percent of all units subject to restructured mortgages in any fiscal year, based on a finding of special need), if the participating administrative entity—

(i) determines that the housing needs of the tenants and the community cannot be adequately addressed through implementation of the rent limitation required to be established through a mortgage restructuring and rental assistance sufficiency plan under paragraph (1); and

(ii) follows the procedures under paragraph (3).

(B) EXCEPTION RENTS.—In any fiscal year, a participating administrative entity may approve exception rents on not more than 20 percent of all units covered by the portfolio restructuring agreement with expiring contracts in

that fiscal year, except that the Secretary may waive this ceiling upon a finding of special need.

(3) RENT LEVELS FOR EXCEPTION PROJECTS.—For purposes of this section, a project eligible for an exception rent shall receive a rent calculated on the actual and projected costs of operating the project, at a level that provides income sufficient to support a budget-based rent that consists of—

- (A) the debt service of the project;
- (B) the operating expenses of the project, as determined by the participating administrative entity, including—
 - (i) contributions to adequate reserves;
 - (ii) the costs of maintenance and necessary rehabilitation; and
 - (iii) other eligible costs permitted under section 8 of the United States Housing Act of 1937;
- (C) an adequate allowance for potential operating losses due to vacancies and failure to collect rents, as determined by the participating administrative entity;
- (D) an allowance for a reasonable rate of return to the owner or purchaser of the project, as determined by the participating administrative entity, which may be established to provide incentives for owners or purchasers to meet benchmarks of quality for management and housing quality; and
- (E) other expenses determined by the participating administrative entity to be necessary for the operation of the project.

(h) EXEMPTIONS FROM RESTRUCTURING.—The following categories of projects shall not be covered by a mortgage restructuring and rental assistance sufficiency plan if—

- (1) the primary financing or mortgage insurance for the multifamily housing project that is covered by that expiring contract was provided by a unit of State government or a unit of general local government (or an agency or instrumentality of a unit of a State government or unit of general local government);
- (2) the project is a project financed under section 202 of the Housing Act of 1959 or section 515 of the Housing Act of 1949; or
- (3) the project has an expiring contract under section 8 of the United States Housing Act of 1937 entered into pursuant to section 441 of the Stewart B. McKinney Homeless Assistance Act.

Contracts.
42 USC 1437f
note.

SEC. 515. SECTION 8 RENEWALS AND LONG-TERM AFFORDABILITY COMMITMENT BY OWNER OF PROJECT.

(a) SECTION 8 RENEWALS OF RESTRUCTURED PROJECTS.—

(1) PROJECT-BASED ASSISTANCE.—Subject to the availability of amounts provided in advance in appropriations Acts, and to the control of the Secretary of applicable accounts in the Treasury of the United States, with respect to an expiring section 8 contract on an eligible multifamily housing project to be renewed with project-based assistance (based on a determination under subsection (c)), the Secretary shall enter into contracts with participating administrative entities pursuant to which the participating administrative entity shall offer to renew or extend the contract, or the Secretary shall offer to

renew such contract, and the owner of the project shall accept the offer, if the initial renewal is in accordance with the terms and conditions specified in the mortgage restructuring and rental assistance sufficiency plan and the rental assistance assessment plan.

(2) TENANT-BASED ASSISTANCE.—Subject to the availability of amounts provided in advance in appropriations Acts and to the control of the Secretary of applicable accounts in the Treasury of the United States, with respect to an expiring section 8 contract on an eligible multifamily housing project to be renewed with tenant-based assistance (based on a determination under subsection (c)), the Secretary shall enter into contracts with participating administrative entities pursuant to which the participating administrative entity shall provide for the renewal of section 8 assistance on an eligible multifamily housing project with tenant-based assistance, or the Secretary shall provide for such renewal, in accordance with the terms and conditions specified in the mortgage restructuring and rental assistance sufficiency plan and the rental assistance assessment plan.

(b) REQUIRED COMMITMENT.—After the initial renewal of a section 8 contract pursuant to this section, the owner shall accept each offer made pursuant to subsection (a) to renew the contract, for the term of the affordability and use restrictions required by section 514(e)(6), if the offer to renew is on terms and conditions specified in the mortgage restructuring and rental assistance sufficiency plan.

(c) DETERMINATION OF WHETHER TO RENEW WITH PROJECT-BASED OR TENANT-BASED ASSISTANCE.—

(1) MANDATORY RENEWAL OF PROJECT-BASED ASSISTANCE.—Section 8 assistance shall be renewed with project-based assistance, if—

(A) the project is located in an area in which the participating administrative entity determines, based on housing market indicators, such as low vacancy rates or high absorption rates, that there is not adequate available and affordable housing or that the tenants of the project would not be able to locate suitable units or use the tenant-based assistance successfully;

(B) a predominant number of the units in the project are occupied by elderly families, disabled families, or elderly and disabled families;

(C) the project is held by a nonprofit cooperative ownership housing corporation or nonprofit cooperative housing trust.

(2) RENTAL ASSISTANCE ASSESSMENT PLAN.—

(A) IN GENERAL.—With respect to any project that is not described in paragraph (1), the participating administrative entity shall, after consultation with the owner of the project, develop a rental assistance assessment plan to determine whether to renew assistance for the project with tenant-based assistance or project-based assistance.

(B) RENTAL ASSISTANCE ASSESSMENT PLAN REQUIREMENTS.—Each rental assistance assessment plan developed under this paragraph shall include an assessment of the impact of converting to tenant-based assistance and the impact of extending project-based assistance on—

(i) the ability of the tenants to find adequate, available, decent, comparable, and affordable housing in the local market;

(ii) the types of tenants residing in the project (such as elderly families, disabled families, large families, and cooperative homeowners);

(iii) the local housing needs identified in the comprehensive housing affordability strategy, and local market vacancy trends;

(iv) the cost of providing assistance, comparing the applicable payment standard to the project's adjusted rent levels determined under section 514(g);

(v) the long-term financial stability of the project;

(vi) the ability of residents to make reasonable choices about their individual living situations;

(vii) the quality of the neighborhood in which the tenants would reside; and

(viii) the project's ability to compete in the marketplace.

(C) REPORTS TO DIRECTOR.—Each participating administrative entity shall report regularly to the Director as defined in subtitle D, as the Director shall require, identifying—

(i) each eligible multifamily housing project for which the entity has developed a rental assistance assessment plan under this paragraph that determined that the tenants of the project generally supported renewal of assistance with tenant-based assistance, but under which assistance for the project was renewed with project-based assistance; and

(ii) each project for which the entity has developed such a plan under which the assistance is renewed using tenant-based assistance.

(3) ELIGIBILITY FOR TENANT-BASED ASSISTANCE.—Subject to paragraph (4), with respect to any project that is not described in paragraph (1), if a participating administrative entity approves the use of tenant-based assistance based on a rental assistance assessment plan developed under paragraph (2), tenant-based assistance shall be provided to each assisted family (other than a family already receiving tenant-based assistance) residing in the project at the time the assistance described in section 512(2)(B) terminates.

(4) RENTS FOR FAMILIES RECEIVING TENANT-BASED ASSISTANCE.—

(A) IN GENERAL.—Notwithstanding subsection (c)(1) or (o)(1) of section 8 of the United States Housing Act of 1937, in the case of any family described in paragraph (3) that resides in a project described in section 512(2)(B) in which the reasonable rent (which rent shall include any amount allowed for utilities and shall not exceed comparable market rents for the relevant housing market area) exceeds the fair market rent limitation or the payment standard, as applicable, the amount of assistance for the family shall be determined in accordance with subparagraph (B).

(B) MAXIMUM MONTHLY RENT; PAYMENT STANDARD.—With respect to the certificate program under section 8(b)

of the United States Housing Act of 1937, the maximum monthly rent under the contract (plus any amount allowed for utilities) shall be such reasonable rent for the unit. With respect to the voucher program under section 8(o) of the United States Housing Act of 1937, the payment standard shall be deemed to be such reasonable rent for the unit.

(5) INAPPLICABILITY OF CERTAIN PROVISION.—If a participating administrative entity approves renewal with project-based assistance under this subsection, section 8(d)(2) of the United States Housing Act of 1937 shall not apply.

SEC. 516. PROHIBITION ON RESTRUCTURING.

42 USC 1437f
note.

(a) PROHIBITION ON RESTRUCTURING.—The Secretary may elect not to consider any mortgage restructuring and rental assistance sufficiency plan or request for contract renewal if the Secretary or the participating administrative entity determines that—

(1)(A) the owner or purchaser of the project has engaged in material adverse financial or managerial actions or omissions with regard to such project; or

(B) the owner or purchaser of the project has engaged in material adverse financial or managerial actions or omissions with regard to other projects of such owner or purchaser that are federally assisted or financed with a loan from, or mortgage insured or guaranteed by, an agency of the Federal Government;

(2) material adverse financial or managerial actions or omissions include—

(A) materially violating any Federal, State, or local law or regulation with regard to this project or any other federally assisted project, after receipt of notice and an opportunity to cure;

(B) materially breaching a contract for assistance under section 8 of the United States Housing Act of 1937, after receipt of notice and an opportunity to cure;

(C) materially violating any applicable regulatory or other agreement with the Secretary or a participating administrative entity, after receipt of notice and an opportunity to cure;

(D) repeatedly and materially violating any Federal, State, or local law or regulation with regard to the project or any other federally assisted project;

(E) repeatedly and materially breaching a contract for assistance under section 8 of the United States Housing Act of 1937;

(F) repeatedly and materially violating any applicable regulatory or other agreement with the Secretary or a participating administrative entity;

(G) repeatedly failing to make mortgage payments at times when project income was sufficient to maintain and operate the property;

(H) materially failing to maintain the property according to housing quality standards after receipt of notice and a reasonable opportunity to cure; or

(I) committing any actions or omissions that would warrant suspension or debarment by the Secretary;

(3) the owner or purchaser of the property materially failed to follow the procedures and requirements of this subtitle, after receipt of notice and an opportunity to cure; or

(4) the poor condition of the project cannot be remedied in a cost effective manner, as determined by the participating administrative entity.

The term “owner” as used in this subsection, in addition to it having the same meaning as in section 8(f) of the United States Housing Act of 1937, also means an affiliate of the owner. The term “purchaser” as used in this subsection means any private person or entity, including a cooperative, an agency of the Federal Government, or a public housing agency, that, upon purchase of the project, would have the legal right to lease or sublease dwelling units in the project, and also means an affiliate of the purchaser. The terms “affiliate of the owner” and “affiliate of the purchaser” means any person or entity (including, but not limited to, a general partner or managing member, or an officer of either) that controls an owner or purchaser, is controlled by an owner or purchaser, or is under common control with the owner or purchaser. The term “control” means the direct or indirect power (under contract, equity ownership, the right to vote or determine a vote, or otherwise) to direct the financial, legal, beneficial or other interests of the owner or purchaser.

(b) OPPORTUNITY TO DISPUTE FINDINGS.—

(1) IN GENERAL.—During the 30-day period beginning on the date on which the owner or purchaser of an eligible multifamily housing project receives notice of a rejection under subsection (a) or of a mortgage restructuring and rental assistance sufficiency plan under section 514, the Secretary or participating administrative entity shall provide that owner or purchaser with an opportunity to dispute the basis for the rejection and an opportunity to cure.

(2) AFFIRMATION, MODIFICATION, OR REVERSAL.—

(A) IN GENERAL.—After providing an opportunity to dispute under paragraph (1), the Secretary or the participating administrative entity may affirm, modify, or reverse any rejection under subsection (a) or rejection of a mortgage restructuring and rental assistance sufficiency plan under section 514.

(B) REASONS FOR DECISION.—The Secretary or the participating administrative entity, as applicable, shall identify the reasons for any final decision under this paragraph.

(C) REVIEW PROCESS.—The Secretary shall establish an administrative review process to appeal any final decision under this paragraph.

(c) FINAL DETERMINATION.—Any final determination under this section shall not be subject to judicial review.

(d) DISPLACED TENANTS.—Subject to the availability of amounts provided in advance in appropriations Acts, for any low-income tenant that is residing in a project or receiving assistance under section 8 of the United States Housing Act of 1937 at the time of rejection under this section, that tenant shall be provided with tenant-based assistance and reasonable moving expenses, as determined by the Secretary.

(e) TRANSFER OF PROPERTY.—For properties disqualified from the consideration of a mortgage restructuring and rental assistance

sufficiency plan under this section in accordance with paragraph (1) or (2) of subsection (a) because of actions by an owner or purchaser, the Secretary shall establish procedures to facilitate the voluntary sale or transfer of a property as part of a mortgage restructuring and rental assistance sufficiency plan, with a preference for tenant organizations and tenant-endorsed community-based nonprofit and public agency purchasers meeting such reasonable qualifications as may be established by the Secretary.

SEC. 517. RESTRUCTURING TOOLS.

42 USC 1437f
note.

(a) MORTGAGE RESTRUCTURING.—

(1) In this subtitle, an approved mortgage restructuring and rental assistance sufficiency plan shall include restructuring mortgages in accordance with this subsection to provide—

(A) a restructured or new first mortgage that is sustainable at rents at levels that are established in section 514(g); and

(B) a second mortgage that is in an amount equal to no more than the difference between the restructured or new first mortgage and the indebtedness under the existing insured mortgage immediately before it is restructured or refinanced, provided that the amount of the second mortgage shall be in an amount that the Secretary or participating administrative entity determines can reasonably be expected to be repaid.

(2) The second mortgage shall bear interest at a rate not to exceed the applicable Federal rate as defined in section 1274(d) of the Internal Revenue Code of 1986. The term of the second mortgage shall be equal to the term of the restructured or new first mortgage.

(3) Payments on the second mortgage shall be deferred when the first mortgage remains outstanding, except to the extent there is excess project income remaining after payment of all reasonable and necessary operating expenses (including deposits in a reserve for replacement), debt service on the first mortgage, and any other expenditures approved by the Secretary. At least 75 percent of any excess project income shall be applied to payments on the second mortgage, and the Secretary or the participating administrative entity may permit up to 25 percent to be paid to the project owner if the Secretary or participating administrative entity determines that the project owner meets benchmarks for management and housing quality.

(4) The full amount of the second mortgage shall be immediately due and payable if—

(A) the first mortgage is terminated or paid in full, except as otherwise provided by the holder of the second mortgage;

(B) the project is purchased and the second mortgage is assumed by any subsequent purchaser in violation of guidelines established by the Secretary; or

(C) the Secretary provides notice to the project owner that such owner has failed to materially comply with any requirements of this section or the United States Housing Act of 1937 as those requirements apply to the project, with a reasonable opportunity for such owner to cure such failure.

(5) The Secretary may modify the terms or forgive all or part of the second mortgage if the Secretary holds the second mortgage and if the project is acquired by a tenant organization or tenant-endorsed community-based nonprofit or public agency, pursuant to guidelines established by the Secretary.

(b) **RESTRUCTURING TOOLS.**—In addition to the requirements of subsection (a) and to the extent these actions are consistent with this section and with the control of the Secretary of applicable accounts in the Treasury of the United States, an approved mortgage restructuring and rental assistance sufficiency plan under this subtitle may include one or more of the following actions:

(1) **FULL OR PARTIAL PAYMENT OF CLAIM.**—making a full payment of claim or partial payment of claim under section 541(b) of the National Housing Act, as amended by section 523(b) of this Act. Any payment under this paragraph shall not require the approval of a mortgagee;

(2) **REFINANCING OF DEBT.**—refinancing of all or part of the debt on a project. If the refinancing involves a mortgage that will continue to be insured under the National Housing Act, the refinancing shall be documented through amendment of the existing insurance contract and not through a new insurance contract;

(3) **MORTGAGE INSURANCE.**—providing FHA multifamily mortgage insurance, reinsurance or other credit enhancement alternatives, including multifamily risk-sharing mortgage programs, as provided under section 542 of the Housing and Community Development Act of 1992. Any limitations on the number of units available for mortgage insurance under section 542 shall not apply to eligible multifamily housing projects. Any credit subsidy costs of providing mortgage insurance shall be paid from the Liquidating Accounts of the General Insurance Fund or the Special Risk Insurance Fund and shall not be subject to any limitation on appropriations;

(4) **CREDIT ENHANCEMENT.**—providing any additional State or local mortgage credit enhancements and risk-sharing arrangements that may be established with State or local housing finance agencies, the Federal Housing Finance Board, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation, to a modified or refinanced first mortgage;

(5) **COMPENSATION OF THIRD PARTIES.**—consistent with the portfolio restructuring agreement, entering into agreements, incurring costs, or making payments, including incentive agreements designed to reward superior performance in meeting the purposes of this Act, as may be reasonably necessary, to compensate the participation of participating administrative entities and other parties in undertaking actions authorized by this subtitle. Upon request to the Secretary, participating administrative entities that are qualified under the United States Housing Act of 1937 to serve as contract administrators shall be the contract administrators under section 8 of the United States Housing Act of 1937 for purposes of any contracts entered into as part of an approved mortgage restructuring and rental assistance sufficiency plan. Subject to the availability of amounts provided in advance in appropriations Acts for administrative fees under section 8 of the United States

Housing Act of 1937, such amounts may be used to compensate participating administrative entities for compliance monitoring costs incurred under section 519;

(6) USE OF PROJECT ACCOUNTS.—applying any residual receipts, replacement reserves, and any other project accounts not required for project operations, to maintain the long-term affordability and physical condition of the property or of other eligible multifamily housing projects. The participating administrative entity may expedite the acquisition of residual receipts, replacement reserves, or other such accounts, by entering into agreements with owners of housing covered by an expiring contract to provide an owner with a share of the receipts, not to exceed 10 percent, in accordance with guidelines established by the Secretary; and

(7) REHABILITATION NEEDS.—

(A) IN GENERAL.—Rehabilitation may be paid from the residual receipts, replacement reserves, or any other project accounts not required for project operations, or, as provided in appropriations Acts and subject to the control of the Secretary of applicable accounts in the Treasury of the United States, from budget authority provided for increases in the budget authority for assistance contracts under section 8 of the United States Housing Act of 1937, the rehabilitation grant program established under section 236 of the National Housing Act, as amended by section 531 of subtitle B of this Act, or through the debt restructuring transaction. Rehabilitation under this paragraph shall only be for the purpose of restoring the project to a non-luxury standard adequate for the rental market intended at the original approval of the project-based assistance.

(B) CONTRIBUTION.—Each owner or purchaser of a project to be rehabilitated under an approved mortgage restructuring and rental assistance sufficiency plan shall contribute, from non-project resources, not less than 25 percent of the amount of rehabilitation assistance received, except that the participating administrative entity may provide an exception from the requirement of this subparagraph for housing cooperatives.

(c) ROLE OF FNMA AND FHLMC.—Section 1335 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4565) is amended—

(1) in paragraph (3), by striking “and” at the end;

(2) paragraph (4), by striking the period at the end and inserting “; and”;

(3) by striking “To meet” and inserting the following:

“(a) IN GENERAL.—To meet”; and

(4) by adding at the end the following:

“(5) assist in maintaining the affordability of assisted units in eligible multifamily housing projects with expiring contracts, as defined under the Multifamily Assisted Housing Reform and Affordability Act of 1997.

“(b) AFFORDABLE HOUSING GOALS.—Actions taken under subsection (a)(5) shall constitute part of the contribution of each entity in meeting its affordable housing goals under sections 1332, 1333, and 1334 for any fiscal year, as determined by the Secretary.”.

(d) PROHIBITION ON EQUITY SHARING BY THE SECRETARY.—The Secretary is prohibited from participating in any equity agreement or profit-sharing agreement in conjunction with any eligible multifamily housing project.

(e) CONFLICT OF INTEREST GUIDELINES.—The Secretary may establish guidelines to prevent conflicts of interest by a participating administrative entity that provides, directly or through risk-sharing arrangements, any form of credit enhancement or financing pursuant to subsections (b)(3) or (b)(4) or to prevent conflicts of interest by any other person or entity under this subtitle.

42 USC 1437f
note.

SEC. 518. MANAGEMENT STANDARDS.

Each participating administrative entity shall establish management standards, including requirements governing conflicts of interest between owners, managers, contractors with an identity of interest, pursuant to guidelines established by the Secretary and consistent with industry standards.

42 USC 1437f
note.

SEC. 519. MONITORING OF COMPLIANCE.

(a) COMPLIANCE AGREEMENTS.—(1) Pursuant to regulations issued by the Secretary under section 522(a), each participating administrative entity, through binding contractual agreements with owners and otherwise, shall ensure long-term compliance with the provisions of this subtitle. Each agreement shall, at a minimum, provide for—

(A) enforcement of the provisions of this subtitle; and

(B) remedies for the breach of those provisions.

(2) If the participating administrative entity is not qualified under the United States Housing Act of 1937 to be a section 8 contract administrator or fails to perform its duties under the portfolio restructuring agreement, the Secretary shall have the right to enforce the agreement.

(b) PERIODIC MONITORING.—

(1) IN GENERAL.—Not less than annually, each participating administrative entity that is qualified to be the section 8 contract administrator shall review the status of all multifamily housing projects for which a mortgage restructuring and rental assistance sufficiency plan has been implemented.

(2) INSPECTIONS.—Each review under this subsection shall include onsite inspection to determine compliance with housing codes and other requirements as provided in this subtitle and the portfolio restructuring agreements.

(3) ADMINISTRATION.—If the participating administrative entity is not qualified under the United States Housing Act of 1937 to be a section 8 contract administrator, either the Secretary or a qualified State or local housing agency shall be responsible for the review required by this subsection.

(c) AUDIT BY THE SECRETARY.—The Comptroller General of the United States, the Secretary, and the Inspector General of the Department of Housing and Urban Development may conduct an audit at any time of any multifamily housing project for which a mortgage restructuring and rental assistance sufficiency plan has been implemented.

42 USC 1437f
note.

SEC. 520. REPORTS TO CONGRESS.

(a) ANNUAL REVIEW.—In order to ensure compliance with this subtitle, the Secretary shall conduct an annual review and report

to the Congress on actions taken under this subtitle and the status of eligible multifamily housing projects.

(b) SEMIANNUAL REVIEW.—Not less than semiannually during the 2-year period beginning on the date of the enactment of this Act and not less than annually thereafter, the Secretary shall submit reports to the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate stating, for such periods, the total number of projects identified by participating administrative entities under each of clauses (i) and (ii) of section 515(c)(2)(C).

SEC. 521. GAO AUDIT AND REVIEW.

42 USC 1437f
note.

(a) INITIAL AUDIT.—Not later than 18 months after the effective date of final regulations promulgated under this subtitle, the Comptroller General of the United States shall conduct an audit to evaluate eligible multifamily housing projects and the implementation of mortgage restructuring and rental assistance sufficiency plans.

(b) REPORT.—

(1) IN GENERAL.—Not later than 18 months after the audit conducted under subsection (a), the Comptroller General of the United States shall submit to Congress a report on the status of eligible multifamily housing projects and the implementation of mortgage restructuring and rental assistance sufficiency plans.

(2) CONTENTS.—The report submitted under paragraph (1) shall include—

(A) a description of the initial audit conducted under subsection (a); and

(B) recommendations for any legislative action to increase the financial savings to the Federal Government of the restructuring of eligible multifamily housing projects balanced with the continued availability of the maximum number of affordable low-income housing units.

SEC. 522. REGULATIONS.

42 USC 1437f
note.

(a) RULEMAKING AND IMPLEMENTATION.—

(1) INTERIM REGULATIONS.—The Director shall issue such interim regulations as may be necessary to implement this subtitle and the amendments made by this subtitle with respect to eligible multifamily housing projects covered by contracts described in section 512(2)(B) that expire in fiscal year 1999 or thereafter. If, before the expiration of such period, the Director has not been appointed, the Secretary shall issue such interim regulations.

(2) FINAL REGULATIONS.—The Director shall issue final regulations necessary to implement this subtitle and the amendments made by this subtitle with respect to eligible multifamily housing projects covered by contracts described in section 512(2)(B) that expire in fiscal year 1999 or thereafter before the later of: (A) the expiration of the 12-month period beginning upon the date of the enactment of this Act; and (B) the 3-month period beginning upon the appointment of the Director under subtitle D.

(3) FACTORS FOR CONSIDERATION.—Before the publication of the final regulations under paragraph (2), in addition to public comments invited in connection with publication of the interim rule, the Secretary shall—

(A) seek recommendations on the implementation of sections 513(b) and 515(c)(1) from organizations representing—

(i) State housing finance agencies and local housing agencies;

(ii) other potential participating administering entities;

(iii) tenants;

(iv) owners and managers of eligible multifamily housing projects;

(v) States and units of general local government; and

(vi) qualified mortgagees; and

(B) convene not less than 3 public forums at which the organizations making recommendations under subparagraph (A) may express views concerning the proposed disposition of the recommendations.

Applicability.

(b) **TRANSITION PROVISION FOR CONTRACTS EXPIRING IN FISCAL YEAR 1998.**—Notwithstanding any other provision of law, the Secretary shall apply all the terms of section 211 and section 212 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (except for section 212(h)(1)(G) and the limitation in section 212(k)) contracts for project-based assistance that expire during fiscal year 1998 (in the same manner that such provisions apply to expiring contracts defined in section 212(a)(3) of such Act), except that section 517(a) of the Act shall apply to mortgages on projects subject to such contracts.

42 USC 1437f
note.

SEC. 523. TECHNICAL AND CONFORMING AMENDMENTS.

(a) **CALCULATION OF LIMIT ON PROJECT-BASED ASSISTANCE.**—Section 8(d) of the United States Housing Act of 1937 (42 U.S.C. 1437f(d)) is amended by adding at the end the following:

“(5) **CALCULATION OF LIMIT.**—Any contract entered into under section 514 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 shall be excluded in computing the limit on project-based assistance under this subsection.”.

(b) **PARTIAL PAYMENT OF CLAIMS ON MULTIFAMILY HOUSING PROJECTS.**—Section 541 of the National Housing Act (12 U.S.C. 1735f–19) is amended—

(1) in subsection (a), in the subsection heading, by striking “AUTHORITY” and inserting “DEFAULTED MORTGAGES”;

(2) by redesignating subsection (b) as subsection (c); and

(3) by inserting after subsection (a) the following:

“(b) **EXISTING MORTGAGES.**—Notwithstanding any other provision of law, the Secretary, in connection with a mortgage restructuring under section 514 of the Multifamily Assisted Housing Reform and Affordability Act of 1997, may make a one time, non-default partial payment of the claim under the mortgage insurance contract, which shall include a determination by the Secretary or the participating administrative entity, in accordance with the Multifamily Assisted Housing Reform and Affordability Act of 1997, of the market value of the project and a restructuring of the mortgage, under such terms and conditions as are permitted by section 517(a) of such Act.”.

(c) REUSE AND RESCISSION OF CERTAIN RECAPTURED BUDGET AUTHORITY.—Section 8(bb) of the United States Housing Act of 1937 (42 U.S.C. 1437f(bb)) is amended—

(1) by inserting after “(bb)” the following:

“TRANSFER, REUSE, AND RESCISSION OF BUDGET AUTHORITY.—
“(1)”; and

(2) by inserting the following new paragraph at the end:

“(2) REUSE AND RESCISSION OF CERTAIN RECAPTURED BUDGET AUTHORITY.—Notwithstanding paragraph (1), if a project-based assistance contract for an eligible multifamily housing project subject to actions authorized under title I is terminated or amended as part of restructuring under section 517 of the Multifamily Assisted Housing Reform and Affordability Act of 1997, the Secretary shall recapture the budget authority not required for the terminated or amended contract and use such amounts as are necessary to provide housing assistance for the same number of families covered by such contract for the remaining term of such contract, under a contract providing for project-based or tenant-based assistance. The amount of budget authority saved as a result of the shift to project-based or tenant-based assistance shall be rescinded.”.

(d) SECTION 8 CONTRACT RENEWALS.—Section 405(a) of the Balanced Budget Downpayment Act, I (42 U.S.C. 1437f note) is amended by striking “For” and inserting “Notwithstanding part 24 of title 24 of the Code of Federal Regulations, for”.

(e) RENEWAL UPON REQUEST OF OWNER.—Section 211(b)(3) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (Public Law 104-204; 110 Stat. 2896) is amended—

42 USC 1437f
note.

(1) by striking the paragraph heading and inserting the following:

“(3) EXEMPTION OF CERTAIN OTHER PROJECTS.—”; and

(2) by striking “section 202 projects, section 811 projects and section 515 projects” and inserting “section 202 projects, section 515 projects, projects with contracts entered into pursuant to section 441 of the Stewart B. McKinney Homeless Assistance Act, and projects with rents that exceed 100 percent of fair market rent for the market area, but that are less than rents for comparable projects”.

(f) EXTENSION OF DEMONSTRATION CONTRACT PERIOD.—Section 212(g) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (Public Law 104-204) is amended—

42 USC 1437f
note.

(1) by inserting “(1)” after “(g)”; and

(2) by inserting before the period at the end the following:
“or in paragraph (2)”; and

(3) by adding at the end the following:

“(2) The Secretary may renew a demonstration contract for an additional period of not to exceed 120 days, if—

“(A) the contract was originally executed before February 1, 1997, and the Secretary determines, in the sole discretion of the Secretary, that the renewal period for the contract needs to exceed 1 year, due to delay of publication of the Secretary’s demonstration program guidelines until January 23, 1997 (not to exceed 21 projects); or

“(B) the contract was originally executed before October 1, 1997, in connection with a project that has been identified

for restructuring under the joint venture approach described in section VII.B.2. of the Secretary's demonstration program guidelines, and the Secretary determines, in the sole discretion of the Secretary, that the renewal period for the contract needs to exceed 1 year, due to delay in implementation of the joint venture agreement required by the guidelines (not to exceed 25 projects).”.

42 USC 1437f
note.

SEC. 524. SECTION 8 CONTRACT RENEWALS.

(a) SECTION 8 CONTRACT RENEWAL AUTHORITY.—

(1) IN GENERAL.—Notwithstanding part 24 of title 24 of the Code of Federal Regulations and subject to section 516 of this subtitle, for fiscal year 1999 and henceforth, the Secretary may use amounts available for the renewal of assistance under section 8 of the United States Housing Act of 1937, upon termination or expiration of a contract for assistance under section 8 (other than a contract for tenant-based assistance and notwithstanding section 8(v) of such Act for loan management assistance), to provide assistance under section 8 of such Act at rent levels that do not exceed comparable market rents for the market area. The assistance shall be provided in accordance with terms and conditions prescribed by the Secretary.

(2) EXCEPTION PROJECTS.—Notwithstanding paragraph (1), upon the request of the owner, the Secretary shall renew an expiring contract in accordance with terms and conditions prescribed by the Secretary at the lesser of: (i) existing rents, adjusted by an operating cost adjustment factor established by the Secretary; (ii) a level that provides income sufficient to support a budget-based rent (including a budget-based rent adjustment if justified by reasonable and expected operating expenses); or (iii) in the case of a contract under the moderate rehabilitation program, other than a moderate rehabilitation contract under section 441 of the Stewart B. McKinney Homeless Assistance Act, the base rent adjusted by an operating cost adjustment factor established by the Secretary, for the following categories of multifamily housing projects—

(A) projects for which the primary financing or mortgage insurance was provided by a unit of State government or a unit of general local government (or an agency or instrumentality of either) and is not insured under the National Housing Act;

(B) projects for which the primary financing was provided by a unit of State government or a unit or general local government (or an agency or instrumentality of either) and the financing involves mortgage insurance under the National Housing Act, such that the implementation of a mortgage restructuring and rental assistance sufficiency plan under this Act is in conflict with applicable law or agreements governing such financing;

(C) projects financed under section 202 of the Housing Act of 1959 or section 515 of the Housing Act of 1949;

(D) projects that have an expiring contract under section 8 of the United States Housing Act of 1937 pursuant to section 441 of the Stewart B. McKinney Homeless Assistance Act; and

(E) projects that do not qualify as eligible multifamily housing projects pursuant to section 512(2) of this subtitle.

Subtitle B—Miscellaneous Provisions

SEC. 531. REHABILITATION GRANTS FOR CERTAIN INSURED PROJECTS.

Section 236 of the National Housing Act (12 U.S.C. 1715z–1) is amended by adding at the end the following:

“(s) GRANT AUTHORITY.—

“(1) IN GENERAL.—The Secretary may make grants for the capital costs of rehabilitation to owners of projects that meet the eligibility and other criteria set forth in, and in accordance with, this subsection.

“(2) PROJECT ELIGIBILITY.—A project may be eligible for capital grant assistance under this subsection—

“(A) if—

“(i) the project is or was insured under any provision of title II of the National Housing Act;

“(ii) the project was assisted under section 8 of the United States Housing Act of 1937 on the date of enactment of the Multifamily Assisted Housing Reform and Affordability Act of 1997; and

“(iii) the project mortgage was not held by a State agency as of the date of enactment of the Multifamily Assisted Housing Reform and Affordability Act of 1997;

“(B) if the project owner agrees to maintain the housing quality standards as required by the Secretary;

“(C)(i) if the Secretary determines that the owner or purchaser of the project has not engaged in material adverse financial or managerial actions or omissions with regard to such project; or

“(ii) if the Secretary elects to make such determination, that the owner or purchaser of the project has not engaged in material adverse financial or managerial actions or omissions with regard to other projects of such owner or purchaser that are federally assisted or financed with a loan from, or mortgage insured or guaranteed by, an agency of the Federal Government;

“(iii) material adverse financial or managerial actions or omissions, as the terms are used in this subparagraph, include—

“(I) materially violating any Federal, State, or local law or regulation with regard to this project or any other federally assisted project, after receipt of notice and an opportunity to cure;

“(II) materially breaching a contract for assistance under section 8 of the United States Housing Act of 1937, after receipt of notice and an opportunity to cure;

“(III) materially violating any applicable regulatory or other agreement with the Secretary or a participating administrative entity, after receipt of notice and an opportunity to cure;

“(IV) repeatedly failing to make mortgage payments at times when project income was sufficient to maintain and operate the property;

“(V) materially failing to maintain the property according to housing quality standards after receipt of notice and a reasonable opportunity to cure; or

“(VI) committing any act or omission that would warrant suspension or debarment by the Secretary; and

“(iv) the term ‘owner’ as used in this subparagraph, in addition to it having the same meaning as in section 8(f) of the United States Housing Act of 1937, also means an affiliate of the owner; the term ‘purchaser’ as used in this subsection means any private person or entity, including a cooperative, an agency of the Federal Government, or a public housing agency, that, upon purchase of the project, would have the legal right to lease or sublease dwelling units in the project, and also means an affiliate of the purchaser; the terms ‘affiliate of the owner’ and ‘affiliate of the purchaser’ means any person or entity (including, but not limited to, a general partner or managing member, or an officer of either) that controls an owner or purchaser, is controlled by an owner or purchaser, or is under common control with the owner or purchaser; the term ‘control’ means the direct or indirect power (under contract, equity ownership, the right to vote or determine a vote, or otherwise) to direct the financial, legal, beneficial or other interests of the owner or purchaser; and

“(D) if the project owner demonstrates to the satisfaction of the Secretary—

“(i) using information in a comprehensive needs assessment, that capital grant assistance is needed for rehabilitation of the project; and

“(ii) that project income is not sufficient to support such rehabilitation.

“(3) ELIGIBLE PURPOSES.—The Secretary may make grants to the owners of eligible projects for the purposes of—

“(A) payment into project replacement reserves;

“(B) debt service payments on non-Federal rehabilitation loans; and

“(C) payment of nonrecurring maintenance and capital improvements, under such terms and conditions as are determined by the Secretary.

“(4) GRANT AGREEMENT.—

“(A) IN GENERAL.—The Secretary shall provide in any grant agreement under this subsection that the grant shall be terminated if the project fails to meet housing quality standards, as applicable on the date of enactment of the Multifamily Assisted Housing Reform and Affordability Act of 1997, or any successor standards for the physical conditions of projects, as are determined by the Secretary.

“(B) AFFORDABILITY AND USE CLAUSES.—The Secretary shall include in a grant agreement under this subsection a requirement for the project owners to maintain such affordability and use restrictions as the Secretary determines to be appropriate.

“(C) OTHER TERMS.—The Secretary may include in a grant agreement under this subsection such other terms and conditions as the Secretary determines to be necessary.

“(5) DELEGATION.—

“(A) IN GENERAL.—In addition to the authorities set forth in subsection (p), the Secretary may delegate to State and local governments the responsibility for the administration of grants under this subsection. Any such government may carry out such delegated responsibilities directly or under contracts.

“(B) ADMINISTRATION COSTS.—In addition to other eligible purposes, amounts of grants under this subsection may be made available for costs of administration under subparagraph (A).

“(6) FUNDING.—

“(A) IN GENERAL.—For purposes of carrying out this subsection, the Secretary may make available amounts that are unobligated amounts for contracts for interest reduction payments—

“(i) that were previously obligated for contracts for interest reduction payments under this section until the insured mortgage under this section was extinguished;

“(ii) that become available as a result of the outstanding principal balance of a mortgage having been written down;

“(iii) that are uncommitted balances within the limitation on maximum payments that may have been, before the date of enactment of the Multifamily Assisted Housing Reform and Affordability Act of 1997, permitted in any fiscal year; or

“(iv) that become available from any other source.

“(B) LIQUIDATION AUTHORITY.—The Secretary may liquidate obligations entered into under this subsection under section 1305(10) of title 31, United States Code.

“(C) CAPITAL GRANTS.—In making capital grants under the terms of this subsection, using the amounts that the Secretary has recaptured from contracts for interest reduction payments, the Secretary shall ensure that the rates and amounts of outlays do not at any time exceed the rates and amounts of outlays that would have been experienced if the insured mortgage had not been extinguished or the principal amount had not been written down, and the interest reduction payments that the Secretary has recaptured had continued in accordance with the terms in effect immediately prior to such extinguishment or write-down.”.

SEC. 532. GAO REPORT ON SECTION 8 RENTAL ASSISTANCE FOR MULTIFAMILY HOUSING PROJECTS.

42 USC 1437f note.

Not later than the expiration of the 18-month period beginning on the date of the enactment of this Act, the Comptroller General of the United States shall submit a report to the Congress analyzing—

(1) the housing projects for which project-based assistance is provided under section 8 of the United States Housing Act of 1937, but which are not subject to a mortgage insured or held by the Secretary under the National Housing Act;

(2) how State and local housing finance agencies have benefited financially from the rental assistance program under section 8 of the United States Housing Act of 1937, including

any benefits from fees, bond financings, and mortgage refinancings; and

(3) the extent and effectiveness of State and local housing finance agencies oversight of the physical and financial management and condition of multifamily housing projects for which project-based assistance is provided under section 8 of the United States Housing Act of 1937.

Subtitle C—Enforcement Provisions

12 USC 1735f-14 note. **SEC. 541. IMPLEMENTATION.**

(a) **ISSUANCE OF NECESSARY REGULATIONS.**—Notwithstanding section 7(o) of the Department of Housing and Urban Development Act or part 10 of title 24, Code of Federal Regulations (as in existence on the date of enactment of this Act), the Secretary shall issue such regulations as the Secretary determines to be necessary to implement this subtitle and the amendments made by this subtitle in accordance with section 552 or 553 of title 5, United States Code, as determined by the Secretary.

(b) **USE OF EXISTING REGULATIONS.**—In implementing any provision of this subtitle, the Secretary may, in the discretion of the Secretary, provide for the use of existing regulations to the extent appropriate, without rulemaking.

SEC. 542. INCOME VERIFICATION.

(a) **REINSTITUTION OF REQUIREMENTS REGARDING HUD ACCESS TO CERTAIN INFORMATION OF STATE AGENCIES.**—

42 USC 503. (1) **IN GENERAL.**—Section 303(i) of the Social Security Act is amended by striking paragraph (5).

42 USC 503 note. (2) **EFFECTIVE DATE.**—The amendment made by this subsection shall apply to any request for information made after the date of the enactment of this Act.

26 USC 6103. (b) **REPEAL OF TERMINATION REGARDING HOUSING ASSISTANCE PROGRAMS.**—Section 6103(l)(7)(D) of the Internal Revenue Code of 1986 is amended by striking the last sentence.

Part 1—FHA Single Family and Multifamily Housing

SEC. 551. AUTHORIZATION TO IMMEDIATELY SUSPEND MORTGAGEES.

Section 202(c)(3)(C) of the National Housing Act (12 U.S.C. 1708(c)(3)(C)) is amended by inserting after the first sentence the following: “Notwithstanding paragraph (4)(A), a suspension shall be effective upon issuance by the Board if the Board determines that there exists adequate evidence that immediate action is required to protect the financial interests of the Department or the public.”.

SEC. 552. EXTENSION OF EQUITY SKIMMING TO OTHER SINGLE FAMILY AND MULTIFAMILY HOUSING PROGRAMS.

Section 254 of the National Housing Act (12 U.S.C. 1715z-19) is amended to read as follows:

“SEC. 254. EQUITY SKIMMING PENALTY.

“(a) **IN GENERAL.**—Whoever, as an owner, agent, or manager, or who is otherwise in custody, control, or possession of a multifamily project or a 1- to 4-family residence that is security for a

mortgage note that is described in subsection (b), willfully uses or authorizes the use of any part of the rents, assets, proceeds, income, or other funds derived from property covered by that mortgage note for any purpose other than to meet reasonable and necessary expenses that include expenses approved by the Secretary if such approval is required, in a period during which the mortgage note is in default or the project is in a nonsurplus cash position, as defined by the regulatory agreement covering the property, or the mortgagor has failed to comply with the provisions of such other form of regulatory control imposed by the Secretary, shall be fined not more than \$500,000, imprisoned not more than 5 years, or both.

“(b) MORTGAGE NOTES DESCRIBED.—For purposes of subsection (a), a mortgage note is described in this subsection if it—

“(1) is insured, acquired, or held by the Secretary pursuant to this Act;

“(2) is made pursuant to section 202 of the Housing Act of 1959 (including property still subject to section 202 program requirements that existed before the date of enactment of the Cranston-Gonzalez National Affordable Housing Act); or

“(3) is insured or held pursuant to section 542 of the Housing and Community Development Act of 1992, but is not reinsured under section 542 of the Housing and Community Development Act of 1992.”.

SEC. 553. CIVIL MONEY PENALTIES AGAINST MORTGAGEES, LENDERS, AND OTHER PARTICIPANTS IN FHA PROGRAMS.

(a) CHANGE TO SECTION TITLE.—Section 536 of the National Housing Act (12 U.S.C. 1735f-14) is amended by striking the section heading and the section designation and inserting the following:

“SEC. 536. CIVIL MONEY PENALTIES AGAINST MORTGAGEES, LENDERS, AND OTHER PARTICIPANTS IN FHA PROGRAMS.”.

(b) EXPANSION OF PERSONS ELIGIBLE FOR PENALTY.—Section 536(a) of the National Housing Act (12 U.S.C. 1735f-14(a)) is amended—

(1) in paragraph (1), by striking the first sentence and inserting the following: “If a mortgagee approved under the Act, a lender holding a contract of insurance under title I, or a principal, officer, or employee of such mortgagee or lender, or other person or entity participating in either an insured mortgage or title I loan transaction under this Act or providing assistance to the borrower in connection with any such loan, including sellers of the real estate involved, borrowers, closing agents, title companies, real estate agents, mortgage brokers, appraisers, loan correspondents and dealers, knowingly and materially violates any applicable provision of subsection (b), the Secretary may impose a civil money penalty on the mortgagee or lender, or such other person or entity, in accordance with this section. The penalty under this paragraph shall be in addition to any other available civil remedy or any available criminal penalty, and may be imposed whether or not the Secretary imposes other administrative sanctions.”; and

(2) in paragraph (2)—

(A) in the first sentence, by inserting “or such other person or entity” after “lender”; and

(B) in the second sentence, by striking “provision” and inserting “the provisions”.

(c) ADDITIONAL VIOLATIONS FOR MORTGAGEES, LENDERS, AND OTHER PARTICIPANTS IN FHA PROGRAMS.—Section 536(b) of the National Housing Act (12 U.S.C. 1735f-14(b)) is amended—

(1) by redesignating paragraph (2) as paragraph (3);

(2) by inserting after paragraph (1) the following:

“(2) The Secretary may impose a civil money penalty under subsection (a) for any knowing and material violation by a principal, officer, or employee of a mortgagee or lender, or other participants in either an insured mortgage or title I loan transaction under this Act or provision of assistance to the borrower in connection with any such loan, including sellers of the real estate involved, borrowers, closing agents, title companies, real estate agents, mortgage brokers, appraisers, loan correspondents, and dealers for—

“(A) submission to the Secretary of information that was false, in connection with any mortgage insured under this Act, or any loan that is covered by a contract of insurance under title I of this Act;

“(B) falsely certifying to the Secretary or submitting to the Secretary a false certification by another person or entity; or

“(C) failure by a loan correspondent or dealer to submit to the Secretary information which is required by regulations or directives in connection with any loan that is covered by a contract of insurance under title I.”; and
(3) in paragraph (3), as redesignated, by striking “or paragraph (1)(F)” and inserting “or (F), or paragraph (2)(A), (B), or (C)”.

(d) CONFORMING AND TECHNICAL AMENDMENTS.—Section 536 of the National Housing Act (12 U.S.C. 1735f-14) is amended—

(1) in subsection (c)(1)(B), by inserting after “lender” the following: “or such other person or entity”;

(2) in subsection (d)(1)—

(A) by inserting “or such other person or entity” after “lender”; and

(B) by striking “part 25” and inserting “parts 24 and 25”; and

(3) in subsection (e), by inserting “or such other person or entity” after “lender” each place that term appears.

Part 2—FHA Multifamily Provisions

SEC. 561. CIVIL MONEY PENALTIES AGAINST GENERAL PARTNERS, OFFICERS, DIRECTORS, AND CERTAIN MANAGING AGENTS OF MULTIFAMILY PROJECTS.

(a) CIVIL MONEY PENALTIES AGAINST MULTIFAMILY MORTGAGORS.—Section 537 of the National Housing Act (12 U.S.C. 1735f-15) is amended—

(1) in subsection (b)(1), by striking “on that mortgagor” and inserting “on that mortgagor, on a general partner of a partnership mortgagor, or on any officer or director of a corporate mortgagor”;

(2) in subsection (c)—

(A) by striking the subsection heading and inserting the following:

“(c) OTHER VIOLATIONS.—”; and

(B) in paragraph (1)—

(i) by striking “VIOLATIONS.—The Secretary may” and all that follows through the colon and inserting the following:

“(A) LIABLE PARTIES.—The Secretary may also impose a civil money penalty under this section on—

“(i) any mortgagor of a property that includes 5 or more living units and that has a mortgage insured, coinsured, or held pursuant to this Act;

“(ii) any general partner of a partnership mortgagor of such property;

“(iii) any officer or director of a corporate mortgagor;

“(iv) any agent employed to manage the property that has an identity of interest with the mortgagor, with the general partner of a partnership mortgagor, or with any officer or director of a corporate mortgagor of such property; or

“(v) any member of a limited liability company that is the mortgagor of such property or is the general partner of a limited partnership mortgagor or is a partner of a general partnership mortgagor.

“(B) VIOLATIONS.—A penalty may be imposed under this section upon any liable party under subparagraph (A) that knowingly and materially takes any of the following actions:”;

(ii) in subparagraph (B), as designated by clause (i), by redesignating the subparagraph designations (A) through (L) as clauses (i) through (xii), respectively;

(iii) by adding after clause (xii), as redesignated by clause (ii), the following:

“(xiii) Failure to maintain the premises, accommodations, any living unit in the project, and the grounds and equipment appurtenant thereto in good repair and condition in accordance with regulations and requirements of the Secretary, except that nothing in this clause shall have the effect of altering the provisions of an existing regulatory agreement or federally insured mortgage on the property.

“(xiv) Failure, by a mortgagor, a general partner of a partnership mortgagor, or an officer or director of a corporate mortgagor, to provide management for the project that is acceptable to the Secretary pursuant to regulations and requirements of the Secretary.

“(xv) Failure to provide access to the books, records, and accounts related to the operations of the mortgaged property and of the project.”; and

(iv) in the last sentence, by deleting “of such agreement” and inserting “of this subsection”;

(3) in subsection (d)—

(A) in paragraph (1)(B), by inserting after “mortgagor” the following: “, general partner of a partnership mortgagor, officer or director of a corporate mortgagor, or identity of interest agent employed to manage the property”; and

(B) by adding at the end the following:

“(5) PAYMENT OF PENALTY.—No payment of a civil money penalty levied under this section shall be payable out of project income.”;

(4) in subsection (e)(1), by deleting “a mortgagor” and inserting “an entity or person”;

(5) in subsection (f), by inserting after “mortgagor” each place such term appears the following: “, general partner of a partnership mortgagor, officer or director of a corporate mortgagor, or identity of interest agent employed to manage the property”;

(6) by striking the heading of subsection (f) and inserting the following: “CIVIL MONEY PENALTIES AGAINST MULTIFAMILY MORTGAGORS, GENERAL PARTNERS OF PARTNERSHIP MORTGAGORS, OFFICERS AND DIRECTORS OF CORPORATE MORTGAGORS, AND CERTAIN MANAGING AGENTS”; and

(7) by adding at the end the following:

“(k) IDENTITY OF INTEREST MANAGING AGENT.—In this section, the terms ‘agent employed to manage the property that has an identity of interest’ and ‘identity of interest agent’ mean an entity—

“(1) that has management responsibility for a project;

“(2) in which the ownership entity, including its general partner or partners (if applicable) and its officers or directors (if applicable), has an ownership interest; and

“(3) over which the ownership entity exerts effective control.”.

(b) IMPLEMENTATION.—

(1) PUBLIC COMMENT.—The Secretary shall implement the amendments made by this section by regulation issued after notice and opportunity for public comment. The notice shall seek comments primarily as to the definitions of the terms “ownership interest in” and “effective control”, as those terms are used in the definition of the terms “agent employed to manage the property that has an identity of interest” and “identity of interest agent”.

(2) TIMING.—A proposed rule implementing the amendments made by this section shall be published not later than 1 year after the date of enactment of this Act.

(c) APPLICABILITY OF AMENDMENTS.—The amendments made by subsection (a) shall apply only with respect to—

(1) violations that occur on or after the effective date of the final regulations implementing the amendments made by this section; and

(2) in the case of a continuing violation (as determined by the Secretary of Housing and Urban Development), any portion of a violation that occurs on or after that date.

SEC. 562. CIVIL MONEY PENALTIES FOR NONCOMPLIANCE WITH SECTION 8 HAP CONTRACTS.

(a) BASIC AUTHORITY.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) by designating the second section designated as section 27 (as added by section 903(b) of Public Law 104-193 (110 Stat. 2348)) as section 28; and

(2) by adding at the end the following:

“SEC. 29. CIVIL MONEY PENALTIES AGAINST SECTION 8 OWNERS.

“(a) IN GENERAL.—

“(1) EFFECT ON OTHER REMEDIES.—The penalties set forth in this section shall be in addition to any other available civil remedy or any available criminal penalty, and may be

Regulations.
12 USC 1735f-15
note.

Publication.

12 USC 1735f-15
note.

42 USC 1437z.

42 USC 1437z-1.

imposed regardless of whether the Secretary imposes other administrative sanctions.

“(2) FAILURE OF SECRETARY.—The Secretary may not impose penalties under this section for a violation, if a material cause of the violation is the failure of the Secretary, an agent of the Secretary, or a public housing agency to comply with an existing agreement.

“(b) VIOLATIONS OF HOUSING ASSISTANCE PAYMENT CONTRACTS FOR WHICH PENALTY MAY BE IMPOSED.—

“(1) LIABLE PARTIES.—The Secretary may impose a civil money penalty under this section on—

“(A) any owner of a property receiving project-based assistance under section 8;

“(B) any general partner of a partnership owner of that property; and

“(C) any agent employed to manage the property that has an identity of interest with the owner or the general partner of a partnership owner of the property.

“(2) VIOLATIONS.—A penalty may be imposed under this section for a knowing and material breach of a housing assistance payments contract, including the following—

“(A) failure to provide decent, safe, and sanitary housing pursuant to section 8; or

“(B) knowing or willful submission of false, fictitious, or fraudulent statements or requests for housing assistance payments to the Secretary or to any department or agency of the United States.

“(3) AMOUNT OF PENALTY.—The amount of a penalty imposed for a violation under this subsection, as determined by the Secretary, may not exceed \$25,000 per violation.

“(c) AGENCY PROCEDURES.—

Regulations.

“(1) ESTABLISHMENT.—The Secretary shall issue regulations establishing standards and procedures governing the imposition of civil money penalties under subsection (b). These standards and procedures—

“(A) shall provide for the Secretary or other department official to make the determination to impose the penalty;

“(B) shall provide for the imposition of a penalty only after the liable party has received notice and the opportunity for a hearing on the record; and

“(C) may provide for review by the Secretary of any determination or order, or interlocutory ruling, arising from a hearing and judicial review, as provided under subsection (d).

“(2) FINAL ORDERS.—

“(A) IN GENERAL.—If a hearing is not requested before the expiration of the 15-day period beginning on the date on which the notice of opportunity for hearing is received, the imposition of a penalty under subsection (b) shall constitute a final and unappealable determination.

“(B) EFFECT OF REVIEW.—If the Secretary reviews the determination or order, the Secretary may affirm, modify, or reverse that determination or order.

“(C) FAILURE TO REVIEW.—If the Secretary does not review that determination or order before the expiration of the 90-day period beginning on the date on which the

determination or order is issued, the determination or order shall be final.

“(3) FACTORS IN DETERMINING AMOUNT OF PENALTY.—In determining the amount of a penalty under subsection (b), the Secretary shall take into consideration—

“(A) the gravity of the offense;

“(B) any history of prior offenses by the violator (including offenses occurring before the enactment of this section);

“(C) the ability of the violator to pay the penalty;

“(D) any injury to tenants;

“(E) any injury to the public;

“(F) any benefits received by the violator as a result of the violation;

“(G) deterrence of future violations; and

“(H) such other factors as the Secretary may establish by regulation.

“(4) PAYMENT OF PENALTY.—No payment of a civil money penalty levied under this section shall be payable out of project income.

“(d) JUDICIAL REVIEW OF AGENCY DETERMINATION.—Judicial review of determinations made under this section shall be carried out in accordance with section 537(e) of the National Housing Act.

“(e) REMEDIES FOR NONCOMPLIANCE.—

“(1) JUDICIAL INTERVENTION.—

“(A) IN GENERAL.—If a person or entity fails to comply with the determination or order of the Secretary imposing a civil money penalty under subsection (b), after the determination or order is no longer subject to review as provided by subsections (c) and (d), the Secretary may request the Attorney General of the United States to bring an action in an appropriate United States district court to obtain a monetary judgment against that person or entity and such other relief as may be available.

“(B) FEES AND EXPENSES.—Any monetary judgment awarded in an action brought under this paragraph may, in the discretion of the court, include the attorney’s fees and other expenses incurred by the United States in connection with the action.

“(2) NONREVIEWABILITY OF DETERMINATION OR ORDER.—

In an action under this subsection, the validity and appropriateness of the determination or order of the Secretary imposing the penalty shall not be subject to review.

“(f) SETTLEMENT BY SECRETARY.—The Secretary may compromise, modify, or remit any civil money penalty which may be, or has been, imposed under this section.

“(g) DEPOSIT OF PENALTIES.—

“(1) IN GENERAL.—Notwithstanding any other provision of law, if the mortgage covering the property receiving assistance under section 8 is insured or was formerly insured by the Secretary, the Secretary shall apply all civil money penalties collected under this section to the appropriate insurance fund or funds established under this Act, as determined by the Secretary.

“(2) EXCEPTION.—Notwithstanding any other provision of law, if the mortgage covering the property receiving assistance under section 8 is neither insured nor formerly insured by

the Secretary, the Secretary shall make all civil money penalties collected under this section available for use by the appropriate office within the Department for administrative costs related to enforcement of the requirements of the various programs administered by the Secretary.

“(h) DEFINITIONS.—In this section—

“(1) the term ‘agent employed to manage the property that has an identity of interest’ means an entity—

“(A) that has management responsibility for a project;

“(B) in which the ownership entity, including its general partner or partners (if applicable), has an ownership interest; and

“(C) over which such ownership entity exerts effective control; and

“(2) the term ‘knowing’ means having actual knowledge of or acting with deliberate ignorance of or reckless disregard for the prohibitions under this section.”.

(b) APPLICABILITY.—The amendments made by subsection (a) shall apply only with respect to—

42 USC 1437z-1 note.

(1) violations that occur on or after the effective date of final regulations implementing the amendments made by this section; and

(2) in the case of a continuing violation (as determined by the Secretary of Housing and Urban Development), any portion of a violation that occurs on or after such date.

(c) IMPLEMENTATION.—

42 USC 1437z-1 note.

(1) REGULATIONS.—

(A) IN GENERAL.—The Secretary shall implement the amendments made by this section by regulation issued after notice and opportunity for public comment.

(B) COMMENTS SOUGHT.—The notice under subparagraph (A) shall seek comments as to the definitions of the terms “ownership interest in” and “effective control”, as such terms are used in the definition of the term “agent employed to manage such property that has an identity of interest”.

(2) TIMING.—A proposed rule implementing the amendments made by this section shall be published not later than 1 year after the date of enactment of this Act.

Publication.

SEC. 563. EXTENSION OF DOUBLE DAMAGES REMEDY.

Section 421 of the Housing and Community Development Act of 1987 (12 U.S.C. 1715z-4a) is amended—

(1) in subsection (a)(1)—

(A) in the first sentence, by striking “Act; or (B)” and inserting the following: “Act; (B) a regulatory agreement that applies to a multifamily project whose mortgage is insured or held by the Secretary under section 202 of the Housing Act of 1959 (including property subject to section 202 of such Act as it existed before enactment of the Cranston-Gonzalez National Affordable Housing Act of 1990); (C) a regulatory agreement or such other form of regulatory control as may be imposed by the Secretary that applies to mortgages insured or held by the Secretary under section 542 of the Housing and Community Development Act of 1992, but not reinsured under section 542

of the Housing and Community Development Act of 1992; or (D)”; and

(B) in the second sentence, by inserting after “agreement” the following: “, or such other form of regulatory control as may be imposed by the Secretary,”;

(2) in subsection (a)(2), by inserting after “Act,” the following: “under section 202 of the Housing Act of 1959 (including section 202 of such Act as it existed before enactment of the Cranston-Gonzalez National Affordable Housing Act of 1990) and under section 542 of the Housing and Community Development Act of 1992,”;

(3) in subsection (b), by inserting after “agreement” the following: “, or such other form of regulatory control as may be imposed by the Secretary,”;

(4) in subsection (c)—

(A) in the first sentence, by inserting after “agreement” the following: “, or such other form of regulatory control as may be imposed by the Secretary,”; and

(B) in the second sentence, by inserting before the period the following: “or, in the case of any project for which the mortgage is held by the Secretary under section 202 of the Housing Act of 1959 (including property subject to section 202 of such Act as it existed before enactment of the Cranston-Gonzalez National Affordable Housing Act of 1990), to the project or to the Department for use by the appropriate office within the Department for administrative costs related to enforcement of the requirements of the various programs administered by the Secretary, as appropriate”; and

(5) in subsection (d), by inserting after “agreement” the following: “, or such other form of regulatory control as may be imposed by the Secretary,”.

SEC. 564. OBSTRUCTION OF FEDERAL AUDITS.

Section 1516(a) of title 18, United States Code, is amended by inserting after “under a contract or subcontract,” the following: “or relating to any property that is security for a mortgage note that is insured, guaranteed, acquired, or held by the Secretary of Housing and Urban Development pursuant to any Act administered by the Secretary,”.

Subtitle D—Office of Multifamily Housing Assistance Restructuring

42 USC 1437f
note.

SEC. 571. ESTABLISHMENT OF OFFICE OF MULTIFAMILY HOUSING ASSISTANCE RESTRUCTURING.

There is hereby established an office within the Department of Housing and Urban Development, which shall be known as the Office of Multifamily Housing Assistance Restructuring.

42 USC 1437f
note.
President.

SEC. 572. DIRECTOR.

(a) **APPOINTMENT.**—The Office shall be under the management of a Director, who shall be appointed by the President by and with the advice and consent of the Senate, from among individuals who are citizens of the United States and have a demonstrated understanding of financing and mortgage restructuring for affordable multifamily housing. Not later than 60 days after the date

of the enactment of this Act, the President shall submit to the Senate a nomination for initial appointment to the position of Director.

(b) VACANCY.—A vacancy in the position of Director shall be filled in the manner in which the original appointment was made under subsection (a).

(c) DEPUTY DIRECTOR.—

(1) IN GENERAL.—The Office shall have a Deputy Director who shall be appointed by the Director from among individuals who are citizens of the United States and have a demonstrated understanding of financing and mortgage restructuring for affordable multifamily housing.

(2) FUNCTIONS.—The Deputy Director shall have such functions, powers, and duties as the Director shall prescribe. In the event of the death, resignation, sickness, or absence of the Director, the Deputy Director shall serve as acting Director until the return of the Director or the appointment of a successor pursuant to subsection (b).

SEC. 573. DUTY AND AUTHORITY OF DIRECTOR.

42 USC 1437f
note.

(a) DUTY.—The Secretary shall, acting through the Director, administer the program of mortgage and rental assistance restructuring for eligible multifamily housing projects under subtitle A. During the period before the Director is appointed, the Secretary may carry out such program.

(b) AUTHORITY.—The Director is authorized to make such determinations, take such actions, issue such regulations, and perform such functions assigned to the Director under law as the Director determines necessary to carry out such functions, subject to the review and approval of the Secretary. The Director shall semiannually submit a report to the Secretary regarding the activities, determinations, and actions of the Director.

Reports.

(c) DELEGATION OF AUTHORITY.—The Director may delegate to officers and employees of the Office (but not to contractors, subcontractors, or consultants) any of the functions, powers, and duties of the Director, as the Director considers appropriate.

(d) INDEPENDENCE IN PROVIDING INFORMATION TO CONGRESS.—

(1) IN GENERAL.—Notwithstanding subsection (a) or (b), the Director shall not be required to obtain the prior approval, comment, or review of any officer or agency of the United States before submitting to the Congress, or any committee or subcommittee thereof, any reports, recommendations, testimony, or comments if such submissions include a statement indicating that the views expressed therein are those of the Director and do not necessarily represent the views of the Secretary or the President.

(2) REQUIREMENT.—If the Director determines at any time that the Secretary is taking or has taken any action that interferes with the ability of the Director to carry out the duties of the Director under this Act or that affects the administration of the program under subtitle A of this Act in a manner that is inconsistent with the purposes of this Act, including any proposed action by the Director, in the discretion of the Director, that is overruled by the Secretary, the Director shall immediately report directly to the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the

Reports.

Senate regarding such action. Notwithstanding subsection (a) or (b), any determination or report under this paragraph by the Director shall not be subject to prior review or approval of the Secretary.

42 USC 1437f
note.

SEC. 574. PERSONNEL.

(a) **OFFICE PERSONNEL.**—The Director may appoint and fix the compensation of such officers and employees of the Office as the Director considers necessary to carry out the functions of the Director and the Office. Officers and employees may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule pay rates.

(b) **COMPARABILITY OF COMPENSATION WITH FEDERAL BANKING AGENCIES.**—In fixing and directing compensation under subsection (a), the Director shall consult with, and maintain comparability with compensation of officers and employees of the Federal Deposit Insurance Corporation.

(c) **PERSONNEL OF OTHER FEDERAL AGENCIES.**—In carrying out the duties of the Office, the Director may use information, services, staff, and facilities of any executive agency, independent agency, or department on a reimbursable basis, with the consent of such agency or department.

(d) **OUTSIDE EXPERTS AND CONSULTANTS.**—The Director may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

42 USC 1437f
note.

SEC. 575. BUDGET AND FINANCIAL REPORTS.

(a) **FINANCIAL OPERATING PLANS AND FORECASTS.**—Before the beginning of each fiscal year, the Secretary shall submit a copy of the financial operating plans and forecasts for the Office to the Director of the Office of Management and Budget.

(b) **REPORTS OF OPERATIONS.**—As soon as practicable after the end of each fiscal year and each quarter thereof, the Secretary shall submit a copy of the report of the results of the operations of the Office during such period to the Director of the Office of Management and Budget.

(c) **INCLUSION IN PRESIDENT'S BUDGET.**—The annual plans, forecasts, and reports required under this section shall be included: (1) in the Budget of the United States in the appropriate form; and (2) in the congressional justifications of the Department of Housing and Urban Development for each fiscal year in a form determined by the Secretary.

42 USC 1437f
note.

SEC. 576. LIMITATION ON SUBSEQUENT EMPLOYMENT.

Neither the Director nor any former officer or employee of the Office who, while employed by the Office, was compensated at a rate in excess of the lowest rate for a position classified higher than GS-15 of the General Schedule under section 5107 of title 5, United States Code, may, during the 2-year period beginning on the date of separation from employment by the Office, accept compensation from any party (other than a Federal agency) having any financial interest in any mortgage restructuring and rental assistance sufficiency plan under subtitle A or comparable matter in which the Director or such officer or employee had direct participation or supervision.

SEC. 577. AUDITS BY GAO.42 USC 1437f
note.

The Comptroller General shall audit the operations of the Office in accordance with generally accepted Government auditing standards. All books, records, accounts, reports, files, and property belonging to, or used by, the Office shall be made available to the Comptroller General. Audits under this section shall be conducted annually for the first 2 fiscal years following the date of the enactment of this Act and as appropriate thereafter.

SEC. 578. SUSPENSION OF PROGRAM BECAUSE OF FAILURE TO APPOINT DIRECTOR.42 USC 1437f
note.

(a) **IN GENERAL.**—If, upon the expiration of the 12-month period beginning on the date of the enactment of this Act, the initial appointment to the office of Director has not been made, the operation of the program under subtitle A shall immediately be suspended and such provisions shall not have any force or effect during the period that ends upon the making of such appointment.

(b) **INTERIM APPLICABILITY OF DEMONSTRATION PROGRAM.**—Notwithstanding any other provision of law, during the period referred to in subsection (a), the Secretary shall carry out sections 211 and 212 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997. For purposes of applying such sections pursuant to the authority under this section, the term “expiring contract” shall have the meaning given in such sections, except that such term shall also include any contract for project-based assistance under section 8 of the United States Housing Act of 1937 that expires during the period that the program is suspended under subsection (a).

SEC. 579. TERMINATION.42 USC 1437f
note.
Effective date.

(a) **REPEAL.**—Subtitle A (except for section 524) and subtitle D (except for this section) are repealed effective October 1, 2001.

(b) **EXCEPTION.**—Notwithstanding the repeal under subsection (a), the provisions of subtitle A (as in effect immediately before such repeal) shall apply with respect to projects and programs for which binding commitments have been entered into under this Act before October 1, 2001.

(c) **TERMINATION OF DIRECTOR AND OFFICE.**—The Office of Multifamily Housing Assistance Restructuring and the position of Director of such Office shall terminate upon September 30, 2001.

(d) **TRANSFER OF AUTHORITY.**—Effective upon the termination under subsection (c), any authority and responsibilities assigned to the Director that remain applicable after such date pursuant to subsection (b) are transferred to the Secretary.

This Act may be cited as the “Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1998”.

Approved October 27, 1997.

LEGISLATIVE HISTORY—H.R. 2158 (S. 1034):

HOUSE REPORTS: Nos. 105–175 (Comm. on Appropriations) and 105–297 (Comm. of Conference).

SENATE REPORTS: No. 105–53 accompanying S. 1034 (Comm. on Appropriations).

CONGRESSIONAL RECORD, Vol. 143 (1997):

July 15, 16, considered and passed House.

July 22, considered and passed Senate, amended.

Oct. 8, House agreed to conference report.

Oct. 9, Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Oct. 27, Presidential statement.

Nov. 1, President’s special message on line item veto.

FEDERAL REGISTER, Vol. 62 (1997):

Nov. 4, Cancellation of items pursuant to the Line Item Veto Act.



Public Law 105–66
105th Congress

An Act

Making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

Oct. 27, 1997
[H.R. 2169]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Department of Transportation and related agencies for the fiscal year ending September 30, 1998, and for other purposes, namely:

Department of
Transportation
and Related
Agencies
Appropriations
Act, 1998.

TITLE I

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

SALARIES AND EXPENSES

For necessary expenses of the Office of the Secretary, \$61,000,000, of which not to exceed \$40,000 shall be available as the Secretary may determine for allocation within the Department for official reception and representation expenses: *Provided*, That notwithstanding any other provision of law, there may be credited to this appropriation up to \$1,000,000 in funds received in user fees: *Provided further*, That none of the funds appropriated in this Act or otherwise made available may be used to maintain custody of airline tariffs that are already available for public and departmental access at no cost; to secure them against detection, alteration, or tampering; and open to inspection by the Department.

OFFICE OF CIVIL RIGHTS

For necessary expenses of the Office of Civil Rights, \$5,574,000.

TRANSPORTATION PLANNING, RESEARCH, AND DEVELOPMENT

For necessary expenses for conducting transportation planning, research, systems development, and development activities, to remain available until expended, \$4,400,000.

TRANSPORTATION ADMINISTRATIVE SERVICE CENTER

Necessary expenses for operating costs and capital outlays of the Transportation Administrative Service Center, not to exceed \$121,800,000, shall be paid from appropriations made available to the Department of Transportation: *Provided*, That such services

shall be provided on a competitive basis to entities within the Department of Transportation: *Provided further*, That the above limitation on operating expenses shall not apply to non-DOT entities: *Provided further*, That no funds appropriated in this Act to an agency of the Department shall be transferred to the Transportation Administrative Service Center without the approval of the agency modal administrator: *Provided further*, That no assessments may be levied against any program, budget activity, subactivity or project funded by this Act unless notice of such assessments and the basis therefor are presented to the House and Senate Committees on Appropriations and are approved by such Committees.

PAYMENTS TO AIR CARRIERS

(RESCISSION OF CONTRACT AUTHORIZATION)

(AIRPORT AND AIRWAY TRUST FUND)

Of the budgetary resources provided for “Small Community Air Service” by Public Law 101-508, for fiscal year 1998, \$38,600,000 are rescinded.

MINORITY BUSINESS RESOURCE CENTER PROGRAM

For the cost of direct loans, \$1,500,000, as authorized by 49 U.S.C. 332: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$15,000,000. In addition, for administrative expenses to carry out the direct loan program, \$400,000.

MINORITY BUSINESS OUTREACH

For necessary expenses of Minority Business Resource Center outreach activities, \$2,900,000, of which \$2,635,000 shall remain available until September 30, 1999: *Provided*, That notwithstanding 49 U.S.C. 332, these funds may be used for business opportunities related to any mode of transportation.

COAST GUARD

OPERATING EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses for the operation and maintenance of the Coast Guard, not otherwise provided for; purchase of not to exceed five passenger motor vehicles for replacement only; payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C. 402 note), and section 229(b) of the Social Security Act (42 U.S.C. 429(b)); and recreation and welfare; \$2,715,400,000, of which \$300,000,000 shall be available for defense-related activities and \$25,000,000 shall be derived from the Oil Spill Liability Trust Fund: *Provided*, That the number of aircraft on hand at any one time shall not exceed 212, exclusive of aircraft and parts stored to meet future attrition: *Provided further*, That none of the funds

appropriated in this or any other Act shall be available for pay or administrative expenses in connection with shipping commissioners in the United States: *Provided further*, That none of the funds provided in this Act shall be available for expenses incurred for yacht documentation under 46 U.S.C. 12109, except to the extent fees are collected from yacht owners and credited to this appropriation: *Provided further*, That the Commandant shall reduce both military and civilian employment levels for the purpose of complying with Executive Order No. 12839: *Provided further*, That \$34,300,000 of the funds provided under this heading for increased drug interdiction activities are not available for obligation until the Director, Office of National Drug Control Policy: (1) reviews the specific activities and associated costs and benefits proposed by the Coast Guard; (2) compares those activities to other drug interdiction efforts Government-wide; and (3) certifies, in writing, to the House and Senate Committees on Appropriations that such expenditures represent the best investment relative to other options: *Provided further*, That should the Director, Office of National Drug Control Policy decline to make such certification, after notification in writing to the House and Senate Committees on Appropriations, the Director may transfer, at his discretion, up to \$34,300,000 of funds provided herein for Coast Guard drug interdiction activities to any other entity of the Federal Government for drug interdiction activities: *Provided further*, That up to \$615,000 in user fees collected pursuant to section 1111 of Public Law 104-324 shall be credited to this appropriation as offsetting collections in fiscal year 1998.

Certification.

ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

For necessary expenses of acquisition, construction, renovation, and improvement of aids to navigation, shore facilities, vessels, and aircraft, including equipment related thereto, \$397,850,000, of which \$20,000,000 shall be derived from the Oil Spill Liability Trust Fund; of which \$212,100,000 shall be available to acquire, repair, renovate or improve vessels, small boats and related equipment, to remain available until September 30, 2002; \$25,800,000 shall be available to acquire new aircraft and increase aviation capability, to remain available until September 30, 2000; \$44,650,000 shall be available for other equipment, to remain available until September 30, 2000; \$68,300,000 shall be available for shore facilities and aids to navigation facilities, to remain available until September 30, 2000; and \$47,000,000 shall be available for personnel compensation and benefits and related costs, to remain available until September 30, 1999: *Provided*, That funds received from the sale of HU-25 aircraft shall be credited to this appropriation for the purpose of acquiring new aircraft and increasing aviation capacity: *Provided further*, That the Commandant may dispose of surplus real property by sale or lease and the proceeds shall be credited to this appropriation, of which not more than \$9,000,000 shall be credited as offsetting collections to this account, to be available for the purposes of this account: *Provided further*, That the amount herein appropriated from the General Fund shall be reduced by such amount: *Provided further*, That any proceeds from the sale or lease of Coast Guard surplus real property in excess of \$9,000,000 shall be retained and remain available until expended, but shall not be available for obligation until October

1, 1998: *Provided further*, That the Secretary, acting through the Commandant, may enter into a long-term Use Agreement with the City of Unalaska for dedicated pier space on the municipal dock necessary to support Coast Guard enforcement vessels when such vessels call on the Port of Dutch Harbor, Alaska.

ENVIRONMENTAL COMPLIANCE AND RESTORATION

For necessary expenses to carry out the Coast Guard's environmental compliance and restoration functions under chapter 19 of title 14, United States Code, \$21,000,000, to remain available until expended.

ALTERATION OF BRIDGES

For necessary expenses for alteration or removal of obstructive bridges, \$17,000,000, to remain available until expended.

RETIRED PAY

For retired pay, including the payment of obligations therefor otherwise chargeable to lapsed appropriations for this purpose, and payments under the Retired Serviceman's Family Protection and Survivor Benefits Plans, and for payments for medical care of retired personnel and their dependents under the Dependents Medical Care Act (10 U.S.C. ch. 55); \$653,196,000.

RESERVE TRAINING

(INCLUDING TRANSFER OF FUNDS)

For all necessary expenses of the Coast Guard Reserve, as authorized by law; maintenance and operation of facilities; and supplies, equipment, and services; \$67,000,000: *Provided*, That no more than \$20,000,000 of funds made available under this heading may be transferred to Coast Guard "Operating expenses" or otherwise made available to reimburse the Coast Guard for financial support of the Coast Guard Reserve.

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

For necessary expenses, not otherwise provided for, for applied scientific research, development, test, and evaluation; maintenance, rehabilitation, lease and operation of facilities and equipment, as authorized by law, \$19,000,000, to remain available until expended, of which \$3,500,000 shall be derived from the Oil Spill Liability Trust Fund: *Provided*, That there may be credited to this appropriation funds received from State and local governments, other public authorities, private sources, and foreign countries, for expenses incurred for research, development, testing, and evaluation.

BOAT SAFETY

(AQUATIC RESOURCES TRUST FUND)

For payment of necessary expenses incurred for recreational boating safety assistance under Public Law 92-75, as amended, \$35,000,000, to be derived from the Boat Safety Account and to remain available until expended.

FEDERAL AVIATION ADMINISTRATION

OPERATIONS

For necessary expenses of the Federal Aviation Administration, not otherwise provided for, including operations and research activities related to commercial space transportation, administrative expenses for research and development, establishment of air navigation facilities and the operation (including leasing) and maintenance of aircraft, and carrying out the provisions of subchapter I of chapter 471 of title 49, United States Code, or other provisions of law authorizing the obligation of funds for similar programs of airport and airway development or improvement, lease or purchase of passenger motor vehicles for replacement only, in addition to amounts made available by Public Law 104-264, \$5,301,934,000, of which \$1,901,628,000 shall be derived from the Airport and Airway Trust Fund: *Provided*, That none of the funds in this Act shall be available for the Federal Aviation Administration to plan, finalize, or implement any regulation that would promulgate new aviation user fees not specifically authorized by law after the date of enactment of this Act: *Provided further*, That there may be credited to this appropriation funds received from States, counties, municipalities, foreign authorities, other public authorities, and private sources, for expenses incurred in the provision of agency services, including receipts for the maintenance and operation of air navigation facilities, and for issuance, renewal or modification of certificates, including airman, aircraft, and repair station certificates, or for tests related thereto, or for processing major repair or alteration forms: *Provided further*, That funds may be used to enter into a grant agreement with a nonprofit standard-setting organization to assist in the development of aviation safety standards: *Provided further*, That none of the funds in this Act shall be available for new applicants for the second career training program: *Provided further*, That none of the funds in this Act shall be available for paying premium pay under 5 U.S.C. 5546(a) to any Federal Aviation Administration employee unless such employee actually performed work during the time corresponding to such premium pay: *Provided further*, That none of the funds in this Act may be obligated or expended to operate a manned auxiliary flight service station in the contiguous United States: *Provided further*, That none of the funds derived from the Airport and Airway Trust Fund may be used to support the operations and activities of the Associate Administrator for Commercial Space Transportation: *Provided further*, That up to \$5,000 of funds appropriated under this heading may be used for activities under the Aircraft Purchase Loan Guarantee Program.

FACILITIES AND EQUIPMENT

(AIRPORT AND AIRWAY TRUST FUND)

For necessary expenses, not otherwise provided for, for acquisition, establishment, and improvement by contract or purchase, and hire of air navigation and experimental facilities and equipment as authorized under part A of subtitle VII of title 49, United States Code, including initial acquisition of necessary sites by lease or grant; engineering and service testing, including construction of test facilities and acquisition of necessary sites by lease or grant;

and construction and furnishing of quarters and related accommodations for officers and employees of the Federal Aviation Administration stationed at remote localities where such accommodations are not available; and the purchase, lease, or transfer of aircraft from funds available under this head; to be derived from the Airport and Airway Trust Fund, \$1,875,477,000, of which \$1,656,367,000 shall remain available until September 30, 2000, and of which \$219,110,000 shall remain available until September 30, 1998: *Provided*, That there may be credited to this appropriation funds received from States, counties, municipalities, other public authorities, and private sources, for expenses incurred in the establishment and modernization of air navigation facilities.

RESEARCH, ENGINEERING, AND DEVELOPMENT

(AIRPORT AND AIRWAY TRUST FUND)

For necessary expenses, not otherwise provided for, for research, engineering, and development, as authorized under part A of subtitle VII of title 49, United States Code, including construction of experimental facilities and acquisition of necessary sites by lease or grant, \$199,183,000, to be derived from the Airport and Airway Trust Fund and to remain available until September 30, 2000: *Provided*, That there may be credited to this appropriation funds received from States, counties, municipalities, other public authorities, and private sources, for expenses incurred for research, engineering, and development: *Provided further*, That none of the funds in this Act may be obligated or expended for the “Flight 2000” Program.

GRANTS-IN-AID FOR AIRPORTS

(LIQUIDATION OF CONTRACT AUTHORIZATION)

(AIRPORT AND AIRWAY TRUST FUND)

For liquidation of obligations incurred for grants-in-aid for airport planning and development, and for noise compatibility planning and programs as authorized under subchapter I of chapter 471 and subchapter I of chapter 475 of title 49, United States Code, and under other law authorizing such obligations, \$1,600,000,000, to be derived from the Airport and Airway Trust Fund and to remain available until expended: *Provided*, That none of the funds in this Act shall be available for the planning or execution of programs the obligations for which are in excess of \$1,700,000,000 in fiscal year 1998 for grants-in-aid for airport planning and development, and noise compatibility planning and programs, notwithstanding section 47117(h) of title 49, United States Code: *Provided further*, That discretionary funds available for noise planning and mitigation shall not exceed \$200,000,000 and discretionary funds available for the military airport program shall not exceed \$26,000,000.

GRANTS-IN-AID FOR AIRPORTS

(AIRPORT AND AIRWAY TRUST FUND)

(RESCISSION OF CONTRACT AUTHORIZATION)

Of the unobligated balances authorized under 49 U.S.C. 48103 as amended, \$412,000,000 are rescinded.

AVIATION INSURANCE REVOLVING FUND

The Secretary of Transportation is hereby authorized to make such expenditures and investments, within the limits of funds available pursuant to 49 U.S.C. 44307, and in accordance with section 104 of the Government Corporation Control Act, as amended (31 U.S.C. 9104), as may be necessary in carrying out the program for aviation insurance activities under chapter 443 of title 49, United States Code.

AIRCRAFT PURCHASE LOAN GUARANTEE PROGRAM

Except as specifically provided elsewhere in this Act, none of the funds in this Act shall be available for activities under this heading during fiscal year 1998. 49 USC 40113 note.

FEDERAL HIGHWAY ADMINISTRATION

LIMITATION ON GENERAL OPERATING EXPENSES

Necessary expenses for administration, operation, including motor carrier safety program operations, and research of the Federal Highway Administration not to exceed \$552,266,000 shall be paid in accordance with law from appropriations made available by this Act to the Federal Highway Administration together with advances and reimbursements received by the Federal Highway Administration: *Provided*, That \$241,708,000 of the amount provided herein shall remain available until September 30, 2000.

APPALACHIAN DEVELOPMENT HIGHWAY SYSTEM

For carrying out the provisions of section 1069(y) of Public Law 102–240, relating to construction of, and improvements to, corridors of the Appalachian Development Highway System, \$300,000,000 to remain available until expended: *Provided*, That none of the funds provided under this heading shall be available for engineering, design, right-of-way acquisition, or major construction of the Appalachian Development Highway System between I–81 in Virginia and the community of Wardensville, West Virginia.

FEDERAL-AID HIGHWAYS

(LIMITATION ON OBLIGATIONS)

(HIGHWAY TRUST FUND)

None of the funds in this Act shall be available for the implementation or execution of programs the obligations for which are in excess of \$21,500,000,000 for Federal-aid highways and highway safety construction programs for fiscal year 1998. 23 USC 104 note.

FEDERAL-AID HIGHWAYS

(LIQUIDATION OF CONTRACT AUTHORIZATION)

(HIGHWAY TRUST FUND)

For carrying out the provisions of title 23, United States Code, that are attributable to Federal-aid highways, including the National Scenic and Recreational Highway as authorized by 23 U.S.C. 148, not otherwise provided, including reimbursements for sums expended pursuant to the provisions of 23 U.S.C. 308, \$20,800,000,000 or so much thereof as may be available in and derived from the Highway Trust Fund, to remain available until expended.

RIGHT-OF-WAY REVOLVING FUND

(LIMITATION ON DIRECT LOANS)

(HIGHWAY TRUST FUND)

None of the funds under this heading are available for obligations for right-of-way acquisition during fiscal year 1998.

MOTOR CARRIER SAFETY GRANTS

(LIQUIDATION OF CONTRACT AUTHORIZATION)

(HIGHWAY TRUST FUND)

For payment of obligations incurred in carrying out 49 U.S.C. 31102, \$85,000,000, to be derived from the Highway Trust Fund and to remain available until expended: *Provided*, That none of the funds in this Act shall be available for the implementation or execution of programs the obligations for which are in excess of \$84,825,000 for “Motor Carrier Safety Grants”.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

OPERATIONS AND RESEARCH

For expenses necessary to discharge the functions of the Secretary with respect to traffic and highway safety under part C of subtitle VI of title 49, United States Code, and chapter 301 of title 49, United States Code, \$74,901,000, of which \$40,674,000 shall remain available until September 30, 2000: *Provided*, That none of the funds appropriated by this Act may be obligated or expended to plan, finalize, or implement any rulemaking to add to section 575.104 of title 49 of the Code of Federal Regulations any requirement pertaining to a grading standard that is different from the three grading standards (treadwear, traction, and temperature resistance) already in effect.

OPERATIONS AND RESEARCH

(HIGHWAY TRUST FUND)

For expenses necessary to discharge the functions of the Secretary with respect to traffic and highway safety under 23

U.S.C. 403 and section 2006 of the Intermodal Surface Transportation Efficiency Act of 1991 (Public Law 102-240), to be derived from the Highway Trust Fund, \$72,061,000, of which \$49,520,000 shall remain available until September 30, 2000.

HIGHWAY TRAFFIC SAFETY GRANTS

(LIQUIDATION OF CONTRACT AUTHORIZATION)

(LIMITATION ON OBLIGATIONS)

(HIGHWAY TRUST FUND)

For payment of obligations incurred carrying out the provisions of 23 U.S.C. 153, 402, 408, and 410, and chapter 303 of title 49, United States Code, to remain available until expended, \$186,000,000, to be derived from the Highway Trust Fund: *Provided*, That, notwithstanding subsection 2009(b) of the Intermodal Surface Transportation Efficiency Act of 1991, none of the funds in this Act shall be available for the planning or execution of programs the total obligations for which, in fiscal year 1998, are in excess of \$186,500,000 for programs authorized under 23 U.S.C. 402, 410, and chapter 303 of title 49, United States Code, of which \$149,700,000 shall be for “State and community highway safety grants”, \$2,300,000 shall be for the “National Driver Register”, and \$34,500,000 shall be for section 410 “Alcohol-impaired driving counter-measures programs”: *Provided further*, That none of these funds shall be used for construction, rehabilitation or remodeling costs, or for office furnishings and fixtures for State, local, or private buildings or structures: *Provided further*, That not to exceed \$5,268,000 of the funds made available for section 402 may be available for administering “State and community highway safety grants”: *Provided further*, That not to exceed \$150,000 of the funds made available for section 402 may be available for administering the highway safety grants authorized by section 1003(a)(7) of Public Law 102-240: *Provided further*, That not to exceed \$500,000 of the funds made available for section 410 “Alcohol-impaired driving counter-measures programs” shall be available for technical assistance to the States.

FEDERAL RAILROAD ADMINISTRATION

OFFICE OF THE ADMINISTRATOR

For necessary expenses of the Federal Railroad Administration, not otherwise provided for, \$20,290,000, of which \$1,389,000 shall remain available until expended: *Provided*, That none of the funds in this Act shall be available for the planning or execution of a program making commitments to guarantee new loans under the Emergency Rail Services Act of 1970, as amended, and no new commitments to guarantee loans under section 211(a) or 211(h) of the Regional Rail Reorganization Act of 1973, as amended, shall be made: *Provided further*, That, as part of the Washington Union Station transaction in which the Secretary assumed the first deed of trust on the property and, where the Union Station Redevelopment Corporation or any successor is obligated to make payments on such deed of trust on the Secretary’s behalf, including payments on and after September 30, 1988, the Secretary is authorized to

40 USC 817 note.

receive such payments directly from the Union Station Redevelopment Corporation, credit them to the appropriation charged for the first deed of trust, and make payments on the first deed of trust with those funds: *Provided further*, That such additional sums as may be necessary for payment on the first deed of trust may be advanced by the Administrator from unobligated balances available to the Federal Railroad Administration, to be reimbursed from payments received from the Union Station Redevelopment Corporation.

RAILROAD SAFETY

For necessary expenses in connection with railroad safety, not otherwise provided for, \$57,067,000, of which \$5,511,000 shall remain available until expended: *Provided*, That notwithstanding any other provision of law, funds appropriated under this heading are available for the reimbursement of out-of-state travel and per diem costs incurred by employees of State governments directly supporting the Federal railroad safety program, including regulatory development and compliance-related activities.

RAILROAD RESEARCH AND DEVELOPMENT

For necessary expenses for railroad research and development, \$20,758,000, to remain available until expended.

NORTHEAST CORRIDOR IMPROVEMENT PROGRAM

For necessary expenses related to Northeast Corridor improvements authorized by title VII of the Railroad Revitalization and Regulatory Reform Act of 1976, as amended (45 U.S.C. 851 et seq.) and 49 U.S.C. 24909, \$250,000,000, to remain available until September 30, 2000, of which \$12,000,000 shall be for the Pennsylvania Station Redevelopment Project.

RAILROAD REHABILITATION AND IMPROVEMENT PROGRAM

The Secretary of Transportation is authorized to issue to the Secretary of the Treasury notes or other obligations pursuant to section 512 of the Railroad Revitalization and Regulatory Reform Act of 1976 (Public Law 94-210), as amended, in such amounts and at such times as may be necessary to pay any amounts required pursuant to the guarantee of the principal amount of obligations under sections 511 through 513 of such Act, such authority to exist as long as any such guaranteed obligation is outstanding: *Provided*, That no new loan guarantee commitments shall be made during fiscal year 1998.

NEXT GENERATION HIGH-SPEED RAIL

For necessary expenses for Next Generation High-Speed Rail studies, corridor planning, development, demonstration, and implementation, \$20,395,000, to remain available until expended: *Provided*, That funds under this heading may be made available for grants to States for high-speed rail corridor design, feasibility studies, environmental analyses, and track and signal improvements.

ALASKA RAILROAD REHABILITATION

To enable the Secretary of Transportation to make grants to the Alaska Railroad, \$15,280,000 shall be for capital rehabilitation and improvements benefiting its passenger operations.

RHODE ISLAND RAIL DEVELOPMENT

For the costs associated with construction of a third track on the Northeast Corridor between Davisville and Central Falls, Rhode Island, with sufficient clearance to accommodate double stack freight cars, \$10,000,000, to be matched by the State of Rhode Island or its designee on a dollar-for-dollar basis and to remain available until expended: *Provided*, That as a condition of accepting such funds, the Providence and Worcester (P&W) Railroad shall enter into an agreement with the Secretary to reimburse Amtrak and/or the Federal Railroad Administration, on a dollar-for-dollar basis, up to the first \$23,000,000 in damages resulting from the legal action initiated by the P&W Railroad under its existing contracts with Amtrak relating to the provision of vertical clearances between Davisville and Central Falls in excess of those required for present freight operations.

Contracts.

GRANTS TO THE NATIONAL RAILROAD PASSENGER CORPORATION

To enable the Secretary of Transportation to make grants to the National Railroad Passenger Corporation authorized by 49 U.S.C. 24104, \$543,000,000, to remain available until expended, of which \$344,000,000 shall be available for operating losses, and \$199,000,000 shall be for capital improvements: *Provided*, That if Amtrak reform legislation as required by section 977(f) of the Taxpayer Relief Act of 1997 is enacted into law prior to the distribution by the Secretary of any of the funds appropriated above for capital improvements, then the portion of this appropriation made available for capital improvements shall not be available for obligation and the Secretary shall not transfer any of the funds appropriated under this heading for capital improvements to Amtrak: *Provided further*, That in the event Amtrak reform legislation required by section 977(f) of the Taxpayer Relief Act of 1997 is enacted into law after the distribution of some or all of the funds appropriated under this account for capital improvements are transferred by the Secretary to Amtrak, then the Secretary of the Treasury shall reduce the amount refunded to Amtrak under section 977 of the Taxpayer Relief Act of 1997 by an amount equal to the funds distributed to Amtrak under this heading for capital improvements and the portion of this appropriation made available for capital improvements shall not be available for obligation and no additional funds appropriated under this heading shall be transferred by the Secretary to Amtrak for capital improvements: *Provided further*, That none of the funds provided for capital improvements may be transferred to operating losses to pay for debt service interest unless specifically authorized by law after the date of enactment of this Act: *Provided further*, That the incurring of any obligation or commitment by the Corporation for the purchase of capital improvements with funds appropriated herein which is prohibited by this Act shall be deemed a violation of 31 U.S.C. 1341: *Provided further*, That funding under this heading for capital improvements shall not be made available before July

1, 1998: *Provided further*, That none of the funds herein appropriated shall be used for lease or purchase of passenger motor vehicles or for the hire of vehicle operators for any officer or employee, other than the president of the Corporation, excluding the lease of passenger motor vehicles for those officers or employees while in official travel status.

FEDERAL TRANSIT ADMINISTRATION

ADMINISTRATIVE EXPENSES

For necessary administrative expenses of the Federal Transit Administration's programs authorized by chapter 53 of title 49, United States Code, \$45,738,000: *Provided*, That none of the funds in this Act shall be available for the execution of contracts under section 5327(c) of title 49, United States Code, in an aggregate amount that exceeds \$15,000,000.

FORMULA GRANTS

For necessary expenses to carry out 49 U.S.C. 5307, 5310(a)(2), 5311, and 5336, to remain available until expended, \$240,000,000: *Provided*, That no more than \$2,500,000,000 of budget authority shall be available for these purposes: *Provided further*, That of the funds provided under this heading for formula grants, no more than \$150,000,000 may be used for operating assistance under 49 U.S.C. 5336(d): *Provided further*, That the limitation on operating assistance provided under this heading shall, for urbanized areas of less than 200,000 in population, be no less than 75 percent of the amount of operating assistance such areas are eligible to receive under Public Law 103-331: *Provided further*, That in the distribution of the limitation provided under this heading to urbanized areas that had a population under the 1990 census of 1,000,000 or more, the Secretary shall direct each such area to give priority consideration to the impact of reductions in operating assistance on smaller transit authorities operating within the area and to consider the needs and resources of such transit authorities when the limitation is distributed among all transit authorities operating in the area.

UNIVERSITY TRANSPORTATION CENTERS

For necessary expenses for university transportation centers as authorized by 49 U.S.C. 5317(b), to remain available until expended, \$6,000,000.

TRANSIT PLANNING AND RESEARCH

For necessary expenses for transit planning and research as authorized by 49 U.S.C. 5303, 5311, 5313, 5314, and 5315, to remain available until expended, \$92,000,000, of which \$39,500,000 shall be for activities under Metropolitan Planning (49 U.S.C. 5303); \$4,500,000 for activities under Rural Transit Assistance (49 U.S.C. 5311(b)(2)); \$8,250,000 for activities under State Planning and Research (49 U.S.C. 5313(b)); \$36,750,000 for activities including National Planning and Research (49 U.S.C. 5314 and 5313(a)); and \$3,000,000 for National Transit Institute (49 U.S.C. 5315).

TRUST FUND SHARE OF EXPENSES

(LIQUIDATION OF CONTRACT AUTHORIZATION)

(HIGHWAY TRUST FUND)

For payment of obligations incurred in carrying out 49 U.S.C. 5338(a), \$2,210,000,000, to remain available until expended and to be derived from the Highway Trust Fund: *Provided*, That \$2,210,000,000 shall be paid from the Mass Transit Account of the Highway Trust Fund to the Federal Transit Administration's formula grants account.

DISCRETIONARY GRANTS

(LIMITATION ON OBLIGATIONS)

(HIGHWAY TRUST FUND)

None of the funds in this Act shall be available for the implementation or execution of programs the obligations for which are in excess of \$2,000,000,000 in fiscal year 1998 for grants under the contract authority in 49 U.S.C. 5338(b): *Provided*, That there shall be available for fixed guideway modernization, \$800,000,000; there shall be available for the replacement, rehabilitation, and purchase of buses and related equipment and the construction of bus-related facilities, \$400,000,000; and there shall be available for new fixed guideway systems \$800,000,000, to be available as follows:

- \$44,600,000 for the Atlanta-North Springs project;
- \$1,000,000 for the Austin Capital metro project;
- \$46,250,000 for the Boston Piers MOS-2 project;
- \$1,000,000 for the Boston urban ring project;
- \$5,000,000 for the Burlington-Essex, Vermont commuter rail project;
- \$2,000,000 for the Canton-Akron-Cleveland commuter rail project;
- \$1,500,000 for the Charleston monobeam rail project;
- \$1,000,000 for the Charlotte South corridor transitway project;
- \$500,000 for the Cincinnati Northeast/Northern Kentucky rail line project;
- \$5,000,000 for the Clark County, Nevada fixed guideway project;
- \$800,000 for the Cleveland Blue Line extension to Highland Hills project;
- \$700,000 for the Cleveland Berea Red Line extension to Hopkins International Airport;
- \$1,000,000 for the Cleveland Waterfront Line extension project;
- \$8,000,000 for the Dallas-Fort Worth RAILTRAN project;
- \$11,000,000 for the DART North Central light rail extension project;
- \$1,000,000 for the DeKalb County, Georgia light rail project;
- \$23,000,000 for the Denver Southwest Corridor project;
- \$20,000,000 for the New York East Side access project;
- \$8,000,000 for the Florida Tri-County commuter rail project;

\$2,000,000 for the Galveston, Texas rail trolley system project;
\$1,000,000 for the Houston Advanced Regional Bus project;
\$51,100,000 for the Houston Regional Bus project;
\$1,250,000 for the Indianapolis Northeast corridor project;
\$3,000,000 for the Jackson, Mississippi intermodal corridor project;
\$61,500,000 for the Los Angeles MOS-3 project;
\$31,000,000 for MARC commuter rail improvements;
\$1,000,000 for the Memphis, Tennessee regional rail project;
\$5,000,000 for the Metro-Dade Transit east-west corridor project;
\$5,000,000 for the Miami-North 27th Avenue project;
\$1,000,000 for the Mission Valley East corridor project;
\$500,000 for the Nassau Hub rail link EIS project;
\$60,000,000 for the New Jersey Hudson-Bergen LRT project;
\$27,000,000 for the New Jersey Secaucus project;
\$6,000,000 for the New Orleans Canal Street corridor project;
\$2,000,000 for the New Orleans Desire Streetcar project;
\$12,000,000 for the North Carolina Research Triangle Park project;
\$4,000,000 for the Northern Indiana South Shore commuter rail project;
\$3,000,000 for the Oceanside-Escondido light rail project;
\$1,600,000 for the Oklahoma City MAPS corridor transit project;
\$2,000,000 for the Orange County transitway project;
\$31,800,000 for the Orlando Lynx light rail project;
\$500,000 for the Pennsylvania Strawberry Hill/Diamond Branch rail project;
\$4,000,000 for the Phoenix metropolitan area transit project;
\$5,000,000 for the Pittsburgh airport busway project;
\$63,400,000 for the Portland-Westside/Hillsboro project;
\$2,000,000 for the Roaring Fork Valley rail project;
\$20,300,000 for the Sacramento LRT project;
\$63,400,000 for the Salt Lake City South LRT project;
\$4,000,000 for the Salt Lake City regional commuter system project;
\$1,000,000 for the San Bernardino Metrolink project;
\$1,500,000 for the San Diego Mid-Coast corridor project;
\$29,900,000 for the San Francisco BART extension to the airport project;
\$15,000,000 for the San Juan Tren Urbano;
\$21,400,000 for the San Jose Tasman LRT project;
\$18,000,000 for the Seattle-Tacoma light rail and commuter rail projects;
\$30,000,000 for the St. Louis-St. Clair LRT extension project;
\$2,500,000 for the St. George Ferry terminal project;
\$500,000 for the Springfield-Branson, Missouri commuter rail project;
\$1,000,000 for the Tampa Bay regional rail project;
\$2,000,000 for the Tidewater, Virginia rail project;

\$1,000,000 for the Toledo, Ohio rail project;
\$12,000,000 for the Twin Cities transitways projects;
\$2,000,000 for the Virginia Rail Express Fredericksburg
to Washington commuter rail project;
\$2,500,000 for the Whitehall ferry terminal project; and
\$3,000,000 for the Wisconsin central commuter rail project.

MASS TRANSIT CAPITAL FUND

(LIQUIDATION OF CONTRACT AUTHORIZATION)

(HIGHWAY TRUST FUND)

For payment of obligations incurred in carrying out 49 U.S.C. 5338(b) administered by the Federal Transit Administration, \$2,350,000,000, to be derived from the Highway Trust Fund and to remain available until expended.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

For necessary expenses to carry out the provisions of section 14 of Public Law 96–184 and Public Law 101–551, \$200,000,000, to remain available until expended.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

The Saint Lawrence Seaway Development Corporation is hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to the Corporation, and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as amended, as may be necessary in carrying out the programs set forth in the Corporation's budget for the current fiscal year.

OPERATIONS AND MAINTENANCE

(HARBOR MAINTENANCE TRUST FUND)

For necessary expenses for operation and maintenance of those portions of the Saint Lawrence Seaway operated and maintained by the Saint Lawrence Seaway Development Corporation, including the Great Lakes Pilotage functions delegated by the Secretary of Transportation, \$11,200,000, to be derived from the Harbor Maintenance Trust Fund, pursuant to Public Law 99–662.

RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

RESEARCH AND SPECIAL PROGRAMS

For expenses necessary to discharge the functions of the Research and Special Programs Administration, \$28,450,000, of which \$574,000 shall be derived from the Pipeline Safety Fund, and of which \$4,950,000 shall remain available until September 30, 2000: *Provided*, That up to \$1,200,000 in fees collected under 49 U.S.C. 5108(g) shall be deposited in the general fund of the Treasury as offsetting receipts: *Provided further*, That there may be credited to this appropriation, to be available until expended, funds received from States, counties, municipalities, other public

authorities, and private sources for expenses incurred for training, for reports publication and dissemination, and for travel expenses incurred in performance of hazardous materials exemptions and approvals functions.

PIPELINE SAFETY

(PIPELINE SAFETY FUND)

(OILSPILL LIABILITY TRUST FUND)

For expenses necessary to conduct the functions of the pipeline safety program, for grants-in-aid to carry out a pipeline safety program, as authorized by 49 U.S.C. 60107, and to discharge the pipeline program responsibilities of the Oil Pollution Act of 1990, \$31,300,000, of which \$3,300,000 shall be derived from the Oil Spill Liability Trust Fund and shall remain available until September 30, 2000; and of which \$28,000,000 shall be derived from the Pipeline Safety Fund, of which \$14,839,000 shall remain available until September 30, 2000: *Provided*, That in addition to amounts made available for the Pipeline Safety Fund, \$1,100,000 shall be available for grants to States for the development and establishment of one-call notification systems and shall be derived from amounts previously collected under 49 U.S.C. 60301, and that an additional \$365,000 in amounts previously collected under 49 U.S.C. 60301 is available to conduct general functions of the pipeline safety program.

EMERGENCY PREPAREDNESS GRANTS

(EMERGENCY PREPAREDNESS FUND)

For necessary expenses to carry out 49 U.S.C. 5127(c), \$200,000, to be derived from the Emergency Preparedness Fund, to remain available until September 30, 2000: *Provided*, That none of the funds made available by 49 U.S.C. 5116(i) and 5127(d) shall be made available for obligation by individuals other than the Secretary of Transportation, or his designee.

OFFICE OF INSPECTOR GENERAL

SALARIES AND EXPENSES

For necessary expenses of the Office of Inspector General to carry out the provisions of the Inspector General Act of 1978, as amended, \$42,000,000: *Provided*, That none of the funds under this heading shall be for the conduct of contract audits.

SURFACE TRANSPORTATION BOARD

SALARIES AND EXPENSES

For necessary expenses of the Surface Transportation Board, including services authorized by 5 U.S.C. 3109, \$13,853,000: *Provided*, That \$2,000,000 in fees collected in fiscal year 1998 by the Surface Transportation Board pursuant to 31 U.S.C. 9701 shall be made available to this appropriation in fiscal year 1998: *Provided further*, That any fees received in excess of \$2,000,000 in fiscal

year 1998 shall remain available until expended, but shall not be available for obligation until October 1, 1998.

TITLE II

RELATED AGENCIES

ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD

SALARIES AND EXPENSES

For expenses necessary for the Architectural and Transportation Barriers Compliance Board, as authorized by section 502 of the Rehabilitation Act of 1973, as amended, \$3,640,000: *Provided*, That, notwithstanding any other provision of law, there may be credited to this appropriation funds received for publications and training expenses.

NATIONAL TRANSPORTATION SAFETY BOARD

SALARIES AND EXPENSES

For necessary expenses of the National Transportation Safety Board, including hire of passenger motor vehicles and aircraft; services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for a GS–18; uniforms, or allowances therefor, as authorized by law (5 U.S.C. 5901–5902) \$48,371,000, of which not to exceed \$2,000 may be used for official reception and representation expenses.

EMERGENCY FUND

For necessary expenses of the National Transportation Safety Board for accident investigations, including hire of passenger motor vehicles and aircraft; services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for a GS–18; uniforms, or allowances therefor, as authorized by law (5 U.S.C. 5901–5902), \$1,000,000, to remain available until expended.

TITLE III

GENERAL PROVISIONS

(INCLUDING TRANSFERS OF FUNDS)

SEC. 301. During the current fiscal year applicable appropriations to the Department of Transportation shall be available for maintenance and operation of aircraft; hire of passenger motor vehicles and aircraft; purchase of liability insurance for motor vehicles operating in foreign countries on official department business; and uniforms, or allowances therefor, as authorized by law (5 U.S.C. 5901–5902).

SEC. 302. Such sums as may be necessary for fiscal year 1998 pay raises for programs funded in this Act shall be absorbed within the levels appropriated in this Act or previous appropriations Acts.

SEC. 303. Funds appropriated under this Act for expenditures by the Federal Aviation Administration shall be available: (1) except

49 USC 106 note.

as otherwise authorized by title VIII of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7701 et seq.) for expenses of primary and secondary schooling for dependents of Federal Aviation Administration personnel stationed outside the continental United States at costs for any given area not in excess of those of the Department of Defense for the same area, when it is determined by the Secretary that the schools, if any, available in the locality are unable to provide adequately for the education of such dependents; and (2) for transportation of said dependents between schools serving the area that they attend and their places of residence when the Secretary, under such regulations as may be prescribed, determines that such schools are not accessible by public means of transportation on a regular basis.

SEC. 304. Appropriations contained in this Act for the Department of Transportation shall be available for services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for an Executive Level IV.

SEC. 305. None of the funds in this Act shall be available for salaries and expenses of more than 107 political and Presidential appointees in the Department of Transportation: *Provided*, That none of the personnel covered by this provision may be assigned on temporary detail outside the Department of Transportation.

SEC. 306. None of the funds in this Act shall be used for the planning or execution of any program to pay the expenses of, or otherwise compensate, non-Federal parties intervening in regulatory or adjudicatory proceedings funded in this Act.

SEC. 307. None of the funds appropriated in this Act shall remain available for obligation beyond the current fiscal year, nor may any be transferred to other appropriations, unless expressly so provided herein.

SEC. 308. The Secretary of Transportation may enter into grants, cooperative agreements, and other transactions with any person, agency, or instrumentality of the United States, any unit of State or local government, any educational institution, and any other entity in execution of the Technology Reinvestment Project authorized under the Defense Conversion, Reinvestment and Transition Assistance Act of 1992 and related legislation: *Provided*, That the authority provided in this section may be exercised without regard to section 3324 of title 31, United States Code.

SEC. 309. The expenditure of any appropriation under this Act for any consulting service through procurement contract pursuant to section 3109 of title 5, United States Code, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.

SEC. 310. (a) For fiscal year 1998, the Secretary of Transportation shall distribute the obligation limitation for Federal-aid highways by allocation in the ratio which sums authorized to be appropriated for Federal-aid highways that are apportioned or allocated to each State for such fiscal year bear to the total of the sums authorized to be appropriated for Federal-aid highways that are apportioned or allocated to all the States for such fiscal year.

(b) During the period October 1 through December 31, 1997, no State shall obligate more than 25 percent of the amount distributed to such State under subsection (a), and the total of all State

Contracts.
Public
information.

23 USC 104 note.

obligations during such period shall not exceed 12 percent of the total amount distributed to all States under such subsection.

(c) Notwithstanding subsections (a) and (b), the Secretary shall—

(1) provide all States with authority sufficient to prevent lapses of sums authorized to be appropriated for Federal-aid highways that have been apportioned to a State;

(2) after August 1, 1998, revise a distribution of the funds made available under subsection (a) if a State will not obligate the amount distributed during that fiscal year and redistribute sufficient amounts to those States able to obligate amounts in addition to those previously distributed during that fiscal year giving priority to those States having large unobligated balances of funds apportioned under sections 103(e)(4), 104, 144, and 160 of title 23, United States Code, and under sections 1013(c) and 1015 of Public Law 102-240; and

(3) not distribute amounts authorized for administrative expenses and funded from the administrative takedown authorized by section 104(a) of title 23, United States Code, the Federal lands highway program, the intelligent transportation systems program, the Truman-Hobbs bridges funded under the discretionary bridge program, and amounts made available under sections 1040, 1047, 1064, 6001, 6005, 6006, 6023, and 6024 of Public Law 102-240, and 49 U.S.C. 5316, 5317, and 5338: *Provided*, That amounts made available under section 6005 of Public Law 102-240 shall be subject to the obligation limitation for Federal-aid highways and highway safety construction programs under the heading “Federal-Aid Highways” in this Act.

(d) During the period October 1 through December 31, 1997, the aggregate amount of obligations under section 157 of title 23, United States Code, for projects covered under section 147 of the Surface Transportation Assistance Act of 1978, section 9 of the Federal-Aid Highway Act of 1981, sections 131(b), 131(j), and 404 of Public Law 97-424, sections 1061, 1103-1108, 4008, 6023(b)(8), and 6023(b)(10) of Public Law 102-240, and for projects authorized by Public Law 99-500 and Public Law 100-17, shall not exceed \$277,431,840.

(e) Notwithstanding any other provision of law, none of the funds in this Act shall be available for the distribution of bonus limitation under the Federal-aid highways program.

SEC. 311. The limitations on obligations for the programs of the Federal Transit Administration shall not apply to any authority under 49 U.S.C. 5338, previously made available for obligation, or to any other authority previously made available for obligation under the discretionary grants program.

49 USC 5338
note.

SEC. 312. None of the funds in this Act shall be used to implement section 404 of title 23, United States Code.

SEC. 313. None of the funds in this Act shall be available to plan, finalize, or implement regulations that would establish a vessel traffic safety fairway less than five miles wide between the Santa Barbara Traffic Separation Scheme and the San Francisco Traffic Separation Scheme.

SEC. 314. Notwithstanding any other provision of law, airports may transfer, without consideration, to the Federal Aviation Administration (FAA) instrument landing systems (along with associated approach lighting equipment and runway visual range

49 USC 44502.

equipment) which conform to FAA design and performance specifications, the purchase of which was assisted by a Federal airport-aid program, airport development aid program or airport improvement program grant. The FAA shall accept such equipment, which shall thereafter be operated and maintained by the FAA in accordance with agency criteria.

SEC. 315. None of the funds in this Act shall be available to award a multiyear contract for production end items that: (1) includes economic order quantity or long lead time material procurement in excess of \$10,000,000 in any one year of the contract; or (2) includes a cancellation charge greater than \$10,000,000 which at the time of obligation has not been appropriated to the limits of the Government's liability; or (3) includes a requirement that permits performance under the contract during the second and subsequent years of the contract without conditioning such performance upon the appropriation of funds: *Provided*, That this limitation does not apply to a contract in which the Federal Government incurs no financial liability from not buying additional systems, subsystems, or components beyond the basic contract requirements.

SEC. 316. For the purposes of funds made available under the heading "Formula Grants", the term "Capital Project" includes a project for—

(A)(i) acquisition, construction, supervision, or inspection of a facility or equipment, including inspection thereof, for use in mass transportation; and

(ii) expenses incidental to the acquisition or construction (including designing, engineering, location survey, mapping, acquiring rights-of-way, associated pre-revenue startup costs, and environmental mitigation), payments for rail trackage rights, intelligent transportation systems, relocation assistance, acquiring replacement housing sites, and acquiring, constructing, relocating, and rehabilitating replacement housing;

(B) rehabilitating a bus;

(C) remanufacturing a bus;

(D) overhauling rail rolling stock;

(E) preventive maintenance; and

(F) financing the operating costs of equipment and facilities used in mass transportation in urbanized areas with a population of less than 200,000.

SEC. 317. Notwithstanding any other provision of law, and except for fixed guideway modernization projects, funds made available by this Act under "Federal Transit Administration, Discretionary grants" for projects specified in this Act or identified in reports accompanying this Act not obligated by September 30, 2000, shall be made available for other projects under 49 U.S.C. 5309.

SEC. 318. Notwithstanding any other provision of law, any funds appropriated before October 1, 1993, under any section of chapter 53 of title 49, United States Code, that remain available for expenditure may be transferred to and administered under the most recent appropriation heading for any such section.

SEC. 319. None of the funds in this Act may be used to compensate in excess of 350 technical staff-years under the federally funded research and development center contract between the Federal Aviation Administration and the Center for Advanced Aviation Systems Development during fiscal year 1998.

SEC. 320. Funds provided in this Act for the Transportation Administrative Service Center (TASC) shall be reduced by

\$3,000,000, which limits fiscal year 1998 TASC obligational authority for elements of the Department of Transportation funded in this Act to no more than \$118,800,000: *Provided*, That such reductions from the budget request shall be allocated by the Department of Transportation to each appropriations account in proportion to the amount included in each account for the Transportation Administrative Service Center.

SEC. 321. Funds received by the Federal Highway Administration, Federal Transit Administration, and Federal Railroad Administration from States, counties, municipalities, other public authorities, and private sources for expenses incurred for training may be credited respectively to the Federal Highway Administration's "Limitation on General Operating Expenses" account, the Federal Transit Administration's "Transit Planning and Research" account, and to the Federal Railroad Administration's "Railroad Safety" account, except for State rail safety inspectors participating in training pursuant to 49 U.S.C. 20105.

SEC. 322. None of the funds in this Act shall be available to prepare, propose, or promulgate any regulations pursuant to title V of the Motor Vehicle Information and Cost Savings Act (49 U.S.C. 32901 et seq.) prescribing corporate average fuel economy standards for automobiles, as defined in such title, in any model year that differs from standards promulgated for such automobiles prior to enactment of this section.

SEC. 323. None of the funds in this Act may be used for planning, engineering, design, or construction of a sixth runway at the Denver International Airport, Denver, Colorado: *Provided*, That this provision shall not apply in any case where the Administrator of the Federal Aviation Administration determines, in writing, that safety conditions warrant obligation of such funds: *Provided further*, That funds may be used for activities related to planning or analysis of airport noise issues related to the sixth runway project.

SEC. 324. Notwithstanding 31 U.S.C. 3302, funds received by the Bureau of Transportation Statistics from the sale of data products, for necessary expenses incurred pursuant to 49 U.S.C. 111 may be credited to the Federal-aid highways account for the purpose of reimbursing the Bureau for such expenses: *Provided*, That such funds shall not be subject to the obligation limitation for Federal-aid highways and highway safety construction.

SEC. 325. None of the funds in this Act may be obligated or expended for employee training which: (1) does not meet identified needs for knowledge, skills and abilities bearing directly upon the performance of official duties; (2) contains elements likely to induce high levels of emotional response or psychological stress in some participants; (3) does not require prior employee notification of the content and methods to be used in the training and written end of course evaluations; (4) contains any methods or content associated with religious or quasi-religious belief systems or "new age" belief systems as defined in Equal Employment Opportunity Commission Notice N-915.022, dated September 2, 1988; (5) is offensive to, or designed to change, participants' personal values or lifestyle outside the workplace; or (6) includes content related to human immunodeficiency virus/acquired immune deficiency syndrome (HIV/AIDS) other than that necessary to make employees more aware of the medical ramifications of HIV/AIDS and the workplace rights of HIV-positive employees.

SEC. 326. None of the funds in this Act shall, in the absence of express authorization by Congress, be used directly or indirectly to pay for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed to influence in any manner a Member of Congress, to favor or oppose, by vote or otherwise, any legislation or appropriation by Congress, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation: *Provided*, That this shall not prevent officers or employees of the Department of Transportation or related agencies funded in this Act from communicating to Members of Congress on the request of any Member or to Congress, through the proper official channels, requests for legislation or appropriations which they deem necessary for the efficient conduct of the public business.

SEC. 327. None of the funds in this Act may be used to support Federal Transit Administration's field operations and oversight of the Washington Metropolitan Area Transit Authority in any location other than from the Washington, D.C. metropolitan area.

SEC. 328. Not to exceed \$1,000,000 of the funds provided in this Act for the Department of Transportation shall be available for the necessary expenses of advisory committees.

SEC. 329. Notwithstanding any other provision of law, the Secretary may use funds appropriated under this Act, or any subsequent Act, to administer and implement the exemption provisions of 49 CFR 580.6 and to adopt or amend exemptions from the disclosure requirements of 49 CFR part 580 for any class or category of vehicles that the Secretary deems appropriate.

SEC. 330. No funds other than those appropriated to the Surface Transportation Board or fees collected by the Board shall be used for conducting the activities of the Board.

SEC. 331. (a) COMPLIANCE WITH BUY AMERICAN ACT.—None of the funds made available in this Act may be expended by an entity unless the entity agrees that in expending the funds the entity will comply with the Buy American Act (41 U.S.C. 10a-10c).

(b) SENSE OF CONGRESS; REQUIREMENT REGARDING NOTICE.—

(1) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—In the case of any equipment or product that may be authorized to be purchased with financial assistance provided using funds made available in this Act, it is the sense of the Congress that entities receiving the assistance should, in expending the assistance, purchase only American-made equipment and products to the greatest extent practicable.

(2) NOTICE TO RECIPIENTS OF ASSISTANCE.—In providing financial assistance using funds made available in this Act, the head of each Federal agency shall provide to each recipient of the assistance a notice describing the statement made in paragraph (1) by the Congress.

(c) PROHIBITION OF CONTRACTS WITH PERSONS FALSELY LABELING PRODUCTS AS MADE IN AMERICA.—If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a "Made in America" inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, the person shall be ineligible to receive any contract or subcontract made with funds made available in this Act, pursuant to the debarment, suspension, and ineligibility procedures described

in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

SEC. 332. Notwithstanding any other provision of law, receipts, in amounts determined by the Secretary, collected from users of fitness centers operated by or for the Department of Transportation shall be available to support the operation and maintenance of those facilities.

SEC. 333. None of the funds made available in this Act may be used for improvements to the Miller Highway in New York City, New York.

SEC. 334. None of the funds in this Act shall be available to implement or enforce regulations that would result in the withdrawal of a slot from an air carrier at O'Hare International Airport under section 93.223 of title 14 of the Code of Federal Regulations in excess of the total slots withdrawn from that air carrier as of October 31, 1993 if such additional slot is to be allocated to an air carrier or foreign air carrier under section 93.217 of title 14 of the Code of Federal Regulations.

SEC. 335. Notwithstanding any other provision of law, of amounts made available under Federal Aviation Administration "Operations", the FAA shall provide personnel at Dutch Harbor, Alaska to provide real-time weather and runway observation and other such functions to help ensure the safety of aviation operations.

SEC. 336. Notwithstanding 49 U.S.C. 41742, no essential air service shall be provided to communities in the 48 contiguous States that are located fewer than 70 highway miles from the nearest large and medium hub airport, or that require a rate of subsidy per passenger in excess of \$200 unless such point is greater than 210 miles from the nearest large or medium hub airport.

SEC. 337. (a) IN GENERAL.—For purposes of the exception set forth in section 29(a)(2) of the International Air Transportation Competition Act of 1979 (Public Law 96-192; 94 Stat. 48), the term "passenger capacity of 56 passengers or less" includes any aircraft, except aircraft exceeding gross aircraft weight of 300,000 pounds, reconfigured to accommodate 56 or fewer passengers if the total number of passenger seats installed on the aircraft does not exceed 56.

(b) INCLUSION OF CERTAIN STATES IN EXEMPTION.—The first sentence of section 29(c) of the International Air Transportation Competition Act of 1979 (Public Law 96-192; 94 Stat. 48 et seq.) is amended by inserting "Kansas, Alabama, Mississippi," before "and Texas".

(c) SAFETY ASSURANCE.—The Administrator of the Federal Aviation Administration shall monitor the safety of flight operations in the Dallas-Fort Worth metropolitan area and take such actions as may be necessary to ensure safe aviation operations. If the Administrator must restrict aviation operations in the Dallas-Fort Worth area to ensure safety, the Administrator shall notify the House and Senate Committees on Appropriations as soon as possible that an unsafe airspace management situation existed requiring the restrictions.

SEC. 338. Rebates, refunds, incentive payments, minor fees and other funds received by the Department from travel management centers, charge card programs, the subleasing of building space, and miscellaneous sources are to be credited to appropriations of the Department and allocated to elements of the

Department using fair and equitable criteria and such funds shall be available until December 31, 1998.

SEC. 339. Notwithstanding any other provision of law, the Department of the Navy is directed to transfer the USNS EDENTON (ATS-1), currently in Inactive Ship status, to the United States Coast Guard.

49 USC 47107
note.

SEC. 340. (a) FINDINGS.—The Congress finds that—

(1) Congress has the authority under article I, section 8 of the Constitution to regulate the air commerce of the United States;

(2) section 47107 of title 49, United States Code, prohibits the diversion of certain revenue generated by a public airport as a condition of receiving a project grant;

(3) a grant recipient that uses airport revenues for purposes that are not airport-related in a manner inconsistent with chapter 471 of title 49, United States Code, illegally diverts airport revenues;

(4) illegal diversion of airport revenues undermines the interest of the United States in promoting a strong national air transportation system;

(5) the policy of the United States that airports should be as self-sustaining as possible and that revenues generated at airports should not be diverted from airport purposes was stated by Congress in 1982 and reaffirmed and strengthened in 1987, 1994, and 1996;

(6) certain airports are constructed on lands that may have belonged, at one time, to Native Americans, Native Hawaiians, or Alaska Natives;

(7) contrary to the prohibition against diverting airport revenues from airport purposes under section 47107 of title 49, United States Code, certain payments from airport revenues may have been made for the betterment of Native Americans, Native Hawaiians, or Alaska Natives based upon the claims related to lands ceded to the United States;

(8) Federal law prohibits diversions of airport revenues obtained from any source whatsoever to occur in the future whether related to claims for periods of time prior to or after the date of enactment of this Act; and

(9) because of the special circumstances surrounding such past diversions of airport revenues for the betterment of Native Americans, Native Hawaiians, or Alaska Natives, it is in the national interest that amounts from airport revenues previously received by any entity for the betterment of Native Americans, Native Hawaiians, or Alaska Natives, as specified in subsection (b) of this section, should not be subject to repayment.

(b) TERMINATION OF REPAYMENT RESPONSIBILITY.—Notwithstanding the provisions of 47107 of title 49, United States Code, or any other provision of law, monies paid for claims related to ceded lands and diverted from airport revenues and received prior to April 1, 1996, by any entity for the betterment of Native Americans, Native Hawaiians, or Alaska Natives, shall not be subject to repayment.

(c) PROHIBITION ON FURTHER DIVERSION.—There shall be no further payment of airport revenues for claims related to ceded lands, whether characterized as operating expenses, rent, or otherwise, and whether related to claims for periods of time prior to or after the date of enactment of this Act.

(d) CLARIFICATION.—Nothing in this Act shall be construed to affect any existing Federal statutes, enactments, or trust obligations created thereunder, or any statute of the several States that define the obligations of such States to Native Americans, Native Hawaiians, or Alaska Natives in connection with ceded lands, except to make clear that airport revenues may not be used to satisfy such obligations.

SEC. 341. LIMITATION ON FUNDS USED TO ENFORCE REGULATIONS REGARDING ANIMAL FATS AND VEGETABLE OILS.—None of the funds made available in this Act may be used by the Coast Guard to issue, implement, or enforce a regulation or to establish an interpretation or guideline under the Edible Oil Regulatory Reform Act (Public Law 104-55), or the amendments made by that Act, that does not recognize and provide for, with respect to fats, oils, and greases (as described in that Act, or the amendments made by that Act) differences in—

- (1) physical, chemical, biological, and other relevant properties; and
- (2) environmental effects.

SEC. 342. Notwithstanding the provisions of any other law, rule or regulation, the Secretary of Transportation is authorized to allow the issuer of any preferred stock heretofore sold to the Department to redeem or repurchase such stock upon the payment to the Department of an amount determined by the Secretary.

SEC. 343. Subsection (d)(4) of 49 U.S.C. 31112 is amended by striking “September 30, 1997” and inserting “February 28, 1998”.

SEC. 344. None of the funds in this Act shall be used to enforce against air carriers, conducting operations under part 135 of the Federal Aviation Administration (FAA) regulations (14 CFR 135.1 et seq.) that are not scheduled operations (as defined in 14 CFR 119.3), the requirement in section 44936(f)(1) of title 49, United States Code that records be checked before hiring an individual as a pilot, until the FAA determines, in writing, that it can furnish to such air carriers the requested records within 30 days, as required by section 44936(f)(5) of title 49, United States Code. If the Administrator cannot make the determination, in writing, within 150 days after enactment of this Act, then the Administrator shall report to the Committees on Appropriations, the Senate Committee on Commerce, Science, and Transportation, and the House Committee on Transportation and Infrastructure, the reasons why the determination cannot be made.

SEC. 345. EXEMPTION AUTHORITY FOR AIR SERVICE TO SLOT-CONTROLLED AIRPORTS.—Section 41714 of title 49, United States Code, is amended by adding at the end thereof the following:

“(i) EXPEDITIOUS CONSIDERATION OF CERTAIN EXEMPTION REQUESTS.—Within 120 days after receiving an application for an exemption under subsection (a)(2) to improve air service between a nonhub airport (as defined in section 41731(a)(4)) and a high density airport subject to the exemption authority under subsection (a), the Secretary shall grant or deny the exemption. The Secretary shall notify the Senate Committee on Commerce, Science, and Transportation and the House Committee on Transportation and Infrastructure of the grant or denial within 14 calendar days after the determination and state the reasons for the determination.”.

Notification.

SEC. 346. (a) As soon as practicable after the date of enactment of this Act, the Secretary of Transportation, acting for the Department of Transportation, may take receipt of such equipment and

49 USC 301 note.

sites of the Ground Wave Emergency Network (referred to in this section as “GWEN”) as the Secretary of Transportation determines to be necessary for the establishment of a nationwide system to be known as the “Nationwide Differential Global Positioning System” (referred to in this section as “NDGPS”).

(b) As soon as practicable after the date of enactment of this Act, the Secretary of Transportation may establish the NDGPS. In establishing the NDGPS, the Secretary of Transportation may—

(1) if feasible, reuse GWEN equipment and sites transferred to the Department of Transportation under subsection (a);

(2) to the maximum extent practicable, use contractor services to install the NDGPS;

(3) modify the positioning system operated by the Coast Guard at the time of the establishment of the NDGPS to integrate the reference stations made available pursuant to subsection (a);

(4) in cooperation with the Secretary of Commerce, ensure that the reference stations referred to in paragraph (3) are compatible with, and integrated into, the Continuously Operating Reference Station (commonly referred to as “CORS”) system of the National Geodetic Survey of the Department of Commerce; and

(5) in cooperation with the Secretary of Commerce, investigate the use of the NDGPS reference stations for the Global Positioning System Integrated Precipitable Water Vapor System of the National Oceanic and Atmospheric Administration.

(c) The Secretary of Transportation may—

(1) manage and operate the NDGPS;

(2) ensure that the service of the NDGPS is provided without the assessment of any user fee; and

(3) in cooperation with the Secretary of Defense, ensure that the use of the NDGPS is denied to any enemy of the United States.

(d) In any case in which the Secretary of Transportation determines that contracting for the maintenance of 1 or more NDGPS reference stations is cost-effective, the Secretary of Transportation may enter into a contract to provide for that maintenance.

(e) The Secretary of Transportation may—

(1) in cooperation with appropriate representatives of private industries and universities and officials of State governments—

(A) investigate improvements (including potential improvements) to the NDGPS;

(B) develop standards for the NDGPS; and

(C) sponsor the development of new applications for the NDGPS; and

(2) provide for the continual upgrading of the NDGPS to improve performance and address the needs of—

(A) the Federal Government;

(B) State and local governments; and

(C) the general public.

SEC. 347. The Secretary of Transportation is authorized to transfer funds appropriated to the Coast Guard in Public Law 102-368 in order to pay rent assessments by the General Services Administration related to prior year space needs of the Department:

Provided, That prior to any such transfer, notification shall be provided to the House and Senate Committees on Appropriations.

Notification.

SEC. 348. (a) Subsection (b) of section 642 of the Treasury and General Government Appropriations Act, 1998, is amended by inserting “other than a Member of Congress,” after “Code,”.

Ante, p. 1318.

(b) Paragraph (1) of section 642(c) of such Act is amended by striking “(1)(A) subject to subparagraph (B),” and inserting “(1),” and by striking “December 31, 1998” and all that follows through the end and inserting “December 31, 1998;”.

This Act may be cited as the “Department of Transportation and Related Agencies Appropriations Act, 1998”.

Approved October 27, 1997.

LEGISLATIVE HISTORY—H.R. 2169 (S. 1048):

HOUSE REPORTS: Nos. 105–188 (Comm. on Appropriations) and 105–313 (Comm. of Conference).

SENATE REPORTS: No. 105–55 accompanying S. 1048 (Comm. on Appropriations).
CONGRESSIONAL RECORD, Vol. 143 (1997):

July 23, considered and passed House.

July 29, 30, considered and passed Senate, amended.

Oct. 9, House and Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Oct. 27, Presidential statement.

Nov. 1, President’s special message on line item veto.

FEDERAL REGISTER, Vol. 62 (1997):

Nov. 4, Cancellation of items pursuant to the Line Item Veto Act.



Public Law 105–67
105th Congress

Joint Resolution

Oct. 30, 1997
[H.J. Res. 75]

To confer status as an honorary veteran of the United States Armed Forces on
Leslie Townes (Bob) Hope.

Whereas the United States has never before conferred status as an honorary veteran of the United States Armed Forces on an individual, and such status is and should remain an extraordinary honor not lightly conferred nor frequently granted;

Whereas the lifetime of accomplishments and service of Leslie Townes (Bob) Hope on behalf of United States military servicemembers fully justifies the conferring of such status;

Whereas Leslie Townes (Bob) Hope is himself not a veteran, having attempted to enlist in the Armed Forces to serve his country during World War II, but being informed that the greatest service he could provide the Nation was as a civilian entertainer for the troops;

Whereas during, World War II, the Korean Conflict, the Vietnam War, and the Persian Gulf War and throughout the Cold War, Bob Hope traveled to visit and entertain millions of United States servicemembers in numerous countries, on ships at sea, and in combat zones ashore;

Whereas Bob Hope has been awarded the Congressional Gold Medal, the Presidential Medal of Freedom, the Distinguished Service Medal of each of the branches of the Armed Forces, and more than 100 citations and awards from national veterans service organizations and civic and humanitarian organizations; and

Whereas Bob Hope has given unselfishly of his time for over a half century to be with United States servicemembers on foreign shores, working tirelessly to bring a spirit of humor and cheer to millions of servicemembers during their loneliest moments, and thereby extending for the American people a touch of home away from home: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That Congress—

(1) extends its gratitude, on behalf of the American people, to Leslie Townes (Bob) Hope for his lifetime of accomplishments and service on behalf of United States military servicemembers; and

(2) confers upon Leslie Townes (Bob) Hope the status of an honorary veteran of the United States Armed Forces.

Approved October 30, 1997.

LEGISLATIVE HISTORY—H.J. Res. 75:

HOUSE REPORTS: No. 105–109 (Comm. on Veterans' Affairs).

CONGRESSIONAL RECORD, Vol. 143 (1997):

June 3, considered and passed House.

Sept. 9, considered and passed Senate.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Oct. 30, Presidential statement.



Public Law 105–68
105th Congress

Joint Resolution

Making further continuing appropriations for the fiscal year 1998, and for other purposes.

Nov. 7, 1997
[H.J. Res. 101]

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 106(3) of Public Law 105–46 is further amended by striking “November 7, 1997” and inserting in lieu thereof “November 9, 1997”, and each provision amended by sections 122 and 123 of such public law shall be applied as if “November 9, 1997” was substituted for “October 23, 1997”.

Ante, p. 1343.

Approved November 7, 1997.

LEGISLATIVE HISTORY—H.J. Res. 101:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 7, considered and passed House and Senate.



Public Law 105–69
105th Congress

Joint Resolution

Nov. 9, 1997
[H.J. Res. 104]

Making further continuing appropriations for the fiscal year 1998, and for other purposes.

Ante, p. 1453.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 106(3) of Public Law 105–46 is further amended by striking “November 9, 1997” and inserting in lieu thereof “November 10, 1997”, and each provision amended by sections 122 and 123 of such public law shall be applied as if “November 10, 1997” was substituted for “October 23, 1997”.

Approved November 9, 1997.

LEGISLATIVE HISTORY—H.J. Res. 104:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 9, considered and passed House and Senate.



Public Law 105–70
105th Congress

An Act

To designate the facility of the United States Postal Service located at 551 Kingstown Road in South Kingstown, Rhode Island, as the “David B. Champagne Post Office Building”.

Nov. 10, 1997
[H.R. 2013]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The facility of the United States Postal Service located at 551 Kingstown Road in South Kingstown, Rhode Island, shall be known and designated as the “David B. Champagne Post Office Building”.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the United States Post Office building referred to in section 1 shall be deemed to be a reference to the “David B. Champagne Post Office Building”.

Approved November 10, 1997.

LEGISLATIVE HISTORY—H.R. 2013 (S. 973):

CONGRESSIONAL RECORD, Vol. 143 (1997):

Oct. 21, considered and passed House.

Oct. 23, considered and passed Senate.



Public Law 105–71
105th Congress

Joint Resolution

Nov. 10, 1997
[H.J. Res. 105]

Making further continuing appropriations for the fiscal year 1998, and for other purposes.

Ante, p. 1454.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 106(3) of Public Law 105–46 is further amended by striking “November 10, 1997” and inserting in lieu thereof “November 14, 1997”, and each provision amended by sections 122 and 123 of such public law shall be applied as if “November 14, 1997” was substituted for “October 23, 1997”.

Approved November 10, 1997.

LEGISLATIVE HISTORY—H.J. Res. 105:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 9, considered and passed House.

Nov. 10, considered and passed Senate.



Public Law 105–72
105th Congress

An Act

To amend title I of the Employee Retirement Income Security Act of 1974 to clarify treatment of investment managers under such title.

Nov. 10, 1997
[S. 1227]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. INVESTMENT MANAGERS UNDER ERISA TO INCLUDE FIDUCIARIES REGISTERED SOLELY UNDER STATE LAW ONLY IF FEDERAL REGISTRATION PROHIBITED UNDER RECENTLY ENACTED PROVISIONS.

(a) IN GENERAL.—Section 3(38)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(38)(B)) is amended—

(1) by redesignating clauses (ii) and (iii) as clauses (iii) and (iv), respectively; and

(2) by striking “who is” and all that follows through clause (i) and inserting the following: “who (i) is registered as an investment adviser under the Investment Advisers Act of 1940; (ii) is not registered as an investment adviser under such Act by reason of paragraph (1) of section 203A(a) of such Act, is registered as an investment adviser under the laws of the State (referred to in such paragraph (1)) in which it maintains its principal office and place of business, and, at the time the fiduciary last filed the registration form most recently filed by the fiduciary with such State in order to maintain the fiduciary’s registration under the laws of such State, also filed a copy of such form with the Secretary;”.

(b) AVAILABILITY OF DOCUMENTS VIA FILING DEPOSITORY.—A fiduciary shall be treated as meeting the requirements of section 3(38)(B)(ii) of the Employee Retirement Income Security Act of 1974 (as amended by subsection (a)) relating to provision to the Secretary of Labor of a copy of the form referred to therein, if a copy of such form (or substantially similar information) is available to the Secretary of Labor from a centralized electronic or other record-keeping database.

29 USC 1002
note.

(c) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on July 8, 1997, except that the requirement of section 3(38)(B)(ii) of the Employee Retirement Income Security Act of 1974 (as amended by this Act) for filing with the Secretary of Labor of a copy of a registration form which has been filed with a State before the date of the enactment of this Act, or is to be filed with a State during the 1-year period beginning

29 USC 1002
note.

with such date, shall be treated as satisfied upon the filing of such a copy with the Secretary at any time during such 1-year period. This section shall supersede section 308(b) of the National Securities Markets Improvement Act of 1996 (and the amendment made thereby).

Approved November 10, 1997.

LEGISLATIVE HISTORY—S. 1227:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Sept. 26, considered and passed Senate.

Oct. 28, considered and passed House.



Public Law 105–73
105th Congress

An Act

To amend the Immigration and Nationality Act to exempt internationally adopted children 10 years of age or younger from the immunization requirement in section 212(a)(1)(A)(ii) of such Act.

Nov. 12, 1997
[H.R. 2464]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

**SECTION 1. EXEMPTION FOR INTERNATIONALLY ADOPTED CHILDREN
10 YEARS OF AGE OR YOUNGER FROM IMMUNIZATION
REQUIREMENT.**

Section 212(a)(1) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(1)) is amended—

(1) in subparagraph (A)(ii), by inserting “except as provided in subparagraph (C),” after “(ii)”; and

(2) by adding at the end the following:

“(C) EXCEPTION FROM IMMUNIZATION REQUIREMENT FOR ADOPTED CHILDREN 10 YEARS OF AGE OR YOUNGER.—Clause (ii) of subparagraph (A) shall not apply to a child who—

“(i) is 10 years of age or younger,

“(ii) is described in section 101(b)(1)(F), and

“(iii) is seeking an immigrant visa as an immediate relative under section 201(b),

if, prior to the admission of the child, an adoptive parent or prospective adoptive parent of the child, who has sponsored the child for admission as an immediate relative, has executed an affidavit stating that the parent is aware of the provisions of subparagraph (A)(ii) and will ensure that, within 30 days of the child’s admission, or at the earliest time that is medically appropriate, the child will receive the vaccinations identified in such subparagraph.”.

Approved November 12, 1997.

LEGISLATIVE HISTORY—H.R. 2464:

HOUSE REPORTS: No. 105–289 (Comm. on the Judiciary).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Oct. 21, considered and passed House.

Nov. 4, considered and passed Senate.

Public Law 105–74
105th Congress

An Act

Nov. 12, 1997
[S. 587]

To require the Secretary of the Interior to exchange certain lands located in Hinsdale County, Colorado.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. LARSON AND FRIENDS CREEK EXCHANGE.

(a) **IN GENERAL.**—In exchange for conveyance to the United States of an equal value of offered land acceptable to the Secretary of the Interior that lies within, or in proximity to, the Handies Peak Wilderness Study Area, the Red Cloud Peak Wilderness Study Area, or the Alpine Loop Backcountry Bi-way, in Hinsdale County, Colorado, the Secretary of the Interior shall convey to Lake City Ranches, Ltd., a Texas limited partnership (referred to in this section as “LCR”), approximately 560 acres of selected land located in that county and generally depicted on a map entitled “Larson and Friends Creek Exchange”, dated June 1996.

(b) **CONTINGENCY.**—The exchange under subsection (a) shall be contingent on the granting by LCR to the Secretary of a permanent conservation easement, on the approximately 440-acre Larson Creek portion of the selected land (as depicted on the map), that limits future use of the land to agricultural, wildlife, recreational, or open space purposes.

(c) **APPRAISAL AND EQUALIZATION.**—

(1) **IN GENERAL.**—The exchange under subsection (a) shall be subject to—

(A) the appraisal requirements and equalization payment limitations set forth in section 206 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1716); and

(B) reviews and approvals relating to threatened species and endangered species, cultural and historic resources, and hazardous materials under other Federal laws.

(2) **COSTS OF APPRAISAL AND REVIEW.**—The costs of appraisals and reviews shall be paid by LCR.

Public Law 105–75
105th Congress

An Act

Nov. 12, 1997
[S. 588]

To provide for the expansion of the Eagles Nest Wilderness within the Arapaho National Forest and the White River National Forest, Colorado, to include land known as the Slate Creek Addition.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

16 USC 1132
note.

SECTION 1. SLATE CREEK ADDITION TO EAGLES NEST WILDERNESS, ARAPAHO AND WHITE RIVER NATIONAL FORESTS, COLORADO.

(a) SLATE CREEK ADDITION.—If, before December 31, 2000, the United States acquires the parcel of land described in subsection (b)—

(1) on acquisition of the parcel, the parcel shall be included in and managed as part of the Eagles Nest Wilderness designated by Public Law 94–352 (16 U.S.C. 1132 note; 90 Stat. 870); and

(2) the boundary of Eagles Nest Wilderness is adjusted to reflect the inclusion of the parcel.

(b) DESCRIPTION OF ADDITION.—The parcel referred to in subsection (a) is the parcel generally depicted on a map entitled “Slate Creek Addition-Eagles Nest Wilderness”, dated February 1997, comprising approximately 160 acres in Summit County, Colorado, adjacent to the Eagles Nest Wilderness.

Approved November 12, 1997.

LEGISLATIVE HISTORY—S. 588 (H.R. 985):

HOUSE REPORTS: No. 105–111 accompanying H.R. 985 (Comm. on Resources).

SENATE REPORTS: No. 105–97 (Comm. on Energy and Natural Resources).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Oct. 9, considered and passed Senate.

Nov. 4, considered and passed House.



Public Law 105–76
105th Congress

An Act

To provide for a boundary adjustment and land conveyance involving the Raggeds Wilderness, White River National Forest, Colorado, to correct the effects of earlier erroneous land surveys.

Nov. 12, 1997
[S. 589]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

**SECTION 1. BOUNDARY ADJUSTMENT AND LAND CONVEYANCE,
RAGGEDS WILDERNESS, WHITE RIVER NATIONAL FOR-
EST, COLORADO.**

16 USC 1132
note.

(a) FINDINGS.—Congress finds that—

(1) certain landowners in Gunnison County, Colorado, who own real property adjacent to the portion of the Raggeds Wilderness in the White River National Forest, Colorado, have occupied or improved their property in good faith and in reliance on erroneous surveys of their properties that the landowners reasonably believed were accurate;

(2) in 1993, a Forest Service resurvey of the Raggeds Wilderness established accurate boundaries between the wilderness area and adjacent private lands; and

(3) the resurvey indicates that a small portion of the Raggeds Wilderness is occupied by adjacent landowners on the basis of the earlier erroneous land surveys.

(b) PURPOSE.—It is the purpose of this section to remove from the boundaries of the Raggeds Wilderness certain real property so as to permit the Secretary of Agriculture to use the authority of Public Law 97–465 (commonly known as the “Small Tracts Act”) (16 U.S.C. 521c et seq.) to convey the property to the landowners who occupied the property on the basis of erroneous land surveys.

(c) BOUNDARY ADJUSTMENT.—The boundary of the Raggeds Wilderness, Gunnison and White River National Forests, Colorado, as designated by section 102(a)(16) of Public Law 96–560 (94 Stat. 3267; 16 U.S.C. 1132 note), is hereby modified to exclude from the area encompassed by the wilderness a parcel of real property approximately 0.86-acres in size situated in the SW $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 28, Township 11 South, Range 88 West of the 6th Principal Meridian, as depicted on the map entitled “Encroachment-Raggeds Wilderness”, dated November 17, 1993.

(d) MAP.—The map described in subsection (c) shall be on file and available for inspection in the appropriate offices of the Forest Service, Department of Agriculture.

(e) CONVEYANCE OF LAND REMOVED FROM WILDERNESS AREA.—The Secretary of Agriculture shall use the authority provided by Public Law 97–465 (commonly known as the “Small Tracts Act”) (16 U.S.C. 521c et seq.) to convey all right, title, and interest

of the United States in and to the real property excluded from the boundaries of the Raggeds Wilderness under subsection (c) to the owners of real property in Gunnison County, Colorado, whose real property adjoins the excluded real property and who have occupied the excluded real property in good faith reliance on an erroneous survey.

Approved November 12, 1997.

LEGISLATIVE HISTORY—S. 589 (H.R. 1019):

HOUSE REPORTS: No. 105–112 accompanying H.R. 1019 (Comm. on Resources).

SENATE REPORTS: No. 105–98 (Comm. on Energy and Natural Resources).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Oct. 9, considered and passed Senate.

Nov. 4, considered and passed House.



Public Law 105–77
105th Congress

An Act

To transfer the Dillon Ranger District in the Arapaho National Forest to the
White River National Forest in the State of Colorado.

Nov. 12, 1997
[S. 591]

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

**SECTION 1. INCLUSION OF DILLON RANGER DISTRICT IN WHITE RIVER
NATIONAL FOREST, COLORADO.**

(a) BOUNDARY ADJUSTMENTS.—

(1) WHITE RIVER NATIONAL FOREST.—The boundary of the White River National Forest in the State of Colorado is hereby adjusted to include all National Forest System lands located in Summit County, Colorado, comprising the Dillon Ranger District of the Arapaho National Forest.

(2) ARAPAHO NATIONAL FOREST.—The boundary of the Arapaho National Forest is adjusted to exclude the land transferred to the White River National Forest by paragraph (1).

(b) REFERENCE.—Any reference to the Dillon Ranger District, Arapaho National Forest, in any existing statute, regulation, manual, handbook, or other document shall be deemed to be a reference to the Dillon Ranger District, White River National Forest.

(c) EXISTING RIGHTS.—Nothing in this section affects valid existing rights of persons holding any authorization, permit, option, or other form of contract existing on the date of the enactment of this Act.

(d) FOREST RECEIPTS.—Notwithstanding the distribution requirements of payments under the sixth paragraph under the heading “FOREST SERVICE” in the Act entitled “An Act making appropriations for the Department of Agriculture for the fiscal year ending June thirtieth, nineteen hundred and nine”, approved

Public Law 105–78
105th Congress

An Act

Making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

Nov. 13, 1997
[H.R. 2264]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes, namely:

Departments of
Labor, Health
and Human
Services, and
Education, and
Related Agencies
Appropriations
Act, 1998.

TITLE I—DEPARTMENT OF LABOR

EMPLOYMENT AND TRAINING ADMINISTRATION

Department of
Labor
Appropriations
Act, 1998.

TRAINING AND EMPLOYMENT SERVICES

For necessary expenses of the Job Training Partnership Act, as amended, including the purchase and hire of passenger motor vehicles, the construction, alteration, and repair of buildings and other facilities, and the purchase of real property for training centers as authorized by the Job Training Partnership Act; the Stewart B. McKinney Homeless Assistance Act; the Women in Apprenticeship and Nontraditional Occupations Act; the National Skill Standards Act of 1994; and the School-to-Work Opportunities Act; \$4,988,226,000 plus reimbursements, of which \$3,794,735,000 is available for obligation for the period July 1, 1998 through June 30, 1999; of which \$118,491,000 is available for the period July 1, 1998 through June 30, 2001 for necessary expenses of construction, rehabilitation, and acquisition of Job Corps centers; and of which \$200,000,000 shall be available from July 1, 1998 through September 30, 1999, for carrying out activities of the School-to-Work Opportunities Act: *Provided*, That \$53,815,000 shall be for carrying out section 401 of the Job Training Partnership Act, \$71,017,000 shall be for carrying out section 402 of such Act, \$7,300,000 shall be for carrying out section 441 of such Act, \$9,000,000 shall be for all activities conducted by and through the National Occupational Information Coordinating Committee under such Act, \$955,000,000 shall be for carrying out title II, part A of such Act, and \$129,965,000 shall be for carrying out title II, part C of such Act: *Provided further*, That the National Occupational Information Coordinating Committee is authorized, effective upon enactment, to charge fees for publications, training and technical assistance developed by the National Occupational

Information Coordinating Committee: *Provided further*, That revenues received from publications and delivery of technical assistance and training, notwithstanding 31 U.S.C. 3302, shall be credited to the National Occupational Information Coordinating Committee program account and shall be available to the National Occupational Information Coordinating Committee without further appropriations, so long as such revenues are used for authorized activities of the National Occupational Information Coordinating Committee: *Provided further*, That no funds from any other appropriation shall be used to provide meal services at or for Job Corps centers: *Provided further*, That funds provided for title III of the Job Training Partnership Act shall not be subject to the limitation contained in subsection (b) of section 315 of such Act; that the waiver described in section 315(a)(2) may be granted if a substate grantee demonstrates to the Governor that such waiver is appropriate due to the availability of low-cost retraining services, is necessary to facilitate the provision of needs-related payments to accompany long-term training, or is necessary to facilitate the provision of appropriate basic readjustment services; and that funds provided for discretionary grants under part B of such title III may be used to provide needs-related payments to participants who, in lieu of meeting the enrollment requirements under section 314(e) of such Act, are enrolled in training by the end of the sixth week after grant funds have been awarded: *Provided further*, That funds provided to carry out section 324 of such Act may be used for demonstration projects that provide assistance to new entrants in the workforce and incumbent workers: *Provided further*, That service delivery areas may transfer funding provided herein under authority of title II, parts B and C of the Job Training Partnership Act between the programs authorized by those titles of the Act, if the transfer is approved by the Governor: *Provided further*, That service delivery areas and substate areas may transfer up to 20 percent of the funding provided herein under authority of title II, part A and title III of the Job Training Partnership Act between the programs authorized by those titles of the Act, if such transfer is approved by the Governor: *Provided further*, That, notwithstanding any other provision of law, any proceeds from the sale of Job Corps center facilities shall be retained by the Secretary of Labor to carry out the Job Corps program: *Provided further*, That notwithstanding any other provision of law, the Secretary of Labor may waive any of the statutory or regulatory requirements of titles I-III of the Job Training Partnership Act (except for requirements relating to wage and labor standards, worker rights, participation and protection, grievance procedures and judicial review, non-discrimination, allocation of funds to local areas, eligibility, review and approval of plans, the establishment and functions of service delivery areas and private industry councils, and the basic purposes of the Act), and any of the statutory or regulatory requirements of sections 8-10 of the Wagner-Peyser Act (except for requirements relating to the provision of services to unemployment insurance claimants and veterans, and to universal access to basic labor exchange services without cost to job seekers), only for funds available for expenditure in program year 1998, pursuant to a request submitted by a State which identifies the statutory or regulatory requirements that are requested to be waived and the goals which the State or local service delivery areas intend to achieve, describes the actions that the State or local service delivery areas have

undertaken to remove State or local statutory or regulatory barriers, describes the goals of the waiver and the expected programmatic outcomes if the request is granted, describes the individuals impacted by the waiver, and describes the process used to monitor the progress in implementing a waiver, and for which notice and an opportunity to comment on such request has been provided to the organizations identified in section 105(a)(1) of the Job Training Partnership Act, if and only to the extent that the Secretary determines that such requirements impede the ability of the State to implement a plan to improve the workforce development system and the State has executed a Memorandum of Understanding with the Secretary requiring such State to meet agreed upon outcomes and implement other appropriate measures to ensure accountability: *Provided further*, That the Secretary of Labor shall establish a workforce flexibility (work-flex) partnership demonstration program under which the Secretary shall authorize not more than six States, of which at least three States shall each have populations not in excess of 3,500,000, with a preference given to those States that have been designated Ed-Flex Partnership States under section 311(e) of Public Law 103–227, to waive any statutory or regulatory requirement applicable to service delivery areas or substate areas within the State under titles I–III of the Job Training Partnership Act (except for requirements relating to wage and labor standards, grievance procedures and judicial review, nondiscrimination, allotment of funds, and eligibility), and any of the statutory or regulatory requirements of sections 8–10 of the Wagner-Peyser Act (except for requirements relating to the provision of services to unemployment insurance claimants and veterans, and to universal access to basic labor exchange services without cost to job seekers), for a duration not to exceed the waiver period authorized under section 311(e) of Public Law 103–227, pursuant to a plan submitted by such States and approved by the Secretary for the provision of workforce employment and training activities in the States, which includes a description of the process by which service delivery areas and substate areas may apply for and have waivers approved by the State, the requirements of the Wagner-Peyser Act to be waived, the outcomes to be achieved and other measures to be taken to ensure appropriate accountability for Federal funds.

Establishment.
29 USC 1732
note.

For necessary expenses of Opportunity Areas of Out-of-School Youth, in addition to amounts otherwise provided herein, \$250,000,000, to be available for obligation for the period October 1, 1998 through September 30, 1999, if job training reform legislation authorizing this or similar at-risk youth projects is enacted by July 1, 1998.

COMMUNITY SERVICE EMPLOYMENT FOR OLDER AMERICANS

(TRANSFER OF FUNDS)

To carry out the activities for national grants or contracts with public agencies and public or private nonprofit organizations under paragraph (1)(A) of section 506(a) of title V of the Older Americans Act of 1965, as amended, or to carry out older worker activities as subsequently authorized, \$343,356,000.

To carry out the activities for grants to States under paragraph (3) of section 506(a) of title V of the Older Americans Act of 1965, as amended, or to carry out older worker activities as subsequently authorized, \$96,844,000.

The funds appropriated under this heading shall be transferred to and merged with the Department of Health and Human Services, “Aging Services Programs”, for the same purposes and the same period as the account to which transferred, following the enactment of legislation authorizing the administration of the program by that Department.

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

For payments during the current fiscal year of trade adjustment benefit payments and allowances under part I; and for training, allowances for job search and relocation, and related State administrative expenses under part II, subchapters B and D, chapter 2, title II of the Trade Act of 1974, as amended, \$349,000,000, together with such amounts as may be necessary to be charged to the subsequent appropriation for payments for any period subsequent to September 15 of the current year.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

For authorized administrative expenses, \$173,452,000, together with not to exceed \$3,322,476,000 (including not to exceed \$1,228,000 which may be used for amortization payments to States which had independent retirement plans in their State employment service agencies prior to 1980, and including not to exceed \$2,000,000 which may be obligated in contracts with non-State entities for activities such as occupational and test research activities which benefit the Federal-State Employment Service System), which may be expended from the Employment Security Administration account in the Unemployment Trust Fund including the cost of administering section 1201 of the Small Business Job Protection Act of 1996, section 7(d) of the Wagner-Peyser Act, as amended, the Trade Act of 1974, as amended, the Immigration Act of 1990, and the Immigration and Nationality Act, as amended, and of which the sums available in the allocation for activities authorized by title III of the Social Security Act, as amended (42 U.S.C. 502-504), and the sums available in the allocation for necessary administrative expenses for carrying out 5 U.S.C. 8501-8523, shall be available for obligation by the States through December 31, 1998, except that funds used for automation acquisitions shall be available for obligation by States through September 30, 2000; and of which \$40,000,000 of the amount which may be expended from said trust fund, shall be available for obligation for the period October 1, 1998 through September 30, 1999, for the purpose of assisting States to convert their automated State employment security agency systems to be year 2000 compliant; and of which \$173,452,000, together with not to exceed \$738,283,000 of the amount which may be expended from said trust fund, shall be available for obligation for the period July 1, 1998 through June 30, 1999, to fund activities under the Act of June 6, 1933, as amended, including the cost of penalty mail authorized under 39 U.S.C. 3202(a)(1)(E) made available to States in lieu of allotments for such purpose, and of which \$200,000,000 shall be available solely for the purpose of assisting States to convert their automated State employment security agency systems to be year 2000 compliant, and of which \$196,333,000 shall be available only to the extent

necessary for additional State allocations to administer unemployment compensation laws to finance increases in the number of unemployment insurance claims filed and claims paid or changes in a State law: *Provided*, That to the extent that the Average Weekly Insured Unemployment (AWIU) for fiscal year 1998 is projected by the Department of Labor to exceed 2,789,000 an additional \$28,600,000 shall be available for obligation for every 100,000 increase in the AWIU level (including a pro rata amount for any increment less than 100,000) from the Employment Security Administration Account of the Unemployment Trust Fund: *Provided further*, That funds appropriated in this Act which are used to establish a national one-stop career center network may be obligated in contracts, grants or agreements with non-State entities: *Provided further*, That funds appropriated under this Act for activities authorized under the Wagner-Peyser Act, as amended, and title III of the Social Security Act, may be used by the States to fund integrated Employment Service and Unemployment Insurance automation efforts, notwithstanding cost allocation principles prescribed under Office of Management and Budget Circular A-87.

ADVANCES TO THE UNEMPLOYMENT TRUST FUND AND OTHER FUNDS

For repayable advances to the Unemployment Trust Fund as authorized by sections 905(d) and 1203 of the Social Security Act, as amended, and to the Black Lung Disability Trust Fund as authorized by section 9501(c)(1) of the Internal Revenue Code of 1954, as amended; and for nonrepayable advances to the Unemployment Trust Fund as authorized by section 8509 of title 5, United States Code, section 104(d) of Public Law 102-164, and section 5 of Public Law 103-6, and to the "Federal unemployment benefits and allowances" account, to remain available until September 30, 1999, \$392,000,000.

In addition, for making repayable advances to the Black Lung Disability Trust Fund in the current fiscal year after September 15, 1998, for costs incurred by the Black Lung Disability Trust Fund in the current fiscal year, such sums as may be necessary.

PROGRAM ADMINISTRATION

For expenses of administering employment and training programs, \$90,308,000, including \$6,000,000 to support up to 75 full-time equivalent staff, the majority of which will be term Federal appointments lasting no more than three years, to administer welfare-to-work grants, together with not to exceed \$41,285,000, which may be expended from the Employment Security Administration account in the Unemployment Trust Fund.

PENSION AND WELFARE BENEFITS ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses for the Pension and Welfare Benefits Administration, \$82,000,000, of which \$3,000,000 shall remain available through September 30, 1999 for expenses of completing the revision of the processing of employee benefit plan returns.

PENSION BENEFIT GUARANTY CORPORATION

PENSION BENEFIT GUARANTY CORPORATION FUND

The Pension Benefit Guaranty Corporation is authorized to make such expenditures, including financial assistance authorized by section 104 of Public Law 96-364, within limits of funds and borrowing authority available to such Corporation, and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as amended (31 U.S.C. 9104), as may be necessary in carrying out the program through September 30, 1998, for such Corporation: *Provided*, That not to exceed \$10,433,000 shall be available for administrative expenses of the Corporation: *Provided further*, That expenses of such Corporation in connection with the termination of pension plans, for the acquisition, protection or management, and investment of trust assets, and for benefits administration services shall be considered as non-administrative expenses for the purposes hereof, and excluded from the above limitation.

EMPLOYMENT STANDARDS ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses for the Employment Standards Administration, including reimbursement to State, Federal, and local agencies and their employees for inspection services rendered, \$299,660,000, together with \$993,000 which may be expended from the Special Fund in accordance with sections 39(c) and 44(j) of the Longshore and Harbor Workers' Compensation Act: *Provided*, That \$500,000 shall be for the development of an alternative system for the electronic submission of reports as required to be filed under the Labor-Management Reporting and Disclosure Act of 1959, as amended, and for a computer database of the information for each submission by whatever means, that is indexed and easily searchable by the public via the Internet: *Provided further*, That the Secretary of Labor is authorized to accept, retain, and spend, until expended, in the name of the Department of Labor, all sums of money ordered to be paid to the Secretary of Labor, in accordance with the terms of the Consent Judgment in Civil Action No. 91-0027 of the United States District Court for the District of the Northern Mariana Islands (May 21, 1992): *Provided further*, That the Secretary of Labor is authorized to establish and, in accordance with 31 U.S.C. 3302, collect and deposit in the Treasury fees for processing applications and issuing certificates under sections 11(d) and 14 of the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 211(d) and 214) and for processing applications and issuing registrations under title I of the Migrant and Seasonal Agricultural Worker Protection Act (29 U.S.C. 1801 et seq.).

SPECIAL BENEFITS

(INCLUDING TRANSFER OF FUNDS)

For the payment of compensation, benefits, and expenses (except administrative expenses) accruing during the current or any prior fiscal year authorized by title 5, chapter 81 of the United States Code; continuation of benefits as provided for under the

head “Civilian War Benefits” in the Federal Security Agency Appropriation Act, 1947; the Employees’ Compensation Commission Appropriation Act, 1944; and sections 4(c) and 5(f) of the War Claims Act of 1948 (50 U.S.C. App. 2012); and 50 percent of the additional compensation and benefits required by section 10(h) of the Longshore and Harbor Workers’ Compensation Act, as amended, \$201,000,000 together with such amounts as may be necessary to be charged to the subsequent year appropriation for the payment of compensation and other benefits for any period subsequent to August 15 of the current year: *Provided*, That amounts appropriated may be used under section 8104 of title 5, United States Code, by the Secretary to reimburse an employer, who is not the employer at the time of injury, for portions of the salary of a reemployed, disabled beneficiary: *Provided further*, That balances of reimbursements unobligated on September 30, 1997, shall remain available until expended for the payment of compensation, benefits, and expenses: *Provided further*, That in addition there shall be transferred to this appropriation from the Postal Service and from any other corporation or instrumentality required under section 8147(c) of title 5, United States Code, to pay an amount for its fair share of the cost of administration, such sums as the Secretary of Labor determines to be the cost of administration for employees of such fair share entities through September 30, 1998: *Provided further*, That of those funds transferred to this account from the fair share entities to pay the cost of administration, \$7,269,000 shall be made available to the Secretary of Labor for expenditures relating to capital improvements in support of Federal Employees’ Compensation Act administration, and the balance of such funds shall be paid into the Treasury as miscellaneous receipts: *Provided further*, That the Secretary may require that any person filing a notice of injury or a claim for benefits under chapter 81 of title 5, United States Code, or 33 U.S.C. 901 et seq., provide as part of such notice and claim, such identifying information (including Social Security account number) as such regulations may prescribe.

BLACK LUNG DISABILITY TRUST FUND

(INCLUDING TRANSFER OF FUNDS)

For payments from the Black Lung Disability Trust Fund, \$1,007,000,000, of which \$960,650,000 shall be available until September 30, 1999, for payment of all benefits as authorized by section 9501(d)(1), (2), (4), and (7) of the Internal Revenue Code of 1954, as amended, and interest on advances as authorized by section 9501(c)(2) of that Act, and of which \$26,147,000 shall be available for transfer to Employment Standards Administration, Salaries and Expenses, \$19,551,000 for transfer to Departmental Management, Salaries and Expenses, \$296,000 for transfer to Departmental Management, Office of Inspector General, and \$356,000 for payment into miscellaneous receipts for the expenses of the Department of Treasury, for expenses of operation and administration of the Black Lung Benefits program as authorized by section 9501(d)(5) of that Act: *Provided*, That, in addition, such amounts as may be necessary may be charged to the subsequent year appropriation for the payment of compensation, interest, or other benefits for any period subsequent to August 15 of the current year.

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

SALARIES AND EXPENSES

29 USC 670 note.

For necessary expenses for the Occupational Safety and Health Administration, \$336,480,000, including not to exceed \$77,941,000 which shall be the maximum amount available for grants to States under section 23(g) of the Occupational Safety and Health Act, which grants shall be no less than 50 percent of the costs of State occupational safety and health programs required to be incurred under plans approved by the Secretary under section 18 of the Occupational Safety and Health Act of 1970; and, in addition, notwithstanding 31 U.S.C. 3302, the Occupational Safety and Health Administration may retain up to \$750,000 per fiscal year of training institute course tuition fees, otherwise authorized by law to be collected, and may utilize such sums for occupational safety and health training and education grants: *Provided*, That, notwithstanding 31 U.S.C. 3302, the Secretary of Labor is authorized, during the fiscal year ending September 30, 1998, to collect and retain fees for services provided to Nationally Recognized Testing Laboratories, and may utilize such sums, in accordance with the provisions of 29 U.S.C. 9a, to administer national and international laboratory recognition programs that ensure the safety of equipment and products used by workers in the workplace: *Provided further*, That none of the funds appropriated under this paragraph shall be obligated or expended to prescribe, issue, administer, or enforce any standard, rule, regulation, or order under the Occupational Safety and Health Act of 1970 which is applicable to any person who is engaged in a farming operation which does not maintain a temporary labor camp and employs ten or fewer employees: *Provided further*, That no funds appropriated under this paragraph shall be obligated or expended to administer or enforce any standard, rule, regulation, or order under the Occupational Safety and Health Act of 1970 with respect to any employer of ten or fewer employees who is included within a category having an occupational injury lost workday case rate, at the most precise Standard Industrial Classification Code for which such data are published, less than the national average rate as such rates are most recently published by the Secretary, acting through the Bureau of Labor Statistics, in accordance with section 24 of that Act (29 U.S.C. 673), except—

(1) to provide, as authorized by such Act, consultation, technical assistance, educational and training services, and to conduct surveys and studies;

(2) to conduct an inspection or investigation in response to an employee complaint, to issue a citation for violations found during such inspection, and to assess a penalty for violations which are not corrected within a reasonable abatement period and for any willful violations found;

(3) to take any action authorized by such Act with respect to imminent dangers;

(4) to take any action authorized by such Act with respect to health hazards;

(5) to take any action authorized by such Act with respect to a report of an employment accident which is fatal to one or more employees or which results in hospitalization of two or more employees, and to take any action pursuant to such investigation authorized by such Act; and

(6) to take any action authorized by such Act with respect to complaints of discrimination against employees for exercising rights under such Act: *Provided further*, That the foregoing proviso shall not apply to any person who is engaged in a farming operation which does not maintain a temporary labor camp and employs ten or fewer employees.

MINE SAFETY AND HEALTH ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses for the Mine Safety and Health Administration, \$203,334,000, including purchase and bestowal of certificates and trophies in connection with mine rescue and first-aid work, and the hire of passenger motor vehicles; the Secretary is authorized to accept lands, buildings, equipment, and other contributions from public and private sources and to prosecute projects in cooperation with other agencies, Federal, State, or private; the Mine Safety and Health Administration is authorized to promote health and safety education and training in the mining community through cooperative programs with States, industry, and safety associations; and any funds available to the Department may be used, with the approval of the Secretary, to provide for the costs of mine rescue and survival operations in the event of a major disaster: *Provided*, That none of the funds appropriated under this paragraph shall be obligated or expended to carry out section 115 of the Federal Mine Safety and Health Act of 1977 or to carry out that portion of section 104(g)(1) of such Act relating to the enforcement of any training requirements, with respect to shell dredging, or with respect to any sand, gravel, surface stone, surface clay, colloidal phosphate, or surface limestone mine. 30 USC 962.

BUREAU OF LABOR STATISTICS

SALARIES AND EXPENSES

For necessary expenses for the Bureau of Labor Statistics, including advances or reimbursements to State, Federal, and local agencies and their employees for services rendered, \$327,609,000, of which \$15,430,000 shall be for expenses of revising the Consumer Price Index and shall remain available until September 30, 1999, together with not to exceed \$52,848,000, which may be expended from the Employment Security Administration account in the Unemployment Trust Fund.

DEPARTMENTAL MANAGEMENT

SALARIES AND EXPENSES

For necessary expenses for Departmental Management, including the hire of three sedans, and including up to \$4,421,000 for the President's Committee on Employment of People With Disabilities, \$152,253,000; together with not to exceed \$282,000, which may be expended from the Employment Security Administration account in the Unemployment Trust Fund: *Provided*, That no funds made available by this Act may be used by the Solicitor of Labor to participate in a review in any United States court of appeals of any decision made by the Benefits Review Board under section 21 of the Longshore and Harbor Workers' Compensation Act (33 USC 921 note).

U.S.C. 921) where such participation is precluded by the decision of the United States Supreme Court in *Director, Office of Workers' Compensation Programs v. Newport News Shipbuilding*, 115 S. Ct. 1278 (1995): *Provided further*, That no funds made available by this Act may be used by the Secretary of Labor to review a decision under the Longshore and Harbor Workers' Compensation Act (33 U.S.C. 901 et seq.) that has been appealed and that has been pending before the Benefits Review Board for more than 12 months: *Provided further*, That any such decision pending a review by the Benefits Review Board for more than one year shall be considered affirmed by the Benefits Review Board on that date, and shall be considered the final order of the Board for purposes of obtaining a review in the United States courts of appeals: *Provided further*, That these provisions shall not be applicable to the review of any decision issued under the Black Lung Benefits Act (30 U.S.C. 901 et seq.).

WORKING CAPITAL FUND

The paragraph under this heading in Public Law 85-67 (29 U.S.C. 563) is amended by striking the last period and inserting after "appropriation action" the following: ": *Provided further*, That the Secretary of Labor may transfer annually an amount not to exceed \$3,000,000 from unobligated balances in the Department's salaries and expenses accounts, to the unobligated balance of the Working Capital Fund, to be merged with such Fund and used for the acquisition of capital equipment and the improvement of financial management, information technology and other support systems, and to remain available until expended: *Provided further*, That the unobligated balance of the Fund shall not exceed \$20,000,000."

ASSISTANT SECRETARY FOR VETERANS EMPLOYMENT AND TRAINING

Not to exceed \$181,955,000 may be derived from the Employment Security Administration account in the Unemployment Trust Fund to carry out the provisions of 38 U.S.C. 4100-4110A and 4321-4327, and Public Law 103-353, and which shall be available for obligation by the States through December 31, 1998.

OFFICE OF INSPECTOR GENERAL

For salaries and expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, \$42,605,000, together with not to exceed \$3,645,000, which may be expended from the Employment Security Administration account in the Unemployment Trust Fund.

GENERAL PROVISIONS

SEC. 101. None of the funds appropriated in this title for the Job Corps shall be used to pay the compensation of an individual, either as direct costs or any proration as an indirect cost, at a rate in excess of \$125,000.

(TRANSFER OF FUNDS)

SEC. 102. Not to exceed 1 percent of any discretionary funds (pursuant to the Balanced Budget and Emergency Deficit Control

Act, as amended) which are appropriated for the current fiscal year for the Department of Labor in this Act may be transferred between appropriations, but no such appropriation shall be increased by more than 3 percent by any such transfer: *Provided*, That the Appropriations Committees of both Houses of Congress are notified at least fifteen days in advance of any transfer.

SEC. 103. Funds shall be available for carrying out title IV-B of the Job Training Partnership Act, notwithstanding section 427(c) of that Act, if a Job Corps center fails to meet national performance standards established by the Secretary.

SEC. 104. None of the funds made available in this Act may be used by the Occupational Safety and Health Administration to promulgate or issue any proposed or final standard regarding ergonomic protection before September 30, 1998: *Provided*, That nothing in this section shall be construed to limit the Occupational Safety and Health Administration from issuing voluntary guidelines on ergonomic protection or from developing a proposed standard regarding ergonomic protection: *Provided further*, That no funds made available in this Act may be used by the Occupational Safety and Health Administration to enforce voluntary ergonomics guidelines through section 5 (the general duty clause) of the Occupational Safety and Health Act of 1970 (29 U.S.C. 654).

SEC. 105. Section 13(b)(12) of the Fair Labor Standards Act of 1938 (29 U.S.C. 213(b)(12)) is amended by striking “water for agricultural purposes” and inserting in lieu thereof “water, at least 90 percent of which was ultimately delivered for agricultural purposes during the preceding calendar year”.

This title may be cited as the “Department of Labor Appropriations Act, 1998”.

TITLE II—DEPARTMENT OF HEALTH AND HUMAN SERVICES

HEALTH RESOURCES AND SERVICES ADMINISTRATION

HEALTH RESOURCES AND SERVICES

For carrying out titles II, III, VII, VIII, X, XII, XIX, and XXVI of the Public Health Service Act, section 427(a) of the Federal Coal Mine Health and Safety Act, title V of the Social Security Act, the Health Care Quality Improvement Act of 1986, as amended, and the Native Hawaiian Health Care Act of 1988, as amended, \$3,618,137,000, of which \$225,000 shall remain available until expended for interest subsidies on loan guarantees made prior to fiscal year 1981 under part B of title VII of the Public Health Service Act and of which \$28,000,000 shall be available for the construction and renovation of health care and other facilities: *Provided*, That the Division of Federal Occupational Health may utilize personal services contracting to employ professional management/administrative and occupational health professionals: *Provided further*, That of the funds made available under this heading, \$2,500,000 shall be available until expended for facilities renovations at the Gillis W. Long Hansen’s Disease Center: *Provided further*, That in addition to fees authorized by section 427(b) of the Health Care Quality Improvement Act of 1986, fees shall be collected for the full disclosure of information under the Act sufficient to recover the full costs of operating the National Practitioner Data Bank, and shall remain available until expended to carry

Department of
Health and
Human Services
Appropriations
Act, 1998.

Fees.

out that Act: *Provided further*, That no more than \$5,000,000 is available for carrying out the provisions of Public Law 104-73: *Provided further*, That of the funds made available under this heading, \$203,452,000 shall be for the program under title X of the Public Health Service Act to provide for voluntary family planning projects: *Provided further*, That amounts provided to said projects under such title shall not be expended for abortions, that all pregnancy counseling shall be nondirective, and that such amounts shall not be expended for any activity (including the publication or distribution of literature) that in any way tends to promote public support or opposition to any legislative proposal or candidate for public office: *Provided further*, That \$285,500,000 shall be for State AIDS Drug Assistance Programs authorized by section 2616 of the Public Health Service Act: *Provided further*, That notwithstanding any other provision of law, funds made available under this heading may be used to continue operating the Council on Graduate Medical Education established by section 301 of Public Law 102-408: *Provided further*, That, of the funds made available under this heading, not more than \$6,000,000 shall be made available and shall remain available until expended for loan guarantees for loans funded under part A of title XVI of the Public Health Service Act as amended, made by non-Federal lenders for the construction, renovation, and modernization of medical facilities that are owned and operated by health centers, and for loans made to health centers under section 330(d) of the Public Health Service Act as amended by Public Law 104-299, and that such funds be available to subsidize guarantees of total loan principal in an amount not to exceed \$80,000,000: *Provided further*, That notwithstanding section 502(a)(1) of the Social Security Act, not to exceed \$103,863,000 is available for carrying out special projects of regional and national significance pursuant to section 501(a)(2) of such Act.

MEDICAL FACILITIES GUARANTEE AND LOAN FUND

FEDERAL INTEREST SUBSIDIES FOR MEDICAL FACILITIES

For carrying out subsections (d) and (e) of section 1602 of the Public Health Service Act, \$6,000,000, together with any amounts received by the Secretary in connection with loans and loan guarantees under title VI of the Public Health Service Act, to be available without fiscal year limitation for the payment of interest subsidies. During the fiscal year, no commitments for direct loans or loan guarantees shall be made.

HEALTH EDUCATION ASSISTANCE LOANS PROGRAM

(INCLUDING TRANSFER OF FUNDS)

For the cost of guaranteed loans, such sums as may be necessary to carry out the purpose of the program, as authorized by title VII of the Public Health Service Act, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That these funds are available to subsidize gross obligations for the total loan principal any part of which is to be guaranteed at not to exceed \$85,000,000: *Provided further*, That the Secretary may use up to \$1,000,000 derived by transfer from insurance premiums collected from guaranteed loans made

under title VII of the Public Health Service Act for the purpose of carrying out section 709 of that Act. In addition, for administrative expenses to carry out the guaranteed loan program, \$2,688,000.

VACCINE INJURY COMPENSATION PROGRAM TRUST FUND

For payments from the Vaccine Injury Compensation Program Trust Fund, such sums as may be necessary for claims associated with vaccine-related injury or death with respect to vaccines administered after September 30, 1988, pursuant to subtitle 2 of title XXI of the Public Health Service Act, to remain available until expended: *Provided*, That for necessary administrative expenses, not to exceed \$3,000,000 shall be available from the Trust Fund to the Secretary of Health and Human Services.

CENTERS FOR DISEASE CONTROL AND PREVENTION

DISEASE CONTROL, RESEARCH, AND TRAINING

To carry out titles II, III, VII, XI, XV, XVII, and XIX of the Public Health Service Act, sections 101, 102, 103, 201, 202, 203, 301, and 501 of the Federal Mine Safety and Health Act of 1977, and sections 20, 21 and 22 of the Occupational Safety and Health Act of 1970, title IV of the Immigration and Nationality Act and section 501 of the Refugee Education Assistance Act of 1980; including insurance of official motor vehicles in foreign countries; and hire, maintenance, and operation of aircraft, \$2,327,552,000, of which \$21,504,000 shall remain available until expended for equipment and construction and renovation of facilities, and in addition, such sums as may be derived from authorized user fees, which shall be credited to this account: *Provided*, That in addition to amounts provided herein, up to \$59,232,000 shall be available from amounts available under section 241 of the Public Health Service Act, to carry out the National Center for Health Statistics surveys: *Provided further*, That none of the funds made available for injury prevention and control at the Centers for Disease Control and Prevention may be used to advocate or promote gun control: *Provided further*, That the Director may redirect the total amount made available under authority of Public Law 101–502, section 3, dated November 3, 1990, to activities the Director may so designate: *Provided further*, That the Congress is to be notified promptly of any such transfer.

Notification.

In addition, \$51,000,000, to be derived from the Violent Crime Reduction Trust Fund, for carrying out sections 40151 and 40261 of Public Law 103–322.

NATIONAL INSTITUTES OF HEALTH

NATIONAL CANCER INSTITUTE

For carrying out section 301 and title IV of the Public Health Service Act with respect to cancer, \$2,547,314,000.

NATIONAL HEART, LUNG, AND BLOOD INSTITUTE

For carrying out section 301 and title IV of the Public Health Service Act with respect to cardiovascular, lung, and blood diseases, and blood and blood products, \$1,531,061,000.

NATIONAL INSTITUTE OF DENTAL RESEARCH

For carrying out section 301 and title IV of the Public Health Service Act with respect to dental disease, \$209,415,000.

NATIONAL INSTITUTE OF DIABETES AND DIGESTIVE AND KIDNEY DISEASES

For carrying out section 301 and title IV of the Public Health Service Act with respect to diabetes and digestive and kidney disease, \$873,860,000.

NATIONAL INSTITUTE OF NEUROLOGICAL DISORDERS AND STROKE

For carrying out section 301 and title IV of the Public Health Service Act with respect to neurological disorders and stroke, \$780,713,000.

NATIONAL INSTITUTE OF ALLERGY AND INFECTIOUS DISEASES

For carrying out section 301 and title IV of the Public Health Service Act with respect to allergy and infectious diseases, \$1,351,655,000.

NATIONAL INSTITUTE OF GENERAL MEDICAL SCIENCES

For carrying out section 301 and title IV of the Public Health Service Act with respect to general medical sciences, \$1,065,947,000.

NATIONAL INSTITUTE OF CHILD HEALTH AND HUMAN DEVELOPMENT

For carrying out section 301 and title IV of the Public Health Service Act with respect to child health and human development, \$674,766,000.

NATIONAL EYE INSTITUTE

For carrying out section 301 and title IV of the Public Health Service Act with respect to eye diseases and visual disorders, \$355,691,000.

NATIONAL INSTITUTE OF ENVIRONMENTAL HEALTH SCIENCES

For carrying out sections 301 and 311 and title IV of the Public Health Service Act with respect to environmental health sciences, \$330,108,000.

NATIONAL INSTITUTE ON AGING

For carrying out section 301 and title IV of the Public Health Service Act with respect to aging, \$519,279,000.

NATIONAL INSTITUTE OF ARTHRITIS AND MUSCULOSKELETAL AND SKIN DISEASES

For carrying out section 301 and title IV of the Public Health Service Act with respect to arthritis and musculoskeletal and skin diseases, \$274,760,000.

NATIONAL INSTITUTE ON DEAFNESS AND OTHER COMMUNICATION
DISORDERS

For carrying out section 301 and title IV of the Public Health Service Act with respect to deafness and other communication disorders, \$200,695,000.

NATIONAL INSTITUTE OF NURSING RESEARCH

For carrying out section 301 and title IV of the Public Health Service Act with respect to nursing research, \$63,597,000.

NATIONAL INSTITUTE ON ALCOHOL ABUSE AND ALCOHOLISM

For carrying out section 301 and title IV of the Public Health Service Act with respect to alcohol abuse and alcoholism, \$227,175,000.

NATIONAL INSTITUTE ON DRUG ABUSE

For carrying out section 301 and title IV of the Public Health Service Act with respect to drug abuse, \$527,175,000.

NATIONAL INSTITUTE OF MENTAL HEALTH

For carrying out section 301 and title IV of the Public Health Service Act with respect to mental health, \$750,241,000.

NATIONAL HUMAN GENOME RESEARCH INSTITUTE

For carrying out section 301 and title IV of the Public Health Service Act with respect to human genome research, \$217,704,000.

NATIONAL CENTER FOR RESEARCH RESOURCES

For carrying out section 301 and title IV of the Public Health Service Act with respect to research resources and general research support grants, \$453,883,000: *Provided*, That none of these funds shall be used to pay recipients of the general research support grants program any amount for indirect expenses in connection with such grants: *Provided further*, That \$20,000,000 shall be for extramural facilities construction grants.

JOHN E. FOGARTY INTERNATIONAL CENTER

For carrying out the activities at the John E. Fogarty International Center, \$28,289,000.

NATIONAL LIBRARY OF MEDICINE

For carrying out section 301 and title IV of the Public Health Service Act with respect to health information communications, \$161,185,000, of which \$4,000,000 shall be available until expended for improvement of information systems: *Provided*, That in fiscal year 1998, the Library may enter into personal services contracts for the provision of services in facilities owned, operated, or constructed under the jurisdiction of the National Institutes of Health.

OFFICE OF THE DIRECTOR

(INCLUDING TRANSFER OF FUNDS)

Notification.

For carrying out the responsibilities of the Office of the Director, National Institutes of Health, \$296,373,000, of which \$40,536,000 shall be for the Office of AIDS Research: *Provided*, That funding shall be available for the purchase of not to exceed five passenger motor vehicles for replacement only: *Provided further*, That the Director may direct up to 1 percent of the total amount made available in this or any other Act to all National Institutes of Health appropriations to activities the Director may so designate: *Provided further*, That no such appropriation shall be decreased by more than 1 percent by any such transfers and that the Congress is promptly notified of the transfer: *Provided further*, That NIH is authorized to collect third party payments for the cost of clinical services that are incurred in National Institutes of Health research facilities and that such payments shall be credited to the National Institutes of Health Management Fund: *Provided further*, That all funds credited to the NIH Management Fund shall remain available for one fiscal year after the fiscal year in which they are deposited: *Provided further*, That up to \$500,000 shall be available to carry out section 499 of the Public Health Service Act: *Provided further*, That, notwithstanding section 499(k)(10) of the Public Health Service Act, funds from the National Foundation for Biomedical Research may be transferred to the National Institutes of Health: *Provided further*, That \$20,000,000 shall be available to carry out section 404E of the Public Health Service Act: *Provided further*, That of the funds available to carry out section 404E of the Public Health Service Act, not less than \$7,000,000 shall be for peer reviewed complementary and alternative medicine research grants and contracts that respond to program announcements and requests for proposals issued by the Office of Alternative Medicine.

BUILDINGS AND FACILITIES

For the study of, construction of, and acquisition of equipment for, facilities of or used by the National Institutes of Health, including the acquisition of real property, \$206,957,000, to remain available until expended, of which \$90,000,000 shall be for the clinical research center and \$16,957,000 for the Vaccine Facility: *Provided*, That notwithstanding any other provision of law, a single contract or related contracts for the development and construction of the clinical research center may be employed which collectively include the full scope of the project: *Provided further*, That the solicitation and contract shall contain the clause “availability of funds” found at 48 CFR 52.232-18: *Provided further*, That notwithstanding any other provision of law, a single contract or related contracts for the development and construction of the Vaccine Facility may be employed which collectively include the full scope of the project: *Provided further*, That the solicitation and contract shall contain the clause “availability of funds” found in 48 CFR 52.232-18.

SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION

SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES

For carrying out titles V and XIX of the Public Health Service Act with respect to substance abuse and mental health services, the Protection and Advocacy for Mentally Ill Individuals Act of 1986, and section 301 of the Public Health Service Act with respect to program management, \$2,146,743,000, of which \$10,000,000 shall be for grants to rural and Native American projects: *Provided*, That notwithstanding any other provision of law, each State's allotment for fiscal year 1998 for each of the programs under subparts I and II of part B of title XIX of the Public Health Service Act shall be equal to such State's allotment for such programs for fiscal year 1997.

RETIREMENT PAY AND MEDICAL BENEFITS FOR COMMISSIONED OFFICERS

For retirement pay and medical benefits of Public Health Service Commissioned Officers as authorized by law, and for payments under the Retired Serviceman's Family Protection Plan and Survivor Benefit Plan and for medical care of dependents and retired personnel under the Dependents' Medical Care Act (10 U.S.C. ch. 55), and for payments pursuant to section 229(b) of the Social Security Act (42 U.S.C. 429(b)), such amounts as may be required during the current fiscal year.

AGENCY FOR HEALTH CARE POLICY AND RESEARCH

HEALTH CARE POLICY AND RESEARCH

For carrying out titles III and IX of the Public Health Service Act, and part A of title XI of the Social Security Act, \$90,229,000; in addition, amounts received from Freedom of Information Act fees, reimbursable and interagency agreements, and the sale of data tapes shall be credited to this appropriation and shall remain available until expended: *Provided*, That the amount made available pursuant to section 926(b) of the Public Health Service Act shall not exceed \$56,206,000.

HEALTH CARE FINANCING ADMINISTRATION

GRANTS TO STATES FOR MEDICAID

For carrying out, except as otherwise provided, titles XI and XIX of the Social Security Act, \$71,602,429,000, to remain available until expended.

For making, after May 31, 1998, payments to States under title XIX of the Social Security Act for the last quarter of fiscal year 1998 for unanticipated costs, incurred for the current fiscal year, such sums as may be necessary.

For making payments to States under title XIX of the Social Security Act for the first quarter of fiscal year 1999, \$27,800,689,000, to remain available until expended.

Payment under title XIX may be made for any quarter with respect to a State plan or plan amendment in effect during such quarter, if submitted in or prior to such quarter and approved in that or any subsequent quarter.

PAYMENTS TO HEALTH CARE TRUST FUNDS

For payment to the Federal Hospital Insurance and the Federal Supplementary Medical Insurance Trust Funds, as provided under sections 217(g) and 1844 of the Social Security Act, sections 103(c) and 111(d) of the Social Security Amendments of 1965, section 278(d) of Public Law 97-248, and for administrative expenses incurred pursuant to section 201(g) of the Social Security Act, \$60,904,000,000.

PROGRAM MANAGEMENT

For carrying out, except as otherwise provided, titles XI, XVIII, XIX and XXI of the Social Security Act, titles XIII and XXVII of the Public Health Service Act, and the Clinical Laboratory Improvement Amendments of 1988, not to exceed \$1,743,066,000 to be transferred from the Federal Hospital Insurance and the Federal Supplementary Medical Insurance Trust Funds, as authorized by section 201(g) of the Social Security Act; together with all funds collected in accordance with section 353 of the Public Health Service Act and such sums as may be collected from authorized user fees and the sale of data, which shall remain available until expended, and together with administrative fees collected relative to Medicare overpayment recovery activities, which shall remain available until expended: *Provided*, That all funds derived in accordance with 31 U.S.C. 9701 from organizations established under title XIII of the Public Health Service Act shall be credited to and available for carrying out the purposes of this appropriation: *Provided further*, That \$900,000 shall be for carrying out section 4021 of Public Law 105-33: *Provided further*, That in carrying out its legislative mandate, the National Bipartisan Commission on the Future of Medicare shall examine the impact of increased investments in health research on future Medicare costs, and the potential for coordinating Medicare with cost-effective long-term care services: *Provided further*, That \$40,000,000 appropriated under this heading for the transition to a single Part A and Part B processing system shall remain available until expended: *Provided further*, That funds appropriated under this heading may be obligated to increase Medicare provider audits and implement the Department's corrective action plan to the Chief Financial Officer's audit of the Health Care Financing Administration's oversight of Medicare: *Provided further*, That the Secretary of Health and Human Services is directed to collect, in aggregate, \$95,000,000 in fees in fiscal year 1998 from Medicare+Choice organizations pursuant to section 1857(e)(2) of the Social Security Act and from eligible organizations with risk-sharing contracts under section 1876 of that Act pursuant to section 1876(k)(4)(D) of that Act.

42 USC 1395b
note.

HEALTH MAINTENANCE ORGANIZATION LOAN AND LOAN GUARANTEE
FUND

For carrying out subsections (d) and (e) of section 1308 of the Public Health Service Act, any amounts received by the Secretary in connection with loans and loan guarantees under title XIII of the Public Health Service Act, to be available without fiscal year limitation for the payment of outstanding obligations. During fiscal year 1998, no commitments for direct loans or loan guarantees shall be made.

ADMINISTRATION FOR CHILDREN AND FAMILIES

FAMILY SUPPORT PAYMENTS TO STATES

For making payments to each State for carrying out the program of Aid to Families with Dependent Children under title IV-A of the Social Security Act before the effective date of the program of Temporary Assistance to Needy Families (TANF) with respect to such State, such sums as may be necessary: *Provided*, That the sum of the amounts available to a State with respect to expenditures under such title IV-A in fiscal year 1997 under this appropriation and under such title IV-A as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 shall not exceed the limitations under section 116(b) of such Act: *Provided further*, That, notwithstanding section 418(a) of the Social Security Act, for fiscal year 1997 only, the amount of payment under section 418(a)(1) to which each State is entitled shall equal the amount specified as mandatory funds with respect to such State for such fiscal year in the table transmitted by the Administration for Children and Families to State Child Care and Development Block Grant Lead Agencies on August 27, 1996, and the amount of State expenditures in fiscal year 1994 or 1995 (whichever is greater) that equals the non-Federal share for the programs described in section 418(a)(1)(A) shall be deemed to equal the amount specified as maintenance of effort with respect to such State for fiscal year 1997 in such table.

For making, after May 31 of the current fiscal year, payments to States or other non-Federal entities under titles I, IV-D, X, XI, XIV, and XVI of the Social Security Act and the Act of July 5, 1960 (24 U.S.C. ch. 9), for the last three months of the current year for unanticipated costs, incurred for the current fiscal year, such sums as may be necessary.

For making payments to States or other non-Federal entities under titles I, IV-D, X, XI, XIV, and XVI of the Social Security Act and the Act of July 5, 1960 (24 U.S.C. ch. 9), for the first quarter of fiscal year 1999, \$660,000,000, to remain available until expended.

LOW INCOME HOME ENERGY ASSISTANCE

For making payments under title XXVI of the Omnibus Budget Reconciliation Act of 1981, \$1,100,000,000, to be available for obligation in the period October 1, 1998 through September 30, 1999.

For making payments under title XXVI of such Act, \$300,000,000: *Provided*, That these funds are hereby designated by Congress to be emergency requirements pursuant to section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985: *Provided further*, That these funds shall be made available only after submission to Congress of a formal budget request by the President that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act.

REFUGEE AND ENTRANT ASSISTANCE

For making payments for refugee and entrant assistance activities authorized by title IV of the Immigration and Nationality Act and section 501 of the Refugee Education Assistance Act of

1980 (Public Law 96-422), \$415,000,000: *Provided*, That funds appropriated pursuant to section 414(a) of the Immigration and Nationality Act under Public Law 104-134 for fiscal year 1996 shall be available for the costs of assistance provided and other activities conducted in such year and in fiscal years 1997 and 1998.

CHILD CARE AND DEVELOPMENT BLOCK GRANT

(INCLUDING TRANSFER OF FUNDS)

For carrying out sections 658A through 658R of the Omnibus Budget Reconciliation Act of 1981 (The Child Care and Development Block Grant Act of 1990), in addition to amounts already appropriated for fiscal year 1998, \$65,672,000; and to become available on October 1, 1998 and remain available through September 30, 1999, \$1,000,000,000: *Provided*, That of funds appropriated for each of fiscal years 1998 and 1999, \$19,120,000 shall be available for child care resource and referral and school-aged child care activities, of which for fiscal year 1998 \$3,000,000 shall be derived from an amount that shall be transferred from the amount appropriated under section 452(j) of the Social Security Act (42 U.S.C. 652(j)) for fiscal year 1997 and remaining available for expenditure: *Provided further*, That of the funds provided for fiscal year 1998, \$50,000,000 shall be reserved by the States for activities authorized under section 658G of the Omnibus Budget Reconciliation Act of 1981 (The Child Care and Development Block Grant Act of 1990), such funds to be in addition to the amounts required to be reserved by States under such section 658G.

SOCIAL SERVICES BLOCK GRANT

For making grants to States pursuant to section 2002 of the Social Security Act, \$2,299,000,000: *Provided*, That notwithstanding section 2003(c) of such Act, as amended, the amount specified for allocation under such section for fiscal year 1998 shall be \$2,299,000,000.

CHILDREN AND FAMILIES SERVICES PROGRAMS

(INCLUDING RESCISSIONS)

For carrying out, except as otherwise provided, the Runaway and Homeless Youth Act, the Developmental Disabilities Assistance and Bill of Rights Act, the Head Start Act, the Child Abuse Prevention and Treatment Act (including section 105(a)(2) of the Child Abuse Prevention and Treatment Act), the Family Violence Prevention and Services Act, the Native American Programs Act of 1974, title II of Public Law 95-266 (adoption opportunities), the Abandoned Infants Assistance Act of 1988, part B(1) of title IV and sections 413, 429A and 1110 of the Social Security Act; for making payments under the Community Services Block Grant Act; and for necessary administrative expenses to carry out said Acts and titles I, IV, X, XI, XIV, XVI, and XX of the Social Security Act, the Act of July 5, 1960 (24 U.S.C. ch. 9), the Omnibus Budget Reconciliation Act of 1981, title IV of the Immigration and Nationality Act, section 501 of the Refugee Education Assistance Act of 1980, and section 126 and titles IV and V of Public Law 100-485, \$5,682,916,000, of which \$542,165,000 shall be for making

payments under the Community Services Block Grant Act, and of which \$4,355,000,000 shall be for making payments under the Head Start Act: *Provided*, That of the funds made available for the Head Start Act, \$279,250,000 shall be set aside for the Head Start Program for Families with Infants and Toddlers (Early Head Start): *Provided further*, That to the extent Community Services Block Grant funds are distributed as grant funds by a State to an eligible entity as provided under the Act, and have not been expended by such entity, they shall remain with such entity for carryover into the next fiscal year for expenditure by such entity consistent with program purposes.

In addition, \$93,000,000, to be derived from the Violent Crime Reduction Trust Fund, for carrying out sections 40155, 40211 and 40241 of Public Law 103-322.

Funds appropriated for fiscal year 1998 under section 429A(e), part B of title IV of the Social Security Act shall be reduced by \$6,000,000.

Funds appropriated for fiscal year 1998 under section 413(h)(1) of the Social Security Act shall be reduced by \$15,000,000.

FAMILY PRESERVATION AND SUPPORT

For carrying out section 430 of the Social Security Act, \$255,000,000.

PAYMENTS TO STATES FOR FOSTER CARE AND ADOPTION ASSISTANCE

For making payments to States or other non-Federal entities, under title IV-E of the Social Security Act, \$3,200,000,000.

For making payments to States or other non-Federal entities, under title IV-E of the Social Security Act, for the first quarter of fiscal year 1999, \$1,157,500,000.

ADMINISTRATION ON AGING

AGING SERVICES PROGRAMS

For carrying out, to the extent not otherwise provided, the Older Americans Act of 1965, as amended, \$865,050,000: *Provided*, That notwithstanding section 308(b)(1) of such Act, the amounts available to each State for administration of the State plan under title III of such Act shall be reduced not more than 5 percent below the amount that was available to such State for such purpose for fiscal year 1995: *Provided further*, That of the funds appropriated to carry out section 303(a)(1) of such Act, \$4,449,000 shall be available for carrying out section 702(a) of such Act and \$4,732,000 shall be available for carrying out section 702(b) of such Act: *Provided further*, That in considering grant applications for nutrition services for elder Indian recipients, the Assistant Secretary shall provide maximum flexibility to applicants who seek to take into account subsistence, local customs, and other characteristics that are appropriate to the unique cultural, regional, and geographic needs of the American Indian, Alaska and Hawaiian Native communities to be served.

OFFICE OF THE SECRETARY

GENERAL DEPARTMENTAL MANAGEMENT

For necessary expenses, not otherwise provided, for general departmental management, including hire of six sedans, and for carrying out titles III, XVII, and XX of the Public Health Service Act, and the United States-Mexico Border Health Commission Act, \$171,631,000, of which \$500,000 shall remain available until expended, together with \$5,851,000, to be transferred and expended as authorized by section 201(g)(1) of the Social Security Act from the Hospital Insurance Trust Fund and the Supplemental Medical Insurance Trust Fund: *Provided*, That of the funds made available under this heading for carrying out title XVII of the Public Health Service Act, \$1,500,000 shall be available until expended for extramural construction.

OFFICE OF INSPECTOR GENERAL

For expenses necessary for the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, \$31,921,000.

OFFICE FOR CIVIL RIGHTS

For expenses necessary for the Office for Civil Rights, \$16,345,000, together with not to exceed \$3,314,000, to be transferred and expended as authorized by section 201(g)(1) of the Social Security Act from the Hospital Insurance Trust Fund and the Supplemental Medical Insurance Trust Fund.

POLICY RESEARCH

For carrying out, to the extent not otherwise provided, research studies under section 1110 of the Social Security Act, \$14,000,000.

GENERAL PROVISIONS

SEC. 201. Funds appropriated in this title shall be available for not to exceed \$37,000 for official reception and representation expenses when specifically approved by the Secretary.

Children, youth
and families.
AIDS.

SEC. 202. The Secretary shall make available through assignment not more than 60 employees of the Public Health Service to assist in child survival activities and to work in AIDS programs through and with funds provided by the Agency for International Development, the United Nations International Children's Emergency Fund or the World Health Organization.

SEC. 203. None of the funds appropriated under this Act may be used to implement section 399L(b) of the Public Health Service Act or section 1503 of the National Institutes of Health Revitalization Act of 1993, Public Law 103-43.

SEC. 204. None of the funds appropriated in this Act for the National Institutes of Health and the Substance Abuse and Mental Health Services Administration shall be used to pay the salary of an individual, through a grant or other extramural mechanism, at a rate in excess of \$125,000 per year.

SEC. 205. None of the funds appropriated in this Act may be expended pursuant to section 241 of the Public Health Service Act, except for funds specifically provided for in this Act, or for

other taps and assessments made by any office located in the Department of Health and Human Services, prior to the Secretary's preparation and submission of a report to the Committee on Appropriations of the Senate and of the House detailing the planned uses of such funds.

SEC. 206. None of the funds appropriated in this Act may be obligated or expended for the Federal Council on Aging under the Older Americans Act or the Advisory Board on Child Abuse and Neglect under the Child Abuse Prevention and Treatment Act.

(TRANSFER OF FUNDS)

SEC. 207. Not to exceed 1 percent of any discretionary funds (pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended) which are appropriated for the current fiscal year for the Department of Health and Human Services in this Act may be transferred between appropriations, but no such appropriation shall be increased by more than 3 percent by any such transfer: *Provided*, That the Appropriations Committees of both Houses of Congress are notified at least fifteen days in advance of any transfer.

SEC. 208. The Director of the National Institutes of Health, jointly with the Director of the Office of AIDS Research, may transfer up to 3 percent among institutes, centers, and divisions from the total amounts identified by these two Directors as funding for research pertaining to the human immunodeficiency virus: *Provided*, That the Congress is promptly notified of the transfer.

SEC. 209. Of the amounts made available in this Act for the National Institutes of Health, the amount for research related to the human immunodeficiency virus, as jointly determined by the Director of NIH and the Director of the Office of AIDS Research, shall be made available to the "Office of AIDS Research" account. The Director of the Office of AIDS Research shall transfer from such account amounts necessary to carry out section 2353(d)(3) of the Public Health Service Act.

SEC. 210. Funds appropriated in this Act for the National Institutes of Health may be used to provide transit subsidies in amounts consistent with the transportation subsidy programs authorized under section 629 of Public Law 101–509 to non-FTE bearing positions including trainees, visiting fellows and volunteers.

SEC. 211. (a) The Secretary of Health and Human Services may in accordance with this section provide for the relocation of the Federal facility known as the Gillis W. Long Hansen's Disease Center (located in the vicinity of Carville, in the State of Louisiana), including the relocation of the patients of the Center.

42 USC 247e
note.

(b)(1) Subject to paragraph (2), in relocating the Center the Secretary may on behalf of the United States transfer to the State of Louisiana, without charge, title to the real property and improvements that as of the date of the enactment of this Act constitute the Center. Such real property is a parcel consisting of approximately 330 acres. The exact acreage and legal description used for purposes of the transfer shall be in accordance with a survey satisfactory to the Secretary.

(2) Any conveyance under paragraph (1) is not effective unless the deed or other instrument of conveyance contains the conditions specified in subsection (d); the instrument specifies that the United States and the State of Louisiana agree to such conditions; and

the instrument specifies that, if the State engages in a material breach of the conditions, title to the real property and improvements involved reverts to the United States at the election of the Secretary.

(c)(1) With respect to Federal equipment and other items of Federal personal property that are in use at the Center as of the date of the enactment of this Act, the Secretary may, subject to paragraph (2), transfer to the State such items as the Secretary determines to be appropriate, if the Secretary makes the transfer under subsection (b).

(2) A transfer of equipment or other items may be made under paragraph (1) only if the State agrees that, during the 30-year period beginning on the date on which the transfer under subsection (b) is made, the items will be used exclusively for purposes that promote the health or education of the public, except that the Secretary may authorize such exceptions as the Secretary determines to be appropriate.

(d) For purposes of subsection (b)(2), the conditions specified in this subsection with respect to a transfer of title are the following:

(1) During the 30-year period beginning on the date on which the transfer is made, the real property and improvements referred to in subsection (b)(1) (referred to in this subsection as the “transferred property”) will be used exclusively for purposes that promote the health or education of the public, with such incidental exceptions as the Secretary may approve.

(2) For purposes of monitoring the extent to which the transferred property is being used in accordance with paragraph (1), the Secretary will have access to such documents as the Secretary determines to be necessary, and the Secretary may require the advance approval of the Secretary for such contracts, conveyances of real or personal property, or other transactions as the Secretary determines to be necessary.

(3) The relocation of patients from the transferred property will be completed not later than 3 years after the date on which the transfer is made, except to the extent the Secretary determines that relocating particular patients is not feasible. During the period of relocation, the Secretary will have unrestricted access to the transferred property, and after such period will have such access as may be necessary with respect to the patients who pursuant to the preceding sentence are not relocated.

(4)(A) With respect to projects to make repairs and energy-related improvements at the transferred property, the Secretary will provide for the completion of all such projects for which contracts have been awarded and appropriations have been made as of the date on which the transfer is made.

(B) If upon completion of the projects referred to in subparagraph (A) there are any unobligated balances of amounts appropriated for the projects, and the sum of such balances is in excess of \$100,000—

(i) the Secretary will transfer the amount of such excess to the State; and

(ii) the State will expend such amount for the purposes referred to in paragraph (1), which may include the renovation of facilities at the transferred property.

(5)(A) The State will maintain the cemetery located on the transferred property, will permit individuals who were long-

term-care patients of the Center to be buried at the cemetery, and will permit members of the public to visit the cemetery.

(B) The State will permit the Center to maintain a museum on the transferred property, and will permit members of the public to visit the museum.

(C) In the case of any waste products stored at the transferred property as of the date of the transfer, the Federal Government will after the transfer retain title to and responsibility for the products, and the State will not require that the Federal Government remove the products from the transferred property.

(6) In the case of each individual who as of the date of the enactment of this Act is a Federal employee at the transferred property with facilities management or dietary duties:

(A) The State will offer the individual an employment position with the State, the position with the State will have duties similar to the duties the individual performed in his or her most recent position at the transferred property, and the position with the State will provide compensation and benefits that are similar to the compensation and benefits provided for such most recent position, subject to the concurrence of the Governor of the State.

(B) If the individual becomes an employee of the State pursuant to subparagraph (A), the State will make payments in accordance with subsection (e)(2)(B) (relating to disability), as applicable with respect to the individual.

(7) The Federal Government may, consistent with the intended uses by the State of the transferred property, carry out at such property activities regarding at-risk youth.

(8) Such additional conditions as the Secretary determines to be necessary to protect the interests of the United States.

(e)(1) This subsection applies if the transfer under subsection (b) is made. Applicability.

(2) In the case of each individual who as of the date of the enactment of this Act is a Federal employee at the Center with facilities management or dietary duties, and who becomes an employee of the State pursuant to subsection (d)(6)(A):

(A) The provisions of subchapter III of chapter 83 of title 5, United States Code, or of chapter 84 of such title, whichever are applicable, that relate to disability shall be considered to remain in effect with respect to the individual (subject to subparagraph (C)) until the earlier of—

(i) the expiration of the 2-year period beginning on the date on which the transfer under subsection (b) is made; or

(ii) the date on which the individual first meets all conditions for coverage under a State program for payments during retirement by reason of disability.

(B) The payments to be made by the State pursuant to subsection (d)(6)(B) with respect to the individual are payments to the Civil Service Retirement and Disability Fund, if the individual is receiving Federal disability coverage pursuant to subparagraph (A). Such payments are to be made in a total amount equal to that portion of the normal-cost percentage (determined through the use of dynamic assumptions) of the basic pay of the individual that is allocable to such coverage

and is paid for service performed during the period for which such coverage is in effect. Such amount is to be determined in accordance with chapter 84 of such title 5, is to be paid at such time and in such manner as mutually agreed by the State and the Office of Personnel Management, and is in lieu of individual or agency contributions otherwise required.

(C) In the determination pursuant to subparagraph (A) of whether the individual is eligible for Federal disability coverage (during the applicable period of time under such subparagraph), service as an employee of the State after the date of the transfer under subsection (b) shall be counted toward the service requirement specified in the first sentence of section 8337(a) or 8451(a)(1)(A) of such title 5 (whichever is applicable).

(3) In the case of each individual who as of the date of the enactment of this Act is a Federal employee with a position at the Center and is, for duty at the Center, receiving the pay differential under section 208(e) of the Public Health Service Act or under section 5545(d) of title 5, United States Code:

(A) If as of the date of the transfer under subsection (b) the individual is eligible for an annuity under section 8336 or 8412 of title 5, United States Code, then once the individual separates from the service and thereby becomes entitled to receive the annuity, the pay differential shall be included in the computation of the annuity if the individual separated from the service not later than the expiration of the 90-day period beginning on the date of the transfer.

(B) If the individual is not eligible for such an annuity as of the date of the transfer under subsection (b) but subsequently does become eligible, then once the individual separates from the service and thereby becomes entitled to receive the annuity, the pay differential shall be included in the computation of the annuity if the individual separated from the service not later than the expiration of the 90-day period beginning on the date on which the individual first became eligible for the annuity.

(C) For purposes of this paragraph, the individual is eligible for the annuity if the individual meets all conditions under such section 8336 or 8412 to be entitled to the annuity, except the condition that the individual be separated from the service.

(4) With respect to individuals who as of the date of the enactment of this Act are Federal employees with positions at the Center and are not, for duty at the center, receiving the pay differential under section 208(e) of the Public Health Service Act or under section 5545(d) of title 5, United States Code:

(A) During the calendar years 1997 and 1998, the Secretary may in accordance with this paragraph provide to any such individual a voluntary separation incentive payment. The purpose of such payments is to avoid or minimize the need for involuntary separations under a reduction in force with respect to the Center.

(B) During calendar year 1997, any payment under subparagraph (A) shall be made under section 663 of the Treasury, Postal Service, and General Government Appropriations Act, 1997 (as contained in section 101(f) of division A of Public Law 104-208), except that, for purposes of this subparagraph, subsection (b) of such section 663 does not apply.

(C) During calendar year 1998, such section 663 applies with respect to payments under subparagraph (A) to the same extent and in the same manner as such section applied with respect to the payments during fiscal year 1997, and for purposes of this subparagraph, the reference in subsection (c)(2)(D) of such section 663 to December 31, 1997, is deemed to be a reference to December 31, 1998. Applicability.

(f) The following provisions apply if under subsection (a) the Secretary makes the decision to relocate the Center: Applicability.

(1) The site to which the Center is relocated shall be in the vicinity of Baton Rouge, in the State of Louisiana.

(2) The facility involved shall continue to be designated as the Gillis W. Long Hansen's Disease Center.

(3) The Secretary shall make reasonable efforts to inform the patients of the Center with respect to the planning and carrying out of the relocation.

(4) In the case of each individual who as of October 1, 1996, was a patient of the Center and is considered by the Director of the Center to be a long-term-care patient (referred to in this subsection as an "eligible patient"), the Secretary shall continue to provide for the long-term care of the eligible patient, without charge, for the remainder of the life of the patient.

(5)(A) For purposes of paragraph (4), an eligible patient who is legally competent has the following options with respect to support and maintenance and other nonmedical expenses:

(i) For the remainder of his or her life, the patient may reside at the Center.

(ii) For the remainder of his or her life, the patient may receive payments each year at an annual rate of \$33,000 (adjusted in accordance with subparagraphs (C) and (D)), and may not reside at the Center. Payments under this clause are in complete discharge of the obligation of the Federal Government under paragraph (4) for support and maintenance and other nonmedical expenses of the patient.

(B) The choice by an eligible patient of the option under clause (i) of subparagraph (A) may at any time be revoked by the patient, and the patient may instead choose the option under clause (ii) of such subparagraph. The choice by an eligible patient of the option under such clause (ii) is irrevocable.

(C) Payments under subparagraph (A)(ii) shall be made on a monthly basis, and shall be pro rated as applicable. In 1999 and each subsequent year, the monthly amount of such payments shall be increased by a percentage equal to any percentage increase taking effect under section 215(i) of the Social Security Act (relating to a cost-of-living increase) for benefits under title II of such Act (relating to Federal old-age, survivors, and disability insurance benefits). Any such percentage increase in monthly payments under subparagraph (A)(ii) shall take effect in the same month as the percentage increase under such section 215(i) takes effect.

(D) With respect to the provision of outpatient and inpatient medical care for Hansen's disease and related complications to an eligible patient:

(i) The choice the patient makes under subparagraph (A) does not affect the responsibility of the Secretary for providing to the patient such care at or through the Center.

(ii) If the patient chooses the option under subparagraph (A)(ii) and receives inpatient care at or through the Center, the Secretary may reduce the amount of payments under such subparagraph, except to the extent that reimbursement for the expenses of such care is available to the provider of the care through the program under title XVIII of the Social Security Act or the program under title XIX of such Act. Any such reduction shall be made on the basis of the number of days for which the patient received the inpatient care.

(6) The Secretary shall provide to each eligible patient such information and time as may be necessary for the patient to make an informed decision regarding the options under paragraph (5)(A).

(7) After the date of the enactment of this Act, the Center may not provide long-term care for any individual who as of such date was not receiving such care as a patient of the Center.

(8) If upon completion of the projects referred to in subsection (d)(4)(A) there are unobligated balances of amounts appropriated for the projects, such balances are available to the Secretary for expenses relating to the relocation of the Center, except that, if the sum of such balances is in excess of \$100,000, such excess is available to the State in accordance with subsection (d)(4)(B). The amounts available to the Secretary pursuant to the preceding sentence are available until expended.

(g) For purposes of this section:

(1) The term “Center” means the Gillis W. Long Hansen’s Disease Center.

(2) The term “Secretary” means the Secretary of Health and Human Services.

(3) The term “State” means the State of Louisiana.

(h) Section 320 of the Public Health Service Act (42 U.S.C. 247e) is amended by striking the section designation and all that follows and inserting the following:

Louisiana.

“SEC. 320. (a)(1) At or through the Gillis W. Long Hansen’s Disease Center (located in the State of Louisiana), the Secretary shall without charge provide short-term care and treatment, including outpatient care, for Hansen’s disease and related complications to any person determined by the Secretary to be in need of such care and treatment. The Secretary may not at or through such Center provide long-term care for any such disease or complication.

“(2) The Center referred to in paragraph (1) shall conduct training in the diagnosis and management of Hansen’s disease and related complications, and shall conduct and promote the coordination of research (including clinical research), investigations, demonstrations, and studies relating to the causes, diagnosis, treatment, control, and prevention of Hansen’s disease and other mycobacterial diseases and complications related to such diseases.

“(3) Paragraph (1) is subject to section 211 of the Department of Health and Human Services Appropriations Act, 1998.

“(b) In addition to the Center referred to in subsection (a), the Secretary may establish sites regarding persons with Hansen’s

disease. Each such site shall provide for the outpatient care and treatment for Hansen's disease and related complications to any person determined by the Secretary to be in need of such care and treatment.

“(c) The Secretary shall carry out subsections (a) and (b) acting through an agency of the Service. For purposes of the preceding sentence, the agency designated by the Secretary shall carry out both activities relating to the provision of health services and activities relating to the conduct of research.

“(d) The Secretary shall make payments to the Board of Health of the State of Hawaii for the care and treatment (including outpatient care) in its facilities of persons suffering from Hansen's disease at a rate determined by the Secretary. The rate shall be approximately equal to the operating cost per patient of such facilities, except that the rate may not exceed the comparable costs per patient with Hansen's disease for care and treatment provided by the Center referred to in subsection (a). Payments under this subsection are subject to the availability of appropriations for such purpose.”

SEC. 212. None of the funds appropriated in the Act may be made available to any entity under title X of the Public Health Service Act unless the applicant for the award certifies to the Secretary that it encourages family participation in the decision of minors to seek family planning services and that it provides counseling to minors on how to resist attempts to coerce minors into engaging in sexual activities.

COMPREHENSIVE INDEPENDENT STUDY OF NIH RESEARCH PRIORITY
SETTING

SEC. 213. (a) STUDY BY THE INSTITUTE OF MEDICINE.—Not later than 30 days after the date of enactment of this Act, the Secretary of Health and Human Services shall enter into a contract with the Institute of Medicine to conduct a comprehensive study of the policies and process used by the National Institutes of Health to determine funding allocations for biomedical research.

Contracts.

(b) MATTERS TO BE ASSESSED.—The study under subsection (a) shall assess—

(1) the factors or criteria used by the National Institutes of Health to determine funding allocations for disease research;

(2) the process by which research funding decisions are made;

(3) the mechanisms for public input into the priority setting process; and

(4) the impact of statutory directives on research funding decisions.

(c) REPORT.—

(1) IN GENERAL.—Not later than 6 months after the date on which the Secretary of Health and Human Services enters into the contract under subsection (a), the Institute of Medicine shall submit a report concerning the study to the Committee on Labor and Human Resources and the Committee on Appropriations of the Senate, and the Committee on Commerce and the Committee on Appropriations of the House of Representatives.

(2) REQUIREMENT.—The report under paragraph (1) shall set forth the findings, conclusions, and recommendations of the Institute of Medicine for improvements in the National

Institutes of Health research funding policies and processes and for any necessary congressional action.

This title may be cited as the “Department of Health and Human Services Appropriations Act, 1998”.

Department of
Education
Appropriations
Act, 1998.

TITLE III—DEPARTMENT OF EDUCATION

EDUCATION REFORM

For carrying out activities authorized by titles III and IV of the Goals 2000: Educate America Act, the School-to-Work Opportunities Act, and sections 3132, 3136, and 3141 and parts B, C, and D of title III of the Elementary and Secondary Education Act of 1965, \$1,275,035,000, of which \$464,500,000 for the Goals 2000: Educate America Act and \$200,000,000 for the School-to-Work Opportunities Act shall become available on July 1, 1998, and remain available through September 30, 1999: *Provided*, That none of the funds appropriated under this heading shall be obligated or expended to carry out section 304(a)(2)(A) of the Goals 2000: Educate America Act, except that no more than \$1,500,000 may be used to carry out activities under section 314(a)(2) of that Act: *Provided further*, That section 315(a)(2) of the Goals 2000 Act shall not apply: *Provided further*, That up to one-half of 1 percent of the amount available under section 3132 shall be set aside for the outlying areas, to be distributed on the basis of their relative need as determined by the Secretary in accordance with the purposes of the program: *Provided further*, That if any State educational agency does not apply for a grant under section 3132, that State’s allotment under section 3131 shall be reserved by the Secretary for grants to local educational agencies in that State that apply directly to the Secretary according to the terms and conditions published by the Secretary in the Federal Register: *Provided further*, That of the funds made available under section 3136, \$5,000,000 shall be provided to the Hospitals, Universities, Businesses, and Schools program to develop a regional information infrastructure in the mid-Atlantic region, \$7,300,000 shall be for the “I Can Learn” project to integrate technology into eighth grade algebra classrooms and \$800,000 shall be provided for a distance education network involving a consortium of nine school districts and Nicolet Area Technical College: *Provided further*, That of the amount available for title III, part B of the Elementary and Secondary Education Act of 1965, as amended, \$8,000,000 shall be awarded to continue and expand the Iowa Communication Network statewide fiber optic demonstration project.

Federal Register,
publication.

EDUCATION FOR THE DISADVANTAGED

For carrying out title I of the Elementary and Secondary Education Act of 1965, and section 418A of the Higher Education Act, \$8,021,827,000, of which \$6,553,249,000 shall become available on July 1, 1998, and shall remain available through September 30, 1999, and of which \$1,448,386,000 shall become available on October 1, 1998 and shall remain available through September 30, 1999, for academic year 1998–1999: *Provided*, That \$6,273,212,000 shall be available for basic grants under section 1124: *Provided further*, That up to \$3,500,000 of these funds shall be available to the Secretary on October 1, 1997, to obtain updated local-educational-agency-level census poverty data from the Bureau

of the Census: *Provided further*, That \$1,102,020,000 shall be available for concentration grants under section 1124A, \$6,977,000 shall be available for evaluations under section 1501 and not more than \$7,500,000 shall be reserved for section 1308, of which not more than \$3,000,000 shall be reserved for section 1308(d): *Provided further*, That grant awards under section 1124 and 1124A of title I of the Elementary and Secondary Education Act shall be made to each State or local educational agency at no less than 100 percent of the amount such State or local educational agency received under this authority for fiscal year 1997 under Public Laws 104-208 and 105-18: *Provided further*, That in determining State allocations under any other program administered by the Secretary, amounts provided under Public Law 105-18, or equivalent amounts provided for in this Act, will not be taken into account in determining State allocations: *Provided further*, That \$120,000,000 shall be available under section 1002(g)(2) to demonstrate effective approaches to comprehensive school reform to be allocated and expended in accordance with the instructions relating to this proviso in the statement of the managers on the conference report accompanying this Act: *Provided further*, That in carrying out this initiative, the Secretary and the States shall support only approaches that show the most promise of enabling children served by title I to meet challenging State content standards and challenging State student performance standards based on reliable research and effective practices, and include an emphasis on basic academics and parental involvement: *Provided further*, That such funds shall not be available for section 1503.

IMPACT AID

For carrying out programs of financial assistance to federally affected schools authorized by title VIII of the Elementary and Secondary Education Act of 1965, \$808,000,000, of which \$662,000,000 shall be for basic support payments under section 8003(b), \$50,000,000 shall be for payments for children with disabilities under section 8003(d), \$62,000,000, to remain available until expended, shall be for payments under section 8003(f), \$7,000,000 shall be for construction under section 8007, and \$24,000,000 shall be for Federal property payments under section 8002 of which such sums as may be necessary shall be for section 8002(j) and \$3,000,000, to remain available until expended, shall be for facilities maintenance under section 8008: *Provided*, That section 8003(f)(2) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7709(f)(2)) is amended in clause (ii) in subclause (I) by striking “35 percent” and all that follows through the semicolon, and inserting the following: “25 percent of the total student enrollment of such agency. For purposes of this subclause, all students described in section 8003(a)(1) are used to determine eligibility, regardless of whether or not a local educational agency receives funds for these children from section 8003(b) of the Act;”.

20 USC 7703.

The amendment made by this proviso shall apply with respect to fiscal years beginning with fiscal year 1996: *Provided*, That the Secretary of Education shall treat as timely filed, and shall process for payment, an application for a fiscal year 1998 payment from the local educational agency for Boston, Massachusetts, under section 8003 of the Elementary and Secondary Education Act of 1965 if the Secretary has received that application not later than 30 days after the enactment of this Act: *Provided further*, That

Applicability.
20 USC 7703
note.

the Secretary of Education shall forgive any overpayments established for fiscal year 1994 under section 3(d)(2)(B) of the Act of September 30, 1950 (Public Law 874—81st Congress), for any local educational agency in the State of Texas receiving funds appropriated for fiscal year 1994 under the authority of this section: *Provided further*, That section 8002 of the Elementary and Education Act of 1965 (20 U.S.C. 7702) is amended by adding the following new subsection:

“(j) ADDITIONAL ASSISTANCE FOR CERTAIN LOCAL EDUCATIONAL AGENCIES IMPACTED BY FEDERAL PROPERTY ACQUISITION.—

“(1) RESERVATION.—From amounts appropriated under section 8014(g) for a fiscal year, the Secretary shall provide additional assistance to meet special circumstances relating to the provision of education in local educational agencies eligible to receive assistance under this section.

“(2) ELIGIBILITY.—(A) A local educational agency is eligible to receive additional assistance under this subsection only if such agency—

“(i) received a payment under both this section and section 8003(b) for fiscal year 1996 and is eligible to receive payments under those sections for the year of application;

“(ii) provided a free public education to children described under sections 8003(a)(1)(A), (B), or (D);

“(iii) had a military installation located within the geographic boundaries of the local educational agency that was closed as a result of base closure or realignment;

“(iv) remains responsible for the free public education of children residing in housing located on Federal property within the boundaries of the closed military installation but whose parents are on active duty in the uniformed services and assigned to a military activity located within the boundaries of an adjoining local educational agency; and

“(v) demonstrates to the satisfaction of the Secretary that such agency’s per-pupil revenue derived from local sources for current expenditures is not less than that revenue for the preceding fiscal year.

“(3) MAXIMUM AMOUNT.—(A) The maximum amount that a local educational agency is eligible to receive under this subsection for any fiscal year, when combined with its payment under subsection (b), shall not be more than 50 percent of the maximum amount determined under subsection (b);

“(B) If funds appropriated under section 8014(g) are insufficient to pay the amount determined under subparagraph (A), the Secretary shall ratably reduce the payment to each local education agency eligible under this subsection;

“(C) If funds appropriated under section 8014(g) are in excess of the amount determined under subparagraph (A) the Secretary shall ratably distribute any excess funds to all local educational agencies eligible for payment under subsection (b) of this section.”;

Provided further, That section 8014 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7714) is amended by adding the following new subsection:

“(g) ADDITIONAL ASSISTANCE FOR CERTAIN FEDERAL PROPERTY LOCAL EDUCATIONAL AGENCIES.—For the purpose of carrying out section 8002(j) there are authorized to be appropriated such sums

as are necessary beginning in fiscal year 1998 and for each succeeding fiscal year.”: *Provided further*, That of the funds available for section 8007, the Secretary shall, under such terms and conditions he determines appropriate, first provide \$1,500,000 to applicant number 11-2815 and \$1,500,000 to applicant number 36-4403 for the construction of public elementary or secondary schools where the current structures are unsafe and pose serious health threats to the students, if requests for funding and construction project descriptions are submitted to the Secretary within 30 days of enactment of this Act: *Provided further*, That notwithstanding any deadline established by the Secretary of Education under subsection (c) of section 8005 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7705), and without regard to paragraphs (1)(A), (2), and (3) of subsection (d) of that section, the Secretary shall accept, as if timely received, an application from the Maconaquah School Corporation, Bunker Hill, Indiana, under section 8003 of that Act for fiscal year 1996 if the Secretary has received that application not later than 30 days after the enactment of this Act: *Provided further*, That notwithstanding any other provision of law, the Secretary of Defense shall treat any data included in an application described in the preceding proviso, and that is approved by the Secretary of Education, as data to be used in determining the eligibility of the Maconaquah School Corporation, Bunker Hill, Indiana, for, and the amount of, a payment for any of the fiscal years 1998 through 2000 under section 386 of the National Defense Authorization Act for Fiscal Year 1993: *Provided further*, That section 8 of Public Law 104-195 is amended by striking the period after “year” and adding the following: “or, for fiscal year 1995 or fiscal year 1996, the amount of any payment under section 8003(f) of the Elementary and Secondary Education Act of 1965”: *Provided further*, That the Secretary of Education shall deem the local educational agency serving the Clinton County School District in Albany, Kentucky, to meet the eligibility requirements of section 8002(a)(1)(C) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7702(a)(1)(C)).

110 Stat. 2383.

Kentucky.

SCHOOL IMPROVEMENT PROGRAMS

For carrying out school improvement activities authorized by titles II, IV-A-1 and 2, V-A and B, VI, IX, X, and XIII of the Elementary and Secondary Education Act of 1965; the Stewart B. McKinney Homeless Assistance Act; and the Civil Rights Act of 1964; \$1,538,188,000, of which \$1,246,300,000 shall become available on July 1, 1998, and remain available through September 30, 1999: *Provided*, That of the amount appropriated, \$335,000,000 shall be for Eisenhower professional development State grants under title II-B of the Elementary and Secondary Education Act of 1965 of which \$25,000,000 shall be for professional development in reading, \$350,000,000 shall be for innovative education program strategies State grants under title VI-A of said Act and \$750,000 shall be for an evaluation of comprehensive regional assistance centers under title XIII of said Act: *Provided further*, That of the amount made available for title IV-A-2, \$350,000 shall be for the Yonkers Public Schools for innovative anti-drug and anti-violence activities.

CHILD LITERACY INITIATIVE

(INCLUDING TRANSFER OF FUNDS)

For carrying out a literacy initiative, \$210,000,000, which shall become available on October 1, 1998 and shall remain available through September 30, 1999 only if specifically authorized by subsequent legislation enacted by July 1, 1998: *Provided*, That, if the initiative is not authorized by such date, the funds shall be transferred to “Special Education” to be merged with that account and to be available for the same purposes for which that account is available: *Provided further*, That the transferred funds shall become available for obligation on July 1, 1999, and shall remain available through September 30, 2000 for academic year 1999–2000.

INDIAN EDUCATION

For expenses necessary to carry out, to the extent not otherwise provided, title IX, part A of the Elementary and Secondary Education Act of 1965, as amended, and section 215 of the Department of Education Organization Act, \$62,600,000.

BILINGUAL AND IMMIGRANT EDUCATION

For carrying out, to the extent not otherwise provided, bilingual, foreign language and immigrant education activities authorized by parts A and C and section 7203 of title VII of the Elementary and Secondary Education Act of 1965, without regard to section 7103(b), \$354,000,000: *Provided*, That State educational agencies may use all, or any part of, their part C allocation for competitive grants to local educational agencies: *Provided further*, That the Department of Education should only support instructional programs which ensure that students completely master English in a timely fashion (a period of three to five years) while meeting rigorous achievement standards in the academic content areas.

SPECIAL EDUCATION

For carrying out the Individuals with Disabilities Education Act, \$4,810,646,000, of which \$4,565,185,000 shall become available for obligation on July 1, 1998, and shall remain available through September 30, 1999: *Provided*, That \$1,500,000 of the funds provided shall be for section 687(b)(2)(G), and shall remain available until expended.

REHABILITATION SERVICES AND DISABILITY RESEARCH

For carrying out, to the extent not otherwise provided, the Rehabilitation Act of 1973, the Technology-Related Assistance for Individuals with Disabilities Act, and the Helen Keller National Center Act, as amended, \$2,591,195,000.

SPECIAL INSTITUTIONS FOR PERSONS WITH DISABILITIES

AMERICAN PRINTING HOUSE FOR THE BLIND

For carrying out the Act of March 3, 1879, as amended (20 U.S.C. 101 et seq.), \$8,186,000.

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

For the National Technical Institute for the Deaf under titles I and II of the Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.), \$44,141,000: *Provided*, That from the amount available, the Institute may at its discretion use funds for the endowment program as authorized under section 207.

GALLAUDET UNIVERSITY

For the Kendall Demonstration Elementary School, the Model Secondary School for the Deaf, and the partial support of Gallaudet University under titles I and II of the Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.), \$81,000,000: *Provided*, That from the amount available, the University may at its discretion use funds for the endowment program as authorized under section 207.

VOCATIONAL AND ADULT EDUCATION

For carrying out, to the extent not otherwise provided, the Carl D. Perkins Vocational and Applied Technology Education Act, the Adult Education Act, and the National Literacy Act of 1991, \$1,507,698,000, of which \$1,504,598,000 shall become available on July 1, 1998 and shall remain available through September 30, 1999; and of which \$5,491,000 from amounts available under the Adult Education Act shall be for the National Institute for Literacy under section 384(c): *Provided*, That, of the amounts made available for title II of the Carl D. Perkins Vocational and Applied Technology Education Act, \$13,497,000 shall be used by the Secretary for national programs under title IV, without regard to section 451: *Provided further*, That the Secretary may reserve up to \$4,998,000 under section 313(d) of the Adult Education Act for activities carried out under section 383 of that Act: *Provided further*, That no funds shall be awarded to a State Council under section 112(f) of the Carl D. Perkins Vocational and Applied Technology Education Act, and no State shall be required to operate such a Council.

STUDENT FINANCIAL ASSISTANCE

For carrying out subparts 1, 3, and 4 of part A, part C and part E of title IV of the Higher Education Act of 1965, as amended, \$8,978,934,000, which shall remain available through September 30, 1999.

The maximum Pell Grant for which a student shall be eligible during award year 1998–1999 shall be \$3,000: *Provided*, That notwithstanding section 401(g) of the Act, if the Secretary determines, prior to publication of the payment schedule for such award year, that the amount included within this appropriation for Pell Grant awards in such award year, and any funds available from the fiscal year 1997 appropriation for Pell Grant awards, are insufficient to satisfy fully all such awards for which students are eligible, as calculated under section 401(b) of the Act, the amount paid for each such award shall be reduced by either a fixed or variable percentage, or by a fixed dollar amount, as determined in accordance with a schedule of reductions established by the Secretary for this purpose: *Provided further*, That if the Secretary determines that the funds available to fund Pell Grants for award year 1998–1999 exceed the amount needed to fund Pell Grants at a maximum

20 USC 1070a
note.

award of \$3,000 for that award year, the Secretary may increase the income protection allowances in sections 475(g)(2)(D), and 476(b)(1)(A)(iv)(I), (II), and (III) up to the amounts at which Pell Grant awards calculated using the increased income protection allowances equal the funds available to make Pell Grants in award year 1998–1999 with a \$3,000 maximum award, except that the income protection allowance in section 475(g)(2)(D) may not exceed \$2,200, the income protection allowance in sections 476(b)(1)(A)(iv)(I) and (II) may not exceed \$4,250, and the income protection allowance in section 476(b)(1)(A)(iv)(III) may not exceed \$7,250.

FEDERAL FAMILY EDUCATION LOAN PROGRAM ACCOUNT

For Federal administrative expenses to carry out guaranteed student loans authorized by title IV, part B, of the Higher Education Act, as amended, \$46,482,000.

HIGHER EDUCATION

For carrying out, to the extent not otherwise provided, parts A and B of title III, without regard to section 360(a)(1)(B)(ii), titles IV, V, VI, VII, and IX, and part A, subpart 1 of part B, and part E of title X and title XI of the Higher Education Act of 1965, as amended, part G of title XV of Public Law 102–325, the Mutual Educational and Cultural Exchange Act of 1961, and Public Law 102–423; \$946,738,000, of which \$13,700,000 for interest subsidies under title VII of the Higher Education Act shall remain available until expended: *Provided*, That funds available for part D of title IX of the Higher Education Act shall be available to fund new and noncompeting continuation awards for academic year 1998–1999 for fellowships awarded under part C of title IX of said Act, under the terms and conditions of part C: *Provided further*, That from the funds made available under Part A of title X of the Higher Education Act, \$1,000,000 shall be awarded to the Advanced Technical Center at Mexico, Missouri for the delivery of technical education in cooperation with community colleges and State technical schools and \$3,000,000 shall be for the delivery of technical education and distance learning at Empire State College in New York.

HOWARD UNIVERSITY

For partial support of Howard University (20 U.S.C. 121 et seq.), \$210,000,000: *Provided*, That from the amount available, the University may at its discretion use funds for the endowment program as authorized under the Howard University Endowment Act (Public Law 98–480).

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM

For Federal administrative expenses to carry out activities related to facility loans entered into under title VII, part C and section 702 of the Higher Education Act, as amended, \$698,000.

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING,
PROGRAM ACCOUNT

The total amount of bonds insured pursuant to section 724 of title VII, part B of the Higher Education Act shall not exceed \$357,000,000, and the cost, as defined in section 502 of the Congressional Budget Act of 1974, of such bonds shall not exceed zero.

For administrative expenses to carry out the Historically Black College and University Capital Financing Program entered into pursuant to title VII, part B of the Higher Education Act, as amended, \$104,000.

EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT

For carrying out activities authorized by the Educational Research, Development, Dissemination, and Improvement Act of 1994, including part E; the National Education Statistics Act of 1994; section 2102 of title II, and parts A, B, I, and K and section 10601 of title X, and part C of title XIII of the Elementary and Secondary Education Act of 1965, as amended, and title VI of Public Law 103-227, \$431,438,000: *Provided*, That of the amount provided for section 10101 of part A of title X of the Elementary and Secondary Education Act of 1965, \$1,000,000 shall be awarded to the National Museum of Women in the Arts; \$500,000 shall be for enhanced teacher training in reading in the District of Columbia; \$5,000,000 shall be for innovative learning opportunities for at-risk children at children's museums in Philadelphia, Baltimore, Boston and museums in Chicago; \$8,000,000 shall be for a demonstration of public school facilities repair and construction to the Iowa Department of Education; \$350,000 shall be awarded to the White Plains City School District to expand an after school program; \$100,000 shall be for the Montgomery County, Pennsylvania library network; \$55,000 shall be awarded to the St. Stephen Life Center in Louisville, Kentucky; and \$25,000,000 shall be available to demonstrate effective approaches to comprehensive school reform to be allocated and expended in accordance with the instructions relating to this proviso in the statement of managers on the conference report accompanying this Act: *Provided further*, That the funds made available for comprehensive school reform shall become available on July 1, 1998, and remain available through September 30, 1999, and in carrying out this initiative, the Secretary and the States shall support only approaches that show the most promise of enabling children to meet challenging State content standards and challenging State student performance standards based on reliable research and effective practices, and include an emphasis on basic academics and parental involvement: *Provided further*, That (1) of the amount appropriated under this heading and notwithstanding any other provision of law, the Secretary of Education may award \$1,000,000 to a State educational agency (as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801)) to pay for appraisals, resource studies, and other expenses associated with the exchange of State school trust lands within the boundaries of a national monument for Federal lands outside the boundaries of the monument; and (2) the State educational agency is eligible to receive a grant under paragraph (1) only if the agency serves a State that—

(A) has a national monument declared within the State under the authority of the Act entitled “An Act for the preservation of American antiquities”, approved June 8, 1906 (16 U.S.C. 431 et seq.) (commonly known as the Antiquities Act of 1906) that incorporates more than 100,000 acres of State school trust lands within the boundaries of the national monument; and

(B) ranks in the lowest 25 percent of all States when comparing the average per pupil expenditure (as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801)) in the State to the average per pupil expenditure for each State in the United States.

INSTITUTE OF MUSEUM AND LIBRARY SERVICES

For carrying out subtitle B of the Museum and Library Services Act, \$146,340,000.

DEPARTMENTAL MANAGEMENT

PROGRAM ADMINISTRATION

For carrying out, to the extent not otherwise provided, the Department of Education Organization Act, including rental of conference rooms in the District of Columbia and hire of two passenger motor vehicles, \$341,064,000.

OFFICE FOR CIVIL RIGHTS

For expenses necessary for the Office for Civil Rights, as authorized by section 203 of the Department of Education Organization Act, \$61,500,000.

OFFICE OF THE INSPECTOR GENERAL

For expenses necessary for the Office of the Inspector General, as authorized by section 212 of the Department of Education Organization Act, \$30,242,000.

GENERAL PROVISIONS

Schools.
Desegregation.

SEC. 301. No funds appropriated in this Act may be used for the transportation of students or teachers (or for the purchase of equipment for such transportation) in order to overcome racial imbalance in any school or school system, or for the transportation of students or teachers (or for the purchase of equipment for such transportation) in order to carry out a plan of racial desegregation of any school or school system.

Busing.

SEC. 302. None of the funds contained in this Act shall be used to require, directly or indirectly, the transportation of any student to a school other than the school which is nearest the student's home, except for a student requiring special education, to the school offering such special education, in order to comply with title VI of the Civil Rights Act of 1964. For the purpose of this section an indirect requirement of transportation of students includes the transportation of students to carry out a plan involving the reorganization of the grade structure of schools, the pairing of schools, or the clustering of schools, or any combination of grade restructuring, pairing or clustering. The prohibition described in this section does not include the establishment of magnet schools.

SEC. 303. No funds appropriated under this Act may be used to prevent the implementation of programs of voluntary prayer and meditation in the public schools. School prayer.

(TRANSFER OF FUNDS)

SEC. 304. Not to exceed 1 percent of any discretionary funds (pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended) which are appropriated for the Department of Education in this Act may be transferred between appropriations, but no such appropriation shall be increased by more than 3 percent by any such transfer: *Provided*, That the Appropriations Committees of both Houses of Congress are notified at least fifteen days in advance of any transfer. Notification.

SEC. 305. (a) Notwithstanding any other provision of Federal law, no funds provided to the Department of Education or to an applicable program (as defined in section 400(c)(1) of the General Education Provisions Act (20 U.S.C. 1221(c)(1))), in this Act or in any other Act in fiscal year 1998, may be used to field test, pilot test, implement, administer or distribute in any way, any national tests.

(b) EXCEPTION.—Subsection (a) shall not apply to the Third International Math and Science Study or the National Assessment of Educational Progress.

SEC. 306. (a) STUDY.—The National Academy of Sciences, in consultation with the National Governors Association, the National Conference of State Legislatures, the White House, the National Assessment Governing Board, and the Congress, shall conduct a feasibility study to determine if an equivalency scale can be developed that would allow test scores from commercially available standardized tests and State assessments to be compared with each other and the National Assessment of Educational Progress.

(b) REPORT OF FINDINGS TO CONGRESS.—(1) The National Academy of Sciences shall submit a written report to the White House, the Committee on Education and the Workforce of the House of Representatives, the Committee on Labor and Human Resources of the Senate, and the Committees on Appropriations of the House of Representatives and the Senate not later than September 1, 1998.

(2) The National Academy of Sciences shall submit an interim report no later than June 15, 1998.

NATIONAL ASSESSMENT GOVERNING BOARD

SEC. 307 (a). Notwithstanding any other provision of law, the exclusive authority over all policies, direction, and guidelines for developing voluntary national tests pursuant to contract RJ97153001 previously entered into between the Department of Education and the American Institutes for Research and executed on August 15, 1997, shall be vested in the National Assessment Governing Board established under section 412 of the National Education Statistics Act of 1994 (20 U.S.C. 9011); *Provided*, That within 90 days after the date of enactment of this Act, the Board shall review the national test development contract in effect on the date of enactment of this Act, and modify the contract as the Board determines necessary and not inconsistent with this Act or applicable laws: *Provided further*, That if the contract cannot be modified to the extent determined necessary by the Board, the

contract shall be terminated and the Board shall negotiate a new contract, under the Board's exclusive control, for the tests, not inconsistent with this Act or applicable laws.

(b) In carrying out its exclusive authority for developing voluntary national tests pursuant to contract RJ97153001, any subsequent contract related thereto, or any contract modification pursuant to subsection (a), the National Assessment Governing Board shall determine—

(1) the extent to which test items selected for use on the tests are free from racial, cultural or gender bias;

(2) whether the test development process and test items adequately assess student reading and mathematics comprehension in the form most likely to yield accurate information regarding student achievement in reading and mathematics;

(3) whether the test development process and test items take into account the needs of disadvantaged, limited English proficient and disabled students; and

(4) whether the test development process takes into account how parents, guardians, and students will appropriately be informed about testing content, purpose and uses.

Reports.

SEC. 308. STUDY.—The National Academy of Sciences shall, not later than September 1, 1998, submit a written report to the Committee on Education and the Workforce of the House of Representatives, the Committee on Labor and Human Resources of the Senate, and the Committees on Appropriations of the House and Senate that evaluates all test items developed or funded by the Department of Education or any other agency of the Federal Government pursuant to contract RJ97153001, any subsequent contract related thereto, or any contract modification by the National Assessment Governing Board pursuant to section 307 of this Act, for—

(1) the technical quality of any test items for 4th grade reading and 8th grade mathematics;

(2) the validity, reliability, and adequacy of developed test items;

(3) the validity of any developed design which links test results to student performance;

(4) the degree to which any developed test items provide valid and useful information to the public;

(5) whether the test items are free from racial, cultural, or gender bias;

(6) whether the test items address the needs of disadvantaged, limited English proficient and disabled students; and

(7) whether the test items can be used for tracking, graduation or promotion of students.

SEC. 309. (a) STUDY.—The National Academy of Sciences shall conduct a study and make written recommendations on appropriate methods, practices, and safeguards to ensure that—

(1) existing and new tests that are used to assess student performance are not used in a discriminatory manner or inappropriately for student promotion, tracking or graduation; and

(2) existing and new tests adequately assess student reading and mathematics comprehension in the form most likely to yield accurate information regarding student achievement of reading and mathematics skills.

(b) REPORT TO CONGRESS.—The National Academy of Sciences shall submit a written report to the White House, the National Assessment Governing Board, the Committee on Education and the Workforce of the House of Representatives, the Committee on Labor and Human Resources of the Senate, and the Committees on Appropriations of the House and Senate not later than September 1, 1998.

SEC. 310. (a) The Federal Government shall not require any State or local educational agency or school to administer or implement any pilot or field test in any subject or grade, nor shall the Federal Government require any student to take any national test in any subject or grade.

(b) Nothing in section 309(a) shall be construed as affecting the National Assessment of Educational Progress or the Third International Math and Science Study.

SEC. 311. No Federal, State or local educational agency may require any private or parochial school student, or home-schooled individual, to take any pilot or field test developed under this Act, contract RJ97153001, or any contract related thereto, without the written consent of the parents or legal guardians of the student or individual.

SEC. 312. Notwithstanding any other provision of law, any institution of higher education which receives funds under title III of the Higher Education Act, except for grants made under section 326, may use up to 20 percent of its award under part A or part B of the Act for endowment building purposes authorized under section 331. Any institution seeking to use part A or part B funds for endowment building purposes shall indicate such intention in its application to the Secretary and shall abide by departmental regulations governing the endowment challenge grant program.

(TRANSFER OF FUNDS)

SEC. 313. Notwithstanding any other provision of the Higher Education Act, \$280,000,000 of the balances of returned reserves, formerly held by the Higher Education Assistance Foundation, that are currently held in Higher Education Assistance Claims Reserves, Treasury account number 91X6192, shall be transferred to Miscellaneous Receipts of the Treasury, within 60 days of enactment of this Act.

IMPACT AID

SEC. 314. (a) IN GENERAL.—From funds made available to carry out section 3(d)(2)(B) of the Act of September 30, 1950 (Public Law 874, 81st Congress) for fiscal year 1994 that remain after making 100 percent of the payments local educational agencies are eligible to receive under such section for such fiscal year, the Secretary of Education shall make payments to applicants for fiscal year 1996 pursuant to subsection (b).

(b) AWARD BASIS.—

(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary of Education shall make a payment to each applicant in an amount that bears the same relation to the total amount of remaining funds described in subsection (a) as the number of children who were in average daily attendance in the schools served by the applicant for fiscal year 1996 bears to the total

number of all such children in the schools served by all applicants for such year.

(2) SPECIAL RULE.—Any applicant that had less than 200 children in average daily attendance in the schools served by the applicant for fiscal year 1996 shall receive a payment under this section for fiscal year 1996 in an amount equal to not less than \$175,000.

(3) DATA.—For purposes of computing payments under this section, the Secretary of Education shall use data that—

(A) was included in each applicant's application for assistance under section 8003 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703) for fiscal year 1996; and

(B) is verified by the Secretary.

(c) DEFINITION OF APPLICANT.—For purposes of this section, the term “applicant” means an applicant for assistance under section 8003 of the Elementary and Secondary Education Act of 1965 for fiscal year 1996 having 1 of the following applicant numbers for such year:

- (1) 51-0904.
- (2) 51-4203.
- (3) 51-1903.
- (4) 51-0010.
- (5) 51-0811.
- (6) 51-2101.

20 USC 8064.

SEC. 315. Section 10304 of the Elementary and Secondary Education Act of 1965 is amended by adding at the end the following:

“(g) TRIBALLY CONTROLLED SCHOOLS.—Each State that receives a grant under this part and designates a tribally controlled school as a charter school shall not consider payments to a school under the Tribally Controlled Schools Act of 1988 (25 U.S.C. 2507) in determining—

“(1) the eligibility of the school to receive any other Federal, State, or local aid; or

“(2) the amount of such aid.”.

This title may be cited as the “Department of Education Appropriations Act, 1998”.

TITLE IV—RELATED AGENCIES

ARMED FORCES RETIREMENT HOME

For expenses necessary for the Armed Forces Retirement Home to operate and maintain the United States Soldiers' and Airmen's Home and the United States Naval Home, to be paid from funds available in the Armed Forces Retirement Home Trust Fund, \$68,669,000, of which \$13,217,000 shall remain available until expended for construction and renovation of the physical plants at the United States Soldiers' and Airmen's Home and the United States Naval Home: *Provided*, That, notwithstanding any other provision of law, a single contract or related contracts for the development and construction at the United States Soldiers' and Airmen's Home, to include renovation of the Sheridan building, may be employed which collectively include the full scope of the project: *Provided further*, That the solicitation and contract shall contain the clause “availability of funds” found at 48 CFR 52.232-18 and 252.232-7007 Limitation of Government Obligation.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

DOMESTIC VOLUNTEER SERVICE PROGRAMS, OPERATING EXPENSES

For expenses necessary for the Corporation for National and Community Service to carry out the provisions of the Domestic Volunteer Service Act of 1973, as amended, \$256,604,000.

CORPORATION FOR PUBLIC BROADCASTING

For payment to the Corporation for Public Broadcasting, as authorized by the Communications Act of 1934, an amount which shall be available within limitations specified by that Act, for the fiscal year 2000, \$300,000,000: *Provided*, That no funds made available to the Corporation for Public Broadcasting by this Act shall be used to pay for receptions, parties, or similar forms of entertainment for Government officials or employees: *Provided further*, That none of the funds contained in this paragraph shall be available or used to aid or support any program or activity from which any person is excluded, or is denied benefits, or is discriminated against, on the basis of race, color, national origin, religion, or sex.

FEDERAL MEDIATION AND CONCILIATION SERVICE

SALARIES AND EXPENSES

For expenses necessary for the Federal Mediation and Conciliation Service to carry out the functions vested in it by the Labor Management Relations Act, 1947 (29 U.S.C. 171-180, 182-183), including hire of passenger motor vehicles; and for expenses necessary for the Labor-Management Cooperation Act of 1978 (29 U.S.C. 175a); and for expenses necessary for the Service to carry out the functions vested in it by the Civil Service Reform Act, Public Law 95-454 (5 U.S.C. ch. 71), \$33,481,000, including \$1,500,000, to remain available through September 30, 1999, for activities authorized by the Labor-Management Cooperation Act of 1978 (29 U.S.C. 175a): *Provided*, That notwithstanding 31 U.S.C. 3302, fees charged, up to full-cost recovery, for special training activities and for arbitration services shall be credited to and merged with this account, and shall remain available until expended: *Provided further*, That fees for arbitration services shall be available only for education, training, and professional development of the agency workforce: *Provided further*, That the Director of the Service is authorized to accept on behalf of the United States gifts of services and real, personal, or other property in the aid of any projects or functions within the Director's jurisdiction.

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

SALARIES AND EXPENSES

For expenses necessary for the Federal Mine Safety and Health Review Commission (30 U.S.C. 801 et seq.), \$6,060,000.

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

SALARIES AND EXPENSES

For necessary expenses for the National Commission on Libraries and Information Science, established by the Act of July 20, 1970 (Public Law 91-345, as amended by Public Law 102-95), \$1,000,000.

NATIONAL COUNCIL ON DISABILITY

SALARIES AND EXPENSES

For expenses necessary for the National Council on Disability as authorized by title IV of the Rehabilitation Act of 1973, as amended, \$1,793,000.

NATIONAL EDUCATION GOALS PANEL

For expenses necessary for the National Education Goals Panel, as authorized by title II, part A of the Goals 2000: Educate America Act, \$2,000,000.

NATIONAL LABOR RELATIONS BOARD

SALARIES AND EXPENSES

For expenses necessary for the National Labor Relations Board to carry out the functions vested in it by the Labor-Management Relations Act, 1947, as amended (29 U.S.C. 141-167), and other laws, \$174,661,000: *Provided*, That no part of this appropriation shall be available to organize or assist in organizing agricultural laborers or used in connection with investigations, hearings, directives, or orders concerning bargaining units composed of agricultural laborers as referred to in section 2(3) of the Act of July 5, 1935 (29 U.S.C. 152), and as amended by the Labor-Management Relations Act, 1947, as amended, and as defined in section 3(f) of the Act of June 25, 1938 (29 U.S.C. 203), and including in said definition employees engaged in the maintenance and operation of ditches, canals, reservoirs, and waterways when maintained or operated on a mutual, nonprofit basis and at least 95 percent of the water stored or supplied thereby is used for farming purposes: *Provided further*, That none of the funds made available by this Act shall be used in any way to promulgate a final rule (altering 29 CFR part 103) regarding single location bargaining units in representation cases.

NATIONAL MEDIATION BOARD

SALARIES AND EXPENSES

For expenses necessary to carry out the provisions of the Railway Labor Act, as amended (45 U.S.C. 151-188), including emergency boards appointed by the President, \$8,600,000: *Provided*, That unobligated balances at the end of fiscal year 1998 not needed for emergency boards shall remain available for other statutory purposes through September 30, 1999.

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

SALARIES AND EXPENSES

For expenses necessary for the Occupational Safety and Health Review Commission (29 U.S.C. 661), \$7,900,000.

MEDICARE PAYMENT ADVISORY COMMISSION

SALARIES AND EXPENSES

For expenses necessary to carry out section 1805 of the Social Security Act, \$7,015,000, to be transferred to this appropriation from the Federal Hospital Insurance and the Federal Supplementary Medical Insurance Trust Funds.

RAILROAD RETIREMENT BOARD

DUAL BENEFITS PAYMENTS ACCOUNT

For payment to the Dual Benefits Payments Account, authorized under section 15(d) of the Railroad Retirement Act of 1974, \$205,500,000, which shall include amounts becoming available in fiscal year 1998 pursuant to section 224(c)(1)(B) of Public Law 98-76; and in addition, an amount, not to exceed 2 percent of the amount provided herein, shall be available proportional to the amount by which the product of recipients and the average benefit received exceeds \$205,500,000: *Provided*, That the total amount provided herein shall be credited in 12 approximately equal amounts on the first day of each month in the fiscal year.

FEDERAL PAYMENTS TO THE RAILROAD RETIREMENT ACCOUNTS

For payment to the accounts established in the Treasury for the payment of benefits under the Railroad Retirement Act for interest earned on unnegotiated checks, \$50,000, to remain available through September 30, 1999, which shall be the maximum amount available for payment pursuant to section 417 of Public Law 98-76.

LIMITATION ON ADMINISTRATION

For necessary expenses for the Railroad Retirement Board for administration of the Railroad Retirement Act and the Railroad Unemployment Insurance Act, \$87,228,000, to be derived in such amounts as determined by the Board from the railroad retirement accounts and from moneys credited to the railroad unemployment insurance administration fund.

LIMITATION ON THE OFFICE OF INSPECTOR GENERAL

For expenses necessary for the Office of Inspector General for audit, investigatory and review activities, as authorized by the Inspector General Act of 1978, as amended, not more than \$5,794,000, to be derived from the railroad retirement accounts and railroad unemployment insurance account: *Provided*, That none of the funds made available in any other paragraph of this Act may be transferred to the Office; used to carry out any such transfer;

used to provide any office space, equipment, office supplies, communications facilities or services, maintenance services, or administrative services for the Office; used to pay any salary, benefit, or award for any personnel of the Office; used to pay any other operating expense of the Office; or used to reimburse the Office for any service provided, or expense incurred, by the Office: *Provided further*, That none of the funds made available in this paragraph may be used for any audit, investigation, or review of the Medicare Program.

SOCIAL SECURITY ADMINISTRATION

PAYMENTS TO SOCIAL SECURITY TRUST FUNDS

For payment to the Federal Old-Age and Survivors Insurance and the Federal Disability Insurance trust funds, as provided under sections 201(m), 228(g), and 1131(b)(2) of the Social Security Act, \$20,308,000.

SPECIAL BENEFITS FOR DISABLED COAL MINERS

For carrying out title IV of the Federal Mine Safety and Health Act of 1977, \$426,090,000, to remain available until expended.

For making, after July 31 of the current fiscal year, benefit payments to individuals under title IV of the Federal Mine Safety and Health Act of 1977, for costs incurred in the current fiscal year, such amounts as may be necessary.

For making benefit payments under title IV of the Federal Mine Safety and Health Act of 1977 for the first quarter of fiscal year 1999, \$160,000,000, to remain available until expended.

SUPPLEMENTAL SECURITY INCOME PROGRAM

For carrying out titles XI and XVI of the Social Security Act, section 401 of Public Law 92-603, section 212 of Public Law 93-66, as amended, and section 405 of Public Law 95-216, including payment to the Social Security trust funds for administrative expenses incurred pursuant to section 201(g)(1) of the Social Security Act, \$16,160,000,000, to remain available until expended: *Provided*, That any portion of the funds provided to a State in the current fiscal year and not obligated by the State during that year shall be returned to the Treasury.

From funds provided under the previous paragraph, not less than \$100,000,000 shall be available for payment to the Social Security trust funds for administrative expenses for conducting continuing disability reviews.

In addition, \$175,000,000, to remain available until September 30, 1999, for payment to the Social Security trust funds for administrative expenses for continuing disability reviews as authorized by section 103 of Public Law 104-121 and Supplemental Security Income administrative work as authorized by Public Law 104-193. The term “continuing disability reviews” means reviews and redeterminations as defined under section 201(g)(1)(A) of the Social Security Act, as amended, and reviews and redeterminations authorized under section 211 of Public Law 104-193.

For making, after June 15 of the current fiscal year, benefit payments to individuals under title XVI of the Social Security

Act, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary.

For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year 1999, \$8,680,000,000, to remain available until expended.

LIMITATION ON ADMINISTRATIVE EXPENSES

For necessary expenses, including the hire of two passenger motor vehicles, and not to exceed \$10,000 for official reception and representation expenses, not more than \$5,894,040,000 may be expended, as authorized by section 201(g)(1) of the Social Security Act, from any one or all of the trust funds referred to therein: *Provided*, That not less than \$1,600,000 shall be for the Social Security Advisory Board: *Provided further*, That unobligated balances at the end of fiscal year 1998 not needed for fiscal year 1998 shall remain available until expended for a state-of-the-art computing network, including related equipment and non-payroll administrative expenses associated solely with this network: *Provided further*, That reimbursement to the trust funds under this heading for expenditures for official time for employees of the Social Security Administration pursuant to section 7131 of title 5, United States Code, and for facilities or support services for labor organizations pursuant to policies, regulations, or procedures referred to in section 7135(b) of such title shall be made by the Secretary of the Treasury, with interest, from amounts in the general fund not otherwise appropriated, as soon as possible after such expenditures are made.

From funds provided under the previous paragraph, notwithstanding the provision under this heading in Public Law 104-208 regarding unobligated balances at the end of fiscal year 1997 not needed for such fiscal year, an amount not to exceed \$50,000,000 from such unobligated balances shall, in addition to funding already available under this heading for fiscal year 1998, be available for necessary expenses.

From funds provided under the first paragraph, not less than \$200,000,000 shall be available for conducting continuing disability reviews.

In addition to funding already available under this heading, and subject to the same terms and conditions, \$290,000,000, to remain available until September 30, 1999, for continuing disability reviews as authorized by section 103 of Public Law 104-121, section 10203 of Public Law 105-33 and Supplemental Security Income administrative work as authorized by Public Law 104-193. The term “continuing disability reviews” means reviews and redeterminations as defined under section 201(g)(1)(A) of the Social Security Act as amended, and reviews and redeterminations authorized under section 211 of Public Law 104-193.

In addition to funding already available under this heading, and subject to the same terms and conditions, \$190,000,000, which shall remain available until expended, to invest in a state-of-the-art computing network, including related equipment and non-payroll administrative expenses associated solely with this network, for the Social Security Administration and the State Disability Determination Services, may be expended from any or all of the trust funds as authorized by section 201(g)(1) of the Social Security Act.

In addition, \$35,000,000 to be derived from administration fees in excess of \$5.00 per supplementary payment collected pursuant to section 1616(d) of the Social Security Act or section 212(b)(3) of Public Law 93-66, which shall remain available until expended. To the extent that the amounts collected pursuant to such section 1616(d) or 212(b)(3) in fiscal year 1998 exceed \$35,000,000, the amounts shall be available in fiscal year 1999 only to the extent provided in advance in appropriations Acts.

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

For expenses necessary for the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, \$10,164,000, together with not to exceed \$38,260,000, to be transferred and expended as authorized by section 201(g)(1) of the Social Security Act from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

Notification.

In addition, an amount not to exceed 3 percent of the total provided in this appropriation may be transferred from the "Limitation on Administrative Expenses", Social Security Administration, to be merged with this account, to be available for the time and purposes for which this account is available: *Provided*, That notice of such transfers shall be transmitted promptly to the Committees on Appropriations of the House and Senate.

UNITED STATES INSTITUTE OF PEACE

OPERATING EXPENSES

For necessary expenses of the United States Institute of Peace as authorized in the United States Institute of Peace Act, \$11,160,000.

TITLE V—GENERAL PROVISIONS

SEC. 501. The Secretaries of Labor, Health and Human Services, and Education are authorized to transfer unexpended balances of prior appropriations to accounts corresponding to current appropriations provided in this Act: *Provided*, That such transferred balances are used for the same purpose, and for the same periods of time, for which they were originally appropriated.

SEC. 502. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 503. (a) No part of any appropriation contained in this Act shall be used, other than for normal and recognized executive-legislative relationships, for publicity or propaganda purposes, for the preparation, distribution, or use of any kit, pamphlet, booklet, publication, radio, television, or video presentation designed to support or defeat legislation pending before the Congress or any State legislature, except in presentation to the Congress or any State legislature itself.

(b) No part of any appropriation contained in this Act shall be used to pay the salary or expenses of any grant or contract recipient, or agent acting for such recipient, related to any activity

designed to influence legislation or appropriations pending before the Congress or any State legislature.

SEC. 504. The Secretaries of Labor and Education are each authorized to make available not to exceed \$15,000 from funds available for salaries and expenses under titles I and III, respectively, for official reception and representation expenses; the Director of the Federal Mediation and Conciliation Service is authorized to make available for official reception and representation expenses not to exceed \$2,500 from the funds available for “Salaries and expenses, Federal Mediation and Conciliation Service”; and the Chairman of the National Mediation Board is authorized to make available for official reception and representation expenses not to exceed \$2,500 from funds available for “Salaries and expenses, National Mediation Board”.

SEC. 505. Notwithstanding any other provision of this Act, no funds appropriated under this Act shall be used to carry out any program of distributing sterile needles or syringes for the hypodermic injection of any illegal drug.

SEC. 506. Section 505 is subject to the condition that after March 31, 1998, a program for exchanging such needles and syringes for used hypodermic needles and syringes (referred to in this section as an “exchange project”) may be carried out in a community if—

(1) the Secretary of Health and Human Services determines that exchange projects are effective in preventing the spread of HIV and do not encourage the use of illegal drugs; and

(2) the project is operated in accordance with criteria established by such Secretary for preventing the spread of HIV and for ensuring that the project does not encourage the use of illegal drugs.

SEC. 507. (a) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available in this Act should be American-made.

(b) NOTICE REQUIREMENT.—In providing financial assistance to, or entering into any contract with, any entity using funds made available in this Act, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (a) by the Congress.

(c) PROHIBITION OF CONTRACTS WITH PERSONS FALSELY LABELING PRODUCTS AS MADE IN AMERICA.—If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a “Made in America” inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, the person shall be ineligible to receive any contract or subcontract made with funds made available in this Act, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

SEC. 508. When issuing statements, press releases, requests for proposals, bid solicitations and other documents describing projects or programs funded in whole or in part with Federal money, all grantees receiving Federal funds included in this Act, including but not limited to State and local governments and recipients of Federal research grants, shall clearly state: (1) the percentage of the total costs of the program or project which will be financed with Federal money; (2) the dollar amount of Federal

funds for the project or program; and (3) percentage and dollar amount of the total costs of the project or program that will be financed by nongovernmental sources.

Abortion.

SEC. 509. (a) None of the funds appropriated under this Act shall be expended for any abortion.

(b) None of the funds appropriated under this Act shall be expended for health benefits coverage that includes coverage of abortion.

(c) The term “health benefits coverage” means the package of services covered by a managed care provider or organization pursuant to a contract or other arrangement.

Abortion.

SEC. 510. (a) The limitations established in the preceding section shall not apply to an abortion—

(1) if the pregnancy is the result of an act of rape or incest; or

(2) in the case where a woman suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself, that would, as certified by a physician, place the woman in danger of death unless an abortion is performed.

(b) Nothing in the preceding section shall be construed as prohibiting the expenditure by a State, locality, entity, or private person of State, local, or private funds (other than a State’s or locality’s contribution of Medicaid matching funds).

(c) Nothing in the preceding section shall be construed as restricting the ability of any managed care provider from offering abortion coverage or the ability of a State or locality to contract separately with such a provider for such coverage with State funds (other than a State’s or locality’s contribution of Medicaid matching funds).

31 USC 1301
note.

SEC. 511. Notwithstanding any other provision of law—

(1) no amount may be transferred from an appropriation account for the Departments of Labor, Health and Human Services, and Education except as authorized in this or any subsequent appropriation Act, or in the Act establishing the program or activity for which funds are contained in this Act;

(2) no department, agency, or other entity, other than the one responsible for administering the program or activity for which an appropriation is made in this Act, may exercise authority for the timing of the obligation and expenditure of such appropriation, or for the purpose for which it is obligated and expended, except to the extent and in the manner otherwise provided in sections 1512 and 1513 of title 31, United States Code; and

(3) no funds provided under this Act shall be available for the salary (or any part thereof) of an employee who is reassigned on a temporary detail basis to another position in the employing agency or department or in any other agency or department, unless the detail is independently approved by the head of the employing department or agency.

SEC. 512. None of the funds made available in this Act may be used to enforce the requirements of section 428(b)(1)(U)(iii) of the Higher Education Act of 1965 with respect to any lender when it is made known to the Federal official having authority to obligate or expend such funds that the lender has a loan portfolio under part B of title IV of such Act that is equal to or less than \$5,000,000.

SEC. 513. (a) None of the funds made available in this Act may be used for—

Embryos.

(1) the creation of a human embryo or embryos for research purposes; or

(2) research in which a human embryo or embryos are destroyed, discarded, or knowingly subjected to risk of injury or death greater than that allowed for research on fetuses in utero under 45 CFR 46.208(a)(2) and section 498(b) of the Public Health Service Act (42 U.S.C. 289g(b)).

(b) For purposes of this section, the term “human embryo or embryos” include any organism, not protected as a human subject under 45 CFR 46 as of the date of the enactment of this Act, that is derived by fertilization, parthenogenesis, cloning, or any other means from one or more human gametes or human diploid cells.

SEC. 514. (a) LIMITATION ON USE OF FUNDS FOR PROMOTION OF LEGALIZATION OF CONTROLLED SUBSTANCES.—None of the funds made available in this Act may be used for any activity when it is made known to the Federal official having authority to obligate or expend such funds that the activity promotes the legalization of any drug or other substance included in schedule I of the schedules of controlled substances established by section 202 of the Controlled Substances Act (21 U.S.C. 812).

(b) EXCEPTIONS.—The limitation in subsection (a) shall not apply when it is made known to the Federal official having authority to obligate or expend such funds that there is significant medical evidence of a therapeutic advantage to the use of such drug or other substance or that federally sponsored clinical trials are being conducted to determine therapeutic advantage.

SEC. 515. None of the funds made available in this Act may be obligated or expended to enter into or renew a contract with an entity when it is made known to the Federal official having authority to obligate or expend such funds that—

(1) such entity is otherwise a contractor with the United States and is subject to the requirement in section 4212(d) of title 38, United States Code, regarding submission of an annual report to the Secretary of Labor concerning employment of certain veterans; and

(2) such entity has not submitted a report as required by that section for the most recent year for which such requirement was applicable to such entity.

SEC. 516. (a) FEES FOR FEDERAL ADMINISTRATION OF STATE SUPPLEMENTARY SSI PAYMENTS.—

(1) OPTIONAL STATE SUPPLEMENTARY PAYMENTS.—

(A) IN GENERAL.—Section 1616(d)(2)(B) of the Social Security Act (42 U.S.C. 1382e(d)(2)(B)) is amended—

(i) by striking “and” at the end of clause (iii);

and

(ii) by striking clause (iv) and inserting the following:

“(iv) for fiscal year 1997, \$5.00;

“(v) for fiscal year 1998, \$6.20;

“(vi) for fiscal year 1999, \$7.60;

“(vii) for fiscal year 2000, \$7.80;

“(viii) for fiscal year 2001, \$8.10;

“(ix) for fiscal year 2002, \$8.50; and

“(x) for fiscal year 2003 and each succeeding fiscal year—

“(I) the applicable rate in the preceding fiscal year, increased by the percentage, if any, by which the Consumer Price Index for the month of June of the calendar year of the increase exceeds the Consumer Price Index for the month of June of the calendar year preceding the calendar year of the increase, and rounded to the nearest whole cent; or

“(II) such different rate as the Commissioner determines is appropriate for the State.”.

(B) CONFORMING AMENDMENT.—Section 1616(d)(2)(C) of such Act (42 U.S.C. 1382e(d)(2)(C)) is amended by striking “(B)(iv)” and inserting “(B)(x)(II)”.

(2) MANDATORY STATE SUPPLEMENTARY PAYMENTS.—

(A) IN GENERAL.—Section 212(b)(3)(B)(ii) of Public Law 93-66 (42 U.S.C. 1382 note) is amended—

(i) by striking “and” at the end of subclause (III);

and

(ii) by striking subclause (IV) and inserting the following:

“(IV) for fiscal year 1997, \$5.00;

“(V) for fiscal year 1998, \$6.20;

“(VI) for fiscal year 1999, \$7.60;

“(VII) for fiscal year 2000, \$7.80;

“(VIII) for fiscal year 2001, \$8.10;

“(IX) for fiscal year 2002, \$8.50; and

“(X) for fiscal year 2003 and each succeeding fiscal year—

“(aa) the applicable rate in the preceding fiscal year, increased by the percentage, if any, by which the Consumer Price Index for the month of June of the calendar year of the increase exceeds the Consumer Price Index for the month of June of the calendar year preceding the calendar year of the increase, and rounded to the nearest whole cent; or

“(bb) such different rate as the Commissioner determines is appropriate for the State.”.

(B) CONFORMING AMENDMENT.—Section 212(b)(3)(B)(iii) of such Act (42 U.S.C. 1382 note) is amended by striking “(ii)(IV)” and inserting “(ii)(X)(bb)”.

(b) USE OF NEW FEES TO DEFRAY THE SOCIAL SECURITY ADMINISTRATION’S ADMINISTRATIVE EXPENSES.—

(1) CREDIT TO SPECIAL FUND FOR FISCAL YEAR 1998 AND SUBSEQUENT YEARS.—

(A) OPTIONAL STATE SUPPLEMENTARY PAYMENT FEES.—

Section 1616(d)(4) of the Social Security Act (42 U.S.C. 1382e(d)(4)) is amended to read as follows:

“(4)(A) The first \$5 of each administration fee assessed pursuant to paragraph (2), upon collection, shall be deposited in the general fund of the Treasury of the United States as miscellaneous receipts.

“(B) That portion of each administration fee in excess of \$5, and 100 percent of each additional services fee charged pursuant to paragraph (3), upon collection for fiscal year 1998 and each subsequent fiscal year, shall be credited to a special fund established in the Treasury of the United States for State supplementary payment fees. The amounts so credited, to the extent and in the amounts provided in advance in appropriations Acts, shall be available to defray expenses incurred in carrying out this title and related laws.”.

(B) MANDATORY STATE SUPPLEMENTARY PAYMENT FEES.—Section 212(b)(3)(D) of Public Law 93–66 (42 U.S.C. 1382 note) is amended to read as follows:

“(D)(i) The first \$5 of each administration fee assessed pursuant to subparagraph (B), upon collection, shall be deposited in the general fund of the Treasury of the United States as miscellaneous receipts.

“(ii) The portion of each administration fee in excess of \$5, and 100 percent of each additional services fee charged pursuant to subparagraph (C), upon collection for fiscal year 1998 and each subsequent fiscal year, shall be credited to a special fund established in the Treasury of the United States for State supplementary payment fees. The amounts so credited, to the extent and in the amounts provided in advance in appropriations Acts, shall be available to defray expenses incurred in carrying out this section and title XVI of the Social Security Act and related laws.”.

(2) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—

From amounts credited pursuant to section 1616(d)(4)(B) of the Social Security Act and section 212(b)(3)(D)(ii) of Public Law 93–66 to the special fund established in the Treasury of the United States for State supplementary payment fees, there is authorized to be appropriated an amount not to exceed \$35,000,000 for fiscal year 1998, and such sums as may be necessary for each fiscal year thereafter, for administrative expenses in carrying out the supplemental security income program under title XVI of the Social Security Act and related laws.

42 USC 1382e
note.

SEC. 517. Section 520(c)(2)(D) of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1997, is amended by striking “September 30, 1997” and inserting in lieu thereof “December 31, 1997”.

5 USC 5597 note.

SEC. 518. None of the funds made available in this Act may be used to pay the expenses of an election officer appointed by a court to oversee an election of any officer or trustee for the International Brotherhood of Teamsters.

SEC. 519. Subsection (k) of section 9302 of the Balanced Budget Act of 1997, as added by section 1604(f)(3) of the Taxpayer Relief Act of 1997, is repealed.

26 USC 5701
note.

TITLE VI—OTHER PROVISIONS

SEC. 601. The amount of the DSH allotment for the State of Minnesota for fiscal year 1998, specified in the table under section 1923(f)(2) of the Social Security Act (as amended by section 4721(a)(1) of Public Law 105–33) is deemed to be \$33,000,000.

42 USC 1396r–4
note.

SEC. 602. Notwithstanding section 1923(f)(2) of the Social Security Act (42 U.S.C. 1396r–4(f)(2)) (as amended by section 4721(a)(1) of the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 511)), the amount of the DSH allotment for Wyoming for fiscal year 1998 is deemed to be \$67,000.

42 USC 1396r–4
note.

PARKINSON’S DISEASE RESEARCH

SEC. 603. (a) SHORT TITLE.—This section may be cited as the “Morris K. Udall Parkinson’s Disease Research Act of 1997”.

(b) FINDING AND PURPOSE.—

(1) FINDING.—Congress finds that to take full advantage of the tremendous potential for finding a cure or effective

Morris K. Udall
Parkinson’s
Disease Research
Act of 1997.
42 USC 201 note.
42 USC 284f
note.

treatment, the Federal investment in Parkinson's disease must be expanded, as well as the coordination strengthened among the National Institutes of Health research institutes.

(2) PURPOSE.—It is the purpose of this section to provide for the expansion and coordination of research regarding Parkinson's disease, and to improve care and assistance for afflicted individuals and their family caregivers.

(c) PARKINSON'S DISEASE RESEARCH.—Part B of title IV of the Public Health Service Act (42 U.S.C. 284 et seq.) is amended by adding at the end the following:

“PARKINSON'S DISEASE

42 USC 284f.

“SEC. 409B. (a) IN GENERAL.—The Director of NIH shall establish a program for the conduct and support of research and training with respect to Parkinson's disease (subject to the extent of amounts appropriated under subsection (e)).

“(b) INTER-INSTITUTE COORDINATION.—

“(1) IN GENERAL.—The Director of NIH shall provide for the coordination of the program established under subsection (a) among all of the national research institutes conducting Parkinson's disease research.

Reports.

“(2) CONFERENCE.—Coordination under paragraph (1) shall include the convening of a research planning conference not less frequently than once every 2 years. Each such conference shall prepare and submit to the Committee on Appropriations and the Committee on Labor and Human Resources of the Senate and the Committee on Appropriations and the Committee on Commerce of the House of Representatives a report concerning the conference.

“(c) MORRIS K. UDALL RESEARCH CENTERS.—

“(1) IN GENERAL.—The Director of NIH is authorized to award Core Center Grants to encourage the development of innovative multidisciplinary research and provide training concerning Parkinson's disease. The Director is authorized to award not more than 10 Core Center Grants and designate each center funded under such grants as a Morris K. Udall Center for Research on Parkinson's Disease.

“(2) REQUIREMENTS.—

“(A) IN GENERAL.—With respect to Parkinson's disease, each center assisted under this subsection shall—

“(i) use the facilities of a single institution or a consortium of cooperating institutions, and meet such qualifications as may be prescribed by the Director of the NIH; and

“(ii) conduct basic and clinical research.

“(B) DISCRETIONARY REQUIREMENTS.—With respect to Parkinson's disease, each center assisted under this subsection may—

“(i) conduct training programs for scientists and health professionals;

“(ii) conduct programs to provide information and continuing education to health professionals;

“(iii) conduct programs for the dissemination of information to the public;

“(iv) separately or in collaboration with other centers, establish a nationwide data system derived from patient populations with Parkinson's disease, and

where possible, comparing relevant data involving general populations;

“(v) separately or in collaboration with other centers, establish a Parkinson’s Disease Information Clearinghouse to facilitate and enhance knowledge and understanding of Parkinson’s disease; and

“(vi) separately or in collaboration with other centers, establish a national education program that fosters a national focus on Parkinson’s disease and the care of those with Parkinson’s disease.

“(3) STIPENDS REGARDING TRAINING PROGRAMS.—A center may use funds provided under paragraph (1) to provide stipends for scientists and health professionals enrolled in training programs under paragraph (2)(B).

“(4) DURATION OF SUPPORT.—Support of a center under this subsection may be for a period not exceeding five years. Such period may be extended by the Director of NIH for one or more additional periods of not more than five years if the operations of such center have been reviewed by an appropriate technical and scientific peer review group established by the Director and if such group has recommended to the Director that such period should be extended.

“(d) MORRIS K. UDALL AWARDS FOR EXCELLENCE IN PARKINSON’S DISEASE RESEARCH.—The Director of NIH is authorized to establish a grant program to support investigators with a proven record of excellence and innovation in Parkinson’s disease research and who demonstrate potential for significant future breakthroughs in the understanding of the pathogenesis, diagnosis, and treatment of Parkinson’s disease. Grants under this subsection shall be available for a period of not to exceed 5 years.

“(e) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this section and section 301 and title IV of the Public Health Service Act with respect to research focused on Parkinson’s disease, there are authorized to be appropriated up to \$100,000,000 for fiscal year 1998, and such sums as may be necessary for each of the fiscal years 1999 and 2000.”

SEC. 604. (a) Section 414(a) of the Immigration and Nationality Act (8 U.S.C. 1524(a)) is amended by striking “fiscal year 1995, fiscal year 1996, and fiscal year 1997” and inserting “each of fiscal years 1998 and 1999”.

(b) The amendment made by subsection (a) shall take effect October 1, 1997.

SEC. 605. Subparagraphs (B) and (C) of section 1143(a)(2) of the Social Security Act (42 U.S.C. 1320b-13(a)(2)(B), (C)) are each amended by striking “employee” and inserting “employer, employee,”.

SEC. 606. (a) Notwithstanding any other provision of law, the payments described in subsection (b) shall not be considered income or resources in determining eligibility for, or the amount of benefits under, a program or State plan under title XVI or XIX of the Social Security Act.

(b) The payments described in this subsection are payments made by the Secretary of Defense pursuant to section 657 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201; 110 Stat. 2584).

SEC. 607. In addition to amounts otherwise made available for payment of obligations in carrying out 49 U.S.C. 5338(a),

Effective date.
8 USC 1524 note.

\$50,000,000 shall remain available until expended and to be derived from the Highway Trust Fund: *Provided*, That \$50,000,000 shall be paid from the Mass Transit Account of the Highway Trust Fund to the Federal Transit Administration's formula grants account: *Provided further*, That subsection (c) of section 337 of the Department of Transportation and Related Agencies Appropriations Act, 1998 is amended by inserting after "House and Senate Committees on Appropriations", the following: "and the Senate Committee on Commerce, Science, and Transportation".

42 USC 603.

SEC. 608. Clauses (i)(I) and (ii)(II) of section 403(a)(5)(A) of the Social Security Act are amended by striking "during the fiscal year" in each place it appears and inserting "during the period permitted under subparagraph (C)(vii) of this paragraph for the expenditure of funds under the grant".

EMERGENCY STUDENT LOAN CONSOLIDATION

Emergency
Student Loan
Consolidation Act
of 1997.
20 USC 1001
note.

SEC. 609. (a) SHORT TITLE; REFERENCES.—This section may be cited as the "Emergency Student Loan Consolidation Act of 1997". Except as otherwise expressly provided, whenever in this section an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

(b) DEFINITION OF LOANS ELIGIBLE FOR CONSOLIDATION.—Section 428C(a)(4) (20 U.S.C. 1078-3(a)(4)) is amended—

(1) by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), respectively; and

(2) by inserting after subparagraph (B) the following new subparagraph:

"(C) made under part D of this title, except that loans made under such part shall be eligible student loans only for consolidation loans for which the application is received by an eligible lender during the period beginning on the date of enactment of the Emergency Student Loan Consolidation Act of 1997 and ending on October 1, 1998;"

(c) TERMS OF CONSOLIDATION LOANS.—Section 428C(b)(4)(C)(ii) is amended—

(1) in subclause (I), by inserting after "consolidation loan" the following: "for which the application is received by an eligible lender before the date of enactment of the Emergency Student Loan Consolidation Act of 1997, or on or after October 1, 1998,";

(2) by striking "or" at the end of subclause (I);

(3) by inserting "or (II)" before the semicolon at the end of subclause (II);

(4) by redesignating subclause (II) as subclause (III); and

(5) by inserting after subclause (I) the following new subclause:

"(II) by the Secretary, in the case of a consolidation loan for which the application is received by an eligible lender on or after the date of enactment of the Emergency Student Loan Consolidation Act of 1997 and before October 1, 1998, except that the Secretary shall pay such interest only on that portion of the loan

that repays Federal Stafford Loans for which the student borrower received an interest subsidy under section 428 or Federal Direct Stafford Loans for which the borrower received an interest subsidy under section 455; or”.

(d) NONDISCRIMINATION IN LOAN CONSOLIDATION.—Section 428C(b) is amended by adding at the end the following new paragraph:

“(6) NONDISCRIMINATION IN LOAN CONSOLIDATION.—An eligible lender that makes consolidation loans under this section shall not discriminate against any borrower seeking such a loan—

“(A) based on the number or type of eligible student loans the borrower seeks to consolidate;

“(B) based on the type or category of institution of higher education that the borrower attended;

“(C) based on the interest rate to be charged to the borrower with respect to the consolidation loan; or

“(D) with respect to the types of repayment schedules offered to such borrower.”.

(e) INTEREST RATE.—Section 428C(c)(1) is amended—

(1) in the first sentence of subparagraph (A), by striking “(B) or (C)” and inserting “(B), (C), or (D)”;

(2) by adding at the end the following new subparagraph:

“(D) A consolidation loan for which the application is received by an eligible lender on or after the date of enactment of the Emergency Student Loan Consolidation Act of 1997 and before October 1, 1998, shall bear interest at an annual rate on the unpaid principal balance of the loan that is equal to the rate specified in section 427A(f), except that the eligible lender may continue to calculate interest on such a loan at the rate previously in effect and defer, until not later than April 1, 1998, the recalculation of the interest on such a loan at the rate required by this subparagraph if the recalculation is applied retroactively to the date on which the loan is made.”.

(f) AMENDMENTS EFFECTIVE FOR PENDING APPLICANTS.—The consolidation loans authorized by the amendments made by this section shall be available notwithstanding any pending application by a student for a consolidation loan under part D of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087a et seq.), upon withdrawal of such application by the student at any time prior to receipt of such a consolidation loan.

20 USC 1078-3
note.

(g) FAMILY CONTRIBUTION FOR DEPENDENT STUDENTS.—

(1) PARENTS’ AVAILABLE INCOME.—Section 475(c)(1) (20 U.S.C. 1087oo(c)(1)) is amended—

(A) by striking “and” at the end of subparagraph (D);

(B) by striking the period at the end of subparagraph (E) and inserting “; and”; and

(C) by adding at the end of the following new subparagraph:

“(F) the amount of any tax credit taken by the parents under section 25A of the Internal Revenue Code of 1986.”.

(2) STUDENT CONTRIBUTION FROM AVAILABLE INCOME.—Section 475(g)(2) is amended—

(A) by striking “and” at the end of subparagraph (C);

(B) by striking the period at the end of subparagraph (D) and inserting “; and”; and

(C) by inserting after subparagraph (D) the following new subparagraph:

“(E) the amount of any tax credit taken by the student under section 25A of the Internal Revenue Code of 1986.”.

(h) FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE.—Section 476(b)(1)(A) (20 U.S.C. 1087pp(b)(1)(A)) is amended—

(1) by striking “and” at the end of clause (iv); and

(2) by inserting after clause (v) the following new clause:

“(vi) the amount of any tax credit taken under section 25A of the Internal Revenue Code of 1986; and”.

(i) FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE.—Section 477(b)(1) (20 U.S.C. 1087qq(b)(1)) is amended—

(1) by striking “and” at the end of subparagraph (D);

(2) by striking the period at the end of subparagraph (E) and inserting “; and”; and

(3) by adding at the end the following new subparagraph:

“(F) the amount of any tax credit taken under section 25A of the Internal Revenue Code of 1986.”.

(j) TOTAL INCOME.—Section 480(a)(2) (20 U.S.C. 1087vv(a)(2)) is amended—

(1) by striking “individual, and” and inserting “individual,”; and

(2) by inserting “and no portion of any tax credit taken under section 25A of the Internal Revenue Code of 1986,” before “shall be included”.

(k) OTHER FINANCIAL ASSISTANCE.—Section 480(j) is amended by adding at the end the following new paragraph:

“(4) Notwithstanding paragraph (1), a tax credit taken under section 25A of the Internal Revenue Code of 1986 shall not be treated as estimated financial assistance for purposes of section 471(3).”.

20 USC 1087h.

(l) IN GENERAL.—Section 458(a)(1) (20 U.S.C. 1087(a)(1)) is amended by striking “\$532,000,000” and inserting “\$507,000,000”.

20 USC 1087h note.

(m) CONSTRUCTION.—Nothing in this Act or an amendment made by this Act shall be construed to prohibit the Secretary of Education from using funds that are returned or otherwise recovered by the Secretary under section 422(g) of the Higher Education Act of 1965 (20 U.S.C. 1072(g)) including the balances of returned reserve funds, formerly held by the Higher Education Assistance Foundation, that are currently held in Higher Education Assistance Foundation Claims Reserves, Treasury account number 91X6192, for expenditure for expenses pursuant to section 458 of such Act (20 U.S.C. 1087h).

National Health
Museum
Development Act.
20 USC 50 note.

TITLE VII—NATIONAL HEALTH MUSEUM

SEC. 701. SHORT TITLE.

This title may be cited as the “National Health Museum Development Act”.

20 USC 50 note.

SEC. 702. AMENDMENTS TO THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1995.

Section 1067 of the National Defense Authorization Act for Fiscal Year 1995 (10 U.S.C. 176 note) is amended—

- (1) in subsection (a)—
 - (A) in paragraph (1), by adding “and” at the end;
 - (B) in paragraph (2), by striking “; and” and inserting a period; and
 - (C) by striking paragraph (3);
- (2) in subsection (b)—
 - (A) in the subsection heading, by striking “AND SITE OF FACILITY”;
 - (B) in paragraph (1), by striking “; and” and inserting a period;
 - (C) by striking paragraph (2); and
 - (D) by striking “Pathology—” and all that follows through “shall” in paragraph (1) and inserting “Pathology shall”; and
- (3) by striking subsections (c) through (e).

SEC. 703. NATIONAL HEALTH MUSEUM SITE.

District of
Columbia.
20 USC 50 note.

(a) **SITE.**—The facility known as the National Health Museum shall be located on or near the Mall on land owned by the Federal Government or the District of Columbia (or both) in the District of Columbia.

(b) **RULE OF CONSTRUCTION.**—Nothing in this section shall be construed as limiting the authority or responsibilities of the National Capital Planning Commission or the Commission of Fine Arts.

(c) **DEFINITION.**—In this section, the term “the Mall” means—

- (1) the land designated as “Union Square”, United States Reservation 6A; and
- (2) the land designated as the “Mall”, United States Reservations 3, 4, 5, and 6.

SEC. 704. NATIONAL HEALTH MUSEUM COMMISSION.

20 USC 50 note.

(a) **ESTABLISHMENT OF COMMISSION.**—There is established a commission to be known as the National Health Museum Commission (hereafter referred to in this title as the “Commission”) that shall be comprised of eight members.

(b) **MEMBERSHIP.**—

(1) **IN GENERAL.**—The members of the Commission shall be appointed for the life of the Commission as follows:

- (A) Two members shall be appointed by the President. President.
- (B) Two members shall be appointed by the Speaker of the House of Representatives.
- (C) One member shall be appointed by the Minority Leader of the House of Representatives.
- (D) Two members shall be appointed by the Majority Leader of the Senate.
- (E) One member shall be appointed by the Minority Leader of the Senate.

(2) **PERSONS ELIGIBLE.**—The members of the Commission shall be individuals who have knowledge or expertise in matters to be studied by the Commission.

(3) **CHAIRPERSON.**—The President shall designate one member as the Chairperson of the Commission. President.

SEC. 705. DUTIES OF THE COMMISSION.

20 USC 50 note.

(a) **STUDY.**—It shall be the duty of the Commission to conduct a comprehensive study of the appropriate Federal role in the planning and operation of the National Health Museum, as well as

any other issues deemed appropriate to the development of the National Health Museum.

(b) **REPORT.**—Not later than 1 year after the date on which the Commission first meets, the Commission shall submit to the President and Congress a comprehensive report of the Commission’s findings and conclusions, together with any recommendations of the Commission.

20 USC 50 note.

SEC. 706. COMMISSION ADMINISTRATION MATTERS.

(a) **APPLICATION OF FACA.**—The National Health Museum, Inc. shall be responsible for administering all Commission activities in accordance with the Federal Advisory Committee Act (5 U.S.C. App.).

(b) **COMPENSATION OF MEMBERS.**—Each member of the Commission who is not an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

20 USC 50 note.

SEC. 707. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this section, \$500,000 for fiscal year 1998, to remain available until expended.

20 USC 50 note.

SEC. 708. TERMINATION OF THE COMMISSION.

The Commission shall terminate 60 days after the Commission submits the report required under section 705(b).

This Act may be cited as the “Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1998”.

Approved November 13, 1997.

LEGISLATIVE HISTORY—H.R. 2264 (S. 1061):

HOUSE REPORTS: Nos. 105–205 (Comm. on Appropriations) and 105–390 (Comm. of Conference).

SENATE REPORTS: No. 105–58 accompanying S. 1061 (Comm. on Appropriations).
CONGRESSIONAL RECORD, Vol. 143 (1997):

Sept. 4, 5, 8–11, 16, 17, considered and passed House.

Sept. 17, considered and passed Senate, amended, in lieu of S. 1061

Nov. 7, House agreed to conference report.

Nov. 8, Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Nov. 13, Presidential statement.



Public Law 105–79
105th Congress

An Act

To provide for the conveyance of certain land in the Six Rivers National Forest in the State of California for the benefit of the Hoopa Valley Tribe.

Nov. 13, 1997
[H.R. 79]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Hoopa Valley Reservation South Boundary Adjustment Act”.

Hoopa Valley
Reservation
South Boundary
Adjustment Act.
25 USC 1300i–1
note.

SEC. 2. TRANSFER OF LANDS WITHIN SIX RIVERS NATIONAL FOREST FOR HOOPA VALLEY TRIBE.

25 USC 1300i–1
note.

(a) **TRANSFER.**—All right, title, and interest in and to the lands described in subsection (b) shall hereafter be administered by the Secretary of the Interior and be held in trust by the United States for the Hoopa Valley Tribe. The lands are hereby declared part of the Hoopa Valley Reservation. Upon the inclusion of such lands in the Hoopa Valley Reservation, Forest Service system roads numbered 8N03 and 7N51 and the Trinity River access road which is a spur off road numbered 7N51, shall be Indian reservation roads, as defined in section 101(a) of title 23 of the United States Code.

(b) **LANDS DESCRIBED.**—The lands referred to in subsection (a) are those portions of Townships 7 North and 8 North, Ranges 5 East and 6 East, Humboldt Meridian, California, within a boundary beginning at a point on the current south boundary of the Hoopa Valley Indian Reservation, marked and identified as “Post H.V.R. No. 8” on the Plat of the Hoopa Valley Indian Reservation prepared from a field survey conducted by C.T. Bissel, Augustus T. Smith, and C.A. Robinson, Deputy Surveyors, approved by the Surveyor General, H. Pratt, March 18, 1892, and extending from said point on a bearing of north 72 degrees 30 minutes east, until intersecting with a line beginning at a point marked as “Post H.V.R. No. 3” on such survey and extending on a bearing of south 15 degrees 59 minutes east, comprising 2,641 acres more or less.

(c) **BOUNDARY ADJUSTMENT.**—The boundary of the Six Rivers National Forest in the State of California is hereby adjusted to exclude the lands to be held in trust for the benefit of the Hoopa Valley Tribe pursuant to this section.

(d) **SURVEY.**—The Secretary of the Interior, acting through the Bureau of Land Management, shall survey and monument that portion of the boundary of the Hoopa Valley Reservation established by the addition of the lands described in subsection (b).

(e) SETTLEMENT OF CLAIMS.—The transfer of lands to trust status under this section extinguishes the following claims by the Hoopa Valley Tribe:

(1) All claims on land now administered as part of the Six Rivers National Forest based on the allegation of error in establishing the boundaries of the Hoopa Valley Reservation, as those boundaries were configured before the date of the enactment of this Act.

(2) All claims of failure to pay just compensation for a taking under the fifth amendment to the United States Constitution, if such claims are based on activities, occurring before the date of the enactment of this Act, related to the lands transferred to trust status under this section.

Approved November 13, 1997.

LEGISLATIVE HISTORY—H.R. 79:

HOUSE REPORTS: No. 105–110 (Comm. on Resources).

SENATE REPORTS: No. 105–117 (Comm. on Indian Affairs).

CONGRESSIONAL RECORD, Vol. 143 (1997):

June 3, considered and passed House.

Nov. 4, considered and passed Senate.



Public Law 105–80
105th Congress

An Act

To make technical amendments to certain provisions of title 17, United States Code.

Nov. 13, 1997
[H.R. 672]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TECHNICAL CORRECTIONS TO THE SATELLITE HOME VIEWER ACT OF 1994. 17 USC 119.

The Satellite Home Viewer Act of 1994 (Public Law 103–369) is amended as follows:

(1) Section 2(3)(A) is amended to read as follows:

“(A) in clause (i) by striking ‘12 cents’ and inserting ‘17.5 cents per subscriber in the case of superstations that as retransmitted by the satellite carrier include any program which, if delivered by any cable system in the United States, would be subject to the syndicated exclusivity rules of the Federal Communications Commission, and 14 cents per subscriber in the case of superstations that are syndex-proof as defined in section 258.2 of title 37, Code of Federal Regulations’; and”.

(2) Section 2(4) is amended to read as follows:

“(4) Subsection (c) is amended—

“(A) in paragraph (1)—

“(i) by striking ‘until December 31, 1992,’;

“(ii) by striking ‘(2), (3) or (4)’ and inserting ‘(2) or (3)’; and

“(iii) by striking the second sentence;

“(B) in paragraph (2)—

“(i) in subparagraph (A) by striking ‘July 1, 1991’ and inserting ‘July 1, 1996’; and

“(ii) in subparagraph (D) by striking ‘December 31, 1994’ and inserting ‘December 31, 1999, or in accordance with the terms of the agreement, whichever is later’; and

“(C) in paragraph (3)—

“(i) in subparagraph (A) by striking ‘December 31, 1991’ and inserting ‘January 1, 1997’;

“(ii) by amending subparagraph (B) to read as follows:

“(B) ESTABLISHMENT OF ROYALTY FEES.—In determining royalty fees under this paragraph, the copyright arbitration royalty panel appointed under chapter 8 shall establish fees for the retransmission of network stations and superstations that most clearly represent the fair market value of secondary transmissions. In determining the

fair market value, the panel shall base its decision on economic, competitive, and programming information presented by the parties, including—

“(i) the competitive environment in which such programming is distributed, the cost of similar signals in similar private and compulsory license marketplaces, and any special features and conditions of the retransmission marketplace;

“(ii) the economic impact of such fees on copyright owners and satellite carriers; and

“(iii) the impact on the continued availability of secondary transmissions to the public.”; and

“(iii) in subparagraph (C), by inserting ‘or July 1, 1997, whichever is later’ after ‘section 802(g)’.”.

(3) Section 2(5)(A) is amended to read as follows:

“(A) in paragraph (5)(C) by striking ‘the date of the enactment of the Satellite Home Viewer Act of 1988’ and inserting ‘November 16, 1988’; and”.

SEC. 2. COPYRIGHT IN RESTORED WORKS.

Section 104A of title 17, United States Code, is amended as follows:

(1) Subsection (d)(3)(A) is amended to read as follows:

“(3) EXISTING DERIVATIVE WORKS.—(A) In the case of a derivative work that is based upon a restored work and is created—

“(i) before the date of the enactment of the Uruguay Round Agreements Act, if the source country of the restored work is an eligible country on such date, or

“(ii) before the date on which the source country of the restored work becomes an eligible country, if that country is not an eligible country on such date of enactment, a reliance party may continue to exploit that derivative work for the duration of the restored copyright if the reliance party pays to the owner of the restored copyright reasonable compensation for conduct which would be subject to a remedy for infringement but for the provisions of this paragraph.”.

(2) Subsection (e)(1)(B)(ii) is amended by striking the last sentence.

(3) Subsection (h)(2) is amended to read as follows:

“(2) The ‘date of restoration’ of a restored copyright is—

“(A) January 1, 1996, if the source country of the restored work is a nation adhering to the Berne Convention or a WTO member country on such date, or

“(B) the date of adherence or proclamation, in the case of any other source country of the restored work.”.

(4) Subsection (h)(3) is amended to read as follows:

“(3) The term ‘eligible country’ means a nation, other than the United States, that—

“(A) becomes a WTO member country after the date of the enactment of the Uruguay Round Agreements Act;

“(B) on such date of enactment is, or after such date of enactment becomes, a member of the Berne Convention; or

“(C) after such date of enactment becomes subject to a proclamation under subsection (g).

For purposes of this section, a nation that is a member of the Berne Convention on the date of the enactment of the Uruguay Round Agreements Act shall be construed to become an eligible country on such date of enactment.”.

SEC. 3. LICENSES FOR NONEXEMPT SUBSCRIPTION TRANSMISSIONS.

Section 114(f) of title 17, United States Code, is amended—

(1) in paragraph (1), by inserting “, or, if a copyright arbitration royalty panel is convened, ending 30 days after the Librarian issues and publishes in the Federal Register an order adopting the determination of the copyright arbitration royalty panel or an order setting the terms and rates (if the Librarian rejects the panel’s determination)” after “December 31, 2000”; and

(2) in paragraph (2), by striking “and publish in the Federal Register”.

Federal Register,
publication.

SEC. 4. ROYALTY PAYABLE UNDER COMPULSORY LICENSE.

Section 115(c)(3)(D) of title 17, United States Code, is amended by striking “and publish in the Federal Register”.

SEC. 5. NEGOTIATED LICENSE FOR JUKEBOXES.

Section 116 of title 17, United States Code, is amended—

(1) by amending subsection (b)(2) to read as follows:

“(2) **ARBITRATION.**—Parties not subject to such a negotiation may determine, by arbitration in accordance with the provisions of chapter 8, the terms and rates and the division of fees described in paragraph (1).”; and

(2) by adding at the end the following new subsection:

“(d) **DEFINITIONS.**—As used in this section, the following terms mean the following:

“(1) A ‘coin-operated phonorecord player’ is a machine or device that—

“(A) is employed solely for the performance of nondramatic musical works by means of phonorecords upon being activated by the insertion of coins, currency, tokens, or other monetary units or their equivalent;

“(B) is located in an establishment making no direct or indirect charge for admission;

“(C) is accompanied by a list which is comprised of the titles of all the musical works available for performance on it, and is affixed to the phonorecord player or posted in the establishment in a prominent position where it can be readily examined by the public; and

“(D) affords a choice of works available for performance and permits the choice to be made by the patrons of the establishment in which it is located.

“(2) An ‘operator’ is any person who, alone or jointly with others—

“(A) owns a coin-operated phonorecord player;

“(B) has the power to make a coin-operated phonorecord player available for placement in an establishment for purposes of public performance; or

“(C) has the power to exercise primary control over the selection of the musical works made available for public performance on a coin-operated phonorecord player.”.

SEC. 6. REGISTRATION AND INFRINGEMENT ACTIONS.

Section 411(b)(1) of title 17, United States Code, is amended to read as follows:

“(1) serves notice upon the infringer, not less than 48 hours before such fixation, identifying the work and the specific time and source of its first transmission, and declaring an intention to secure copyright in the work; and”.

SEC. 7. COPYRIGHT OFFICE FEES.

(a) FEE INCREASES.—Section 708(b) of title 17, United States Code, is amended to read as follows:

“(b) In calendar year 1997 and in any subsequent calendar year, the Register of Copyrights, by regulation, may increase the fees specified in subsection (a) in the following manner:

“(1) The Register shall conduct a study of the costs incurred by the Copyright Office for the registration of claims, the recordation of documents, and the provision of services. The study shall also consider the timing of any increase in fees and the authority to use such fees consistent with the budget.

“(2) The Register may, on the basis of the study under paragraph (1), and subject to paragraph (5), increase fees to not more than that necessary to cover the reasonable costs incurred by the Copyright Office for the services described in paragraph (1), plus a reasonable inflation adjustment to account for any estimated increase in costs.

“(3) Any fee established under paragraph (2) shall be rounded off to the nearest dollar, or for a fee less than \$12, rounded off to the nearest 50 cents.

“(4) Fees established under this subsection shall be fair and equitable and give due consideration to the objectives of the copyright system.

“(5) If the Register determines under paragraph (2) that fees should be increased, the Register shall prepare a proposed fee schedule and submit the schedule with the accompanying economic analysis to the Congress. The fees proposed by the Register may be instituted after the end of 120 days after the schedule is submitted to the Congress unless, within that 120-day period, a law is enacted stating in substance that the Congress does not approve the schedule.”.

(b) DEPOSIT OF FEES.—Section 708(d) of such title is amended to read as follows:

“(d)(1) Except as provided in paragraph (2), all fees received under this section shall be deposited by the Register of Copyrights in the Treasury of the United States and shall be credited to the appropriations for necessary expenses of the Copyright Office. Such fees that are collected shall remain available until expended. The Register may, in accordance with regulations that he or she shall prescribe, refund any sum paid by mistake or in excess of the fee required by this section.

“(2) In the case of fees deposited against future services, the Register of Copyrights shall request the Secretary of the Treasury to invest in interest-bearing securities in the United States Treasury any portion of the fees that, as determined by the Register, is not required to meet current deposit account demands. Funds from such portion of fees shall be invested in securities that permit funds to be available to the Copyright Office at all times if they are determined to be necessary to meet current deposit account

demands. Such investments shall be in public debt securities with maturities suitable to the needs of the Copyright Office, as determined by the Register of Copyrights, and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities.

“(3) The income on such investments shall be deposited in the Treasury of the United States and shall be credited to the appropriations for necessary expenses of the Copyright Office.”.

SEC. 8. COPYRIGHT ARBITRATION ROYALTY PANELS.

(a) ESTABLISHMENT AND PURPOSE.—Section 801 of title 17, United States Code, is amended—

(1) in subsection (b)(1) by striking “and 116” in the first sentence and inserting “116, and 119”;

(2) in subsection (c) by inserting after “panel” at the end of the sentence the following:

“, including—

“(1) authorizing the distribution of those royalty fees collected under sections 111, 119, and 1005 that the Librarian has found are not subject to controversy; and

“(2) accepting or rejecting royalty claims filed under sections 111, 119, and 1007 on the basis of timeliness or the failure to establish the basis for a claim”; and

(3) by amending subsection (d) to read as follows:

“(d) SUPPORT AND REIMBURSEMENT OF ARBITRATION PANELS.—The Librarian of Congress, upon the recommendation of the Register of Copyrights, shall provide the copyright arbitration royalty panels with the necessary administrative services related to proceedings under this chapter, and shall reimburse the arbitrators presiding in distribution proceedings at such intervals and in such manner as the Librarian shall provide by regulation. Each such arbitrator is an independent contractor acting on behalf of the United States, and shall be hired pursuant to a signed agreement between the Library of Congress and the arbitrator. Payments to the arbitrators shall be considered reasonable costs incurred by the Library of Congress and the Copyright Office for purposes of section 802(h)(1).”.

(b) PROCEEDINGS.—Section 802(h) of title 17, United States Code, is amended by amending paragraph (1) to read as follows:

“(1) DEDUCTION OF COSTS OF LIBRARY OF CONGRESS AND COPYRIGHT OFFICE FROM ROYALTY FEES.—The Librarian of Congress and the Register of Copyrights may, to the extent not otherwise provided under this title, deduct from royalty fees deposited or collected under this title the reasonable costs incurred by the Library of Congress and the Copyright Office under this chapter. Such deduction may be made before the fees are distributed to any copyright claimants. In addition, all funds made available by an appropriations Act as offsetting collections and available for deductions under this subsection shall remain available until expended. In ratemaking proceedings, the reasonable costs of the Librarian of Congress and the Copyright Office shall be borne by the parties to the proceedings as directed by the arbitration panels under subsection (c).”.

SEC. 9. DIGITAL AUDIO RECORDING DEVICES AND MEDIA.

Section 1007(b) of title 17, United States Code, is amended by striking “Within 30 days after” in the first sentence and inserting “After”.

SEC. 10. CONFORMING AMENDMENT.

Section 4 of the Digital Performance Right in Sound Recordings Act of 1995 (Public Law 104–39) is amended by redesignating paragraph (5) as paragraph (4).

SEC. 11. DISTRIBUTION OF PHONORECORDS.

Section 303 of title 17, United States Code, is amended—

(1) by striking “Copyright” and inserting “(a) Copyright”; and

(2) by inserting at the end the following:

“(b) The distribution before January 1, 1978, of a phonorecord shall not for any purpose constitute a publication of the musical work embodied therein.”.

SEC. 12. MISCELLANEOUS TECHNICAL AMENDMENTS.

(a) AMENDMENTS TO TITLE 17, UNITED STATES CODE.—Title 17, United States Code, is amended as follows:

(1) The table of chapters at the beginning of title 17, United States Code, is amended—

(A) in the item relating to chapter 6, by striking “**Requirement**” and inserting “**Requirements**”;

(B) in the item relating to chapter 8, by striking “**Royalty Tribunal**” and inserting “**Arbitration Royalty Panels**”;

(C) in the item relating to chapter 9, by striking “**semiconductor chip products**” and inserting “**Semiconductor Chip Products**”; and

(D) by inserting after the item relating to chapter 9 the following:

“**10. Digital Audio Recording Devices and Media 1001**”.

(2) The item relating to section 117 in the table of sections at the beginning of chapter 1 is amended to read as follows:

“117. Limitations on exclusive rights: Computer programs.”.

(3) Section 101 is amended in the definition of to perform or display a work “publicly” by striking “processs” and inserting “process”.

(4) Section 108(e) is amended by striking “pair” and inserting “fair”.

(5) Section 109(b)(2)(B) is amended by striking “Copyright” and inserting “Copyrights”.

(6) Section 110 is amended—

(A) in paragraph (8) by striking the period at the end and inserting a semicolon;

(B) in paragraph (9) by striking the period at the end and inserting “; and”; and

(C) in paragraph (10) by striking “4 above” and inserting “(4)”.

(7) Section 115(c)(3)(E) is amended—

(A) in clause (i) by striking “sections 106(1) and (3)” each place it appears and inserting “paragraphs (1) and (3) of section 106”; and

(B) in clause (ii)(II) by striking “sections 106(1) and 106(3)” and inserting “paragraphs (1) and (3) of section 106”.

(8) Section 119(c)(1) is amended by striking “until unless” and inserting “unless”.

(9) Section 304(c) is amended in the matter preceding paragraph (1) by striking “the subsection (a)(1)(C)” and inserting “subsection (a)(1)(C)”.

(10) Section 405(b) is amended by striking “condition or” and inserting “condition for”.

(11) Section 407(d)(2) is amended by striking “cost of” and inserting “cost to”.

(12) The item relating to section 504 in the table of sections at the beginning of chapter 5 is amended by striking “Damage” and inserting “Damages”.

(13) Section 504(c)(2) is amended by striking “court it” and inserting “court in”.

(14) Section 509(b) is amended by striking “merchandise; and baggage” and inserting “merchandise, and baggage”.

(15) Section 601(a) is amended by striking “nondramtic” and inserting “nondramatic”.

(16) Section 601(b)(1) is amended by striking “subsustantial” and inserting “substantial”.

(17) The item relating to section 710 in the table of sections at the beginning of chapter 7 is amended by striking “Reproductions” and inserting “Reproduction”.

(18) The item relating to section 801 in the table of sections at the beginning of chapter 8 is amended by striking “establishment” and inserting “Establishment”.

(19) Section 801(b) is amended—

(A) by striking “shall be—” and inserting “shall be as follows:”;

(B) in paragraph (1) by striking “to make” and inserting “To make”;

(C) in paragraph (2)—

(i) by striking “to make” and inserting “To make”; and

(ii) in subparagraph (D) by striking “adjustment; and” and inserting “adjustment.”; and

(D) in paragraph (3) by striking “to distribute” and inserting “To distribute”.

(20) Section 803(b) is amended in the second sentence by striking “subsection subsection” and inserting “subsection”.

(21) The item relating to section 903 in the table of sections at the beginning of chapter 9 is amended to read as follows:

“903. Ownership, transfer, licensure, and recordation.”.

(22) Section 909(b)(1) is amended—

(A) by striking “force” and inserting “work”; and

(B) by striking “sumbol” and inserting “symbol”.

(23) Section 910(a) is amended in the second sentence by striking “as used” and inserting “As used”.

(24) Section 1006(b)(1) is amended by striking “Federation Television” and inserting “Federation of Television”.

(25) Section 1007 is amended—

(A) in subsection (a)(1) by striking “the calendar year in which this chapter takes effect” and inserting “calendar year 1992”; and

(B) in subsection (b) by striking “the year in which this section takes effect” and inserting “1992”.

(b) RELATED PROVISIONS.—

(1) Section 1(a)(1) of the Act entitled “An Act to amend chapter 9 of title 17, United States Code, regarding protection extended to semiconductor chip products of foreign entities”, approved November 9, 1987 (17 U.S.C. 914 note), is amended by striking “originating” and inserting “originating”.

(2) Section 2319(b)(1) of title 18, United States Code, is amended by striking “last 10” and inserting “least 10”.

17 USC 119 note. **SEC. 13. EFFECTIVE DATES.**

(a) IN GENERAL.—Except as provided in subsections (b) and (c), the amendments made by this Act shall take effect on the date of the enactment of this Act.

(b) SATELLITE HOME VIEWER ACT.—The amendments made by section 1 shall be effective as if enacted as part of the Satellite Home Viewer Act of 1994 (Public Law 103–369).

(c) TECHNICAL AMENDMENT.—The amendment made by section 12(b)(1) shall be effective as if enacted on November 9, 1987.

Approved November 13, 1997.

LEGISLATIVE HISTORY—H.R. 672 (S. 506):

HOUSE REPORTS: No. 105–25 (Comm. on the Judiciary).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Mar. 18, considered and passed House.

Oct. 30, considered and passed Senate, amended.

Nov. 4, House concurred in Senate amendments.



Public Law 105–81
105th Congress

An Act

To require the Secretary of the Interior to conduct a study concerning grazing use and open space within and adjacent to Grand Teton National Park, Wyoming, and to extend temporarily certain grazing privileges.

Nov. 13, 1997
[H.R. 708]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS.

16 USC 406d–2
note.

Congress finds that—

(1) open space near Grand Teton National Park continues to decline;

(2) as the population continues to grow in Teton County, Wyoming, undeveloped land near the Park becomes more scarce;

(3) the loss of open space around Teton Park has negative impacts on wildlife migration routes in the area and on visitors to the Park, and its repercussions can be felt throughout the entire region;

(4) a few ranches make up Teton Valley's remaining open space, and the ranches depend on grazing in Grand Teton National Park for summer range to maintain operations;

(5) the Act that created Grand Teton National Park allowed several permittees to continue livestock grazing in the Park for the life of a designated heir in the family;

(6) some of the last remaining heirs have died, and as a result the open space around the Park will most likely be subdivided and developed;

(7) in order to develop the best solution to protect open space immediately adjacent to Grand Teton National Park, the Park Service should conduct a study of open space in the region; and

(8) the study should develop workable solutions that are fiscally responsible and acceptable to the National Park Service, the public, local government, and landowners in the area.

SEC. 2. STUDY OF GRAZING USE AND OPEN SPACE.

16 USC 406d–2
note.

(a) IN GENERAL.—The Secretary of the Interior shall conduct a study concerning grazing use and open space in Grand Teton National Park, Wyoming, and associated use of certain agricultural and ranch lands within and adjacent to the Park, including—

(1) base land having appurtenant grazing privileges within Grand Teton National Park, Wyoming, remaining after January 1, 1990, under the Act entitled “An Act to establish a new Grand Teton National Park in the State of Wyoming, and for other purposes”, approved September 14, 1950 (16 U.S.C. 406d-1 et seq.); and

(2) any ranch and agricultural land adjacent to the Park, the use and disposition of which may affect accomplishment of the purposes of the Act.

(b) PURPOSE.—The study shall—

(1) assess the significance of the ranching use and pastoral character of the land (including open vistas, wildlife habitat, and other public benefits);

(2) assess the significance of that use and character to the purposes for which the Park was established and identify any need for preservation of, and practicable means of, preserving the land that is necessary to protect that use and character;

(3) recommend a variety of economically feasible and viable tools and techniques to retain the pastoral qualities of the land; and

(4) estimate the costs of implementing any recommendations made for the preservation of the land.

(c) PARTICIPATION.—In conducting the study, the Secretary of the Interior shall seek participation from the Governor of the State of Wyoming, the Teton County Commissioners, the Secretary of Agriculture, affected land owners, and other interested members of the public.

(d) REPORT.—Not later than 3 years from the date funding is available for the purposes of this Act, the Secretary of the Interior shall submit a report to Congress that contains the findings of the study under subsection (a) and makes recommendations to Congress regarding action that may be taken with respect to the land described in subsection (a).

16 USC 406d-2
note.

SEC. 3. EXTENSION OF GRAZING PRIVILEGES.

(a) IN GENERAL.—Subject to subsection (b), the Secretary of the Interior shall reinstate and extend for the duration of the study described in section 2(a) and until such time as the recommendations of the study are implemented, the grazing privileges described in section 2(a)(1), under the same terms and conditions as were in effect prior to the expiration of the privileges.

(b) EFFECT OF CHANGE IN LAND USE.—If, during the period of the study or until such time as the recommendations of the study are implemented, any portion of the land described in section 2(a)(1) is disposed of in a manner that would result in the land no longer being used for ranching or other agricultural purposes, the Secretary of the Interior shall cancel the extension described in subsection (a).

Approved November 13, 1997.

LEGISLATIVE HISTORY—H.R. 708 (S. 308):

HOUSE REPORTS: No. 105–300 (Comm. on Resources).

SENATE REPORTS: No. 105–64 accompanying S. 308 (Comm. on Energy and Natural Resources).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Oct. 21, considered and passed House.

Nov. 4, considered and passed Senate.



Public Law 105–82
105th Congress

An Act

Nov. 13, 1997
[S. 931]

To designate the Marjory Stoneman Douglas Wilderness and the Ernest F. Coe Visitor Center.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Marjory
Stoneman
Douglas
Wilderness and
Ernest F. Coe
Visitor Center
Designation Act.
16 USC 410r–5
note.
16 USC 410r–7
note.

SECTION 1. SHORT TITLE.

This Act may be cited as the “Marjory Stoneman Douglas Wilderness and Ernest F. Coe Visitor Center Designation Act”.

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—Congress finds that—

(1)(A) Marjory Stoneman Douglas, through her book, “The Everglades: River of Grass” (published in 1947), defined the Everglades for the people of the United States and the world;

(B) Mrs. Douglas’s book was the first to stimulate widespread understanding of the Everglades ecosystem and ultimately served to awaken the desire of the people of the United States to restore the ecosystem’s health;

(C) in her 107th year, Mrs. Douglas is the sole surviving member of the original group of people who devoted decades of selfless effort to establish the Everglades National Park;

(D) when the water supply and ecology of the Everglades, both within and outside the park, became threatened by drainage and development, Mrs. Douglas dedicated the balance of her life to the defense of the Everglades through extraordinary personal effort and by inspiring countless other people to take action;

(E) for these and many other accomplishments, the President awarded Mrs. Douglas the Medal of Freedom on Earth Day, 1994; and

(2)(A) Ernest F. Coe (1886–1951) was a leader in the creation of Everglades National Park;

(B) Mr. Coe organized the Tropic Everglades National Park Association in 1928 and was widely regarded as the father of Everglades National Park;

(C) as a landscape architect, Mr. Coe’s vision for the park recognized the need to protect south Florida’s diverse wildlife and habitats for future generations;

(D) Mr. Coe’s original park proposal included lands and waters subsequently protected within the Everglades National Park, the Big Cypress National Preserve, and the Florida Keys National Marine Sanctuary; and

(E)(i) Mr. Coe’s leadership, selfless devotion, and commitment to achieving his vision culminated in the authorization of the Everglades National Park by Congress in 1934;

(ii) after authorization of the park, Mr. Coe fought tirelessly and lobbied strenuously for establishment of the park, finally realizing his dream in 1947; and

(iii) Mr. Coe accomplished much of the work described in this paragraph at his own expense, which dramatically demonstrated his commitment to establishment of Everglades National Park.

(b) PURPOSE.—It is the purpose of this Act to commemorate the vision, leadership, and enduring contributions of Marjory Stoneman Douglas and Ernest F. Coe to the protection of the Everglades and the establishment of Everglades National Park.

SEC. 3. MARJORY STONEMAN DOUGLAS WILDERNESS.

16 USC 1132
note.

(a) REDESIGNATION.—Section 401(3) of the National Parks and Recreation Act of 1978 (Public Law 95–625; 92 Stat. 3490; 16 U.S.C. 1132 note) is amended by striking “to be known as the Everglades Wilderness” and inserting “to be known as the Marjory Stoneman Douglas Wilderness, to commemorate the vision and leadership shown by Mrs. Douglas in the protection of the Everglades and the establishment of the Everglades National Park”.

(b) NOTICE OF REDESIGNATION.—The Secretary of the Interior shall provide such notification of the redesignation made by the amendment made by subsection (a) by signs, materials, maps, markers, interpretive programs, and other means (including changes in signs, materials, maps, and markers in existence before the date of enactment of this Act) as will adequately inform the public of the redesignation of the wilderness area and the reasons for the redesignation.

(c) REFERENCES.—Any reference in any law, regulation, document, record, map, or other paper of the United States to the “Everglades Wilderness” shall be deemed to be a reference to the “Marjory Stoneman Douglas Wilderness”.

SEC. 4. ERNEST F. COE VISITOR CENTER.

(a) DESIGNATION.—Section 103 of the Everglades National Park Protection and Expansion Act of 1989 (16 U.S.C. 410r–7) is amended by adding at the end the following new subsection:

“(f) ERNEST F. COE VISITOR CENTER.—On completion of construction of the main visitor center facility at the headquarters of Everglades National Park, the Secretary shall designate the visitor center facility as the ‘Ernest F. Coe Visitor Center’, to commemorate the vision and leadership shown by Mr. Coe in the establishment and protection of Everglades National Park.”.

SEC. 5. CONFORMING AND TECHNICAL AMENDMENTS.

Section 103 of the Everglades National Park Protection and Expansion Act of 1989 (16 U.S.C. 410r–7) is amended—

(1) in subsection (c)(2), by striking “personnally-owned” and inserting “personally-owned”; and

(2) in subsection (e), by striking “VISITOR CENTER” and inserting “MARJORY STONEMAN DOUGLAS VISITOR CENTER”.

Approved November 13, 1997.

LEGISLATIVE HISTORY—S. 931 (H.R. 136):

HOUSE REPORTS: No. 105–328 accompanying H.R. 136 (Comm. on Resources).

SENATE REPORTS: No. 105–68 (Comm. on Energy and Natural Resources).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Sept. 16, considered and passed Senate.

Nov. 4, considered and passed House.



Public Law 105–83
105th Congress

An Act

Making appropriations for the Department of the Interior and related agencies
for the fiscal year ending September 30, 1998, and for other purposes.

Nov. 14, 1997
[H.R. 2107]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 1998, and for other purposes, namely:

Department of
the Interior and
Related Agencies
Appropriations
Act, 1998.

TITLE I—DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

MANAGEMENT OF LANDS AND RESOURCES

For expenses necessary for protection, use, improvement, development, disposal, cadastral surveying, classification, acquisition of easements and other interests in lands, and performance of other functions, including maintenance of facilities, as authorized by law, in the management of lands and their resources under the jurisdiction of the Bureau of Land Management, including the general administration of the Bureau, and assessment of mineral potential of public lands pursuant to Public Law 96–487 (16 U.S.C. 3150(a)), \$583,270,000, to remain available until expended, of which \$2,043,000 shall be available for assessment of the mineral potential of public lands in Alaska pursuant to section 1010 of Public Law 96–487 (16 U.S.C. 3150); and of which \$3,000,000 shall be derived from the special receipt account established by the Land and Water Conservation Act of 1965, as amended (16 U.S.C. 460l–6a(i)); and of which \$1,500,000 shall be available in fiscal year 1998 subject to a match by at least an equal amount by the National Fish and Wildlife Foundation, to such Foundation for challenge cost share projects supporting fish and wildlife conservation affecting Bureau lands; in addition, \$27,650,000 for Mining Law Administration program operations, to remain available until expended, to be reduced by amounts collected by the Bureau and credited to this appropriation from annual mining claim fees so as to result in a final appropriation estimated at not more than \$583,270,000; and in addition, not to exceed \$5,000,000, to remain available until expended, from annual mining claim fees; which shall be credited to this account for the costs of administering the mining claim fee program, and \$2,000,000 from communication site rental fees established by the Bureau for the cost of administering communication site activities: *Provided*, That appropriations herein made

shall not be available for the destruction of healthy, unadopted, wild horses and burros in the care of the Bureau or its contractors.

WILDLAND FIRE MANAGEMENT

For necessary expenses for fire use and management, fire preparedness, suppression operations, and emergency rehabilitation by the Department of the Interior, \$280,103,000, to remain available until expended, of which not to exceed \$6,950,000 shall be for the renovation or construction of fire facilities: *Provided*, That such funds are also available for repayment of advances to other appropriation accounts from which funds were previously transferred for such purposes: *Provided further*, That persons hired pursuant to 43 U.S.C. 1469 may be furnished subsistence and lodging without cost from funds available from this appropriation.

CENTRAL HAZARDOUS MATERIALS FUND

For necessary expenses of the Department of the Interior and any of its component offices and bureaus for the remedial action, including associated activities, of hazardous waste substances, pollutants, or contaminants pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. 9601 et seq.), \$12,000,000, to remain available until expended: *Provided*, That notwithstanding 31 U.S.C. 3302, sums recovered from or paid by a party in advance of or as reimbursement for remedial action or response activities conducted by the Department pursuant to section 107 or 113(f) of such Act, shall be credited to this account to be available until expended without further appropriation: *Provided further*, That such sums recovered from or paid by any party are not limited to monetary payments and may include stocks, bonds or other personal or real property, which may be retained, liquidated, or otherwise disposed of by the Secretary and which shall be credited to this account.

CONSTRUCTION

For construction of buildings, recreation facilities, roads, trails, and appurtenant facilities, \$3,254,000, to remain available until expended.

PAYMENTS IN LIEU OF TAXES

For expenses necessary to implement the Act of October 20, 1976, as amended (31 U.S.C. 6901–6907), \$120,000,000, of which not to exceed \$400,000 shall be available for administrative expenses: *Provided*, That no payment shall be made to otherwise eligible units of local government if the computed amount of the payment is less than \$100.

LAND ACQUISITION

For expenses necessary to carry out sections 205, 206, and 318(d) of Public Law 94–579, including administrative expenses and acquisition of lands or waters, or interests therein, \$11,200,000, to be derived from the Land and Water Conservation Fund, to remain available until expended.

OREGON AND CALIFORNIA GRANT LANDS

For expenses necessary for management, protection, and development of resources and for construction, operation, and maintenance of access roads, reforestation, and other improvements on the revested Oregon and California Railroad grant lands, on other Federal lands in the Oregon and California land-grant counties of Oregon, and on adjacent rights-of-way; and acquisition of lands or interests therein including existing connecting roads on or adjacent to such grant lands; \$101,406,000, to remain available until expended: *Provided*, That 25 percent of the aggregate of all receipts during the current fiscal year from the revested Oregon and California Railroad grant lands is hereby made a charge against the Oregon and California land-grant fund and shall be transferred to the general fund in the Treasury in accordance with the second paragraph of subsection (b) of title II of the Act of August 28, 1937 (50 Stat. 876).

FOREST ECOSYSTEMS HEALTH AND RECOVERY

(REVOLVING FUND, SPECIAL ACCOUNT)

In addition to the purposes authorized in Public Law 102–381, funds made available in the Forest Ecosystem Health and Recovery Fund can be used for the purpose of planning, preparing, and monitoring salvage timber sales and forest ecosystem health and recovery activities such as release from competing vegetation and density control treatments. The Federal share of receipts derived from treatments funded by this account shall be deposited into the Forest Ecosystem Health and Recovery Fund.

RANGE IMPROVEMENTS

For rehabilitation, protection, and acquisition of lands and interests therein, and improvement of Federal rangelands pursuant to section 401 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701), notwithstanding any other Act, sums equal to 50 percent of all moneys received during the prior fiscal year under sections 3 and 15 of the Taylor Grazing Act (43 U.S.C. 315 et seq.) and the amount designated for range improvements from grazing fees and mineral leasing receipts from Bankhead-Jones lands transferred to the Department of the Interior pursuant to law, but not less than \$9,113,000, to remain available until expended: *Provided*, That not to exceed \$600,000 shall be available for administrative expenses.

SERVICE CHARGES, DEPOSITS, AND FORFEITURES

For administrative expenses and other costs related to processing application documents and other authorizations for use and disposal of public lands and resources, for costs of providing copies of official public land documents, for monitoring construction, operation, and termination of facilities in conjunction with use authorizations, and for rehabilitation of damaged property, such amounts as may be collected under Public Law 94–579, as amended, and Public Law 93–153, to remain available until expended: *Provided*, That notwithstanding any provision to the contrary of section 305(a) of Public Law 94–579 (43 U.S.C. 1735(a)), any moneys that have been or will be received pursuant to that section, whether

43 USC 1735
note.

as a result of forfeiture, compromise, or settlement, if not appropriate for refund pursuant to section 305(c) of that Act (43 U.S.C. 1735(c)), shall be available and may be expended under the authority of this Act by the Secretary to improve, protect, or rehabilitate any public lands administered through the Bureau of Land Management which have been damaged by the action of a resource developer, purchaser, permittee, or any unauthorized person, without regard to whether all moneys collected from each such action are used on the exact lands damaged which led to the action: *Provided further*, That any such moneys that are in excess of amounts needed to repair damage to the exact land for which funds were collected may be used to repair other damaged public lands.

MISCELLANEOUS TRUST FUNDS

In addition to amounts authorized to be expended under existing laws, there is hereby appropriated such amounts as may be contributed under section 307 of the Act of October 21, 1976 (43 U.S.C. 1701), and such amounts as may be advanced for administrative costs, surveys, appraisals, and costs of making conveyances of omitted lands under section 211(b) of that Act, to remain available until expended.

ADMINISTRATIVE PROVISIONS

Appropriations for the Bureau of Land Management shall be available for purchase, erection, and dismantlement of temporary structures, and alteration and maintenance of necessary buildings and appurtenant facilities to which the United States has title; up to \$100,000 for payments, at the discretion of the Secretary, for information or evidence concerning violations of laws administered by the Bureau; miscellaneous and emergency expenses of enforcement activities authorized or approved by the Secretary and to be accounted for solely on his certificate, not to exceed \$10,000: *Provided*, That notwithstanding 44 U.S.C. 501, the Bureau may, under cooperative cost-sharing and partnership arrangements authorized by law, procure printing services from cooperators in connection with jointly produced publications for which the cooperators share the cost of printing either in cash or in services, and the Bureau determines the cooperator is capable of meeting accepted quality standards.

UNITED STATES FISH AND WILDLIFE SERVICE

RESOURCE MANAGEMENT

For expenses necessary for scientific and economic studies, conservation, management, investigations, protection, and utilization of fishery and wildlife resources, except whales, seals, and sea lions, and for the performance of other authorized functions related to such resources; for the general administration of the United States Fish and Wildlife Service; for maintenance of the herd of long-horned cattle on the Wichita Mountains Wildlife Refuge; and not less than \$1,000,000 for high priority projects within the scope of the approved budget which shall be carried out by the Youth Conservation Corps as authorized by the Act of August 13, 1970, as amended, \$594,842,000, to remain available until September 30, 1999, of which \$11,612,000 shall remain available

until expended for operation and maintenance of fishery mitigation facilities constructed by the Corps of Engineers under the Lower Snake River Compensation Plan, authorized by the Water Resources Development Act of 1976, to compensate for loss of fishery resources from water development projects on the Lower Snake River, and of which not less than \$2,000,000 shall be provided to local governments in southern California for planning associated with the Natural Communities Conservation Planning (NCCP) program and shall remain available until expended, and of which not to exceed \$5,190,000 shall be used for implementing subsections (a), (b), (c), and (e) of section 4 of the Endangered Species Act of 1973, as amended: *Provided*, That the proviso under this heading in Public Law 104–208 is amended by striking the words “Education and” and inserting in lieu thereof “Conservation”, by striking the word “direct” and inserting in lieu thereof the word “full”, and by inserting before the period “, to remain available until expended”.

16 USC 742b
note.

CONSTRUCTION

For construction and acquisition of buildings and other facilities required in the conservation, management, investigation, protection, and utilization of fishery and wildlife resources, and the acquisition of lands and interests therein; \$45,006,000, to remain available until expended.

NATURAL RESOURCE DAMAGE ASSESSMENT FUND

To conduct natural resource damage assessment activities by the Department of the Interior necessary to carry out the provisions of the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. 9601 et seq.), Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.), the Oil Pollution Act of 1990 (Public Law 101–380), and Public Law 101–337; \$4,228,000, to remain available until expended: *Provided*, That under this heading in Public Law 104–134, strike “in fiscal year 1996 and thereafter” in the proviso and insert “heretofore and hereafter”, and before the phrase “or properties shall be utilized” in such proviso, insert “, to remain available until expended,”: *Provided further*, That the first proviso under this heading in Public Law 103–138 is amended by inserting after “account” the following: “, including transfers to Federal trustees and payments to non-Federal trustees,”.

43 USC 1474b–1.

43 USC 1474b–1.

LAND ACQUISITION

For expenses necessary to carry out the Land and Water Conservation Fund Act of 1965, as amended (16 U.S.C. 460l–4 through 11), including administrative expenses, and for acquisition of land or waters, or interest therein, in accordance with statutory authority applicable to the United States Fish and Wildlife Service, \$62,632,000, to remain available until expended.

COOPERATIVE ENDANGERED SPECIES CONSERVATION FUND

For expenses necessary to carry out the provisions of the Endangered Species Act of 1973 (16 U.S.C. 1531–1543), as amended, \$14,000,000, for grants to States, to be derived from the Cooperative Endangered Species Conservation Fund, and to remain available until expended.

NATIONAL WILDLIFE REFUGE FUND

For expenses necessary to implement the Act of October 17, 1978 (16 U.S.C. 715s), \$10,779,000.

REWARDS AND OPERATIONS

For expenses necessary to carry out the provisions of the African Elephant Conservation Act (16 U.S.C. 4201-4203, 4211-4213, 4221-4225, 4241-4245, and 1538), \$1,000,000, to remain available until expended.

NORTH AMERICAN WETLANDS CONSERVATION FUND

For expenses necessary to carry out the provisions of the North American Wetlands Conservation Act, Public Law 101-233, as amended, \$11,700,000, to remain available until expended.

RHINOCEROS AND TIGER CONSERVATION FUND

For deposit to the Rhinoceros and Tiger Conservation Fund, \$400,000, to remain available until expended, to carry out the Rhinoceros and Tiger Conservation Act of 1994 (Public Law 103-391).

WILDLIFE CONSERVATION AND APPRECIATION FUND

For deposit to the Wildlife Conservation and Appreciation Fund, \$800,000, to remain available until expended.

ADMINISTRATIVE PROVISIONS

Appropriations and funds available to the United States Fish and Wildlife Service shall be available for purchase of not to exceed 108 passenger motor vehicles, of which 92 are for replacement only (including 57 for police-type use); not to exceed \$400,000 for payment, at the discretion of the Secretary, for information, rewards, or evidence concerning violations of laws administered by the Service, and miscellaneous and emergency expenses of enforcement activities, authorized or approved by the Secretary and to be accounted for solely on his certificate; repair of damage to public roads within and adjacent to reservation areas caused by operations of the Service; options for the purchase of land at not to exceed \$1 for each option; facilities incident to such public recreational uses on conservation areas as are consistent with their primary purpose; and the maintenance and improvement of aquaria, buildings, and other facilities under the jurisdiction of the Service and to which the United States has title, and which are utilized pursuant to law in connection with management and investigation of fish and wildlife resources: *Provided*, That notwithstanding 44 U.S.C. 501, the Service may, under cooperative cost sharing and partnership arrangements authorized by law, procure printing services from cooperators in connection with jointly produced publications for which the cooperators share at least one-half the cost of printing either in cash or services and the Service determines the cooperator is capable of meeting accepted quality standards: *Provided further*, That the Service may accept donated aircraft as replacements for existing aircraft: *Provided further*, That notwithstanding any other provision of law, the Secretary of the Interior may not spend any of the funds appropriated in this Act

for the purchase of lands or interests in lands to be used in the establishment of any new unit of the National Wildlife Refuge System unless the purchase is approved in advance by the House and Senate Committees on Appropriations in compliance with the reprogramming procedures contained in the report accompanying this bill: *Provided further*, That the Secretary may sell land and interests in land, other than surface water rights, acquired in conformance with subsections 206(a) and 207(c) of Public Law 101–816, the receipts of which shall be deposited to the Lahontan Valley and Pyramid Lake Fish and Wildlife Fund and used exclusively for the purposes of such subsections, without regard to the limitation on the distribution of benefits in subsection 206(f)(2) of such law.

NATIONAL PARK SERVICE

OPERATION OF THE NATIONAL PARK SYSTEM

For expenses necessary for the management, operation, and maintenance of areas and facilities administered by the National Park Service (including special road maintenance service to trucking permittees on a reimbursable basis), and for the general administration of the National Park Service, including not to exceed \$1,593,000 for the Volunteers-in-Parks program, and not less than \$1,000,000 for high priority projects within the scope of the approved budget which shall be carried out by the Youth Conservation Corps as authorized by 16 U.S.C. 1706, \$1,233,664,000, of which \$12,800,000 for research, planning and interagency coordination in support of land acquisition for Everglades restoration shall remain available until expended, and of which not to exceed \$72,000,000, to remain available until expended, is to be derived from the special fee account established pursuant to title V, section 5201 of Public Law 100–203.

NATIONAL RECREATION AND PRESERVATION

For expenses necessary to carry out recreation programs, natural programs, cultural programs, heritage partnership programs, environmental compliance and review, international park affairs, statutory or contractual aid for other activities, and grant administration, not otherwise provided for, \$44,259,000, of which \$4,500,000 is for grants to Heritage areas in accordance with section 606 of title VI, division I and titles I–VI and VIII–IX, division II of Public Law 104–333 and is to remain available until September 30, 1999.

HISTORIC PRESERVATION FUND

For expenses necessary in carrying out the Historic Preservation Act of 1966, as amended (16 U.S.C. 470), and the Omnibus Parks and Public Lands Management Act of 1996 (Public Law 104–333), \$40,812,000, to be derived from the Historic Preservation Fund, to remain available until September 30, 1999, of which \$4,200,000 pursuant to section 507 of Public Law 104–333 shall remain available until expended.

CONSTRUCTION

For construction, improvements, repair or replacement of physical facilities, including the modifications authorized by section 104 of the Everglades National Park Protection and Expansion Act of 1989, \$214,901,000, to remain available until expended: *Provided*, That \$500,000 for the Rutherford B. Hayes Home; \$600,000 for the Sotterly Plantation House; \$500,000 for the Darwin Martin House in Buffalo, New York; \$500,000 for the Penn Center, South Carolina; and \$1,000,000 for the Vietnam Veterans Museum in Chicago, Illinois shall be derived from the Historic Preservation Fund pursuant to 16 U.S.C. 470a: *Provided further*, That \$3,000,000 for the Hispanic Cultural Center, New Mexico, is subject to authorization: *Provided further*, That none of the funds provided in this Act may be used to relocate the Brooks River Lodge in Katmai National Park and Preserve from its current physical location.

LAND AND WATER CONSERVATION FUND

(RESCISSION)

16 USC 460l–10a
note.

The contract authority provided for fiscal year 1998 by 16 U.S.C. 460l–10a is rescinded.

LAND ACQUISITION AND STATE ASSISTANCE

For expenses necessary to carry out the Land and Water Conservation Fund Act of 1965, as amended (16 U.S.C. 460l–4 through 11), including administrative expenses, and for acquisition of lands or waters, or interest therein, in accordance with statutory authority applicable to the National Park Service, \$143,290,000, to be derived from the Land and Water Conservation Fund, to remain available until expended, of which \$1,000,000 is to administer the State assistance program: *Provided*, That any funds made available for the purpose of acquisition of the Elwha and Glines dams shall be used solely for acquisition, and shall not be expended until the full purchase amount has been appropriated by the Congress: *Provided further*, That from the funds made available for land acquisition at Everglades National Park and Big Cypress National Preserve, the Secretary may provide for Federal assistance to the State of Florida for the acquisition of lands or waters, or interests therein, within the Everglades watershed (consisting of lands and waters within the boundaries of the South Florida Water Management District, Florida Bay and the Florida Keys) under terms and conditions deemed necessary by the Secretary, to improve and restore the hydrological function of the Everglades watershed: *Provided further*, That the Secretary may provide such funds to the State of Florida for acquisitions within Stormwater Treatment Area 1–E, including reimbursement for lands or waters, or interests therein, within Stormwater Treatment Area 1–E acquired by the State of Florida prior to the enactment of this Act: *Provided further*, That funds provided under this heading to the State of Florida shall be subject to an agreement that such lands will be managed in perpetuity for the restoration of the Everglades.

ADMINISTRATIVE PROVISIONS

Appropriations for the National Park Service shall be available for the purchase of not to exceed 396 passenger motor vehicles, of which 302 shall be for replacement only, including not to exceed 315 for police-type use, 13 buses, and 6 ambulances: *Provided*, That none of the funds appropriated to the National Park Service may be used to process any grant or contract documents which do not include the text of 18 U.S.C. 1913: *Provided further*, That none of the funds appropriated to the National Park Service may be used to implement an agreement for the redevelopment of the southern end of Ellis Island until such agreement has been submitted to the Congress and shall not be implemented prior to the expiration of 30 calendar days (not including any day in which either House of Congress is not in session because of adjournment of more than three calendar days to a day certain) from the receipt by the Speaker of the House of Representatives and the President of the Senate of a full and comprehensive report on the development of the southern end of Ellis Island, including the facts and circumstances relied upon in support of the proposed project.

None of the funds in this Act may be spent by the National Park Service for activities taken in direct response to the United Nations Biodiversity Convention.

The National Park Service may distribute to operating units based on the safety record of each unit the costs of programs designed to improve workplace and employee safety, and to encourage employees receiving workers' compensation benefits pursuant to chapter 81 of title 5, United States Code, to return to appropriate positions for which they are medically able.

UNITED STATES GEOLOGICAL SURVEY

SURVEYS, INVESTIGATIONS, AND RESEARCH

For expenses necessary for the United States Geological Survey to perform surveys, investigations, and research covering topography, geology, hydrology, and the mineral and water resources of the United States, its territories and possessions, and other areas as authorized by 43 U.S.C. 31, 1332, and 1340; classify lands as to their mineral and water resources; give engineering supervision to power permittees and Federal Energy Regulatory Commission licensees; administer the minerals exploration program (30 U.S.C. 641); and publish and disseminate data relative to the foregoing activities; and to conduct inquiries into the economic conditions affecting mining and materials processing industries (30 U.S.C. 3, 21a, and 1603; 50 U.S.C. 98g(1)) and related purposes as authorized by law and to publish and disseminate data; \$759,160,000 of which \$66,231,000 shall be available only for cooperation with States or municipalities for water resources investigations; and of which \$16,400,000 shall remain available until expended for conducting inquiries into the economic conditions affecting mining and materials processing industries; and of which \$2,000,000 shall remain available until expended for development of a mineral and geologic database; and of which \$145,159,000 shall be available until September 30, 1999 for the biological research activity and the operation of the Cooperative Research Units: *Provided*, That none of these funds provided for the biological research activity shall be used to conduct new surveys on private

43 USC 50. property, unless specifically authorized in writing by the property owner: *Provided further*, That no part of this appropriation shall be used to pay more than one-half the cost of topographic mapping or water resources data collection and investigations carried on in cooperation with States and municipalities.

ADMINISTRATIVE PROVISIONS

The amount appropriated for the United States Geological Survey shall be available for the purchase of not to exceed 53 passenger motor vehicles, of which 48 are for replacement only; reimbursement to the General Services Administration for security guard services; contracting for the furnishing of topographic maps and for the making of geophysical or other specialized surveys when it is administratively determined that such procedures are in the public interest; construction and maintenance of necessary buildings and appurtenant facilities; acquisition of lands for gauging stations and observation wells; expenses of the United States National Committee on Geology; and payment of compensation and expenses of persons on the rolls of the Survey duly appointed to represent the United States in the negotiation and administration of interstate compacts: *Provided*, That activities funded by appropriations herein made may be accomplished through the use of contracts, grants, or cooperative agreements as defined in 31 U.S.C. 6302 et seq.: *Provided further*, That the United States Geological Survey may contract directly with individuals or indirectly with institutions or nonprofit organizations, without regard to section 41 U.S.C. 5, for the temporary or intermittent services of science students or recent graduates, who shall be considered employees for the purposes of chapter 81 of title 5, United States Code, relating to compensation for work injuries, and chapter 171 of title 28, United States Code, relating to tort claims, but shall not be considered to be Federal employees for any other purposes.

MINERALS MANAGEMENT SERVICE

ROYALTY AND OFFSHORE MINERALS MANAGEMENT

For expenses necessary for minerals leasing and environmental studies, regulation of industry operations, and collection of royalties, as authorized by law; for enforcing laws and regulations applicable to oil, gas, and other minerals leases, permits, licenses and operating contracts; and for matching grants or cooperative agreements; including the purchase of not to exceed eight passenger motor vehicles for replacement only; \$137,521,000, of which not less than \$68,574,000 shall be available for royalty management activities; and an amount not to exceed \$65,000,000, to be credited to this appropriation and to remain available until expended, from additions to receipts resulting from increases to rates in effect on August 5, 1993, from rate increases to fee collections for Outer Continental Shelf administrative activities performed by the Minerals Management Service over and above the rates in effect on September 30, 1993, and from additional fees for Outer Continental Shelf administrative activities established after September 30, 1993: *Provided*, That \$3,000,000 for computer acquisitions shall remain available until September 30, 1999: *Provided further*, That funds appropriated under this Act shall be available for the payment of interest in accordance with 30 U.S.C. 1721(b) and (d): *Provided*

further, That not to exceed \$3,000 shall be available for reasonable expenses related to promoting volunteer beach and marine cleanup activities: *Provided further*, That notwithstanding any other provision of law, \$15,000 under this heading shall be available for refunds of overpayments in connection with certain Indian leases in which the Director of the Minerals Management Service concurred with the claimed refund due, to pay amounts owed to Indian allottees or tribes, or to correct prior unrecoverable erroneous payments.

OIL SPILL RESEARCH

For necessary expenses to carry out title I, section 1016, title IV, sections 4202 and 4303, title VII, and title VIII, section 8201 of the Oil Pollution Act of 1990, \$6,118,000, which shall be derived from the Oil Spill Liability Trust Fund, to remain available until expended.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

REGULATION AND TECHNOLOGY

For necessary expenses to carry out the provisions of the Surface Mining Control and Reclamation Act of 1977, Public Law 95-87, as amended, including the purchase of not to exceed 10 passenger motor vehicles, for replacement only; \$94,937,000, and notwithstanding 31 U.S.C. 3302, an additional amount shall be credited to this account, to remain available until expended, from performance bond forfeitures in fiscal year 1998: *Provided*, That the Secretary of the Interior, pursuant to regulations, may utilize directly or through grants to States, moneys collected in fiscal year 1998 for civil penalties assessed under section 518 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1268), to reclaim lands adversely affected by coal mining practices after August 3, 1977, to remain available until expended: *Provided further*, That appropriations for the Office of Surface Mining Reclamation and Enforcement may provide for the travel and per diem expenses of State and tribal personnel attending Office of Surface Mining Reclamation and Enforcement sponsored training.

30 USC 1211
note.

ABANDONED MINE RECLAMATION FUND

For necessary expenses to carry out title IV of the Surface Mining Control and Reclamation Act of 1977, Public Law 95-87, as amended, including the purchase of not more than 10 passenger motor vehicles for replacement only, \$177,624,000, to be derived from receipts of the Abandoned Mine Reclamation Fund and to remain available until expended; of which up to \$5,000,000 shall be for supplemental grants to States for the reclamation of abandoned sites with acid mine rock drainage from coal mines through the Appalachian Clean Streams Initiative: *Provided*, That grants to minimum program States will be \$1,500,000 per State in fiscal year 1998: *Provided further*, That of the funds herein provided up to \$18,000,000 may be used for the emergency program authorized by section 410 of Public Law 95-87, as amended, of which no more than 25 percent shall be used for emergency reclamation projects in any one State and funds for federally administered emergency reclamation projects under this proviso shall not exceed

\$11,000,000: *Provided further*, That prior year unobligated funds appropriated for the emergency reclamation program shall not be subject to the 25 percent limitation per State and may be used without fiscal year limitation for emergency projects: *Provided further*, That pursuant to Public Law 97-365, the Department of the Interior is authorized to use up to 20 percent from the recovery of the delinquent debt owed to the United States Government to pay for contracts to collect these debts: *Provided further*, That funds made available to States under title IV of Public Law 95-87 may be used, at their discretion, for any required non-Federal share of the cost of projects funded by the Federal Government for the purpose of environmental restoration related to treatment or abatement of acid mine drainage from abandoned mines: *Provided further*, That such projects must be consistent with the purposes and priorities of the Surface Mining Control and Reclamation Act: *Provided further*, That the State of Maryland may set aside the greater of \$1,000,000 or 10 percent of the total of the grants made available to the State under title IV of the Surface Mining Control and Reclamation Act of 1977, as amended (30 U.S.C. 1231 et seq.), if the amount set aside is deposited in an acid mine drainage abatement and treatment fund established under a State law, pursuant to which law the amount (together with all interest earned on the amount) is expended by the State to undertake acid mine drainage abatement and treatment projects, except that before any amounts greater than 10 percent of its title IV grants are deposited in an acid mine drainage abatement and treatment fund, the State of Maryland must first complete all Surface Mining Control and Reclamation Act priority one projects.

BUREAU OF INDIAN AFFAIRS

OPERATION OF INDIAN PROGRAMS

For operation of Indian programs by direct expenditure, contracts, cooperative agreements, compacts, and grants including expenses necessary to provide education and welfare services for Indians, either directly or in cooperation with States and other organizations, including payment of care, tuition, assistance, and other expenses of Indians in boarding homes, or institutions, or schools; grants and other assistance to needy Indians; maintenance of law and order; management, development, improvement, and protection of resources and appurtenant facilities under the jurisdiction of the Bureau, including payment of irrigation assessments and charges; acquisition of water rights; advances for Indian industrial and business enterprises; operation of Indian arts and crafts shops and museums; development of Indian arts and crafts, as authorized by law; for the general administration of the Bureau, including such expenses in field offices; maintaining of Indian reservation roads as defined in 23 U.S.C. 101; and construction, repair, and improvement of Indian housing, \$1,528,588,000, to remain available until September 30, 1999 except as otherwise provided herein, of which not to exceed \$93,825,000 shall be for welfare assistance payments and not to exceed \$105,829,000 shall be for payments to tribes and tribal organizations for contract support costs associated with ongoing contracts or grants or compacts entered into with the Bureau prior to fiscal year 1998, as authorized by the Indian Self-Determination Act of 1975, as amended, and up to \$5,000,000 shall be for the Indian Self-Determination Fund,

which shall be available for the transitional cost of initial or expanded tribal contracts, grants, compacts, or cooperative agreements with the Bureau under such Act; and of which not to exceed \$374,290,000 for school operations costs of Bureau-funded schools and other education programs shall become available on July 1, 1998, and shall remain available until September 30, 1999; and of which not to exceed \$55,949,000 shall remain available until expended for housing improvement, road maintenance, attorney fees, litigation support, self-governance grants, the Indian Self-Determination Fund, land records improvements and the Navajo-Hopi Settlement Program: *Provided*, That tribes and tribal contractors may use their tribal priority allocations for unmet indirect costs of ongoing contracts, grants or compact agreements and for unmet welfare assistance costs: *Provided further*, That funds made available to tribes and tribal organizations through contracts, compact agreements, or grants obligated during fiscal years 1998 and 1999, as authorized by the Indian Self-Determination Act of 1975, or grants authorized by the Indian Education Amendments of 1988 (25 U.S.C. 2001 and 2008A) shall remain available until expended by the contractor or grantee: *Provided further*, That to provide funding uniformity within a Self-Governance Compact, any funds provided in this Act with availability for more than two years may be reprogrammed to two year availability but shall remain available within the Compact until expended: *Provided further*, That notwithstanding any other provision of law, Indian tribal governments may, by appropriate changes in eligibility criteria or by other means, change eligibility for general assistance or change the amount of general assistance payments for individuals within the service area of such tribe who are otherwise deemed eligible for general assistance payments so long as such changes are applied in a consistent manner to individuals similarly situated: *Provided further*, That any savings realized by such changes shall be available for use in meeting other priorities of the tribes: *Provided further*, That any net increase in costs to the Federal Government which result solely from tribally increased payment levels for general assistance shall be met exclusively from funds available to the tribe from within its tribal priority allocation: *Provided further*, That any forestry funds allocated to a tribe which remain unobligated as of September 30, 1998, may be transferred during fiscal year 1999 to an Indian forest land assistance account established for the benefit of such tribe within the tribe's trust fund account: *Provided further*, That any such unobligated balances not so transferred shall expire on September 30, 1999: *Provided further*, That notwithstanding any other provision of law, no funds available to the Bureau, other than the amounts provided herein for assistance to public schools under 25 U.S.C. 452 et seq., shall be available to support the operation of any elementary or secondary school in the State of Alaska in fiscal year 1998: *Provided further*, That funds made available in this or any other Act for expenditure through September 30, 1999 for schools funded by the Bureau shall be available only to the schools in the Bureau school system as of September 1, 1996: *Provided further*, That no funds available to the Bureau shall be used to support expanded grades for any school or dormitory beyond the grade structure in place or approved by the Secretary of the Interior at each school in the Bureau school system as of October 1, 1995: *Provided further*, That beginning in fiscal year 1998 and thereafter and notwithstanding 25

Expiration date.

25 USC 2012
note.

U.S.C. 2012(h)(1)(B), when the rates of basic compensation for teachers and counselors at Bureau-operated schools are established at the rates of basic compensation applicable to comparable positions in overseas schools under the Defense Department Overseas Teachers Pay and Personnel Practices Act, such rates shall become effective with the start of the next academic year following the issuance of the Department of Defense salary schedule and shall not be effected retroactively: *Provided further*, That the Cibecue Community School may use prior year school operations funds for the construction of a new high school facility which is in compliance with 25 U.S.C. 2005(a) provided that any additional construction costs for replacement of such facilities begun with prior year funds shall be completed exclusively with non-Federal funds: *Provided further*, That tribes may use tribal priority allocations funds for the replacement and repair of school facilities which are in compliance with 25 U.S.C. 2005(a), so long as such replacement or repair is approved by the Secretary and completed with non-Federal tribal and/or tribal priority allocations funds.

CONSTRUCTION

For construction, major repair, and improvement of irrigation and power systems, buildings, utilities, and other facilities, including architectural and engineering services by contract; acquisition of lands, and interests in lands; and preparation of lands for farming, and for construction of the Navajo Indian Irrigation Project pursuant to Public Law 87–483, \$125,051,000, to remain available until expended: *Provided*, That such amounts as may be available for the construction of the Navajo Indian Irrigation Project may be transferred to the Bureau of Reclamation: *Provided further*, That not to exceed 6 percent of contract authority available to the Bureau of Indian Affairs from the Federal Highway Trust Fund may be used to cover the road program management costs of the Bureau: *Provided further*, That any funds provided for the Safety of Dams program pursuant to 25 U.S.C. 13 shall be made available on a nonreimbursable basis: *Provided further*, That for fiscal year 1998, in implementing new construction or facilities improvement and repair project grants in excess of \$100,000 that are provided to tribally controlled grant schools under Public Law 100–297, as amended, the Secretary of the Interior shall use the Administrative and Audit Requirements and Cost Principles for Assistance Programs contained in 43 CFR part 12 as the regulatory requirements: *Provided further*, That such grants shall not be subject to section 12.61 of 43 CFR; the Secretary and the grantee shall negotiate and determine a schedule of payments for the work to be performed: *Provided further*, That in considering applications, the Secretary shall consider whether the Indian tribe or tribal organization would be deficient in assuring that the construction projects conform to applicable building standards and codes and Federal, tribal, or State health and safety standards as required by 25 U.S.C. 2005(a), with respect to organizational and financial management capabilities: *Provided further*, That if the Secretary declines an application, the Secretary shall follow the requirements contained in 25 U.S.C. 2505(f): *Provided further*, That any disputes between the Secretary and any grantee concerning a grant shall be subject to the disputes provision in 25 U.S.C. 2508(e).

INDIAN LAND AND WATER CLAIM SETTLEMENTS AND MISCELLANEOUS
PAYMENTS TO INDIANS

For miscellaneous payments to Indian tribes and individuals and for necessary administrative expenses, \$43,352,000, to remain available until expended; of which \$42,000,000 shall be available for implementation of enacted Indian land and water claim settlements pursuant to Public Laws 101-618, 102-374, and 102-575, and for implementation of other enacted water rights settlements, including not to exceed \$8,000,000, which shall be for the Federal share of the Catawba Indian Tribe of South Carolina Claims Settlement, as authorized by section 5(a) of Public Law 103-116; and of which \$1,352,000 shall be available pursuant to Public Laws 99-264, 100-383, 103-402, and 100-580: *Provided*, That the Secretary is directed to sell land and interests in land, other than surface water rights, acquired in conformance with section 2 of the Truckee River Water Quality Settlement Agreement, the receipts of which shall be deposited to the Lahontan Valley and Pyramid Lake Fish and Wildlife Fund, and be available for the purposes of section 2 of such agreement, without regard to the limitation on the distribution of benefits in the second sentence of paragraph 206(f)(2) of Public Law 101-618.

INDIAN GUARANTEED LOAN PROGRAM ACCOUNT

For the cost of guaranteed loans, \$4,500,000, as authorized by the Indian Financing Act of 1974, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed \$34,615,000.

In addition, for administrative expenses to carry out the guaranteed loan programs, \$500,000.

ADMINISTRATIVE PROVISIONS

Appropriations for the Bureau of Indian Affairs (except the revolving fund for loans, the Indian loan guarantee and insurance fund, the Technical Assistance of Indian Enterprises account, the Indian Direct Loan Program account, and the Indian Guaranteed Loan Program account) shall be available for expenses of exhibits, and purchase of not to exceed 229 passenger motor vehicles, of which not to exceed 187 shall be for replacement only.

Notwithstanding any other provision of law, no funds available to the Bureau of Indian Affairs for central office operations or pooled overhead general administration shall be available for tribal contracts, grants, compacts, or cooperative agreements with the Bureau of Indian Affairs under the provisions of the Indian Self-Determination Act or the Tribal Self-Governance Act of 1994 (Public Law 103-413).

DEPARTMENTAL OFFICES

INSULAR AFFAIRS

ASSISTANCE TO TERRITORIES

48 USC 1469b.

For expenses necessary for assistance to territories under the jurisdiction of the Department of the Interior, \$67,514,000, of which: (1) \$63,665,000 shall be available until expended for technical assistance, including maintenance assistance, disaster assistance, insular management controls, and brown tree snake control and research; grants to the judiciary in American Samoa for compensation and expenses, as authorized by law (48 U.S.C. 1661(c)); grants to the Government of American Samoa, in addition to current local revenues, for construction and support of governmental functions; grants to the Government of the Virgin Islands as authorized by law; grants to the Government of Guam, as authorized by law; and grants to the Government of the Northern Mariana Islands as authorized by law (Public Law 94–241; 90 Stat. 272); and (2) \$3,849,000 shall be available for salaries and expenses of the Office of Insular Affairs: *Provided*, That all financial transactions of the territorial and local governments herein provided for, including such transactions of all agencies or instrumentalities established or utilized by such governments, may be audited by the General Accounting Office, at its discretion, in accordance with chapter 35 of title 31, United States Code: *Provided further*, That Northern Mariana Islands Covenant grant funding shall be provided according to those terms of the Agreement of the Special Representatives on Future United States Financial Assistance for the Northern Mariana Islands approved by Public Law 99–396, or any subsequent legislation related to Commonwealth of the Northern Mariana Islands grant funding: *Provided further*, That of the amounts provided for technical assistance, sufficient funding shall be made available for a grant to the Close Up Foundation: *Provided further*, That the funds for the program of operations and maintenance improvement are appropriated to institutionalize routine operations and maintenance improvement of capital infrastructure in American Samoa, Guam, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of Palau, the Republic of the Marshall Islands, and the Federated States of Micronesia through assessments of long-range operations maintenance needs, improved capability of local operations and maintenance institutions and agencies (including management and vocational education training), and project-specific maintenance (with territorial participation and cost sharing to be determined by the Secretary based on the individual territory's commitment to timely maintenance of its capital assets): *Provided further*, That any appropriation for disaster assistance under this heading in this Act or previous appropriations Acts may be used as non-Federal matching funds for the purpose of hazard mitigation grants provided pursuant to section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170c).

COMPACT OF FREE ASSOCIATION

For economic assistance and necessary expenses for the Federated States of Micronesia and the Republic of the Marshall Islands as provided for in sections 122, 221, 223, 232, and 233 of the

Compact of Free Association, and for economic assistance and necessary expenses for the Republic of Palau as provided for in sections 122, 221, 223, 232, and 233 of the Compact of Free Association, \$20,545,000, to remain available until expended, as authorized by Public Law 99–239 and Public Law 99–658.

DEPARTMENTAL MANAGEMENT

SALARIES AND EXPENSES

For necessary expenses for management of the Department of the Interior, \$58,286,000, of which not to exceed \$8,500 may be for official reception and representation expenses, and of which up to \$1,200,000 shall be available for workers compensation payments and unemployment compensation payments associated with the orderly closure of the United States Bureau of Mines.

OFFICE OF THE SOLICITOR

SALARIES AND EXPENSES

For necessary expenses of the Office of the Solicitor, \$35,443,000.

OFFICE OF INSPECTOR GENERAL

SALARIES AND EXPENSES

For necessary expenses of the Office of Inspector General, \$24,500,000.

NATIONAL INDIAN GAMING COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the National Indian Gaming Commission, pursuant to Public Law 100–497, \$1,000,000.

OFFICE OF SPECIAL TRUSTEE FOR AMERICAN INDIANS

FEDERAL TRUST PROGRAMS

For operation of trust programs for Indians by direct expenditure, contracts, cooperative agreements, compacts, and grants, \$33,907,000, to remain available until expended: *Provided*, That funds for trust management improvements may be transferred to the Bureau of Indian Affairs: *Provided further*, That funds made available to tribes and tribal organizations through contracts or grants obligated during fiscal year 1998, as authorized by the Indian Self-Determination Act of 1975 (25 U.S.C. 450 et seq.), shall remain available until expended by the contractor or grantee: *Provided further*, That notwithstanding any other provision of law, the statute of limitations shall not commence to run on any claim, including any claim in litigation pending on the date of the enactment of this Act, concerning losses to or mismanagement of trust funds, until the affected tribe or individual Indian has been furnished with an accounting of such funds from which the beneficiary can determine whether there has been a loss.

ADMINISTRATIVE PROVISIONS

There is hereby authorized for acquisition from available resources within the Working Capital Fund, 15 aircraft, 10 of which shall be for replacement and which may be obtained by donation, purchase or through available excess surplus property: *Provided*, That notwithstanding any other provision of law, existing aircraft being replaced may be sold, with proceeds derived or trade-in value used to offset the purchase price for the replacement aircraft: *Provided further*, That no programs funded with appropriated funds in the “Departmental Management”, “Office of the Solicitor”, and “Office of Inspector General” may be augmented through the Working Capital Fund or the Consolidated Working Fund.

GENERAL PROVISIONS, DEPARTMENT OF THE INTERIOR

SEC. 101. Appropriations made in this title shall be available for expenditure or transfer (within each bureau or office), with the approval of the Secretary, for the emergency reconstruction, replacement, or repair of aircraft, buildings, utilities, or other facilities or equipment damaged or destroyed by fire, flood, storm, or other unavoidable causes: *Provided*, That no funds shall be made available under this authority until funds specifically made available to the Department of the Interior for emergencies shall have been exhausted: *Provided further*, That all funds used pursuant to this section are hereby designated by Congress to be “emergency requirements” pursuant to section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985, and must be replenished by a supplemental appropriation which must be requested as promptly as possible.

SEC. 102. The Secretary may authorize the expenditure or transfer of any no year appropriation in this title, in addition to the amounts included in the budget programs of the several agencies, for the suppression or emergency prevention of forest or range fires on or threatening lands under the jurisdiction of the Department of the Interior; for the emergency rehabilitation of burned-over lands under its jurisdiction; for emergency actions related to potential or actual earthquakes, floods, volcanoes, storms, or other unavoidable causes; for contingency planning subsequent to actual oilspills; response and natural resource damage assessment activities related to actual oilspills; for the prevention, suppression, and control of actual or potential grasshopper and Mormon cricket outbreaks on lands under the jurisdiction of the Secretary, pursuant to the authority in section 1773(b) of Public Law 99-198 (99 Stat. 1658); for emergency reclamation projects under section 410 of Public Law 95-87; and shall transfer, from any no year funds available to the Office of Surface Mining Reclamation and Enforcement, such funds as may be necessary to permit assumption of regulatory authority in the event a primacy State is not carrying out the regulatory provisions of the Surface Mining Act: *Provided*, That appropriations made in this title for fire suppression purposes shall be available for the payment of obligations incurred during the preceding fiscal year, and for reimbursement to other Federal agencies for destruction of vehicles, aircraft, or other equipment in connection with their use for fire suppression purposes, such reimbursement to be credited to appropriations currently available at the time of receipt thereof: *Provided further*,

That for emergency rehabilitation and wildfire suppression activities, no funds shall be made available under this authority until funds appropriated to “Wildland Fire Management” shall have been exhausted: *Provided further*, That all funds used pursuant to this section are hereby designated by Congress to be “emergency requirements” pursuant to section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985, and must be replenished by a supplemental appropriation which must be requested as promptly as possible: *Provided further*, That such replenishment funds shall be used to reimburse, on a pro rata basis, accounts from which emergency funds were transferred.

SEC. 103. Appropriations made in this title shall be available for operation of warehouses, garages, shops, and similar facilities, wherever consolidation of activities will contribute to efficiency or economy, and said appropriations shall be reimbursed for services rendered to any other activity in the same manner as authorized by sections 1535 and 1536 of title 31, United States Code: *Provided*, That reimbursements for costs and supplies, materials, equipment, and for services rendered may be credited to the appropriation current at the time such reimbursements are received.

SEC. 104. Appropriations made to the Department of the Interior in this title shall be available for services as authorized by 5 U.S.C. 3109, when authorized by the Secretary, in total amount not to exceed \$500,000; hire, maintenance, and operation of aircraft; hire of passenger motor vehicles; purchase of reprints; payment for telephone service in private residences in the field, when authorized under regulations approved by the Secretary; and the payment of dues, when authorized by the Secretary, for library membership in societies or associations which issue publications to members only or at a price to members lower than to subscribers who are not members.

SEC. 105. Appropriations available to the Department of the Interior for salaries and expenses shall be available for uniforms or allowances therefor, as authorized by law (5 U.S.C. 5901-5902 and D.C. Code 4-204).

SEC. 106. Appropriations made in this title shall be available for obligation in connection with contracts issued for services or rentals for periods not in excess of twelve months beginning at any time during the fiscal year.

SEC. 107. In fiscal year 1998 and thereafter, for those years in which the recreation fee demonstration program authorized in Public Law 104-134 is in effect, the fee collection support authority provided in 16 U.S.C. 4601-6(i)(1)(B) applies only to parks not included in the fee demonstration program, and that the amount retained under this authority to cover fee collection costs will not exceed those costs at the non-demonstration parks, or 15 percent of all fees collected at non-demonstration parks in a fiscal year whichever is less. Fee collection costs for parks included in the fee demonstration program will be covered by the fees retained at those parks.

16 USC 4601-6a
note.

SEC. 108. No funds provided in this title may be expended by the Department of the Interior for the conduct of offshore leasing and related activities placed under restriction in the President’s moratorium statement of June 26, 1990, in the areas of northern, central, and southern California; the North Atlantic; Washington and Oregon; and the eastern Gulf of Mexico south of 26 degrees north latitude and east of 86 degrees west longitude.

SEC. 109. No funds provided in this title may be expended by the Department of the Interior for the conduct of offshore oil and natural gas preleasing, leasing, and related activities, on lands within the North Aleutian Basin planning area.

SEC. 110. No funds provided in this title may be expended by the Department of the Interior to conduct offshore oil and natural gas preleasing, leasing and related activities in the eastern Gulf of Mexico planning area for any lands located outside Sale 181, as identified in the final Outer Continental Shelf 5-Year Oil and Gas Leasing Program, 1997-2002.

SEC. 111. No funds provided in this title may be expended by the Department of the Interior to conduct oil and natural gas preleasing, leasing and related activities in the Mid-Atlantic and South Atlantic planning areas.

SEC. 112. Advance payments made under this title to Indian tribes, tribal organizations, and tribal consortia pursuant to the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) or the Tribally Controlled Schools Act of 1988 (25 U.S.C. 2501 et seq.) may be invested by the Indian tribe, tribal organization, or consortium before such funds are expended for the purposes of the grant, compact, or annual funding agreement so long as such funds are—

(1) invested by the Indian tribe, tribal organization, or consortium only in obligations of the United States, or in obligations or securities that are guaranteed or insured by the United States, or mutual (or other) funds registered with the Securities and Exchange Commission and which only invest in obligations of the United States or securities that are guaranteed or insured by the United States; or

(2) deposited only into accounts that are insured by an agency or instrumentality of the United States, or are fully collateralized to ensure protection of the Funds, even in the event of a bank failure.

50 USC 167 note.

SEC. 113. (a) Employees of Helium Operations, Bureau of Land Management, entitled to severance pay under 5 U.S.C. 5595, may apply for, and the Secretary of the Interior may pay, the total amount of the severance pay to the employee in a lump sum. Employees paid severance pay in a lump sum and subsequently reemployed by the Federal Government shall be subject to the repayment provisions of 5 U.S.C. 5595(i)(2) and (3), except that any repayment shall be made to the Helium Fund.

(b) Helium Operations employees who elect to continue health benefits after separation shall be liable for not more than the required employee contribution under 5 U.S.C. 8905a(d)(1)(A). The Helium Fund shall pay for 18 months the remaining portion of required contributions.

(c) The Secretary of the Interior may provide for training to assist Helium Operations employees in the transition to other Federal or private sector jobs during the facility shut-down and disposition process and for up to 12 months following separation from Federal employment, including retraining and relocation incentives on the same terms and conditions as authorized for employees of the Department of Defense in section 348 of the National Defense Authorization Act for Fiscal Year 1995.

(d) For purposes of the annual leave restoration provisions of 5 U.S.C. 6304(d)(1)(B), the cessation of helium production and sales, and other related Helium Program activities shall be deemed

to create an exigency of public business under, and annual leave that is lost during leave years 1997 through 2001 because of, 5 U.S.C. 6304 (regardless of whether such leave was scheduled in advance) shall be restored to the employee and shall be credited and available in accordance with 5 U.S.C. 6304(d)(2). Annual leave so restored and remaining unused upon the transfer of a Helium Program employee to a position of the executive branch outside of the Helium Program shall be liquidated by payment to the employee of a lump sum from the Helium Fund for such leave.

(e) Benefits under this section shall be paid from the Helium Fund in accordance with section 4(c)(4) of the Helium Privatization Act of 1996. Funds may be made available to Helium Program employees who are or will be separated before October 1, 2002 because of the cessation of helium production and sales and other related activities. Retraining benefits, including retraining and relocation incentives, may be paid for retraining commencing on or before September 30, 2002.

SEC. 114. None of the funds in this or previous appropriations Acts may be used to establish a new regional office in the United States Fish and Wildlife Service without the advance approval of the House and Senate Committees on Appropriations.

SEC. 115. (a) CONVEYANCE REQUIREMENT.—Within 90 days after the date of enactment of this Act, the Secretary of the Interior shall convey to the State of West Virginia without reimbursement, all right, title, and interest of the United States in and to the property described in subsection (b), for sole use by the Wildlife Resources Section of the West Virginia Division of Natural Resources, as part of the State of West Virginia fish culture program.

West Virginia.

(b) PROPERTY DESCRIBED.—The property referred to in subsection (a) is the property known as the Bowden National Fish Hatchery, located on old United States Route 33, Randolph County, West Virginia, consisting of 44 acres (more or less), and all improvements and related personal property under the control of the Secretary that is located on that property, including buildings, structures, equipment, and all easements, leases, and water rights relating to that property.

(c) USE AND REVERSIONARY INTEREST.—The property conveyed to the State of West Virginia pursuant to this section shall be used and operated solely by the Wildlife Resources Section of the West Virginia Division of Natural Resources for the purposes of fishery resources management and fisheries-related activities, and if it is used for any other purposes or by any other party other than the use authorized under subsection (a), all right, title, and interest in and to all property conveyed under this section shall revert to the United States. The State of West Virginia shall ensure that the property reverting to the United States is in substantially the same or better condition as at the time of transfer.

SEC. 116. Section 115 of Public Law 103–332 is amended by inserting after the word “title” the following: “or provided from other Federal agencies through reimbursable or other agreements pursuant to the Economy Act”.

43 USC 1471f.

SEC. 117. The third proviso under the heading “Compact of Free Association” of Public Law 100–446 is amended by striking “\$2,000,000” and inserting “\$2,500,000” and by adding at the end of the proviso the following: “and commencing on October 1, 1998 and every year thereafter, this dollar amount shall be changed

102 Stat. 1798.

to reflect any fluctuation occurring during the previous twelve (12) months in the Consumer Price Index, as determined by the Secretary of Labor”.

SEC. 118. Any funds made available in this Act or any other Act for tribal priority allocations (hereafter in this section “TPA”) in excess of the funds expended for TPA in fiscal year 1997 (adjusted for fixed costs, internal transfers pursuant to other law, and proposed increases to formula-driven programs not included in tribes’ TPA base) shall only be available for distribution—

(1) to each tribe to the extent necessary to provide that tribe the minimum level of funding recommended by the Joint-Tribal/BIA/DOI Task Force on Reorganization of the Bureau of Indian Affairs Report of 1994 (hereafter “the 1994 Report”) not to exceed \$160,000 per tribe; and

(2) to the extent funds remain, such funds will be allocated according to the recommendations of a task force comprised of 2 designated Federal officials and 2 tribal representatives from each BIA area. These representatives shall be selected by the Secretary after considering a list of names of tribal leaders nominated and elected by the tribes in each area. The list of nominees shall be provided to the Secretary by October 31, 1997. If the tribes in an area fail to submit a list of nominees to the Secretary by October 31, 1997, the Secretary shall select representatives after consulting with the BIA. In determining the allocation of remaining funds, the Task Force shall consider the recommendations and principles contained in the 1994 Report. If the Task Force cannot agree on a distribution by January 31, 1998, the Secretary shall distribute the remaining funds based on the recommendations of a majority of Task Force members no later than February 28, 1998. If a majority recommendation cannot be reached, the Secretary in exercising his discretion shall distribute the remaining funds considering the recommendations of the Task Force members.

SEC. 119. Section 116 of the Omnibus Appropriations Act for Fiscal Year 1997 (Public Law 104-208; 110 Stat. 3009-201) is amended—

(1) by striking “Miners Hospital Grant” each place it appears and inserting in lieu thereof “Miners Hospital Grants”;

(2) by striking “(February 20, 1929, 45 Stat. 1252)” each place it appears and inserting in lieu thereof “(July 16, 1894, 28 Stat. 110 and February 20, 1929, 45 Stat. 1252)”; and

(3) by striking “(July 26, 1894, 28 Stat. 110)” each place it appears and inserting in lieu thereof “(July 16, 1894, 28 Stat. 110)”.

Claims.
Mines and
mining.

SEC. 120. Notwithstanding any other provision of law, 90 days after enactment of this section there is hereby vested in the United States all right, title and interest in and to, and the right of immediate possession of, all patented mining claims and valid unpatented mining claims (including any unpatented claim whose validity is in dispute, so long as such validity is later established in accordance with applicable agency procedures) in the area known as the Kantishna Mining District within Denali National Park and Preserve, for which all current owners (or the bankruptcy trustee as provided hereafter) of each such claim (for unpatented claims, ownership as identified in recordations under the mining laws and regulations) consent to such vesting in writing to the

Secretary of the Interior within said 90-day period: *Provided*, That in the case of a mining claim in the Kantishna Mining District that is involved in a bankruptcy proceeding, where the bankruptcy trustee is a holder of an interest in such mining claim, such consent may only be provided and will be deemed timely for purposes of this section if the trustee applies within said 90-day period to the bankruptcy court or any other appropriate court for authority to sell the entire mining claim and to consent to the vesting of title to such claim in the United States pursuant to this section, and that in such event title in the entire mining claim shall vest in the United States 10 days after entry of an unstayed, final order or judgment approving the trustee's application: *Provided further*, That the United States shall pay just compensation to the aforesaid owners of any valid claims to which title has vested in the United States pursuant to this section, determined as of the date of taking: *Provided further*, That payment shall be in the amount of a negotiated settlement of the value of such claim or the valuation of such claim awarded by judgment, and such payment, including any deposits in the registry of the court, shall be made solely from the permanent judgment appropriation established pursuant to section 1304 of title 31, United States Code, and shall include accrued interest on the amount of the agreed settlement value or the final judgment from the date of taking to the date of payment, calculated in accordance with section 258a of title 40, United States Code: *Provided further*, That the United States or a claim owner or bankruptcy trustee may initiate proceedings after said 90-day period, but no later than six years after the date of enactment of this section, seeking a determination of just compensation in the District Court for the District of Alaska pursuant to the Declaration of Taking Act, sections 258a-e of title 40, United States Code (except where inconsistent with this section), and joining all owners of the claim: *Provided further*, That when any such suit is instituted by the United States or the owner or bankruptcy trustee, the United States shall deposit as soon as possible in the registry of the court the estimated just compensation, in accordance with the procedures generally described in section 258a of title 40, United States Code, not otherwise inconsistent with this section: *Provided further*, That in establishing any estimate for deposit in the court registry (other than an estimate based on an agency approved appraisal made prior to the date of enactment of this Act) the Secretary of the Interior shall permit the claim owner to present information to the Secretary on the value of the claim, including potential mineral value, and the Secretary shall consider such information and permit the claim owner to have a reasonable and sufficient opportunity to comment on such estimate: *Provided further*, That the estimated just compensation deposited in the court registry shall be paid forthwith to the aforesaid owners upon application to the court: *Provided further*, That any payment from the court registry to the aforesaid owners shall be deducted from any negotiated settlement or award by judgment: *Provided further*, That the United States may not request the court to withhold any payment from the court registry for environmental remediation with respect to such claim: *Provided further*, That the Secretary shall not allow any unauthorized use of claims acquired pursuant to this section after the date title vests in the United States pursuant to this section, and the Secretary shall permit the orderly termination of all operations on

the lands and the removal of equipment, facilities, and personal property by claim owners or bankruptcy trustee (as appropriate).

SEC. 121. Section 1034 of Public Law 104-333 (110 Stat. 4093, 4240) is amended by striking “at any time within 12 months of enactment of this Act” and inserting in lieu thereof “on or before October 1, 1998” and by inserting at the end of the section the following new sentence: “If such litigation is commenced, at the court trial, any party may introduce any relevant evidence bearing on the interpretation of the 1976 agreement.”.

SEC. 122. (a) KODIAK LAND VALUATION.—Notwithstanding the Refuge Revenue Sharing Act (16 U.S.C. 715s) or any regulations implementing such Act, the fair market value for the initial computation of the payment to Kodiak Island Borough pursuant to such Act shall be based on the purchase price of the parcels acquired from Akhiok-Kaguyak, Incorporated, Koniag, Incorporated, and the Old Harbor Native Corporation for addition to the Kodiak National Wildlife Refuge.

(b) REAPPRAISALS.—The fair market value of the parcels described in subsection (a) shall be reappraised by the Alaska Region of the United States Fish and Wildlife Service under the Refuge Revenue Sharing Act (16 U.S.C. 715s). Any such reappraisals shall be made in accordance with such Act and any other applicable law and regulation, and shall be effective for any payments made in fiscal year 1999.

(c) EFFECTIVE DATE.—The fair market value computation required under subsection (a) shall be effective as of the date of the acquisition of the parcels described in such subsection.

SEC. 123. ASSESSMENT OF FEES. (a) COMMISSION FUNDING.—Section 18(a) of the Indian Gaming Regulatory Act (25 U.S.C. 2717(a)) is amended—

(1) in paragraph (1), by striking “class II gaming activity” and inserting “gaming operation that conducts a class II or class III gaming activity”; and

(2) in paragraph (2)—

(A) in subparagraph (A)(i), by striking “no less than 0.5 percent nor” and inserting “no”;

(B) in subparagraph (B), by striking “\$1,500,000” and inserting “\$8,000,000”; and

(C) nothing in subsection (a) of this section shall apply to self-regulated tribes such as the Mississippi Band of Choctaw.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 19 of the Indian Gaming Regulatory Act (25 U.S.C. 2718) is amended—

(1) in subsection (a), by striking “such sums as may be necessary” and inserting “for fiscal year 1998, and for each fiscal year thereafter, an amount equal to the amount of funds derived from the assessments authorized by section 18(a) for the fiscal year immediately preceding the fiscal year involved,”; and

(2) by striking subsection (b) and inserting the following: “(b) Notwithstanding section 18, there are authorized to be appropriated to fund the operation of the Commission, \$2,000,000 for fiscal year 1998, and \$2,000,000 for each fiscal year thereafter. The amounts authorized to be appropriated in the preceding sentence shall be in addition to the amounts authorized to be appropriated under subsection (a).”.

SEC. 124. (a) PRIORITY OF BONDS.—Section 3 of Public Law 94-392 (90 Stat. 1193, 1195) is amended—

48 USC 1574c.

(1) by striking “priority for payment” and inserting “a parity lien with every other issue of bonds or other obligations issued for payment”; and

(2) by striking “in the order of the date of issue”.

(b) APPLICATION.—The amendments made by subsection (a) shall apply to obligations issued on or after the date of enactment of this section.

48 USC 1574c.

(c) SHORT TERM BORROWING.—Section 1 of Public Law 94-392 (90 Stat. 1193) is amended by adding the following new subsection at the end:

48 USC 1574a

“(d) The legislature of the Government of the Virgin Islands may cause to be issued notes in anticipation of the collection of the taxes and revenues for the current fiscal year. Such notes shall mature and be paid within one year from the date they are issued. No extension of such notes shall be valid and no additional notes shall be issued under this section until all notes issued during a preceding year shall have been paid.”.

SEC. 125. (a) In this section—

Kansas.

(1) the term “Huron Cemetery” means the lands that form the cemetery that is popularly known as the Huron Cemetery, located in Kansas City, Kansas, as described in subsection (b)(3); and

(2) the term “Secretary” means the Secretary of the Interior.

(b)(1) The Secretary shall take such action as may be necessary to ensure that the lands comprising the Huron Cemetery (as described in paragraph (3)) are used only in accordance with this subsection.

(2) The lands of the Huron Cemetery shall be used only—

(A) for religious and cultural uses that are compatible with the use of the lands as a cemetery; and

(B) as a burial ground.

(3) The description of the lands of the Huron Cemetery is as follows:

The tract of land in the NW $\frac{1}{4}$ of sec. 10, T. 11 S., R. 25 E., of the sixth principal meridian, in Wyandotte County, Kansas (as surveyed and marked on the ground on August 15, 1888, by William Millor, Civil Engineer and Surveyor), described as follows:

“Commencing on the Northwest corner of the Northwest Quarter of the Northwest Quarter of said Section 10;

“Thence South 28 poles to the ‘true point of beginning’;

“Thence South 71 degrees East 10 poles and 18 links;

“Thence South 18 degrees and 30 minutes West 28 poles;

“Thence West 11 and one-half poles;

“Thence North 19 degrees 15 minutes East 31 poles and 15 feet to the ‘true point of beginning’, containing 2 acres or more.”.

SEC. 126. ARKANSAS POST NATIONAL MEMORIAL.—(a) The boundaries of the Arkansas Post National Memorial are revised to include the approximately 360 acres of land generally depicted on the map entitled “Arkansas Post National Memorial, Osotouy Unit, Arkansas County, Arkansas” and dated June 1993. Such

16 USC 431 note.

map shall be on file and available for public inspection in appropriate offices of the National Park Service of the Department of the Interior.

(b) The Secretary of the Interior is authorized to acquire the lands and interests therein described in subsection (a) by donation, purchase with donated or appropriated funds, or exchange: *Provided*, That such lands or interests therein may only be acquired with the consent of the owner thereof.

SEC. 127. For the sole purpose of accessing park or other authorized visitor services or facilities at, or originating from, the public dock area at Bartlett Cove, the National Park Service shall initiate a competitive process by which the National Park Service shall allow one entry per day for a passenger ferry into Bartlett Cove from Juneau: *Provided*, That any passenger ferry allowed entry pursuant to this Act shall be subject to speed, distance from coast lines, and other limitations imposed necessary to protect park resources: *Provided further*, That nothing in this Act shall be construed as constituting approval for entry into the waters of Glacier Bay National Park and Preserve beyond the immediate Bartlett Cove area as defined by a line extending northeastward from Point Carolus to the west to the southernmost point of Lester Island, absent required permits.

Petroleum and
petroleum
products.
Alaska.
42 USC 6508.

SEC. 128. Title I of Public Law 96-514 (94 Stat. 2957) is amended under the heading "Exploration of National Petroleum Reserve in Alaska" by striking "(8) each lease shall be issued" through the end of the first paragraph and inserting in lieu thereof the following: "(8) each lease shall be issued for an initial period of ten years, and shall be extended for so long thereafter as oil or gas is produced from the lease in paying quantities, or as drilling or reworking operations, as approved by the Secretary, are conducted thereon; (9) for purposes of conservation of the natural resources of any oil or gas pool, field, or like area, or any part thereof, lessees thereof and their representatives are authorized to unite with each other, or jointly or separately with others, in collectively adopting and operating under a unit agreement for such pool, field, or like area, or any part thereof (whether or not any other part of said oil or gas pool, field, or like area is already subject to any cooperative or unit plan of development or operation), whenever determined by the Secretary to be necessary or advisable in the public interest. Drilling, production, and well reworking operations performed in accordance with a unit agreement shall be deemed to be performed for the benefit of all leases that are subject in whole or in part to such unit agreement. When separate tracts cannot be independently developed and operated in conformity with an established well spacing or development program, any lease, or a portion thereof, may be pooled with other lands, whether or not owned by the United States, under a communitization or drilling agreement providing for an apportionment of production or royalties among the separate tracts of land comprising the drilling or spacing unit when determined by the Secretary of the Interior to be in the public interest, and operations or production pursuant to such an agreement shall be deemed to be operations or production as to each such lease committed thereto; (10) to encourage the greatest ultimate recovery of oil or gas or in the interest of conservation the Secretary is authorized to waive, suspend, or reduce the rental, or minimum royalty, or reduce the royalty on an entire leasehold, including on any lease

operated pursuant to a unit agreement, whenever in his judgment the leases cannot be successfully operated under the terms provided therein. The Secretary is authorized to direct or assent to the suspension of operations and production on any lease or unit. In the event the Secretary, in the interest of conservation, shall direct or assent to the suspension of operations and production on any lease or unit, any payment of acreage rental or minimum royalty prescribed by such lease or unit likewise shall be suspended during the period of suspension of operations and production, and the term of such lease shall be extended by adding any such suspension period thereto; and (11) all receipts from sales, rentals, bonuses, and royalties on leases issued pursuant to this section shall be paid into the Treasury of the United States: *Provided*, That 50 percent thereof shall be paid by the Secretary of the Treasury semiannually, as soon thereafter as practicable after March 30 and September 30 each year, to the State of Alaska for: (A) planning; (B) construction, maintenance, and operation of essential public facilities; and (C) other necessary provisions of public service: *Provided further*, That in the allocation of such funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this Act.”.

SEC. 129. LIMITATIONS ON CERTAIN INDIAN GAMING OPERATIONS. (a) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) CLASS III GAMING.—The term “class III gaming” has the meaning provided that term in section 4(8) of the Indian Gaming Regulatory Act (25 U.S.C. 2703(8)).

(2) INDIAN TRIBE.—The term “Indian tribe” has the meaning provided that term in section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450(e)).

(3) SECRETARY.—The term “Secretary” means the Secretary of the Department of the Interior.

(4) TRIBAL-STATE COMPACT.—The term “Tribal-State compact” means a Tribal-State compact referred to in section 11(d) of the Indian Gaming Regulatory Act (25 U.S.C. 2710(d)).

(b) CLASS III GAMING COMPACTS.—

(1) IN GENERAL.—

(A) PROHIBITION.—During fiscal year 1998, the Secretary may not expend any funds made available under this Act to review or approve any initial Tribal-State compact for class III gaming entered into on or after the date of enactment of this Act. This provision shall not apply to any Tribal-State compact which has been approved by a State in accordance with State law and the Indian Gaming Regulatory Act.

(B) RULE OF CONSTRUCTION.—Nothing in this paragraph may be construed to prohibit the review or approval by the Secretary of a renewal or revision of, or amendment to a Tribal-State compact that is not covered under subparagraph (A).

(2) TRIBAL-STATE COMPACTS.—During fiscal year 1998, notwithstanding any other provision of law, no Tribal-State compact for class III gaming shall be considered to have been approved by the Secretary by reason of the failure of the Secretary to approve or disapprove that compact. This provision shall not apply to any Tribal-State compact which has been

approved by a State in accordance with State law and the Indian Gaming Regulatory Act.

SEC. 130. SENSE OF THE SENATE CONCERNING INDIAN GAMING.—It is the sense of the Senate that the United States Department of Justice should vigorously enforce the provisions of the Indian Gaming Regulatory Act requiring an approved Tribal-State gaming compact prior to the initiation of class III gaming on Indian lands.

SEC. 131. No funds provided in this or any other Act may be expended for the promulgation of a proposed or final rule to amend or replace the National Indian Gaming Commission's definition regulations located at 25 CFR 502.7 and 502.8.

16 USC 715s
note.

SEC. 132. Notwithstanding any other provision of law, hereafter the United States Fish and Wildlife Service may disburse to local entities impact funding pursuant to Refuge Revenue Sharing that is associated with Federal real property transferred to the United States Geological Survey from the United States Fish and Wildlife Service.

SEC. 133. CONVEYANCE OF LAND TO LANDER COUNTY, NEVADA. (a) CONVEYANCE.—Not later than the date that is 120 days after the date of enactment of this Act, the Secretary of the Interior, acting through the Director of the Bureau of Land Management, shall convey to Lander County, Nevada, without consideration, all right, title, and interest of the United States, subject to all valid existing rights and to the rights-of-way described in subsection (b), in the property described as T. 32 N., R. 45 E., sec. 18, lots 3, 4, 11, 12, 16, 17, 18, 19, 20 and 21, Mount Diablo Meridian.

(b) RIGHTS-OF-WAY.—The property conveyed under subsection (a) shall be subject to—

- (1) the right-of-way for Interstate 80;
- (2) the 33-foot wide right-of-way for access to the Indian cemetery included under Public Law 90-71 (81 Stat. 173); and
- (3) the following rights-of-way granted by the Secretary of the Interior:

NEV-010937 (powerline).
NEV-066891 (powerline).
NEV-35345 (powerline).
N-7636 (powerline).
N-56088 (powerline).
N-57541 (fiber optic cable).
N-55974 (powerline).

(c) REQUIREMENT.—The property described in this section shall be used for public purposes and should the property be sold or used for other than public purposes, the property shall revert to the United States.

SEC. 134. CONVEYANCE OF CERTAIN BUREAU OF LAND MANAGEMENT LANDS IN CLARK COUNTY, NEVADA. (a) FINDINGS.—Congress finds that—

- (1) certain landowners who own property adjacent to land managed by the Bureau of Land Management in the North Decatur Boulevard area of Las Vegas, Nevada, bordering on North Las Vegas, have been adversely affected by certain erroneous private land surveys that the landowners believed were accurate;

(2) the landowners have occupied or improved their property in good faith reliance on the erroneous surveys of the properties;

(3) the landowners believed that their entitlement to occupancy was finally adjudicated by a Judgment and Decree entered by the Eighth Judicial District Court of Nevada on October 26, 1989;

(4) errors in the private surveys were discovered in connection with a dependent resurvey and section subdivision conducted by the Bureau of Land Management in 1990, which established accurate boundaries between certain federally owned properties and private properties; and

(5) the Secretary has authority to sell, and it is appropriate that the Secretary should sell, based on an appraisal of the fair market value as of December 1, 1982, the properties described in section 2(b) to the adversely affected landowners.

(b) CONVEYANCE OF PROPERTIES.—

(1) PURCHASE OFFERS.—

(A) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the city of Las Vegas, Nevada, on behalf of the owners of real property located adjacent to the properties described in paragraph (2), may submit to the Secretary of the Interior, acting through the Director of the Bureau of Land Management (referred to in this Act as the “Secretary”), a written offer to purchase the properties.

(B) INFORMATION TO ACCOMPANY OFFER.—An offer under subparagraph (A) shall be accompanied by—

(i) a description of each property offered to be purchased;

(ii) information relating to the claims of ownership of the property based on an erroneous land survey; and

(iii) such other information as the Secretary may require.

(2) DESCRIPTION OF PROPERTIES.—The properties described in this paragraph, containing 37.36 acres, more or less, are—

(A) Government lots 22, 23, 26, and 27 in sec. 18, T. 19 S., R. 61 E., Mount Diablo Meridian;

(B) Government lots 20, 21, and 24 in sec. 19, T. 19 S., R. 61 E., Mount Diablo Meridian; and

(C) Those lands encroached upon in Government lot 1 in sec. 24, T. 19 S., R. 60 E., Mount Diablo Meridian, containing approximately 8 acres.

(3) CONVEYANCE.—

(A) IN GENERAL.—Subject to the condition stated in subparagraph (B), the Secretary shall convey subject to valid existing rights to the city of Las Vegas, Nevada, all right, title, and interest of the United States in and to the properties offered to be purchased under paragraph (1) on payment by the city of the fair market value of the properties, based on an appraisal of the fair market value as of December 1, 1982, approved by the Secretary.

(B) CONDITION.—Properties shall be conveyed under subparagraph (A) subject to the condition that the city convey the properties to the landowners who were adversely

affected by reliance on erroneous surveys as described in subsection (a).

SEC. 135. (a) Notwithstanding any other provision of law, the Secretary of the Interior is directed to accept full title to approximately 84 acres of land located in Prince Georges County, Maryland, adjacent to Oxon Cove Park, and bordered generally by the Potomac River, Interstate 295 and the Woodrow Wilson Bridge, and in exchange therefor shall convey to the Corrections Corporation of America all of the interest of the United States in approximately 42 acres of land located in Oxon Cove Park in the District of Columbia, and bordered generally by Oxon Cove, Interstate 295 and the District of Columbia Impound Lot.

(b) The Secretary shall not acquire any lands under this section if the Secretary determines that the lands or any portion thereof have become contaminated with hazardous substances (as defined in the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. 9601)).

(c) Notwithstanding any other provision of law, the United States shall have no responsibility or liability with respect to any hazardous wastes or other substances placed on any of the lands covered by this section after their transfer to any party, but nothing in this section shall be construed as either diminishing or increasing any responsibility or liability of the United States based on the condition of such lands on the date of their transfer to the ownership of another party: *Provided*, That the Corrections Corporation of America shall indemnify the United States for liabilities arising under the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. 9601) and the Resource Conservation Recovery Act (42 U.S.C. 9601 et seq.).

(d) The properties so exchanged shall be equal in fair market value or if they are not approximately equal, the Corrections Corporation of America shall equalize the values by the payment of cash to the Secretary and any such payments shall be deposited to credit of "Miscellaneous Trust Funds, National Park Service" and shall be available without further appropriation until expended for the acquisition of land within the National Park System. No equalization shall be required if the value of the property received by the Secretary is more than that transferred by the Secretary.

(e) Costs of conducting necessary land surveys, preparing the legal descriptions of the lands to be conveyed, appraisals, deeds, other necessary documents, and administrative costs shall be borne by the Corporation. The required appraisals shall be conducted in accordance with 43 CFR 2201.3-1, 2201.3-3, and 2201.3-4.

(f) Following any exchange authorized by this provision, the boundaries of the Park System of the Nation's Capital are hereby amended to reflect the property added to and deleted from that System.

SEC. 136. The National Park Service shall, within 30 days of enactment of this Act, begin negotiations with the University of Alaska Fairbanks, School of Mineral Engineering, to determine the compensation that shall be paid by the National Park Service, within funds appropriated to the National Park Service in this Act, or within unobligated balances of funds appropriated in prior appropriations Acts, to the University of Alaska Fairbanks, School of Mineral Engineering, for facilities, equipment, and interests owned by the University that were destroyed by the Federal Government at the Stampede Mine Site within the boundaries of Denali

National Park and Preserve: *Provided*, That if the National Park Service and the University of Alaska Fairbanks, School of Mineral Engineering, fail to reach a negotiated settlement within 90 days of commencing negotiations, then the National Park Service shall submit a formal request to the Director of the Office of Hearings and Appeals, Department of the Interior, for the purpose of entering into third-party mediation to be conducted in accordance with the Department of the Interior's final policy applicable to alternative dispute resolution: *Provided further*, That any payment made by the National Park Service to the University of Alaska Fairbanks, School of Mineral Engineering, shall fully satisfy the claims of the University of Alaska Fairbanks, School of Mineral Engineering; and that the University of Alaska Fairbanks, School of Mineral Engineering, shall convey to the Secretary of the Interior all property rights in such facilities, equipment and interests: *Provided further*, That the Secretary of the Army shall provide, at no cost, two six-by-six vehicles, in excellent operating condition, or equivalent equipment to the University of Alaska Fairbanks, School of Mineral Engineering, and shall construct a bridge across the Bull River to the Golden Zone Mine Site to allow ingress and egress for the activities conducted by the School of Mineral Engineering.

TITLE II—RELATED AGENCIES

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

FOREST AND RANGELAND RESEARCH

For necessary expenses of forest and rangeland research as authorized by law, \$187,944,000, to remain available until expended.

STATE AND PRIVATE FORESTRY

For necessary expenses of cooperating with and providing technical and financial assistance to States, territories, possessions, and others, and for forest health management, cooperative forestry, and education and land conservation activities, \$161,237,000, to remain available until expended, as authorized by law: *Provided*, That of funds available under this heading for Pacific Northwest Assistance in this or prior appropriations Acts, \$800,000 shall be provided to the World Forestry Center for purposes of continuing scientific research and other authorized efforts regarding the land exchange efforts in the Umpqua River Basin region: *Provided further*, That activities conducted pursuant to funds provided herein for the Alaska Spruce Bark Beetle task force shall be exempt from the requirements of the Federal Advisory Committee Act.

NATIONAL FOREST SYSTEM

For necessary expenses of the Forest Service, not otherwise provided for, for management, protection, improvement, and utilization of the National Forest System, for forest planning, inventory, and monitoring, and for administrative expenses associated with the management of funds provided under the headings "Forest and Rangeland Research", "State and Private Forestry", "National Forest System", "Wildland Fire Management", "Reconstruction and

Reports.

Construction”, and “Land Acquisition”, \$1,348,377,000, to remain available until expended, which shall include 50 percent of all moneys received during prior fiscal years as fees collected under the Land and Water Conservation Fund Act of 1965, as amended, in accordance with section 4 of the Act (16 U.S.C. 460l–6a(i)): *Provided*, That up to \$10,000,000 of the funds provided herein for road maintenance shall be available for the planned obliteration of roads which are no longer needed: *Provided further*, That funds may be used to construct or reconstruct facilities of the Forest Service: *Provided further*, That no more than \$250,000 shall be used on any single project, exclusive of planning and design costs: *Provided further*, That any such project must be approved by the House and Senate Committees on Appropriations in compliance with the reprogramming procedures contained in House Report 105–163: *Provided further*, That the Forest Service shall report annually to Congress the amount obligated for each project, and the total dollars obligated during the year.

WILDLAND FIRE MANAGEMENT

For necessary expenses for forest fire presuppression activities on National Forest System lands, for emergency fire suppression on or adjacent to such lands or other lands under fire protection agreement, and for emergency rehabilitation of burned-over National Forest System lands, \$584,707,000 to remain available until expended: *Provided*, That such funds are available for repayment of advances from other appropriations accounts previously transferred for such purposes.

RECONSTRUCTION AND CONSTRUCTION

For necessary expenses of the Forest Service, not otherwise provided for, \$166,045,000 to remain available until expended for construction, reconstruction and acquisition of buildings and other facilities, and for construction, reconstruction and repair of forest roads and trails by the Forest Service as authorized by 16 U.S.C. 532–538 and 23 U.S.C. 101 and 205.

LAND ACQUISITION

For expenses necessary to carry out the provisions of the Land and Water Conservation Fund Act of 1965, as amended (16 U.S.C. 460l–4 through 11), including administrative expenses, and for acquisition of land or waters, or interest therein, in accordance with statutory authority applicable to the Forest Service, \$52,976,000, to be derived from the Land and Water Conservation Fund, to remain available until expended.

ACQUISITION OF LANDS FOR NATIONAL FORESTS SPECIAL ACTS

For acquisition of lands within the exterior boundaries of the Cache, Uinta, and Wasatch National Forests, Utah; the Toiyabe National Forest, Nevada; and the Angeles, San Bernardino, Sequoia, and Cleveland National Forests, California, as authorized by law, \$1,069,000, to be derived from forest receipts.

ACQUISITION OF LANDS TO COMPLETE LAND EXCHANGES

For acquisition of lands, such sums, to be derived from funds deposited by State, county, or municipal governments, public school districts, or other public school authorities pursuant to the Act of December 4, 1967, as amended (16 U.S.C. 484a), to remain available until expended.

RANGE BETTERMENT FUND

For necessary expenses of range rehabilitation, protection, and improvement, 50 percent of all moneys received during the prior fiscal year, as fees for grazing domestic livestock on lands in National Forests in the sixteen Western States, pursuant to section 401(b)(1) of Public Law 94-579, as amended, to remain available until expended, of which not to exceed 6 percent shall be available for administrative expenses associated with on-the-ground range rehabilitation, protection, and improvements.

GIFTS, DONATIONS AND BEQUESTS FOR FOREST AND RANGELAND RESEARCH

For expenses authorized by 16 U.S.C. 1643(b), \$92,000, to remain available until expended, to be derived from the fund established pursuant to the above Act.

MIDWIN NATIONAL TALLGRASS PRAIRIE RESTORATION FUND

All funds collected for admission, occupancy, and use of the Midewin National Tallgrass Prairie, and the salvage value proceeds from sale of any facilities and improvements pursuant to sections 2915(d) and (e) of Public Law 104-106, are hereby appropriated and made available until expended for the necessary expenses of restoring and administering the Midewin National Tallgrass Prairie in accordance with section 2915(f) of the Act.

ADMINISTRATIVE PROVISIONS, FOREST SERVICE

Appropriations to the Forest Service for the current fiscal year shall be available for: (1) purchase of not to exceed 159 passenger motor vehicles of which 22 will be used primarily for law enforcement purposes and of which 156 shall be for replacement; acquisition of 25 passenger motor vehicles from excess sources, and hire of such vehicles; operation and maintenance of aircraft, the purchase of not to exceed two for replacement only, and acquisition of 20 aircraft from excess sources notwithstanding other provisions of law, existing aircraft being replaced may be sold, with proceeds derived or trade-in value used to offset the purchase price for the replacement aircraft; (2) services pursuant to 7 U.S.C. 2225, and not to exceed \$100,000 for employment under 5 U.S.C. 3109; (3) purchase, erection, and alteration of buildings and other public improvements (7 U.S.C. 2250); (4) acquisition of land, waters, and interests therein, pursuant to 7 U.S.C. 428a; (5) for expenses pursuant to the Volunteers in the National Forest Act of 1972 (16 U.S.C. 558a, 558d, and 558a note); (6) the cost of uniforms as authorized by 5 U.S.C. 5901-5902; and (7) for debt collection contracts in accordance with 31 U.S.C. 3718(c).

None of the funds made available under this Act shall be obligated or expended to change the boundaries of any region,

to abolish any region, to move or close any regional office for research, State and private forestry, or National Forest System administration of the Forest Service, Department of Agriculture without the consent of the House and Senate Committees on Appropriations.

Any appropriations or funds available to the Forest Service may be advanced to the Wildland Fire Management appropriation and may be used for forest firefighting and the emergency rehabilitation of burned-over or damaged lands or waters under its jurisdiction.

Funds appropriated to the Forest Service shall be available for assistance to or through the Agency for International Development and the Foreign Agricultural Service in connection with forest and rangeland research, technical information, and assistance in foreign countries, and shall be available to support forestry and related natural resource activities outside the United States and its territories and possessions, including technical assistance, education and training, and cooperation with United States and international organizations.

None of the funds made available to the Forest Service under this Act shall be subject to transfer under the provisions of section 702(b) of the Department of Agriculture Organic Act of 1944 (7 U.S.C. 2257) or 7 U.S.C. 147b unless the proposed transfer is approved in advance by the House and Senate Committees on Appropriations in compliance with the reprogramming procedures contained in the report accompanying this bill.

None of the funds available to the Forest Service may be reprogrammed without the advance approval of the House and Senate Committees on Appropriations in accordance with the procedures contained in the report accompanying this bill.

No funds appropriated to the Forest Service shall be transferred to the Working Capital Fund of the Department of Agriculture without the approval of the Chief of the Forest Service.

Notwithstanding any other provision of law, any appropriations or funds available to the Forest Service may be used to disseminate program information to private and public individuals and organizations through the use of nonmonetary items of nominal value and to provide nonmonetary awards of nominal value and to incur necessary expenses for the nonmonetary recognition of private individuals and organizations that make contributions to Forest Service programs.

Notwithstanding any other provision of law, money collected, in advance or otherwise, by the Forest Service under authority of section 101 of Public Law 93-153 (30 U.S.C. 185(1)) as reimbursement of administrative and other costs incurred in processing pipeline right-of-way or permit applications and for costs incurred in monitoring the construction, operation, maintenance, and termination of any pipeline and related facilities, may be used to reimburse the applicable appropriation to which such costs were originally charged.

Funds available to the Forest Service shall be available to conduct a program of not less than \$1,000,000 for high priority projects within the scope of the approved budget which shall be carried out by the Youth Conservation Corps as authorized by the Act of August 13, 1970, as amended by Public Law 93-408.

None of the funds available in this Act shall be used for timber sale preparation using clearcutting in hardwood stands in

excess of 25 percent of the fiscal year 1989 harvested volume in the Wayne National Forest, Ohio: *Provided*, That this limitation shall not apply to hardwood stands damaged by natural disaster: *Provided further*, That landscape architects shall be used to maintain a visually pleasing forest.

Any money collected from the States for fire suppression assistance rendered by the Forest Service on non-Federal lands not in the vicinity of National Forest System lands shall be used to reimburse the applicable appropriation and shall remain available until expended as the Secretary may direct in conducting activities authorized by 16 U.S.C. 2101 note, 2101-2110, 1606, and 2111.

Of the funds available to the Forest Service, \$1,500 is available to the Chief of the Forest Service for official reception and representation expenses.

Notwithstanding any other provision of law, the Forest Service is authorized to employ or otherwise contract with persons at regular rates of pay, as determined by the Service, to perform work occasioned by emergencies such as fires, storms, floods, earthquakes or any other unavoidable cause without regard to Sundays, Federal holidays, and the regular workweek.

To the greatest extent possible, and in accordance with the Final Amendment to the Shawnee National Forest Plan, none of the funds available in this Act shall be used for preparation of timber sales using clearcutting or other forms of even-aged management in hardwood stands in the Shawnee National Forest, Illinois.

Pursuant to sections 405(b) and 410(b) of Public Law 101-593, of the funds available to the Forest Service, up to \$2,250,000 may be advanced in a lump sum as Federal financial assistance to the National Forest Foundation, without regard to when the Foundation incurs expenses, for administrative expenses or projects on or benefitting National Forest System lands or related to Forest Service programs: *Provided*, That of the Federal funds made available to the Foundation, no more than \$750,000 shall be available for administrative expenses: *Provided further*, That the Foundation shall obtain, by the end of the period of Federal financial assistance, private contributions to match on at least one-for-one basis funds made available by the Forest Service: *Provided further*, That the Foundation may transfer Federal funds to a recipient of Federal financial assistance for a project at the same rate that the recipient has obtained the non-Federal matching funds: *Provided further*, That hereafter, the National Forest Foundation may hold Federal funds made available but not immediately disbursed and may use any interest or other investment income earned (before, on, or after the date of enactment of this Act) on Federal funds to carry out the purposes of Public Law 101-593: *Provided further*, That such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States.

16 USC 583j-9.

Pursuant to section 2(b)(2) of Public Law 98-244, up to \$2,000,000 of the funds available to the Forest Service shall be available for matching funds, as authorized by 16 U.S.C. 3701-3709, and may be advanced in a lump sum as Federal financial assistance, without regard to when expenses are incurred, for projects on or benefitting National Forest System lands or related to Forest Service programs: *Provided*, That the Foundation shall obtain, by the end of the period of Federal financial assistance, private contributions to match on at least one-for-one basis funds

advanced by the Forest Service: *Provided further*, That the Foundation may transfer Federal funds to a recipient of Federal financial assistance for a project at the same rate that the recipient has obtained the non-Federal matching funds.

Funds appropriated to the Forest Service shall be available for interactions with and providing technical assistance to rural communities for sustainable rural development purposes.

Notwithstanding any other provision of law, 80 percent of the funds appropriated to the Forest Service in the “National Forest System” and “Reconstruction and Construction” accounts and planned to be allocated to activities under the “Jobs in the Woods” program for projects on National Forest land in the State of Washington may be granted directly to the Washington State Department of Fish and Wildlife for accomplishment of planned projects. Twenty percent of said funds shall be retained by the Forest Service for planning and administering projects. Project selection and prioritization shall be accomplished by the Forest Service with such consultation with the State of Washington as the Forest Service deems appropriate.

Funds appropriated to the Forest Service shall be available for payments to counties within the Columbia River Gorge National Scenic Area, pursuant to sections 14(c)(1) and (2), and section 16(a)(2) of Public Law 99-663.

Any funds available to the Forest Service may be used for retrofitting the Commanding Officer’s Building (S-2), to accommodate the relocation of the Forest Supervisor’s Office for the San Bernardino National Forest: *Provided*, That funds for the move must come from funds otherwise available to Region 5: *Provided further*, That any funds to be provided for such purposes shall only be available upon approval of the House and Senate Committees on Appropriations.

The Secretary of Agriculture is authorized to enter into grants, contracts, and cooperative agreements as appropriate with the Pinchot Institute for Conservation, as well as with public and other private agencies, organizations, institutions, and individuals, to provide for the development, administration, maintenance, or restoration of land, facilities, or Forest Service programs, at the Grey Towers National Historic Landmark: *Provided*, That, subject to such terms and conditions as the Secretary of Agriculture may prescribe, any such public or private agency, organization, institution, or individual may solicit, accept, and administer private gifts of money and real or personal property for the benefit of, or in connection with, the activities and services at the Grey Towers National Historic Landmark: *Provided further*, That such gifts may be accepted notwithstanding the fact that a donor conducts business with the Department of Agriculture in any capacity.

Funds appropriated to the Forest Service shall be available, as determined by the Secretary, for payments to Del Norte County, California, pursuant to sections 13(e) and 14 of the Smith River National Recreation Area Act (Public Law 101-612).

For purposes of the Southeast Alaska Economic Disaster Fund as set forth in section 101(c) of Public Law 104-134, the direct grants provided in subsection (c) shall be considered direct payments for purposes of all applicable law except that these direct grants may not be used for lobbying activities.

No employee of the Department of Agriculture may be detailed or assigned from an agency or office funded by this Act to any

other agency or office of the Department for more than 30 days unless the individual's employing agency or office is fully reimbursed by the receiving agency or office for the salary and expenses of the employee for the period of assignment.

No funds appropriated under this or any other Act for the purpose of operations conducted at the Forest Service Region 10 headquarters, including those funds identified for centralized field costs for employees of this office, shall be obligated or expended in excess of \$17,500,000 from the total funds appropriated for Region 10, without 60 days prior notice to Congress. Funds appropriated by this Act to implement the Revised Tongass National Forest Land Management Plan, shall be spent and obligated at the Forest Supervisor and Ranger District levels, with the exception of specific management and oversight expenses, provided such expenses are included in the funding ceiling of \$17,500,000.

DEPARTMENT OF ENERGY

CLEAN COAL TECHNOLOGY

(RESCISSION)

Of the funds made available under this heading for obligation in fiscal year 1997 or prior years, \$101,000,000 are rescinded: *Provided*, That funds made available in previous appropriations Acts shall be available for any ongoing project regardless of the separate request for proposal under which the project was selected.

FOSSIL ENERGY RESEARCH AND DEVELOPMENT

For necessary expenses in carrying out fossil energy research and development activities, under the authority of the Department of Energy Organization Act (Public Law 95-91), including the acquisition of interest, including defeasible and equitable interests in any real property or any facility or for plant or facility acquisition or expansion, and for conducting inquiries, technological investigations and research concerning the extraction, processing, use, and disposal of mineral substances without objectionable social and environmental costs (30 U.S.C. 3, 1602, and 1603), performed under the minerals and materials science programs at the Albany Research Center in Oregon, \$362,403,000, to remain available until expended: *Provided*, That no part of the sum herein made available shall be used for the field testing of nuclear explosives in the recovery of oil and gas.

ALTERNATIVE FUELS PRODUCTION

(INCLUDING TRANSFER OF FUNDS)

Moneys received as investment income on the principal amount in the Great Plains Project Trust at the Norwest Bank of North Dakota, in such sums as are earned as of October 1, 1997, shall be deposited in this account and immediately transferred to the general fund of the Treasury. Moneys received as revenue sharing from operation of the Great Plains Gasification Plant shall be immediately transferred to the general fund of the Treasury.

NAVAL PETROLEUM AND OIL SHALE RESERVES

10 USC 7430
note.

For necessary expenses in carrying out naval petroleum and oil shale reserve activities, \$107,000,000, and such sums as are necessary to operate Naval Petroleum Reserve Numbered 1 between May 16, 1998 and September 30, 1998, to remain available until expended: *Provided*, That notwithstanding any other provision of law, revenues received from use and operation of Naval Petroleum Reserve Numbered 1 in excess of \$163,000,000 shall be used to offset the costs of operating Naval Petroleum Reserve Numbered 1 between May 16, 1998 and September 30, 1998: *Provided further*, That revenues retained pursuant to the first proviso under this heading in Public Law 102–381 (106 Stat. 1404) shall be immediately transferred to the general fund of the Treasury: *Provided further*, That the requirements of 10 U.S.C. 7430(b)(2)(B) shall not apply to fiscal year 1998.

ENERGY CONSERVATION

For necessary expenses in carrying out energy conservation activities, \$611,723,000, to remain available until expended, including, notwithstanding any other provision of law, the excess amount for fiscal year 1998 determined under the provisions of section 3003(d) of Public Law 99–509 (15 U.S.C. 4502): *Provided*, That \$155,095,000 shall be for use in energy conservation programs as defined in section 3008(3) of Public Law 99–509 (15 U.S.C. 4507) and shall not be available until excess amounts are determined under the provisions of section 3003(d) of Public Law 99–509 (15 U.S.C. 4502): *Provided further*, That notwithstanding section 3003(d)(2) of Public Law 99–509 such sums shall be allocated to the eligible programs as follows: \$124,845,000 for weatherization assistance grants and \$30,250,000 for State energy conservation grants.

ECONOMIC REGULATION

For necessary expenses in carrying out the activities of the Office of Hearings and Appeals, \$2,725,000, to remain available until expended.

STRATEGIC PETROLEUM RESERVE

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses for Strategic Petroleum Reserve facility development and operations and program management activities pursuant to the Energy Policy and Conservation Act of 1975, as amended (42 U.S.C. 6201 et seq.), \$207,500,000, to remain available until expended, of which \$207,500,000 shall be repaid from the “SPR Operating Fund” from amounts made available from the sale of oil from the Reserve: *Provided*, That notwithstanding section 161 of the Energy Policy and Conservation Act of 1975, the Secretary shall draw down and sell in fiscal year 1998, \$207,500,000 worth of oil from the Strategic Petroleum Reserve: *Provided further*, That the proceeds from the sale shall be deposited into the “SPR Operating Fund”, and shall, upon receipt, be transferred to the Strategic Petroleum Reserve account for operations of the Strategic Petroleum Reserve.

SPR PETROLEUM ACCOUNT

Notwithstanding 42 U.S.C. 6240(d), the United States share of crude oil in Naval Petroleum Reserve Numbered 1 (Elk Hills) may be sold or otherwise disposed of to other than the Strategic Petroleum Reserve: *Provided*, That outlays in fiscal year 1998 resulting from the use of funds in this account shall not exceed \$5,000,000.

ENERGY INFORMATION ADMINISTRATION

For necessary expenses in carrying out the activities of the Energy Information Administration, \$66,800,000, to remain available until expended.

ADMINISTRATIVE PROVISIONS, DEPARTMENT OF ENERGY

Appropriations under this Act for the current fiscal year shall be available for hire of passenger motor vehicles; hire, maintenance, and operation of aircraft; purchase, repair, and cleaning of uniforms; and reimbursement to the General Services Administration for security guard services.

From appropriations under this Act, transfers of sums may be made to other agencies of the Government for the performance of work for which the appropriation is made.

None of the funds made available to the Department of Energy under this Act shall be used to implement or finance authorized price support or loan guarantee programs unless specific provision is made for such programs in an appropriations Act.

The Secretary is authorized to accept lands, buildings, equipment, and other contributions from public and private sources and to prosecute projects in cooperation with other agencies, Federal, State, private or foreign: *Provided*, That revenues and other moneys received by or for the account of the Department of Energy or otherwise generated by sale of products in connection with projects of the Department appropriated under this Act may be retained by the Secretary of Energy, to be available until expended, and used only for plant construction, operation, costs, and payments to cost-sharing entities as provided in appropriate cost-sharing contracts or agreements: *Provided further*, That the remainder of revenues after the making of such payments shall be covered into the Treasury as miscellaneous receipts: *Provided further*, That any contract, agreement, or provision thereof entered into by the Secretary pursuant to this authority shall not be executed prior to the expiration of 30 calendar days (not including any day in which either House of Congress is not in session because of adjournment of more than three calendar days to a day certain) from the receipt by the Speaker of the House of Representatives and the President of the Senate of a full comprehensive report on such project, including the facts and circumstances relied upon in support of the proposed project.

Reports.

No funds provided in this Act may be expended by the Department of Energy to prepare, issue, or process procurement documents for programs or projects for which appropriations have not been made.

In addition to other authorities set forth in this Act, the Secretary may accept fees and contributions from public and private

sources, to be deposited in a contributed funds account, and prosecute projects using such fees and contributions in cooperation with other Federal, State or private agencies or concerns.

The Secretary is authorized to accept funds from other Federal agencies in return for assisting agencies in achieving energy efficiency in Federal facilities and operations by the use of privately financed, energy saving performance contracts and other private financing mechanisms. The funds may be provided after agencies begin to realize energy cost savings; may be retained by the Secretary until expended; and may be used only for the purpose of assisting Federal agencies in achieving greater efficiency, water conservation, and use of renewable energy by means of privately financed mechanisms, including energy savings performance contracts. Any such privately financed contracts shall meet the provisions of the Energy Policy Act of 1992, Public Law 102-486 (42 U.S.C. 8287).

DEPARTMENT OF HEALTH AND HUMAN SERVICES

INDIAN HEALTH SERVICE

INDIAN HEALTH SERVICES

For expenses necessary to carry out the Act of August 5, 1954 (68 Stat. 674), the Indian Self-Determination Act, the Indian Health Care Improvement Act, and titles II and III of the Public Health Service Act with respect to the Indian Health Service, \$1,841,074,000, together with payments received during the fiscal year pursuant to 42 U.S.C. 238(b) for services furnished by the Indian Health Service: *Provided*, That funds made available to tribes and tribal organizations through contracts, grant agreements, or any other agreements or compacts authorized by the Indian Self-Determination and Education Assistance Act of 1975 (25 U.S.C. 450), shall be deemed to be obligated at the time of the grant or contract award and thereafter shall remain available to the tribe or tribal organization without fiscal year limitation: *Provided further*, That \$12,000,000 shall remain available until expended, for the Indian Catastrophic Health Emergency Fund: *Provided further*, That \$361,375,000 for contract medical care shall remain available for obligation until September 30, 1999: *Provided further*, That of the funds provided, not less than \$11,889,000 shall be used to carry out the loan repayment program under section 108 of the Indian Health Care Improvement Act: *Provided further*, That funds provided in this Act may be used for one-year contracts and grants which are to be performed in two fiscal years, so long as the total obligation is recorded in the year for which the funds are appropriated: *Provided further*, That the amounts collected by the Secretary of Health and Human Services under the authority of title IV of the Indian Health Care Improvement Act shall remain available until expended for the purpose of achieving compliance with the applicable conditions and requirements of titles XVIII and XIX of the Social Security Act (exclusive of planning, design, or construction of new facilities): *Provided further*, That of the funds provided, \$7,500,000 shall remain available until expended, for the Indian Self-Determination Fund, which shall be available for the transitional costs of initial or expanded tribal contracts, compacts, grants or cooperative agreements with the Indian Health Service under the provisions of the Indian Self-Determination Act:

Provided further, That funding contained herein, and in any earlier appropriations Acts for scholarship programs under the Indian Health Care Improvement Act (25 U.S.C. 1613) shall remain available for obligation until September 30, 1999: *Provided further*, That amounts received by tribes and tribal organizations under title IV of the Indian Health Care Improvement Act shall be reported and accounted for and available to the receiving tribes and tribal organizations until expended: *Provided further*, That not to exceed \$168,702,000 shall be for payments to tribes and tribal organizations for contract support costs associated with ongoing contracts or grants or compacts entered into with the Indian Health Service prior to fiscal year 1998, as authorized by the Indian Self-Determination Act of 1975, as amended.

INDIAN HEALTH FACILITIES

For construction, repair, maintenance, improvement, and equipment of health and related auxiliary facilities, including quarters for personnel; preparation of plans, specifications, and drawings; acquisition of sites, purchase and erection of modular buildings, and purchases of trailers; and for provision of domestic and community sanitation facilities for Indians, as authorized by section 7 of the Act of August 5, 1954 (42 U.S.C. 2004a), the Indian Self-Determination Act, and the Indian Health Care Improvement Act, and for expenses necessary to carry out such Acts and titles II and III of the Public Health Service Act with respect to environmental health and facilities support activities of the Indian Health Service, \$257,538,000, to remain available until expended: *Provided*, That notwithstanding any other provision of law, funds appropriated for the planning, design, construction or renovation of health facilities for the benefit of an Indian tribe or tribes may be used to purchase land for sites to construct, improve, or enlarge health or related facilities.

ADMINISTRATIVE PROVISIONS, INDIAN HEALTH SERVICE

Appropriations in this Act to the Indian Health Service shall be available for services as authorized by 5 U.S.C. 3109 but at rates not to exceed the per diem rate equivalent to the maximum rate payable for senior-level positions under 5 U.S.C. 5376; hire of passenger motor vehicles and aircraft; purchase of medical equipment; purchase of reprints; purchase, renovation and erection of modular buildings and renovation of existing facilities; payments for telephone service in private residences in the field, when authorized under regulations approved by the Secretary; and for uniforms or allowances therefore as authorized by 5 U.S.C. 5901-5902; and for expenses of attendance at meetings which are concerned with the functions or activities for which the appropriation is made or which will contribute to improved conduct, supervision, or management of those functions or activities: *Provided*, That in accordance with the provisions of the Indian Health Care Improvement Act, non-Indian patients may be extended health care at all tribally administered or Indian Health Service facilities, subject to charges, and the proceeds along with funds recovered under the Federal Medical Care Recovery Act (42 U.S.C. 2651-2653) shall be credited to the account of the facility providing the service

and shall be available without fiscal year limitation: *Provided further*, That notwithstanding any other law or regulation, funds transferred from the Department of Housing and Urban Development to the Indian Health Service shall be administered under Public Law 86-121 (the Indian Sanitation Facilities Act) and Public Law 93-638, as amended: *Provided further*, That funds appropriated to the Indian Health Service in this Act, except those used for administrative and program direction purposes, shall not be subject to limitations directed at curtailing Federal travel and transportation: *Provided further*, That notwithstanding any other provision of law, funds previously or herein made available to a tribe or tribal organization through a contract, grant, or agreement authorized by title I or title III of the Indian Self-Determination and Education Assistance Act of 1975 (25 U.S.C. 450), may be deobligated and reobligated to a self-determination contract under title I, or a self-governance agreement under title III of such Act and thereafter shall remain available to the tribe or tribal organization without fiscal year limitation: *Provided further*, That none of the funds made available to the Indian Health Service in this Act shall be used to implement the final rule published in the Federal Register on September 16, 1987, by the Department of Health and Human Services, relating to the eligibility for the health care services of the Indian Health Service until the Indian Health Service has submitted a budget request reflecting the increased costs associated with the proposed final rule, and such request has been included in an appropriations Act and enacted into law: *Provided further*, That funds made available in this Act are to be apportioned to the Indian Health Service as appropriated in this Act, and accounted for in the appropriation structure set forth in this Act: *Provided further*, That with respect to functions transferred by the Indian Health Service to tribes or tribal organizations, the Indian Health Service is authorized to provide goods and services to those entities, on a reimbursable basis, including payment in advance with subsequent adjustment, and the reimbursements received therefrom, along with the funds received from those entities pursuant to the Indian Self-Determination Act, may be credited to the same or subsequent appropriation account which provided the funding, said amounts to remain available until expended: *Provided further*, That reimbursements for training, technical assistance, or services provided by the Indian Health Service will contain total costs, including direct, administrative, and overhead associated with the provision of goods, services, or technical assistance: *Provided further*, That the appropriation structure for the Indian Health Service may not be altered without advance approval of the House and Senate Committees on Appropriations.

OTHER RELATED AGENCIES

OFFICE OF NAVAJO AND HOPI INDIAN RELOCATION

SALARIES AND EXPENSES

For necessary expenses of the Office of Navajo and Hopi Indian Relocation as authorized by Public Law 93-531, \$15,000,000, to remain available until expended: *Provided*, That funds provided in this or any other appropriations Act are to be used to relocate eligible individuals and groups including evictees from District 6,

Hopi-partitioned lands residents, those in significantly substandard housing, and all others certified as eligible and not included in the preceding categories: *Provided further*, That none of the funds contained in this or any other Act may be used by the Office of Navajo and Hopi Indian Relocation to evict any single Navajo or Navajo family who, as of November 30, 1985, was physically domiciled on the lands partitioned to the Hopi Tribe unless a new or replacement home is provided for such household: *Provided further*, That no relocatee will be provided with more than one new or replacement home: *Provided further*, That the Office shall relocate any certified eligible relocatees who have selected and received an approved homesite on the Navajo reservation or selected a replacement residence off the Navajo reservation or on the land acquired pursuant to 25 U.S.C. 640d-10.

INSTITUTE OF AMERICAN INDIAN AND ALASKA NATIVE CULTURE AND
ARTS DEVELOPMENT

PAYMENT TO THE INSTITUTE

For payment to the Institute of American Indian and Alaska Native Culture and Arts Development, as authorized by title XV of Public Law 99-498, as amended (20 U.S.C. 56 part A), \$4,250,000.

SMITHSONIAN INSTITUTION

SALARIES AND EXPENSES

For necessary expenses of the Smithsonian Institution, as authorized by law, including research in the fields of art, science, and history; development, preservation, and documentation of the National Collections; presentation of public exhibits and performances; collection, preparation, dissemination, and exchange of information and publications; conduct of education, training, and museum assistance programs; maintenance, alteration, operation, lease (for terms not to exceed 30 years), and protection of buildings, facilities, and approaches; not to exceed \$100,000 for services as authorized by 5 U.S.C. 3109; up to 5 replacement passenger vehicles; purchase, rental, repair, and cleaning of uniforms for employees; \$333,408,000, of which not to exceed \$32,718,000 for the instrumentation program, collections acquisition, Museum Support Center equipment and move, exhibition reinstallation, the National Museum of the American Indian, the repatriation of skeletal remains program, research equipment, information management, and Latino programming shall remain available until expended, and including such funds as may be necessary to support American overseas research centers and a total of \$125,000 for the Council of American Overseas Research Centers: *Provided*, That funds appropriated herein are available for advance payments to independent contractors performing research services or participating in official Smithsonian presentations.

CONSTRUCTION AND IMPROVEMENTS, NATIONAL ZOOLOGICAL PARK

For necessary expenses of planning, construction, remodeling, and equipping of buildings and facilities at the National Zoological Park, by contract or otherwise, \$3,850,000, to remain available until expended.

REPAIR AND RESTORATION OF BUILDINGS

For necessary expenses of repair and restoration of buildings owned or occupied by the Smithsonian Institution, by contract or otherwise, as authorized by section 2 of the Act of August 22, 1949 (63 Stat. 623), including not to exceed \$10,000 for services as authorized by 5 U.S.C. 3109, \$32,000,000, to remain available until expended: *Provided*, That contracts awarded for environmental systems, protection systems, and exterior repair or restoration of buildings of the Smithsonian Institution may be negotiated with selected contractors and awarded on the basis of contractor qualifications as well as price.

CONSTRUCTION

For necessary expenses for construction, \$33,000,000, to remain available until expended: *Provided*, That notwithstanding any other provision of law, a single procurement for the construction of the National Museum of the American Indian may be issued which includes the full scope of the project: *Provided further*, That the solicitation and the contract shall contain the clause “availability of funds” found at 48 CFR 52.232.18.

NATIONAL GALLERY OF ART

SALARIES AND EXPENSES

For the upkeep and operations of the National Gallery of Art, the protection and care of the works of art therein, and administrative expenses incident thereto, as authorized by the Act of March 24, 1937 (50 Stat. 51), as amended by the public resolution of April 13, 1939 (Public Resolution 9, Seventy-sixth Congress), including services as authorized by 5 U.S.C. 3109; payment in advance when authorized by the treasurer of the Gallery for membership in library, museum, and art associations or societies whose publications or services are available to members only, or to members at a price lower than to the general public; purchase, repair, and cleaning of uniforms for guards, and uniforms, or allowances therefor, for other employees as authorized by law (5 U.S.C. 5901-5902); purchase or rental of devices and services for protecting buildings and contents thereof, and maintenance, alteration, improvement, and repair of buildings, approaches, and grounds; and purchase of services for restoration and repair of works of art for the National Gallery of Art by contracts made, without advertising, with individuals, firms, or organizations at such rates or prices and under such terms and conditions as the Gallery may deem proper, \$55,837,000, of which not to exceed \$3,026,000 for the special exhibition program shall remain available until expended.

REPAIR, RESTORATION AND RENOVATION OF BUILDINGS

For necessary expenses of repair, restoration and renovation of buildings, grounds and facilities owned or occupied by the National Gallery of Art, by contract or otherwise, as authorized, \$6,192,000, to remain available until expended: *Provided*, That contracts awarded for environmental systems, protection systems,

and exterior repair or renovation of buildings of the National Gallery of Art may be negotiated with selected contractors and awarded on the basis of contractor qualifications as well as price.

JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS

OPERATIONS AND MAINTENANCE

For necessary expenses for the operation, maintenance and security of the John F. Kennedy Center for the Performing Arts, \$11,375,000.

CONSTRUCTION

For necessary expenses for capital repair and rehabilitation of the existing features of the building and site of the John F. Kennedy Center for the Performing Arts, \$9,000,000, to remain available until expended.

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

SALARIES AND EXPENSES

For expenses necessary in carrying out the provisions of the Woodrow Wilson Memorial Act of 1968 (82 Stat. 1356) including hire of passenger vehicles and services as authorized by 5 U.S.C. 3109, \$5,840,000.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

NATIONAL ENDOWMENT FOR THE ARTS

GRANTS AND ADMINISTRATION

For necessary expenses to carry out the National Foundation on the Arts and the Humanities Act of 1965, as amended, \$81,240,000 shall be available to the National Endowment for the Arts for the support of projects and productions in the arts through assistance to organizations and individuals pursuant to section 5(c) of the Act, and for administering the functions of the Act, to remain available until expended.

MATCHING GRANTS

To carry out the provisions of section 10(a)(2) of the National Foundation on the Arts and the Humanities Act of 1965, as amended, \$16,760,000, to remain available until expended, to the National Endowment for the Arts: *Provided*, That this appropriation shall be available for obligation only in such amounts as may be equal to the total amounts of gifts, bequests, and devises of money, and other property accepted by the chairman or by grantees of the Endowment under the provisions of section 10(a)(2), subsections 11(a)(2)(A) and 11(a)(3)(A) during the current and preceding fiscal years for which equal amounts have not previously been appropriated.

NATIONAL ENDOWMENT FOR THE HUMANITIES

GRANTS AND ADMINISTRATION

For necessary expenses to carry out the National Foundation on the Arts and the Humanities Act of 1965, as amended, \$96,800,000, shall be available to the National Endowment for the Humanities for support of activities in the humanities, pursuant to section 7(c) of the Act, and for administering the functions of the Act, to remain available until expended.

MATCHING GRANTS

To carry out the provisions of section 10(a)(2) of the National Foundation on the Arts and the Humanities Act of 1965, as amended, \$13,900,000, to remain available until expended, of which \$8,000,000 shall be available to the National Endowment for the Humanities for the purposes of section 7(h): *Provided*, That this appropriation shall be available for obligation only in such amounts as may be equal to the total amounts of gifts, bequests, and devises of money, and other property accepted by the chairman or by grantees of the Endowment under the provisions of subsections 11(a)(2)(B) and 11(a)(3)(B) during the current and preceding fiscal years for which equal amounts have not previously been appropriated.

INSTITUTE OF MUSEUM AND LIBRARY SERVICES

OFFICE OF MUSEUM SERVICES

GRANTS AND ADMINISTRATION

For carrying out subtitle C of the Museum and Library Services Act of 1996, \$23,280,000, to remain available until expended.

ADMINISTRATIVE PROVISIONS

None of the funds appropriated to the National Foundation on the Arts and the Humanities may be used to process any grant or contract documents which do not include the text of 18 U.S.C. 1913: *Provided*, That none of the funds appropriated to the National Foundation on the Arts and the Humanities may be used for official reception and representation expenses.

COMMISSION OF FINE ARTS

SALARIES AND EXPENSES

For expenses made necessary by the Act establishing a Commission of Fine Arts (40 U.S.C. 104), \$907,000.

NATIONAL CAPITAL ARTS AND CULTURAL AFFAIRS

For necessary expenses as authorized by Public Law 99–190 (20 U.S.C. 956(a)), as amended, \$7,000,000.

ADVISORY COUNCIL ON HISTORIC PRESERVATION

SALARIES AND EXPENSES

For necessary expenses of the Advisory Council on Historic Preservation (Public Law 89–665, as amended), \$2,745,000: *Provided*, That none of these funds shall be available for compensation of level V of the Executive Schedule or higher positions.

NATIONAL CAPITAL PLANNING COMMISSION

SALARIES AND EXPENSES

For necessary expenses, as authorized by the National Capital Planning Act of 1952 (40 U.S.C. 71–71i), including services as authorized by 5 U.S.C. 3109, \$5,740,000: *Provided*, That all appointed members will be compensated at a rate not to exceed the rate for level IV of the Executive Schedule: *Provided further*, That beginning in fiscal year 1998 and thereafter, the Commission is authorized to charge fees to cover the full costs of Geographic Information System products and services supplied by the Commission, and such fees shall be credited to this account as an offsetting collection, to remain available until expended.

40 USC 71a note.

UNITED STATES HOLOCAUST MEMORIAL COUNCIL

HOLOCAUST MEMORIAL COUNCIL

For expenses of the Holocaust Memorial Council, as authorized by Public Law 96–388 (36 U.S.C. 1401), as amended, \$31,707,000 of which \$1,575,000 for the museum’s repair and rehabilitation program and \$1,264,000 for the museum’s exhibitions program shall remain available until expended.

TITLE III—GENERAL PROVISIONS

SEC. 301. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to 5 U.S.C. 3109, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.

Contracts.
Public
information.

SEC. 302. No part of any appropriation under this Act shall be available to the Secretary of the Interior or the Secretary of Agriculture for the leasing of oil and natural gas by noncompetitive bidding on publicly owned lands within the boundaries of the Shawnee National Forest, Illinois: *Provided*, That nothing herein is intended to inhibit or otherwise affect the sale, lease, or right to access to minerals owned by private individuals.

SEC. 303. No part of any appropriation contained in this Act shall be available for any activity or the publication or distribution of literature that in any way tends to promote public support or opposition to any legislative proposal on which congressional action is not complete.

SEC. 304. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 305. None of the funds provided in this Act to any department or agency shall be obligated or expended to provide a personal cook, chauffeur, or other personal servants to any officer or employee of such department or agency except as otherwise provided by law.

SEC. 306. No assessments may be levied against any program, budget activity, subactivity, or project funded by this Act unless advance notice of such assessments and the basis therefor are presented to the Committees on Appropriations and are approved by such committees.

SEC. 307. (a) COMPLIANCE WITH BUY AMERICAN ACT.—None of the funds made available in this Act may be expended by an entity unless the entity agrees that in expending the funds the entity will comply with sections 2 through 4 of the Act of March 3, 1933 (41 U.S.C. 10a-10c; popularly known as the “Buy American Act”).

(b) SENSE OF CONGRESS; REQUIREMENT REGARDING NOTICE.—

(1) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—In the case of any equipment or product that may be authorized to be purchased with financial assistance provided using funds made available in this Act, it is the sense of the Congress that entities receiving the assistance should, in expending the assistance, purchase only American-made equipment and products.

(2) NOTICE TO RECIPIENTS OF ASSISTANCE.—In providing financial assistance using funds made available in this Act, the head of each Federal agency shall provide to each recipient of the assistance a notice describing the statement made in paragraph (1) by the Congress.

(c) PROHIBITION OF CONTRACTS WITH PERSONS FALSELY LABELING PRODUCTS AS MADE IN AMERICA.—If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a “Made in America” inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, the person shall be ineligible to receive any contract or subcontract made with funds made available in this Act, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

SEC. 308. None of the funds in this Act may be used to plan, prepare, or offer for sale timber from trees classified as giant sequoia (*Sequoiadendron giganteum*) which are located on National Forest System or Bureau of Land Management lands in a manner different than such sales were conducted in fiscal year 1995.

SEC. 309. None of the funds made available by this Act may be obligated or expended by the National Park Service to enter into or implement a concession contract which permits or requires the removal of the underground lunchroom at the Carlsbad Caverns National Park.

25 USC 450e-2.

SEC. 310. Beginning in fiscal year 1998 and thereafter, where the actual costs of construction projects under self-determination contracts, compacts, or grants, pursuant to Public Laws 93-638, 103-413, or 100-297, are less than the estimated costs thereof, use of the resulting excess funds shall be determined by the appropriate Secretary after consultation with the tribes.

25 USC 450/
note.

SEC. 311. Notwithstanding Public Law 103-413, quarterly payments of funds to tribes and tribal organizations under annual

funding agreements pursuant to section 108 of Public Law 93–638, as amended, beginning in fiscal year 1998 and thereafter, may be made on the first business day following the first day of a fiscal quarter.

SEC. 312. None of the funds appropriated or otherwise made available by this Act may be used for the AmeriCorps program, unless the relevant agencies of the Department of the Interior and/or Agriculture follow appropriate reprogramming guidelines: *Provided*, That if no funds are provided for the AmeriCorps program by the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1998, then none of the funds appropriated or otherwise made available by this Act may be used for the AmeriCorps programs.

SEC. 313. None of the funds made available in this Act may be used: (1) to demolish the bridge between Jersey City, New Jersey, and Ellis Island; or (2) to prevent pedestrian use of such bridge, when it is made known to the Federal official having authority to obligate or expend such funds that such pedestrian use is consistent with generally accepted safety standards.

SEC. 314. (a) LIMITATION OF FUNDS.—None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated or expended to accept or process applications for a patent for any mining or mill site claim located under the general mining laws.

(b) EXCEPTIONS.—The provisions of subsection (a) shall not apply if the Secretary of the Interior determines that, for the claim concerned: (1) a patent application was filed with the Secretary on or before September 30, 1994; and (2) all requirements established under sections 2325 and 2326 of the Revised Statutes (30 U.S.C. 29 and 30) for vein or lode claims and sections 2329, 2330, 2331, and 2333 of the Revised Statutes (30 U.S.C. 35, 36, and 37) for placer claims, and section 2337 of the Revised Statutes (30 U.S.C. 42) for mill site claims, as the case may be, were fully complied with by the applicant by that date.

(c) REPORT.—On September 30, 1998, the Secretary of the Interior shall file with the House and Senate Committees on Appropriations and the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate a report on actions taken by the Department under the plan submitted pursuant to section 314(c) of the Department of the Interior and Related Agencies Appropriations Act, 1997 (Public Law 104–208).

(d) MINERAL EXAMINATIONS.—In order to process patent applications in a timely and responsible manner, upon the request of a patent applicant, the Secretary of the Interior shall allow the applicant to fund a qualified third-party contractor to be selected by the Bureau of Land Management to conduct a mineral examination of the mining claims or mill sites contained in a patent application as set forth in subsection (b). The Bureau of Land Management shall have the sole responsibility to choose and pay the third-party contractor in accordance with the standard procedures employed by the Bureau of Land Management in the retention of third-party contractors.

SEC. 315. None of the funds appropriated or otherwise made available by this Act may be used for the purposes of acquiring lands in the counties of Gallia, Lawrence, Monroe, or Washington, Ohio, for the Wayne National Forest.

16 USC 3102
note.

SEC. 316. SUBSISTENCE HUNTING AND FISHING IN ALASKA. (a) MORATORIUM ON FEDERAL MANAGEMENT.—None of the funds made available to the Department of the Interior or the Department of Agriculture by this or any other Act hereafter enacted may be used prior to December 1, 1998 to issue or implement final regulations, rules, or policies pursuant to title VIII of the Alaska National Interest Lands Conservation Act to assert jurisdiction, management, or control over the navigable waters transferred to the State of Alaska pursuant to the Submerged Lands Act of 1953 or the Alaska Statehood Act of 1959.

(b) AMENDMENTS TO ALASKA NATIONAL INTEREST LANDS CONSERVATION ACT.—

(1) AMENDMENT OF ANILCA.—Except as otherwise expressly provided, whenever in this subsection an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3101 et seq.).

(2) DEFINITIONS.—Section 102(2) (16 U.S.C. 3102(2)) is amended to read as follows:

“(2) The term ‘Federal land’ means lands the title to which is in the United States after December 2, 1980. ‘Federal land’ does not include lands the title to which is in the State, an Alaska Native corporation, or other private ownership.”.

(3) FINDINGS.—Section 801 (16 U.S.C. 3111) is amended—

(A) by inserting “(a)” immediately before “The Congress finds and declares”; and

(B) by inserting at the end the following new subsection:

“(b) The Congress finds and declares further that—

“(1) subsequent to the enactment of this Act in 1980, the subsistence law of the State of Alaska (AS 16.05) accomplished the goals of Congress and requirements of this Act in providing subsistence use opportunities for rural residents of Alaska, both Alaska Native and non-Alaska Native;

“(2) the Alaska subsistence law was challenged in Alaska courts, and the rural preference requirement in the law was found in 1989 by the Alaska Supreme Court in *McDowell v. State of Alaska* (785 P.2d 1, 1989) to violate the Alaska Constitution;

“(3) since that time, repeated attempts to restore the validity of the State law through an amendment to the Alaska Constitution have failed, and the people of Alaska have not been given the opportunity to vote on such an amendment;

“(4) in accordance with title VIII of this Act, the Secretary of the Interior is required to manage fish and wildlife for subsistence uses on all public lands in Alaska because of the failure of State law to provide a rural preference;

“(5) the Ninth Circuit Court of Appeals determined in 1995 in *State of Alaska v. Babbitt* (73 F.3d 698) that the subsistence priority required on public lands under section 804 of this Act applies to navigable waters in which the United States has reserved water rights as identified by the Secretary of the Interior;

“(6) management of fish and wildlife resources by State governments has proven successful in all 50 States, including Alaska, and the State of Alaska should have the opportunity

to continue to manage such resources on all lands, including public lands, in Alaska in accordance with this Act, as amended; and

“(7) it is necessary to amend portions of this Act to restore the original intent of Congress to protect and provide for the continued opportunity for subsistence uses on public lands for Alaska Native and non-Alaska Native rural residents through the management of the State of Alaska.”.

(4) TITLE VIII DEFINITIONS.—Section 803 (16 U.S.C. 3113) is amended—

(A) by striking “and” at the end of paragraph (1);

(B) by striking the period and inserting a semicolon at the end of paragraph (2); and

(C) by inserting at the end the following new paragraphs:

“(3) ‘customary and traditional uses’ means the noncommercial, long-term, and consistent taking of, use of, or reliance upon fish and wildlife in a specific area and the patterns and practices of taking or use of that fish and wildlife that have been established over a reasonable period of time, taking into consideration the availability of the fish and wildlife;

“(4) ‘customary trade’ means, except for money sales of furs and furbearers, the limited noncommercial exchange for money of fish and wildlife or their parts in minimal quantities; and

“(5) ‘rural Alaska resident’ means a resident of a rural community or area. A ‘rural community or area’ means a community or area substantially dependent on fish and wildlife for nutritional and other subsistence uses.”.

(5) PREFERENCE FOR SUBSISTENCE USES.—Section 804 (16 U.S.C. 3114) is amended—

(A) by inserting “(a)” immediately before the first sentence; and

(B) by inserting at the end the following new subsection:

“(b) The priority granted by this section is for a reasonable opportunity to take fish and wildlife. For the purposes of this subsection, the term ‘reasonable opportunity’ means an opportunity, consistent with customary and traditional uses (as defined in section 803(3)), to participate in a subsistence hunt or fishery with a reasonable expectation of success, and does not mean a guarantee that fish and wildlife will be taken.”.

(6) LOCAL AND REGIONAL PARTICIPATION.—Section 805 (16 U.S.C. 3115) is amended—

(A) in subsection (a) by striking “one year after the date of enactment of this Act,”; and

(B) by amending subsection (d) to read as follows:

“(d)(1) Upon certification by the Secretary that the State has enacted and implemented laws of general applicability which are consistent with, and which provide for the definition, preference, and participation specified in sections 803, 804, and 805, the Secretary shall not implement subsections (a), (b), and (c) of this section, and the State may immediately assume management for the taking of fish and wildlife on the public lands for subsistence uses pursuant to this title. Upon assumption of such management by the State, the Secretary shall not implement subsections (a), (b), and (c) of this section unless a court of competent jurisdiction

determines that such laws have been repealed, modified, or implemented in a way that is inconsistent with, or does not provide for, the definition, preference, and participation specified in sections 803, 804, and 805, or that the State has failed to cure any such inconsistency after such determination. The State laws shall otherwise supercede such sections insofar as such sections govern State responsibility pursuant to this title for the taking of fish and wildlife on the public lands for subsistence uses. The Secretary may bring a judicial action to enforce this subsection.

“(2)(A) Laws establishing a system of local advisory committees and regional advisory councils consistent with section 805 shall provide that the State rulemaking authority shall consider the advice and recommendations of the regional councils concerning the taking of fish and wildlife populations on public lands within their respective regions for subsistence uses. The regional councils may present recommendations, and the evidence upon which such recommendations are based, to the State rulemaking authority during the course of the administrative proceedings of such authority. The State rulemaking authority may choose not to follow any recommendation which it determines is not supported by substantial evidence presented during the course of its administrative proceedings, violates recognized principles of fish and wildlife conservation or would be detrimental to the satisfaction of rural subsistence needs. If a recommendation is not adopted by the State rulemaking authority, such authority shall set forth the factual basis and the reasons for its decision.

“(B) The members of each regional advisory council established under this subsection shall be appointed by the Governor of Alaska. Each council shall have ten members, four of whom shall be selected from nominees who reside in the region submitted by tribal councils in the region, and six of whom shall be selected from nominees submitted by local governments and local advisory committees. Three of these six shall be subsistence users who reside in the subsistence resource region and three shall be sport or commercial users who may be residents of any subsistence resource region. Regional council members shall have staggered terms of three years in length, with no limit on the number of terms a member may serve. A quorum shall be a majority of the members of the council.”.

(7) JUDICIAL ENFORCEMENT.—Section 807 (16 U.S.C. 3117) is amended by inserting the following as subsection (b):

“(b) State agency actions may be declared invalid by the court only if they are arbitrary, capricious, or an abuse of discretion, or otherwise not in accordance with law. When reviewing any action within the specialized knowledge of a State agency, the court shall give the decision of the State agency the same deference it would give the same decision of a comparable Federal agency.”.

(8) REGULATIONS.—Section 814 (16 U.S.C. 3124) is amended—

(A) by inserting “, and the State at any time the State has complied with section 805(d)” after “Secretary”; and

(B) by adding at the end the following new sentence: “During any time that the State has complied with section 805(d), the Secretary shall not make or enforce regulations implementing section 805(a), (b), or (c).”.

(9) LIMITATIONS, SAVINGS CLAUSES.—Section 815 (16 U.S.C. 3125) is amended—

- (A) by striking “or” at the end of paragraph (3);
- (B) by striking the period at the end of paragraph (4) and inserting in lieu thereof a semicolon and “or”;
- and
- (C) by inserting at the end the following new paragraph:

“(5) prohibiting the Secretary or the State from entering into co-management agreements with Alaska Native organizations or other local or regional entities when such organization or entity is managing fish and wildlife on public lands in Alaska for subsistence uses.”.

(c) SAVINGS CLAUSE.—No provision of this section, amendment made by this section, or exercise of authority pursuant to this section may be construed to validate, invalidate, or in any way affect—

16 USC 3102
note.

(1) any assertion that an Alaska Native organization (including a federally recognized tribe, traditional Alaska Native council, or Alaska Native council organized pursuant to the Act of June 18, 1934 (25 U.S.C. 461 et seq.), as amended) has or does not have governmental authority over lands (including management of, or regulation of the taking of, fish and wildlife) or persons within the boundaries of the State of Alaska;

(2) any assertion that Indian country, as defined in section 1151 of title 18, United States Code, exists or does not exist within the boundaries of the State of Alaska;

(3) any assertion that the Alaska National Interest Lands Conservation Act, as amended (16 U.S.C. 3101 et seq.) is or is not Indian law; or

(4) the authority of the Secretary of the Interior under section 1314(c) of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3202(c)).

(d) EFFECTIVE DATE.—Unless and until laws are adopted in the State of Alaska which provide for the definition, preference, and participation specified in sections 803, 804, and 805 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3111 et seq.), the amendments made by subsection (b) of this section shall be effective only for the purposes of determining whether the State’s laws provide for such definition, preference, and participation. The Secretary shall certify before December 1, 1998 if such laws have been adopted in the State of Alaska. Subsection (b) shall be repealed on such date if such laws have not been adopted.

16 USC 3102
note.

Certification.
Alaska.

SEC. 317. Section 909(b)(2) of division II, title IX of Public Law 104–333 is amended by striking the following: “For technical assistance pursuant to section 908, not more than \$50,000 annually.”.

16 USC 461 note.

SEC. 318. No part of any appropriation contained in this Act shall be expended or obligated to fund the activities of the western director and special assistant to the Secretary within the Office of the Secretary of Agriculture that exceeds the funding provided for these activities from this Act during fiscal year 1997.

SEC. 319. Notwithstanding any other provision of law, for fiscal year 1998 the Secretaries of Agriculture and the Interior are authorized to limit competition for watershed restoration project contracts as part of the “Jobs in the Woods” component of the President’s Forest Plan for the Pacific Northwest to individuals and entities in historically timber-dependent areas in the States of Washington,

Oregon, and northern California that have been affected by reduced timber harvesting on Federal lands.

16 USC 460/-6a
note.

SEC. 320. (a) Section 101(c) of Public Law 104-134 is amended as follows: Under the heading "TITLE III—GENERAL PROVISIONS" amend section 315(c)(1) by striking subparagraphs (A) and (B) and inserting:

"(A) Eighty percent to a special account in the Treasury for use without further appropriation, by the agency which administers the site, to remain available for expenditure in accordance with paragraph (2)(A).

"(B) Twenty percent to a special account in the Treasury for use without further appropriation, by the agency which administers the site, to remain available for expenditure in accordance with paragraph (2)(B)."

(b) Subparagraph (C) of section 315(c)(1) is amended by inserting "and the National Park Service" after "the Fish and Wildlife Service".

SEC. 321. None of the funds collected under the Recreational Fee Demonstration program may be used to plan, design, or construct a visitor center or any other permanent structure without prior approval of the House and the Senate Committees on Appropriations if the estimated total cost of the facility exceeds \$500,000.

SEC. 322. Section 303(d)(1) of Public Law 96-451 (16 U.S.C. 1606a(d)(1)) is amended by inserting before the semicolon the following: "and other forest stand improvement activities to enhance forest health and reduce hazardous fuel loads of forest stands in the National Forest System".

Reports.

SEC. 323. (a) Prior to the completion of any decision document or the making of any decision related to the final Environmental Impact Statements (hereinafter "final EISs") associated with the Interior Columbia Basin Ecosystem Project (hereinafter the "Project"), the Secretary of Agriculture and the Secretary of the Interior shall prepare and submit to the Committees on Appropriations of the Senate and the House of Representatives a report that shall include:

(1) a detailed description of any and all land and resource management planning and policy or project decisions to be made, by type and by the level of official responsible, and the procedures for such decisions to be undertaken, by the Forest Service, Bureau of Land Management, and Fish and Wildlife Service pursuant to the National Forest Management Act, Federal Land Policy and Management Act, Endangered Species Act, National Environmental Policy Act and any other applicable law in order to authorize and implement actions affecting the environment on Federal lands within the jurisdiction of either Secretary in the Project area that are consistent with the final EISs;

(2) a detailed estimation of the time and cost (for all participating Federal agencies) to accomplish each decision described in paragraph (1), from the date of initiation of preparations for, to the date of publication or announcement of, the decision, including a detailed statement of the source of funds for each such decision and any reprogramming in fiscal year 1998;

(3) estimated production of goods and services from each unit of the Federal lands for the first 5 years during the

course of the decision making described in paragraph (1) beginning with the date of publication of the applicable final EIS; and

(4) if the requirements described in paragraphs (1) through (3) cannot be accomplished within the appropriations provided in this Act, adjusted only for inflation, in subsequent fiscal years and without any reprogramming of such appropriations, provide a detailed description of the decision making process that will be used to establish priorities in accordance with such appropriations.

(b) Using all research information available from the area encompassed by the Project, the Secretaries, to the extent practicable, shall analyze the economic and social conditions, and culture and customs, of the communities at the sub-basin level within the Project area and the impacts the alternatives in the draft EISs will have on those communities. This analysis shall be published on a schedule that will allow a reasonable period of time for public comment thereon prior to the close of the comment periods on the draft EISs. The analysis, together with the response of the Secretaries to the public comment, shall be incorporated in the final EISs and, subject to subsection (a), subsequent decisions related thereto.

Publication.

(c) Nothing in this section shall be construed as altering or affecting in any manner any provision of applicable land or resource management plans, PACFISH, INFISH, Eastside screens, and other policies adopted by the Forest Service or Bureau of Land Management prior to the date of enactment of this Act to protect wildlife, watershed, riparian, and other resources of the Federal lands.

SEC. 324. Notwithstanding section 904(b) of Public Law 104–333, hereafter, the Heritage Area established under section 904 of title IX of division II of Public Law 104–333 shall include any portion of a city, town, or village within an area specified in section 904(b)(2) of that Act only to the extent that the government of the city, town, or village, in a resolution of the governing board or council, agrees to be included and submits the resolution to the Secretary of the Interior and the management entities for the Heritage Area and to the extent such resolution is not subsequently revoked in the same manner.

16 USC 461 note.

SEC. 325. (a) Notwithstanding any other provision of law, and except as provided in this section, the Aleutian/Pribilof Islands Association, Inc., Bristol Bay Area Health Corporation, Chugachmiut, Copper River Native Association, Kodiak Area Native Area Association, Maniilaq Association, Metlakatla Indian Community, Arctic Slope Native Association, Ltd., Norton Sound Health Corporation, Southcentral Foundation, Southeast Alaska Regional Health Consortium, Tanana Chiefs Conference, Inc., and Yukon-Kuskokwim Health Corporation (hereinafter “regional health entities”), without further resolutions from the Regional Corporations, Village Corporations, Indian Reorganization Act Councils, tribes and/or villages which they represent are authorized to form a consortium (hereinafter “the Consortium”) to enter into contracts, compacts, or funding agreements under Public Law 93–638 (25 U.S.C. 450 et seq.), as amended, to provide all statewide health services provided by the Indian Health Service of the Department of Health and Human Services through the Alaska Native Medical Center and the Alaska Area Office. Each specified “regional health entity” shall maintain that status for purposes of participating

in the Consortium only so long as it operates a regional health program for the Indian Health Service under Public Law 93-638 (25 U.S.C. 450 et seq.), as amended.

(b) The Consortium shall be governed by a 15-member Board of Directors, which shall be composed of one representative of each regional health entity listed in subsection (a) above, and two additional persons who shall represent Indian tribes, as defined in 25 U.S.C. 450b(e), and sub-regional tribal organizations which operate health programs not affiliated with the regional health entities listed above and Indian tribes not receiving health services from any tribal, regional or sub-regional health provider. Each member of the Board of Directors shall be entitled to cast one vote. Decisions of the Board of Directors shall be made by consensus whenever possible, and by majority vote in the event that no consensus can be reached. The Board of Directors shall establish at its first meeting its rules of procedure, which shall be published and made available to all members.

(c) The statewide health services (including any programs, functions, services and activities provided as part of such services) of the Alaska Native Medical Center and the Alaska Area Office may only be provided by the Consortium. Statewide health services for purposes of this section shall consist of all programs, functions, services, and activities provided by or through the Alaska Native Medical Center and the Alaska Area Office, not under contract or other funding agreement with any other tribe or tribal organization as of October 1, 1997, except as provided in subsection (d) below. All statewide health services provided by the Consortium under this section shall be provided pursuant to contracts or funding agreements entered into by the Consortium under Public Law 93-638 (25 U.S.C. 450 et seq.), as amended, and for such purpose the Consortium shall be deemed to have mature contract status as defined in section 4(h) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(h)).

(d) Cook Inlet Region, Inc., through Southcentral Foundation (or any successor health care entity designated by Cook Inlet Region, Inc.) pursuant to Public Law 93-638 (25 U.S.C. 450 et seq.), as amended, is hereby authorized to enter into contracts or funding agreements under such Public Law for all services provided at or through the Alaska Native Primary Care Center or other satellite clinics in Anchorage or the Matanuska-Susitna Valley without submission of any further authorizing resolutions from any other Alaska Native Region, village corporation, Indian Reorganization Act council, or tribe, no matter where located. Services provided under this paragraph shall, at a minimum, maintain the level of statewide and Anchorage Service Unit services provided at the Alaska Native Primary Care Center as of October 1, 1997, including necessary related services performed at the Alaska Native Medical Center. In addition, Cook Inlet Region, Inc., through Southcentral Foundation, or any lawfully designated health care entity of Cook Inlet Region, Inc., shall contract or enter into a funding agreement under Public Law 93-638 (25 U.S.C. 450 et seq.), as amended, for all primary care services provided by the Alaska Native Medical Center, including, but not limited to, family medicine, primary care internal medicine, pediatrics, obstetrics and gynecology, physical therapy, psychiatry, emergency services, public health nursing, health education, optometry, dentistry, audiology, social services, pharmacy, radiology, laboratory and biomedical, and

the administrative support for these programs, functions, services and activities. Cook Inlet Region, Inc., through Southcentral Foundation, or any lawfully designated health care entity of Cook Inlet Region, Inc., may provide additional health care services at the Alaska Native Medical Center if such use and services are provided pursuant to an agreement with the Consortium. All services covered by this subsection shall be provided on a nondiscriminatory basis without regard to residency within the Municipality of Anchorage.

SEC. 326. (a) Notwithstanding any other provision of law, after September 30, 1997 the Indian Health Service may not disburse funds for the provision of health care services pursuant to Public Law 93-638 (25 U.S.C. 450 et seq.), with any Alaska Native village or Alaska Native village corporation that is located within the area served by an Alaska Native regional health entity.

(b) Nothing in this section shall be construed to prohibit the disbursal of funds to any Alaska Native village or Alaska Native village corporation under any contract or compact entered into prior to August 27, 1997, or to prohibit the renewal of any such agreement.

(c) The General Accounting Office shall conduct a study of the impact of contracting and compacting by the Indian Health Service under Public Law 93-638 with Alaska Native villages and Alaska Native village corporations for the provision of health care services by Alaska Native regional corporation health care entities. The General Accounting Office shall submit the results of that study to the Committee on Appropriations of the Senate and the Committee on Appropriations of the House of Representatives by June 1, 1998.

(d) Section 1004 of the Coast Guard Authorization Act of 1996 (Public Law 104-324; 110 Stat. 3956) is amended—

(1) in subsection (a) by striking “for use as a health or social services facility” and inserting “for sale or use other than for a facility for the provision of health programs funded by the Indian Health Service (not including any such programs operated by Ketchikan Indian Corporation prior to 1993)”; and

(2) by striking subsection (c).

SEC. 327. None of the funds made available by this Act may be used to require any person to vacate real property where a term is expiring under a use and occupancy reservation in Sleeping Bear Dunes National Lakeshore until such time as the National Park Service (NPS) indicates to the appropriate congressional committees and the holders of these reservations that it has sufficient funds to remove the residence on that property within 90 days of that residence being vacated. The NPS will provide at least 90 days notice to the holders of expired reservations to allow them time to leave the residence. The NPS will charge fair market value rental rates while any occupancy continues beyond an expired reservation. Reservation holders who stay beyond the expiration date will also be required to pay for appraisals to determine current fair market value rental rates, any rehabilitation needed to ensure suitability for occupancy, appropriate insurance, and all continuing utility costs.

SEC. 327A. (a) None of the funds made available in this Act or any other Act providing appropriations for the Department of the Interior, the Forest Service or the Smithsonian Institution may be used to submit nominations for the designation of Biosphere

Reserves pursuant to the Man and Biosphere program administered by the United Nations Educational, Scientific, and Cultural Organization.

(b) The provisions of this section shall be repealed upon enactment of subsequent legislation specifically authorizing United States participation in the Man and Biosphere program.

16 USC 459j-4
note.

SEC. 328. None of the funds made available in this or any other Act for any fiscal year may be used to designate, or to post any sign designating, any portion of Canaveral National Seashore in Brevard County, Florida, as a clothing-optional area or as an area in which public nudity is permitted, if such designation would be contrary to county ordinance.

Grants.

SEC. 329. Of the funds provided to the National Endowment for the Arts:

(1) The Chairperson shall only award a grant to an individual if such grant is awarded to such individual for a literature fellowship, National Heritage Fellowship, or American Jazz Masters Fellowship.

Regulations.

(2) The Chairperson shall establish procedures to ensure that no funding provided through a grant, except a grant made to a State or local arts agency, or regional group, may be used to make a grant to any other organization or individual to conduct activity independent of the direct grant recipient. Nothing in this subsection shall prohibit payments made in exchange for goods and services.

(3) No grant shall be used for seasonal support to a group, unless the application is specific to the contents of the season, including identified programs and/or projects.

SEC. 330. The National Endowment for the Arts and the National Endowment for the Humanities are authorized to solicit, accept, receive, and invest in the name of the United States, gifts, bequests, or devises of money and other property or services and to use such in furtherance of the functions of the National Endowment for the Arts and the National Endowment for the Humanities. Any proceeds from such gifts, bequests, or devises, after acceptance by the National Endowment for the Arts or the National Endowment for the Humanities, shall be paid by the donor or the representative of the donor to the Chairman. The Chairman shall enter the proceeds in a special interest-bearing account to the credit of the appropriate Endowment for the purposes specified in each case.

SEC. 331. In fiscal years 1998 through 2002, the Secretaries of the Interior and Agriculture may make reciprocal delegations of their respective authorities, duties and responsibilities in support of joint pilot programs to promote customer service and efficiency in the management of public lands and national forests: *Provided*, That nothing herein shall alter, expand or limit the existing applicability of any public law or regulation to lands administered by the Bureau of Land Management or the Forest Service.

SEC. 332. No part of any appropriation contained in this Act shall be expended or obligated to fund new revisions of national forest land management plans until new final or interim final rules for forest land management planning are published in the Federal Register. Those national forests which are currently in a revision process, having formally published a Notice of Intent to revise prior to October 1, 1997, or having been court-ordered to revise, are exempt from this section and may utilize funds

in this Act and proceed to complete the forest plan revision in accordance with current forest planning regulations.

SEC. 333. No part of any appropriation contained in this Act shall be expended or obligated to complete and issue the five-year program under the Forest and Rangeland Renewable Resources Planning Act.

SEC. 334. (a) WATERSHED RESTORATION AND ENHANCEMENT AGREEMENTS.—For fiscal year 1998, appropriations for the Forest Service may be used by the Secretary of Agriculture for the purpose of entering into cooperative agreements with willing State and local governments, private and nonprofit entities and landowners for protection, restoration and enhancement of fish and wildlife habitat, and other resources on public or private land or both that benefit these resources within the watershed.

(b) DIRECT AND INDIRECT WATERSHED AGREEMENTS.—The Secretary of Agriculture may enter into a watershed restoration and enhancement agreement—

(1) directly with a willing private landowner; or

(2) indirectly through an agreement with a State, local or tribal government or other public entity, educational institution, or private nonprofit organization.

(c) TERMS AND CONDITIONS.—In order for the Secretary to enter into a watershed restoration and enhancement agreement—

(1) the agreement shall—

(A) include such terms and conditions mutually agreed to by the Secretary and the landowner;

(B) improve the viability of and otherwise benefit the fish, wildlife, and other resources on national forests lands within the watershed;

(C) authorize the provision of technical assistance by the Secretary in the planning of management activities that will further the purposes of the agreement;

(D) provide for the sharing of costs of implementing the agreement among the Federal Government, the landowner(s), and other entities, as mutually agreed on by the affected interests; and

(E) ensure that any expenditure by the Secretary pursuant to the agreement is determined by the Secretary to be in the public interest; and

(2) the Secretary may require such other terms and conditions as are necessary to protect the public investment on non-Federal lands, provided such terms and conditions are mutually agreed to by the Secretary and other landowners, State and local governments or both.

SEC. 335. The joint resolution entitled “Joint Resolution to establish a commission to formulate plans for a memorial to Franklin Delano Roosevelt”, approved August 11, 1955 (69 Stat. 694), is amended—

16 USC 431 note.

(1) in the first section by inserting before the last sentence the following: “The Commission shall submit a final report to the President and Congress prior to termination.”;

(2) by redesignating section 4 as section 5; and

(3) by inserting after section 3 the following:

“TERMINATION OF THE COMMISSION

“SEC. 4. (a) IN GENERAL.—The Commission shall terminate on the earlier of—

“(1) December 31, 1997; or

“(2) the date that the Commission reports to the President and the Congress that the Commission’s work is complete.

“(b) COMMISSION FUNDS.—

“(1) DESIGNATION.—Before the termination of the Commission, the Commission shall designate a nonprofit organization to collect, manage, and expend Commission funds after its termination.

“(2) TRANSFER OF FUNDS.—Before termination the Commission shall transfer all Commission funds to the entity designated under paragraph (1).

“(3) AMOUNTS COLLECTED AFTER TERMINATION.—The entity designated under paragraph (1) shall have the right to collect any amounts accruing to the Commission after the Commission’s termination, including amounts—

“(A) given to the Commission as a gift or bequest;

or

“(B) raised from the sale of coins issued under the United States Commemorative Coin Act of 1996 (110 Stat. 4005; 31 U.S.C. 5112 note).

“(4) USES OF FUNDS.—The Commission may specify uses for any funds made available under this section to the entity designated under paragraph (1), including—

“(A) to provide for the support, maintenance, and repair of the Memorial; and

“(B) to interpret and educate the public about the Memorial.

“(5) NEGOTIATION AND CONTRACT.—The Commission may negotiate and contract with a nonprofit organization before designating the organization under paragraph (1).”.

16 USC 544g
note.

SEC. 336. To facilitate priority land exchanges through which the United States will receive land within the White Salmon Wild and Scenic River boundaries and within the Columbia River Gorge National Scenic Area, the Secretary of Agriculture may, until September 30, 2000, accept title to such lands deemed appropriate by the Secretary within the States of Oregon and Washington, regardless of the State in which the transferred lands are located, following existing exchange authorities.

SEC. 337. The boundary of the Wenatchee National Forest in Chelan County, Washington, is hereby adjusted to exclude section 1 of Township 23 North, Range 19 East, Willamette Meridian.

SEC. 338. None of the funds provided in this Act can be used for any activities associated with the Center of Excellence for Sustainable Development unless a budget request has been submitted and approved by the Committees on Appropriations of the House of Representatives and the Senate.

SEC. 339. (a) No funds provided in this or any other Act may be expended to develop a rulemaking proposal to amend or replace the Bureau of Land Management regulations found at 43 CFR 3809 or to prepare a draft environmental impact statement on such proposal, until the Secretary of the Interior certifies to the Committees on Energy and Natural Resources and Appropriations of the Senate and the Committees on Resources and Appropriations of the House of Representatives that the Department of the Interior has consulted with the Governor, or his/her representative, from each State that contains public lands open to location under the General Mining Laws.

(b) The Secretary shall not publish proposed regulations to amend or replace the Bureau of Land Management regulations found at 43 CFR 3809 prior to November 15, 1998, and shall not finalize such regulations prior to 90 days after such publication.

SEC. 340. (a) The Secretary of Agriculture is authorized and directed to negotiate with Skamania County for the exchange of lands or interests in lands constituting the Wind River Nursery Site within the Gifford Pinchot National Forest, Washington.

Washington.
16 USC 544g
note.

(b) In return for the Nursery Site properties, Skamania County is authorized and directed to negotiate with the Forest Service the conveyance of approximately 120 acres of high biodiversity, special management lands located near Table Mountain within the Columbia River Gorge National Scenic Area, title to which must be acceptable to the Secretary of Agriculture.

(c) Before this exchange can occur, it must be of equal value and the Secretary and the Skamania County Board of Commissioners must agree on the exact parcels of land to be included in the exchange. An agreement signed by the Secretary of Agriculture and the Skamania County Board of Commissioners describing the properties involved and a certification that the exchange is of equal value must be completed no later than September 30, 1999.

(d) During this two-year negotiating period, the Wind River Nursery property shall not be conveyed to another party. The Forest Service shall maintain the site in a tenantable condition.

(e) Except as provided herein, the exchange shall be for equal value in accordance with land exchange authorities applicable to the National Forest System.

(f) The Secretary is directed to equalize values by not only cash and exchange of lands, easements, reservations, and other interests in lands, but also by full value credit for such services as Skamania County provides to the Gifford Pinchot and Columbia River Gorge National Scenic Area and as the Secretary and Skamania County deem appropriate. The Secretary may accept services in lieu of cash when the Secretary can discern cash value for the services and when the Secretary determines such services would provide direct benefits to lands and resources and users of such lands and resources under the jurisdiction of the Secretary.

(g) Any cash equalization which Skamania County elects to make may be made up to 50 percent of the fair market value of the Federal property, and such cash equalization may be made in installments over a period not to exceed 25 years. Payments received as partial consideration shall be deposited into the fund in the Treasury established under the Act of December 4, 1967, commonly known as the Sisk Act, and shall be available for expenditure as provided in the Act except that the Secretary may not use those funds to purchase lands within Skamania County.

(h) In defining the Federal estate to be conveyed, the Secretary may require such additional terms and conditions as deemed necessary in connection with assuring equal value and public interest considerations in this exchange including, but not limited to, continued research use of the Wind River Experimental Forest and protection of natural, cultural, and historic resources, existing administrative sites, and a scenic corridor for the Pacific Crest National Scenic Trail.

(i) This authorization is predicated on Skamania County's Board of Commissioners commitment to give foremost consideration

to preservation of the overall integrity of the site and conservation of the educational and research potential of the site, including providing for access to and assurance of the continued administration and operation of forestry research on the adjacent Thornton Munger Research Natural Area.

(j) The Secretary is further directed to cooperate with Skamania County to address applicable Federal and State environmental laws.

(k) Notwithstanding the processes involved with the National Environmental Policy Act and the State Environmental Policy Act, should the Secretary of Agriculture and the Skamania County Board of Commissioners fail to reach an agreement on an equal value exchange defined under the terms of this legislation by September 30, 1999, the Wind River Nursery Site shall remain under Forest Service ownership and be maintained by the Forest Service in a tenantable condition.

16 USC 668dd
note.

SEC. 341. The National Wildlife Refuge in Jasper and Marion Counties, Iowa, authorized in Public Law 101–302 shall be referred to in any law, regulation, document or record of the United States in which such project is referred to, as the Neal Smith National Wildlife Refuge.

SEC. 342. None of the funds in this or any other Act shall be expended by the Department of the Interior, the Forest Service or any other Federal agency, for the introduction of the grizzly bear population in the Selway-Bitterroot area of Idaho and adjacent Montana, or for consultations under section 7(b)(2) of the Endangered Species Act for Federal actions affecting grizzly bear within the Selway-Bitterroot area of Idaho, except that, funds may be used by the Department of the Interior or the Forest Service, or any other Federal agency for the purposes of receiving public comment on the draft Environmental Impact Statement dated July 1997 and issuing a Record of Decision, and for conducting a habitat-based population viability analysis.

16 USC 497d.

SEC. 343. The Secretary of Agriculture shall hereafter phase in, over a 3-year period in equal annual installments, that portion of the fee increase for a recreation residence special use permit holder which is more than 100 percent of the previous year's fee: *Provided*, That no recreation residence fee may be increased any sooner than one year from the time the permittee has been notified by the Forest Service of the results of an appraisal which has been conducted for the purpose of establishing such fees: *Provided further*, That no increases in recreation residence fees on the Sawtooth National Forest will be implemented prior to January 1, 1999.

SEC. 344. It is the sense of the Senate that—

(1) preserving Civil War battlefields should be an integral part of preserving our Nation's history; and

(2) Congress should give special priority to the preservation of Civil War battlefields by making funds available for the purchase of threatened and endangered Civil War battlefield sites.

SEC. 345. It is the sense of the Senate that, inasmuch as there is disagreement as to what extent, if any, Federal funding for the arts is appropriate, and what modifications to the mechanism for such funding may be necessary; and further, inasmuch as there is a role for the private sector to supplement the Federal, State, and local partnership in support of the arts, hearings should be

conducted and legislation addressing these issues should be brought before the full Senate for debate and passage during this Congress.

SEC. 346. (a) In providing services or awarding financial assistance under the National Foundation on the Arts and the Humanities Act of 1965 from funds appropriated under this Act, the Chairperson of the National Endowment for the Arts shall ensure that priority is given to providing services or awarding financial assistance for projects, productions, workshops, or programs that serve underserved populations.

(b) In this section:

(1) The term “underserved population” means a population of individuals who have historically been outside the purview of arts and humanities programs due to factors such as a high incidence of income below the poverty line or to geographic isolation.

(2) The term “poverty line” means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved.

(c) In providing services and awarding financial assistance under the National Foundation on the Arts and Humanities Act of 1965 with funds appropriated by this Act, the Chairperson of the National Endowment for the Arts shall ensure that priority is given to providing services or awarding financial assistance for projects, productions, workshops, or programs that will encourage public knowledge, education, understanding, and appreciation of the arts.

(d) With funds appropriated by this Act to carry out section 5 of the National Foundation on the Arts and Humanities Act of 1965— Grants.

(1) the Chairperson shall establish a grant category for projects, productions, workshops, or programs that are of national impact or availability or are able to tour several States;

(2) the Chairperson shall not make grants exceeding 15 percent, in the aggregate, of such funds to any single State, excluding grants made under the authority of paragraph (1); and

(3) the Chairperson shall report to the Congress annually and by State, on grants awarded by the Chairperson in each grant category under section 5 of such Act. Reports.

(e) Section 6(b) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 955(b)) is amended to read as follows:

“(b) APPOINTMENT AND COMPOSITION OF COUNCIL.—(1) The Council shall be composed of members as follows:

“(A) The Chairperson of the National Endowment for the Arts, who shall be the chairperson of the Council.

“(B) Members of Congress appointed for a 2-year term beginning on January 1 of each odd-numbered year as follows:

“(i) Two Members of the House of Representatives appointed by the Speaker of the House of Representatives.

“(ii) One Member of the House of Representatives appointed by the Minority Leader of the House of Representatives.

“(iii) One Senator appointed by the Majority Leader of the Senate.

“(iv) One Senator appointed by the Minority Leader of the Senate.
Members of the Council appointed under this subparagraph shall serve ex officio and shall be nonvoting members of the Council.

President.

“(C) 14 members appointed by the President, by and with the advice and consent of the Senate, who shall be selected—

“(i) from among private citizens of the United States who—

“(I) are widely recognized for their broad knowledge of, or expertise in, or for their profound interest in the arts; and

“(II) have established records of distinguished service, or achieved eminence, in the arts;

“(ii) so as to include practicing artists, civic cultural leaders, members of the museum profession, and others who are professionally engaged in the arts; and

“(iii) so as collectively to provide an appropriate distribution of membership among major art fields and interested citizens groups.

In making such appointments, the President shall give due regard to equitable representation of women, minorities, and individuals with disabilities who are involved in the arts and shall make such appointments so as to represent equitably all geographical areas in the United States.

“(2) TRANSITION TO THE NEW COUNCIL COMPOSITION.—

“(A) Notwithstanding subsection (b)(1)(B), members first appointed pursuant to such subsection shall be appointed not later than December 31, 1997. Notwithstanding such subsection, such members shall be appointed to serve until December 31, 1998.

“(B) Members of the Council serving on the effective date of this subsection may continue to serve on the Council until their current terms expire and new members shall not be appointed under subsection (b)(1)(C) until the number of Presidentially appointed members is less than 14.”.

(f) Section 6(c) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 955(c)) is amended—

(1) by inserting “appointed under subsection (b)(1)(C)” after “member” each place it appears; and

(2) in the second sentence by inserting “appointed under subsection (b)(1)(C)” after “members”.

SEC. 347. No timber sale in Region 10 shall be advertised which, when using domestic Alaska western red cedar selling values and manufacturing costs, fails to provide at least 60 percent of normal profit and risk of the appraised timber, except at the written request by a prospective bidder. Program accomplishments shall be based on volume sold. Should Region 10 sell, in fiscal year 1998, the annual average portion of the decadal allowable sale quantity called for in the current Tongass Land Management Plan which provides greater than 60 percent of normal profit and risk at the time of the sale advertisement, all of the western red cedar timber from those sales which is surplus to the needs of domestic processors in Alaska, shall be made available to domestic processors in the contiguous 48 States at domestic rates. Should Region 10 sell, in fiscal year 1998, less than the annual average portion of the decadal allowable sale quantity called for in the current

Tongass Land Management Plan meeting the 60 percent of the normal profit and risk standard at the time of advertisement, the volume of western red cedar available to domestic processors at domestic rates in the contiguous 48 States shall be that volume: (1) which is surplus to the needs of domestic processors in Alaska; and (2) is that percent of the surplus western red cedar volume determined by calculating the ratio of the total timber volume which has been sold on the Tongass to the annual average portion of the decadal allowable sale quantity called for in the current Tongass Land Management Plan. All additional western red cedar volume not sold to Alaska or contiguous 48 States domestic processors may be exported and sold at export rates at the election of the timber sale holder. All Alaska yellow cedar may be sold at export rates at the election of the timber sale holder.

SEC. 348. None of the funds in this Act may be used for planning, design or construction of improvements to Pennsylvania Avenue in front of the White House without the advance approval of the House and Senate Committees on Appropriations.

SEC. 349. IMPLEMENTATION OF NEW GUIDELINES ON NATIONAL FORESTS IN ARIZONA AND NEW MEXICO.—(a) Notwithstanding any other provision of law, none of the funds made available under this or any other Act may be used for the purposes of executing any adjustments to annual operating plans, allotment management plans, or terms and conditions of existing grazing permits on National Forests in Arizona and New Mexico, which are or may be deemed necessary to achieve compliance with 1996 amendments to the applicable forest plans, until March 1, 1998, or such time as the Forest Service publishes a schedule for implementing proposed changes, whichever occurs first.

(b) Nothing in this section shall be interpreted to preclude the expenditure of funds for the development of annual operating plans, allotment management plans, or in developing modifications to grazing permits in cooperation with the permittee.

(c) Nothing in this section shall be interpreted to change authority or preclude the expenditure of funds pursuant to section 504 of the 1995 Rescissions Act (Public Law 104–19).

SEC. 350. PAYMENTS FOR ENTITLEMENT LAND.—Section 6901(2)(A)(i) of title 31, United States Code, is amended by inserting “(other than in Alaska)” after “city” the first place such term appears.

SEC. 351. Strike section 103(c)(7) of Public Law 104–333 and insert the following:

16 USC 460bb
note.

“(7) STAFF.—Notwithstanding any other provisions of law, the Trust is authorized to appoint and fix the compensation and duties and terminate the services of an executive director and such other officers and employees as it deems necessary without regard to the provisions of title 5, United States Code, or other laws related to the appointment, compensation or termination of Federal employees.”.

TITLE IV—ENVIRONMENTAL IMPROVEMENT AND RESTORATION FUND

SEC. 401. (a) FUND.—One half of the amounts awarded by the Supreme Court to the United States in the case of United States of America v. State of Alaska (117 S.Ct. 1888) shall be deposited in a fund in the Treasury of the United States to be

43 USC 1474d.

known as the “Environmental Improvement and Restoration Fund” (referred to in this section as the “Fund”).

(b) INVESTMENTS.—

(1) IN GENERAL.—The Secretary of the Treasury shall invest amounts in the Fund in interest bearing obligations of the United States.

(2) ACQUISITION OF OBLIGATIONS.—For the purpose of investments under paragraph (1), obligations may be acquired—

(A) on original issue at the issue price; or

(B) by purchase of outstanding obligations at the market price.

(3) SALE OF OBLIGATIONS.—Any obligations acquired by the Fund may be sold by the Secretary of the Treasury at the market price.

(4) CREDITS TO FUND.—The interest earned from investments of the Fund shall be covered into and form a part of the Fund.

(c) TRANSFER AND AVAILABILITY OF AMOUNTS EARNED.—Each year, interest earned and covered into the Fund in the previous fiscal year shall be available for appropriation, to the extent provided in the subsequent appropriations Acts, as follows:

(1) 80 percent of such amounts shall be made available to be equally divided among the Directors of the National Park Service, the United States Fish and Wildlife Service, the Bureau of Land Management, and the Chief of the Forest Service for high priority deferred maintenance and modernization of facilities that directly enhance the experience of visitors, including natural, cultural, recreational, and historic resources protection projects in National Parks, National Wildlife Refuges, and the public lands respectively as provided in subsection (d) and for payment to the State of Louisiana and its lessees for oil and gas drainage in the West Delta field. The Secretary shall submit with the annual budget submission to Congress a list of high priority maintenance and modernization projects for congressional consideration.

(2) 20 percent of such amounts shall be made available to the Secretary of Commerce for the purpose of carrying out marine research activities in the North Pacific in accordance with subsection (e).

(d) PROJECTS.—A project referred to in subsection (c)(1) shall be consistent with the laws governing the National Park System, the National Wildlife Refuge System, the public lands and Forest Service lands and management plan for such unit.

(e) MARINE RESEARCH ACTIVITIES.—(1) Funds available under subsection (c)(2) shall be used by the Secretary of Commerce according to this subsection to provide grants to Federal, State, private or foreign organizations or individuals to conduct research activities on or relating to the fisheries or marine ecosystems in the north Pacific Ocean, Bering Sea, and Arctic Ocean (including any lesser related bodies of water).

Establishment.

(2) Research priorities and grant requests shall be reviewed and recommended for Secretarial approval by a board to be known as the North Pacific Research Board (referred to in this subsection as the “Board”). The Board shall seek to avoid duplicating other research activities, and shall place a priority on cooperative research efforts designed to address pressing fishery management or marine ecosystem information needs.

(3) The Board shall be comprised of the following representatives or their designees—

(A) the Secretary of Commerce, who shall be a co-chair of the Board;

(B) the Secretary of State;

(C) the Secretary of the Interior;

(D) the Commandant of the Coast Guard;

(E) the Director of the Office of Naval Research;

(F) the Alaska Commissioner of Fish and Game, who shall also be a co-chair of the Board;

(G) the Chairman of the North Pacific Fishery Management Council;

(H) the Chairman of the Arctic Research Commission;

(I) the Director of the Oil Spill Recovery Institute;

(J) the Director of the Alaska SeaLife Center;

(K) five members nominated by the Governor of Alaska and appointed by the Secretary of Commerce, one of whom shall represent fishing interests, one of whom shall represent Alaska Natives, one of whom shall represent environmental interests, one of whom shall represent academia, and one of whom shall represent oil and gas interests;

(L) three members nominated by the Governor of Washington and appointed by the Secretary of Commerce; and

(M) one member nominated by the Governor of Oregon and appointed by the Secretary of Commerce.

The members of the Board shall be individuals knowledgeable by education, training, or experience regarding fisheries or marine ecosystems in the north Pacific Ocean, Bering Sea, or Arctic Ocean. Three nominations shall be submitted for each member to be appointed under subparagraphs (K), (L), and (M). Board members appointed under subparagraphs (K), (L), and (M) shall serve for three-year terms, and may be reappointed.

(4)(A) The Secretary of Commerce shall review and administer grants recommended by the Board. If the Secretary does not approve a grant recommended by the Board, the Secretary shall explain in writing the reasons for not approving such grant, and the amount recommended to be used for such grant shall be available only for other grants recommended by the Board.

(B) Grant recommendations and other decisions of the Board shall be by majority vote, with each member having one vote. The Board shall establish written criteria for the submission of grant requests through a competitive process and for deciding upon the award of grants. Grants shall be recommended by the Board on the basis of merit in accordance with the priorities established by the Board. The Secretary shall provide the Board such administrative and technical support as is necessary for the effective functioning of the Board. The Board shall be considered an advisory panel established under section 302(g) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1801 et seq.) for the purposes of section 302(i)(1) of such Act, and the other procedural matters applicable to advisory panels under section 302(i) of such Act shall apply to the Board to the extent practicable. Members of the Board may be reimbursed for actual expenses incurred in performance of their duties for the Board. Not more than 5 percent of the funds provided to the Secretary of Commerce under paragraph (1) may be used to provide support for the Board and administer grants under this subsection.

Regulations.

(f) SUNSET.—If amounts are not assumed by the concurrent budget resolution and appropriated from the Fund by December 15, 1998, the Fund shall terminate and the amounts in the Fund including the accrued interest shall be applied to reduce the Federal deficit.

TITLE V—PRIORITY LAND ACQUISITIONS, LAND EXCHANGES, AND MAINTENANCE

For priority land acquisitions, land exchange agreements, other activities consistent with the Land and Water Conservation Fund Act of 1965, as amended, and critical maintenance to be conducted by the Bureau of Land Management, the United States Fish and Wildlife Service, the National Park Service and the Forest Service, \$699,000,000, to be derived from the Land and Water Conservation Fund notwithstanding any other provision of law, to remain available until September 30, 2001, of which \$167,000,000 is available to the Secretary of Agriculture and \$532,000,000 is available to the Secretary of the Interior: *Provided*, That of the funds made available to the Secretary of Agriculture, not to exceed \$65,000,000 may be used to acquire interests to protect and preserve Yellowstone National Park, pursuant to the terms and conditions set forth in sections 502 and 504 of this title, and \$12,000,000 may be used for the rehabilitation and maintenance of the Beartooth Highway pursuant to section 502 of this title: *Provided further*, That of the funds made available to the Secretary of the Interior, not to exceed \$250,000,000 may be used to acquire interests to protect and preserve the Headwaters Forest, pursuant to the terms and conditions set forth in sections 501 and 504 of this title, and \$10,000,000 may be used for a direct payment to Humboldt County, California pursuant to section 501 of this title: *Provided further*, That the Secretary of the Interior and the Secretary of Agriculture, after consultation with the heads of the Bureau of Land Management, the United States Fish and Wildlife Service, the National Park Service and the Forest Service, shall, in fiscal year 1998 and each of the succeeding three fiscal years, jointly submit to Congress a report listing the lands and interests in land that the Secretaries propose to acquire or exchange and the maintenance requirements they propose to address using funds provided under this heading for purposes other than the purposes of sections 501 and 502 of this title: *Provided further*, That none of the funds appropriated under this title for purposes other than the purposes of sections 501 and 502 of this title shall be available until the House Committee on Appropriations and the Senate Committee on Appropriations approve, in writing, a list of projects to be undertaken with such funds: *Provided further*, That moneys provided in this title, when combined with moneys provided by other titles in this Act, shall, for the purposes of section 205(a) of H. Con. Res. 84 (105th Congress), be considered to provide \$700,000,000 in budget authority for fiscal year 1998 for Federal land acquisitions and to finalize priority land exchanges.

Reports.

California.
16 USC 471j.

SEC. 501. HEADWATERS FOREST AND ELK RIVER PROPERTY ACQUISITION. (a) AUTHORIZATION.—Subject to the terms and conditions of this section, up to \$250,000,000 from the Land and Water Conservation Fund is authorized to be appropriated to acquire lands referenced in the Agreement of September 28, 1996, which consist of approximately 4,500 acres commonly referred to as the

“Headwaters Forest”, approximately 1,125 acres referred to as the “Elk Head Forest”, and approximately 9,600 acres referred to as the “Elk River Property”, which are located in Humboldt County, California. This section is the sole authorization for the acquisition of such property, which is the subject of the Agreement dated September 28, 1996 between the United States of America (hereinafter “United States”), the State of California, MAXXAM, Inc., and the Pacific Lumber Company. Of the entire Elk River Property, the United States and the State of California are to retain approximately 1,845 acres and transfer the remaining approximately 7,755 acres of Elk River Property to the Pacific Lumber Company. The property to be acquired and retained by the United States and the State of California is that property that is the subject of the Agreement of September 28, 1996 as generally depicted on maps labeled as sheets 1 through 7 of Township 3 and 4 North, Ranges 1 East and 1 West, of the Humboldt Meridian, California, titled “Dependent Resurvey and Tract Survey”, as approved by Lance J. Bishop, Chief Cadastral Surveyor—California, on August 29, 1997. Such maps shall be on file in the Office of the Chief Cadastral Surveyor, Bureau of Land Management, Sacramento, California. The Secretary of the Interior is authorized to make such typographical and other corrections to this description as are mutually agreed upon by the parties to the Agreement of September 28, 1996. The land retained by the United States and the State of California (approximately 7,470 acres) shall hereafter be the “Headwaters Forest”. Any funds appropriated by the Federal Government to acquire lands or interests in lands that enlarge the Headwaters Forest by more than five acres per each acquisition shall be subject to specific authorization enacted subsequent to this Act, except that such funds may be used pursuant to existing authorities to acquire such lands up to five acres per each acquisition or interests in lands that may be necessary for roadways to provide access to the Headwaters Forest.

(b) EFFECTIVE PERIOD OF AUTHORIZATION.—The authorization in subsection (a) expires March 1, 1999 and shall become effective only—

(1) when the State of California provides a \$130,000,000 contribution for the transaction;

(2) when the State of California approves a Sustained Yield Plan covering Pacific Lumber Company timber property;

(3) when the Pacific Lumber Company dismisses the following legal actions as evidenced by instruments in form and substance satisfactory to each of the parties to such legal actions: *Pacific Lumber Co. v. United States*, No. 96-257L (Fed. Cls.) and *Salmon Creek Corp. v. California Board of Forestry*, No. 96-CS-1057 (Cal. Super. Ct.);

(4) when the incidental take permit under section 10(a) of the Endangered Species Act (based upon a multispecies Habitat Conservation Plan covering Pacific Lumber Company timber property, including applicable portions of the Elk River Property) is issued by the United States Fish and Wildlife Service and the National Marine Fisheries Service;

(5) after an appraisal of all lands and interests therein to be acquired by the United States has been undertaken, such appraisal has been reviewed for a period not to exceed 30 days by the Comptroller General of the United States, and such appraisal has been provided to the Committee on

Resources of the House of Representatives, the Committee on Energy and Natural Resources of the Senate, and the Committees on Appropriations of the House and Senate;

(6) after the Secretary of the Interior issues an opinion of value to the Committee on Resources of the House of Representatives, the Committee on Energy and Natural Resources of the Senate, and the Committees on Appropriations of the House and Senate for the land and property to be acquired by the Federal Government. Such opinion of value shall also include the total value of all compensation (including tax benefits) proposed to be provided for the acquisition;

(7) after an Environmental Impact Statement for the proposed Habitat Conservation Plan has been prepared and completed in accordance with the applicable provisions of the National Environmental Policy Act of 1969; and

(8) when adequate provision has been made for public access to the property.

(c) ACQUISITION.—Notwithstanding any other provision of law, the amount paid by the United States to acquire identified lands and interests in lands referred to in section 501(a) may differ from the value contained in the appraisal required by section 501(b)(5) if the Secretary of the Interior certifies, in writing, to Congress that such action is in the best interest of the United States.

Reports.

(d) HABITAT CONSERVATION PLAN.—

(1) APPLICABLE STANDARDS.—Within 60 days after the enactment of this section, the Secretary of the Interior and the Secretary of Commerce shall report to the Committee on Energy and Natural Resources of the Senate and the Committee on Resources of the House of Representatives on the scientific and legal standards and criteria for threatened, endangered, and candidate species under the Endangered Species Act and any other species used to develop the habitat conservation plan (hereinafter “HCP”) and the section 10(a) incidental take permit for the Pacific Lumber Company land.

(2) REPORT.—If the Pacific Lumber Company submits an application for an incidental take permit under section 10(a) of the Endangered Species Act for the transaction authorized by subsection (a), and the permit is not issued, then the United States Fish and Wildlife Service and the National Marine Fisheries Service shall set forth the substantive rationale or rationales for why the measures proposed by the applicant for such permit did not meet the issuance criteria for the species at issue. Such report shall be submitted to the Congress within 60 days of the decision not to issue such permit or by May 1, 1999, whichever is earlier.

(3) HCP STANDARDS.—If a section 10(a) permit for the Pacific Lumber Company HCP is issued, it shall be deemed to be unique to the circumstances associated with the acquisition authorized by this section and shall not establish a higher or lesser standard for any other multispecies HCPs than would otherwise be established under existing law.

(e) PAYMENT TO HUMBOLDT COUNTY.—Within 30 days of the acquisition of the Headwaters Forest, the Secretary of the Interior shall provide a \$10,000,000 direct payment to Humboldt County, California.

(f) PAYMENT IN LIEU OF TAXES.—The Federal portion of the Headwaters Forest acquired pursuant to this section shall be entitlement land under section 6905 of title 31 of the United States Code.

(g) OUT-YEAR BUDGET LIMITATIONS.—The following funding limitations and parameters shall apply to the Headwaters Forest acquired under subsection (a)—

(1) At least 50 percent of the total funds for management of such lands above the annual level of \$100,000 shall (with the exception of law enforcement activities and emergency activities) be from non-Federal sources.

(2) Subject to appropriations, the authorized annual Federal funding for management of such land is \$300,000 (with the exception of law enforcement activities and emergency activities).

(3) The Secretary of the Interior or the Headwaters Forest Management Trust referenced in subsection (h) is authorized to accept and use donations of funds and personal property from the State of California, private individuals, and other nongovernmental entities for the purpose of management of the Headwaters Forest.

(h) HEADWATERS FOREST MANAGEMENT TRUST.—The Secretary of the Interior is authorized, with the written concurrence of the Governor of the State of California, to establish a Headwaters Forest Management Trust (“Trust”) for the management of the Headwaters Forest as follows:

(1) MANAGEMENT AUTHORITY.—The Secretary of the Interior is authorized to vest management authority and responsibility in the Trust composed of a board of five trustees each appointed for terms of three years. Two trustees shall be appointed by the Governor of the State of California. Three trustees shall be appointed by the President of the United States. The first group of trustees shall be appointed within 60 days of exercising the authority under this subsection and the terms of the trustees shall begin on such day. The Secretary of the Interior, the Secretary of Resources of the State of California, and the Chairman of the Humboldt County Board of Supervisors shall be nonvoting, ex officio members of the board of trustees. The Secretary is authorized to make grants to the Trust for the management of the Headwaters Forest from amounts authorized and appropriated.

President.

(2) OPERATIONS.—The Trust shall have the power to develop and implement the management plan for the Headwaters Forest.

(i) MANAGEMENT PLAN.—

(1) IN GENERAL.—A concise management plan for the Headwaters Forest shall be developed and periodically amended as necessary by the Secretary of the Interior in consultation with the State of California (and in the case that the authority provided in subsection (h) is exercised, the trustees shall develop and periodically amend the management plan), and shall meet the following requirements:

(A) Management goals for the plan shall be to conserve and study the land, fish, wildlife, and forests occurring on such land while providing public recreation opportunities and other management needs.

(B) Before a management structure and management plan are adopted for such land, the Secretary of the Interior or the board of trustees, as the case may be, shall submit a proposal for the structure and plan to the Committee on Energy and Natural Resources of the Senate and the Committee on Resources of the House of Representatives. The proposed management plan shall not become effective until the passage of 90 days after its submission to the Committees.

Reports.

(C) The Secretary of the Interior or the board of trustees, as the case may be, shall report annually to the Committee on Energy and Natural Resources of the Senate, the Committee on Resources of the House of Representatives, and the House and Senate Committees on Appropriations concerning the management of lands acquired under the authority of this section and activities undertaken on such lands.

(2) PLAN.—The management plan shall guide general management of the Headwaters Forest. Such plan shall address the following management issues—

(A) scientific research on forests, fish, wildlife, and other such activities that will be fostered and permitted on the Headwaters Forest;

(B) providing recreation opportunities on the Headwaters Forest;

(C) access to the Headwaters Forest;

(D) construction of minimal necessary facilities within the Headwaters Forest so as to maintain the ecological integrity of the Headwaters Forest;

(E) other management needs; and

(F) an annual budget for the management of the Headwaters Forest, which shall include a projected revenue schedule (such as fees for research and recreation) and projected expenses.

(3) COMPLIANCE.—The National Environmental Policy Act shall apply to the development and implementation of the management plan.

(j) COOPERATIVE MANAGEMENT.—

(1) The Secretary of the Interior may enter into agreements with the State of California for the cooperative management of any of the following: Headwaters Forest, Redwood National Park, and proximate State lands. The purpose of such agreements is to acquire from and provide to the State of California goods and services to be used by the Secretary and the State of California in cooperative management of lands if the Secretary determines that appropriations for that purpose are available and an agreement is in the best interests of the United States; and

(2) an assignment arranged by the Secretary under section 3372 of title 5, United States Code, of a Federal or State employee for work in any Federal or State of California lands, or an extension of such assignment, may be for any period of time determined by the Secretary or the State of California, as appropriate, to be mutually beneficial.

SEC. 502. PROTECTION AND PRESERVATION OF YELLOWSTONE NATIONAL PARK—ACQUISITION OF CROWN BUTTE MINING INTERESTS.

(a) AUTHORIZATION.—Subject to the terms and conditions of this

section, up to \$65,000,000 from the Land and Water Conservation Fund is authorized to be appropriated to acquire identified lands and interests in lands referred to in the Agreement of August 12, 1996 to protect and preserve Yellowstone National Park.

(b) CONDITIONS OF ACQUISITION AUTHORITY.—The Secretary of Agriculture may not acquire the District Property until:

(1) the parties to the Agreement have entered into and lodged with the United States District Court for the District of Montana a consent decree as required under the Agreement that requires, among other things, Crown Butte to perform response or restoration actions (or both) or pay for such actions in accordance with the Agreement;

(2) an appraisal of the District Property has been undertaken, such appraisal has been reviewed for a period not to exceed 30 days by the Comptroller General of the United States, and such appraisal has been provided to the Committee on Resources of the House of Representatives, the Committee on Energy and Natural Resources of the Senate, and the House and Senate Committees on Appropriations;

(3) after the Secretary of Agriculture issues an opinion of value to the Committee on Resources of the House of Representatives, the Committee on Energy and Natural Resources of the Senate, and the House and Senate Committees on Appropriations for the land and property to be acquired by the Federal Government; and

(4) the applicable requirements of the National Environmental Policy Act have been met.

(c) ACQUISITION.—Notwithstanding any other provision of law, the amount paid by the United States to acquire identified lands and interests in lands referred to in the Agreement of August 12, 1996 to protect and preserve Yellowstone National Park may exceed the value contained in the appraisal required by section 502(b)(2) if the Secretary of Agriculture certifies, in writing, to Congress that such action is in the best interest of the United States.

(d) DEPOSIT IN ACCOUNT.—Immediately upon receipt of payments from the United States, Crown Butte shall deposit \$22,500,000 in an interest bearing account in a private, federally chartered financial institution that, in accordance with the Agreement, shall be—

(1) acceptable to the Secretary of Agriculture; and

(2) available to carry out response and restoration actions.

The balance of amounts remaining in such account after completion of response and restoration actions shall be available to the Secretary of Agriculture for use in the New World Mining District for any environmentally beneficial purpose otherwise authorized by law.

(e) MAINTENANCE AND REHABILITATION OF BEARTOOTH HIGHWAY.—

(1) MAINTENANCE.—The Secretary of Agriculture shall, consistent with the funds provided herein, be responsible for—

(A) snow removal on the Beartooth Highway from milepost 0 in Yellowstone National Park, into and through Wyoming, to milepost 43.1 on the border between Wyoming and Montana; and

(B) pavement preservation, in conformance with a pavement preservation plan, on the Beartooth Highway from milepost 8.4 to milepost 24.5.

(2) REHABILITATION.—The Secretary of Agriculture shall be responsible for conducting rehabilitation and minor widening of the portion of the Beartooth Highway in Wyoming that runs from milepost 24.5 to milepost 43.1.

(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary of Agriculture—

(A) for snow removal and pavement preservation under paragraph (1), \$2,000,000; and

(B) for rehabilitation under paragraph (2), \$10,000,000.

(4) AVAILABILITY OF FUNDS.—Within 30 days of the acquisition of lands and interests in lands pursuant to this section, the funds authorized in subsection (e)(3) and appropriated herein for that purpose shall be made available to the Secretary of Agriculture.

(f) RESPONSE AND RESTORATION PLAN.—The Administrator of the Environmental Protection Agency and the Secretary of Agriculture shall approve or prepare a plan for response and restoration activities to be undertaken pursuant to the Agreement and a quarterly accounting of expenditures made pursuant to such plan. The plan and accountings shall be transmitted to the Committee on Resources of the House of Representatives, the Senate Committee on Energy and Natural Resources and the House and Senate Committees on Appropriations.

(g) MAP.—The Secretary of Agriculture shall provide to the Committee on Resources of the House of Representatives, the Senate Committee on Energy and Natural Resources and the House and Senate Committees on Appropriations, a map depicting the acreage to be acquired pursuant to this section.

(h) DEFINITIONS.—In this section:

(1) AGREEMENT.—The term “Agreement” means the agreement in principle, concerning the District Property, entered into on August 12, 1996 by Crown Butte Mines, Inc., Crown Butte Resources Ltd., Greater Yellowstone Coalition, Northwest Wyoming Resource Council, Sierra Club, Gallatin Wildlife Association, Wyoming Wildlife Federation, Montana Wildlife Federation, Wyoming Outdoor Council, Beartooth Alliance, and the United States of America, with such other changes mutually agreed to by the parties.

(2) BEARTOOTH HIGHWAY.—The term “Beartooth Highway” means the portion of United States Route 212 that runs from the northeast entrance of Yellowstone National Park near Silver Gate, Montana, into and through Wyoming to Red Lodge, Montana.

(3) CROWN BUTTE.—The term “Crown Butte” means Crown Butte Mines, Inc. and Crown Butte Resources Ltd., acting jointly.

(4) DISTRICT PROPERTY.—The term “District Property” means the portion of the real property interests specifically described as District Property in appendix B of the Agreement.

(5) NEW WORLD MINING DISTRICT.—The term “New World Mining District” means the New World Mining District as specifically described in appendix A of the Agreement.

SEC. 503. CONVEYANCE TO STATE OF MONTANA. (a) CONVEYANCE REQUIREMENT.—Not later than January 1, 2001, but not prior to

180 days after the enactment of this Act, the Secretary of the Interior shall convey to the State of Montana, without consideration, all right, title, and interest of the United States in and to—

(1) \$10,000,000 in Federal mineral rights in the State of Montana agreed to by the Secretary of the Interior and the Governor of Montana through negotiations in accordance with subsection (b); or

(2) all Federal mineral rights in the tracts in Montana depicted as Otter Creek number 1, 2, and 3 on the map entitled “Ashland Map”.

(b) NEGOTIATIONS.—The Secretary of the Interior shall promptly enter into negotiations with the Governor of Montana for purposes of subsection (a)(1) to determine and agree to mineral rights owned by the United States having a fair market value of \$10,000,000.

(c) FEDERAL LAW NOT APPLICABLE TO CONVEYANCE.—Any conveyance under subsection (a) shall not be subject to the Mineral Leasing Act (30 U.S.C. 181 et seq.).

(d) AVAILABILITY OF MAP.—The Secretary of the Interior shall keep the map referred to in subsection (a)(2) on file and available for public inspection in appropriate offices of the Department of the Interior located in the District of Columbia and Billings, Montana, until January 1, 2001.

(e) CONVEYANCE DEPENDENT UPON ACQUISITION.—No conveyance pursuant to subsection (a) shall take place unless the acquisition authorized in section 502(a) is executed.

SEC. 504. The acquisitions authorized by sections 501 and 502 of this title may not occur prior to the earlier of: (1) 180 days after enactment of this Act; or (2) enactment of separate authorizing legislation that modifies section 501, 502, or 503 of this title. Within 120 days of enactment, the Secretary of the Interior and the Secretary of Agriculture, respectively, shall submit to the Committee on Resources of the House of Representatives, the Senate Committee on Energy and Natural Resources and the House and Senate Committees on Appropriations, reports detailing the status of efforts to meet the conditions set forth in this title imposed on the acquisition of the interests to protect and preserve the Headwaters Forest and the acquisition of interests to protect and preserve Yellowstone National Park. For every day beyond 120 days after the enactment of this Act that the appraisals required in subsections 501(b)(5) and 502(b)(2) are not provided to the Committee on Resources of the House, the Committee on Energy and Natural Resources of the Senate and the House and Senate Committees on Appropriations in accordance with such subsections, the 180-day period referenced in this section shall be extended by one day.

SEC. 505. The Land and Water Conservation Fund Act of 1965 (Public Law 88–578; 78 Stat. 897) (16 U.S.C. 4601–4 through 11) is amended by moving section 13 (as added by section 1021(b) of the Omnibus Parks and Public Lands Management Act of 1996; 110 Stat. 4210) so as to appear in title I of that Act following section 12.

16 USC 471j
note.

Reports.

16 USC 460l–
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TITLE VI—FOREST RESOURCES CONSERVATION AND SHORTAGE RELIEF

SEC. 601. SHORT TITLE.—This title may be cited as the “Forest Resources Conservation and Shortage Relief Act of 1997”.

Forest Resources
Conservation and
Shortage Relief
Act of 1997.

16 USC 620 note.

SEC. 602. (a) USE OF UNPROCESSED TIMBER—LIMITATION ON SUBSTITUTION OF UNPROCESSED FEDERAL TIMBER FOR UNPROCESSED TIMBER FROM PRIVATE LAND.—Section 490 of the Forest Resources Conservation and Shortage Relief Act of 1990 (16 U.S.C. 620b) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by inserting “paragraph (3) and” after “provided in”; and

(B) by adding at the end the following:

“(3) APPLICABILITY.—In the case of the purchase by a person of unprocessed timber originating from Federal lands west of the 119th meridian in the State of Washington, paragraph (1) shall apply only if—

“(A) the private lands referred to in paragraph (1) are owned by the person; or

“(B) the person has the exclusive right to harvest timber from the private lands described in paragraph (1) during a period of more than 7 years, and may exercise that right at any time of the person’s choosing.”;

(2) in subsection (c)—

(A) in the subsection heading, by striking “APPROVAL OF”;

(B) in paragraph (2)—

(i) in the paragraph heading, by inserting “FOR SOURCING AREAS FOR PROCESSING FACILITIES LOCATED OUTSIDE THE NORTHWESTERN PRIVATE TIMBER OPEN MARKET AREA”; after “APPLICATION”; and

(ii) in subparagraph (A), by inserting “(except private land located in the northwestern private timber open market area)” after “lands”;

(C) in paragraph (3)—

(i) in the paragraph heading, by inserting “FOR SOURCING AREAS FOR PROCESSING FACILITIES LOCATED OUTSIDE OF THE NORTHWESTERN PRIVATE TIMBER OPEN MARKET AREA.—(A) IN GENERAL”; after “APPROVAL”; and

(ii) by striking the last sentence of paragraph (3) and adding at the end the following:

“(B) FOR TIMBER MANUFACTURING FACILITIES LOCATED IN IDAHO.—Except as provided in subparagraph (D), in making a determination referred to in subparagraph (A), the Secretary concerned shall consider the private timber export and the private and Federal timber sourcing patterns for the applicant’s timber manufacturing facilities, as well as the private and Federal timber sourcing patterns for the timber manufacturing facilities of other persons in the same local vicinity of the applicant, and the relative similarity of such private and Federal timber sourcing patterns.

“(C) FOR TIMBER MANUFACTURING FACILITIES LOCATED IN STATES OTHER THAN IDAHO.—Except as provided in subparagraph (D), in making the determination referred to in subparagraph (A), the Secretary concerned shall consider the private timber export and the Federal timber sourcing patterns for the applicant’s timber manufacturing facilities, as well as the Federal timber sourcing patterns for the timber manufacturing facilities of other persons in the same local vicinity of the applicant, and the relative

similarity of such Federal timber sourcing patterns. Private timber sourcing patterns shall not be a factor in such determinations in States other than Idaho.

“(D) AREA NOT INCLUDED.—In deciding whether to approve or disapprove an application, the Secretary shall not—

“(i) consider land located in the northwestern private timber open market area; or

“(ii) condition approval of the application on the inclusion of any such land in the applicant’s sourcing area, such land being includable in the sourcing area only to the extent requested by the applicant.”;

(D) in paragraph (4), in the paragraph heading, by inserting “FOR SOURCING AREAS FOR PROCESSING FACILITIES LOCATED OUTSIDE THE NORTHWESTERN PRIVATE TIMBER OPEN MARKET AREA”; after “APPLICATION”;

(E) in paragraph (5), in the paragraph heading, by inserting “FOR SOURCING AREAS FOR PROCESSING FACILITIES LOCATED OUTSIDE THE NORTHWESTERN PRIVATE TIMBER OPEN MARKET AREA”; after “DETERMINATIONS”; and

(F) by adding at the end the following:

“(6) SOURCING AREAS FOR PROCESSING FACILITIES LOCATED IN THE NORTHWESTERN PRIVATE TIMBER OPEN MARKET AREA.—

“(A) ESTABLISHMENT.—In the northwestern private timber open market area—

“(i) a sourcing area boundary shall be a circle around the processing facility of the sourcing area applicant or holder;

“(ii) the radius of the circle—

“(I) shall be the furthest distance that the sourcing area applicant or holder proposes to haul Federal timber for processing at the processing facility; and

“(II) shall be determined solely by the sourcing area applicant or holder;

“(iii) a sourcing area shall become effective on written notice to the Regional Forester for Region 6 of the Forest Service of the location of the boundary of the sourcing area;

“(iv) the 24-month requirement in paragraph (1)(A) shall not apply;

“(v) a sourcing area holder—

“(I) may adjust the radius of the sourcing area not more frequently than once every 24 months; and

“(II) shall provide written notice to the Regional Forester for Region 6 of the adjusted boundary of its sourcing area before using the adjusted sourcing area; and

“(vi) a sourcing area holder that relinquishes a sourcing area may not reestablish a sourcing area for that processing facility before the date that is 24 months after the date on which the sourcing area was relinquished.

“(B) TRANSITION.—With respect to a portion of a sourcing area established before the date of enactment

Effective date.
Notice.

Notice.

of this paragraph that contains Federal timber under contract before that date and is outside the boundary of a new sourcing area established under subparagraph (A)—

“(i) that portion shall continue to be a sourcing area only until unprocessed Federal timber from the portion is no longer in the possession of the sourcing area holder; and

“(ii) unprocessed timber from private land in that portion shall be exportable immediately after unprocessed timber from Federal land in the portion is no longer in the possession of the sourcing area holder.

“(7) RELINQUISHMENT AND TERMINATION OF SOURCING AREAS.—

“(A) IN GENERAL.—A sourcing area may be relinquished at any time.

Notice

“(B) EFFECTIVE DATE.—A relinquishment of a sourcing area shall be effective as of the date on which written notice is provided by the sourcing area holder to the Regional Forester with jurisdiction over the sourcing area where the processing facility of the holder is located.

“(C) EXPORTABILITY.—

“(i) IN GENERAL.—On relinquishment or termination of a sourcing area, unprocessed timber from private land within the former boundary of the relinquished or terminated sourcing area is exportable immediately after unprocessed timber from Federal land from within that area is no longer in the possession of the former sourcing area holder.

“(ii) NO RESTRICTION.—The exportability of unprocessed timber from private land located outside of a sourcing area shall not be restricted or in any way affected by relinquishment or termination of a sourcing area.”; and

(3) by adding at the end the following:

“(d) DOMESTIC TRANSPORTATION AND PROCESSING OF PRIVATE TIMBER.—Nothing in this section restricts or authorizes any restriction on the domestic transportation or processing of timber harvested from private land, except that the Secretary may prohibit processing facilities located in the State of Idaho that have sourcing areas from processing timber harvested from private land outside of the boundaries of those sourcing areas.”.

(b) RESTRICTION OF EXPORTS OF UNPROCESSED TIMBER FROM STATE AND PUBLIC LAND.—Section 491(b)(2) of the Forest Resources Conservation and Shortage Relief Act of 1990 (16 U.S.C. 620c(b)(2)) is amended—

(1) by striking “the following” and all that follows through

“(A) The Secretary” and inserting “the Secretary”;

(2) by striking “during the period beginning on June 1, 1993, and ending on December 31, 1995” and inserting “as of the date of enactment of the Forest Resources Conservation and Shortage Relief Act of 1997”; and

(3) by striking subparagraph (B).

SEC. 603. MONITORING AND ENFORCEMENT.—Section 492 of the Forest Resources Conservation and Shortage Relief Act of 1990 (16 U.S.C. 620d) is amended—

(1) in subsection (c)(2), by adding at the end the following:

“(C) MITIGATION OF PENALTIES.—

“(i) IN GENERAL.—The Secretary concerned—

“(I) in determining the applicability of any penalty imposed under this paragraph, shall take into account all relevant mitigating factors, including mistake, inadvertence, and error; and

“(II) based on any mitigating factor, may, with respect to any penalty imposed under this paragraph—

“(aa) reduce the penalty;

“(bb) not impose the penalty; or

“(cc) on condition of there being no further violation under this paragraph for a prescribed period, suspend imposition of the penalty.

“(ii) CONTRACTUAL REMEDIES.—In the case of a minor violation of this title (including a regulation), the Secretary concerned shall, to the maximum extent practicable, permit a contracting officer to redress the violation in accordance with the applicable timber sale contract rather than assess a penalty under this paragraph.”; and

(2) in subsection (d)(1)—

(A) by striking “The head” and inserting the following:

“(A) IN GENERAL.—Subject to subparagraph (B), the head”; and

(B) by adding at the end the following:

“(B) PREREQUISITES FOR DEBARMENT.—

“(i) IN GENERAL.—No person may be debarred from bidding for or entering into a contract for the purchase of unprocessed timber from Federal lands under subparagraph (A) unless the head of the appropriate Federal department or agency first finds, on the record and after an opportunity for a hearing, that debarment is warranted.

“(ii) WITHHOLDING OF AWARDS DURING DEBARMENT PROCEEDINGS.—The head of an appropriate Federal department or agency may withhold an award under this title of a contract for the purchase of unprocessed timber from Federal lands during a debarment proceeding.”.

SEC. 604. DEFINITIONS.—Section 493 of the Forest Resources Conservation and Shortage Relief Act of 1990 (16 U.S.C. 620e) is amended—

(1) by redesignating paragraphs (3) through (8) as paragraphs (5) through (10), respectively;

(2) by inserting after paragraph (2) the following:

“(3) MINOR VIOLATION.—The term ‘minor violation’ means a violation, other than an intentional violation, involving a single contract, purchase order, processing facility, or log yard involving a quantity of logs that is less than 25 logs and has a total value (at the time of the violation) of less than \$10,000.

“(4) NORTHWESTERN PRIVATE TIMBER OPEN MARKET AREA.—The term ‘northwestern private timber open market area’ means the State of Washington.”;

(3) in subparagraph (B)(ix) of paragraph (9) (as redesignated by paragraph (1))—

(A) by striking “Pulp logs or cull logs” and inserting “Pulp logs, cull logs, and incidental volumes of grade 3 and 4 sawlogs”;

(B) by inserting “primary” before “purpose”; and

(C) by striking the period at the end and inserting: “, or to the extent that a small quantity of such logs are processed, into other products at domestic processing facilities.”; and

(4) by adding at the end the following:

“(11) VIOLATION.—The term ‘violation’ means a violation of this Act (including a regulation issued to implement this Act) with regard to a course of action, including—

“(A) in the case of a violation by the original purchaser of unprocessed timber, an act or omission with respect to a single timber sale; and

“(B) in the case of a violation of a subsequent purchaser of the timber, an act or omission with respect to an operation at a particular processing facility or log yard.”.

SEC. 605. REGULATIONS.—Section 495(a) of the Forest Resources Conservation and Shortage Relief Act of 1990 (16 U.S.C. 620f(a)) is amended—

(1) by striking “The Secretaries” and inserting the following:

“(1) AGRICULTURE AND INTERIOR.—The Secretaries”;

(2) by striking “The Secretary of Commerce” and inserting the following:

“(2) COMMERCE.—The Secretary of Commerce”; and

(3) by striking the last sentence and inserting the following:

“(3) DEADLINE.—

“(A) IN GENERAL.—Except as otherwise provided in this title, regulations and guidelines required under this subsection shall be issued not later than June 1, 1998.

“(B) The regulations and guidelines issued under this title that were in effect prior to September 8, 1995 shall remain in effect until new regulations and guidelines are issued under subparagraph (A).

“(4) PAINTING AND BRANDING.—

“(A) IN GENERAL.—The Secretary concerned shall issue regulations that impose reasonable painting, branding, or other forms of marking or tracking requirements on unprocessed timber if—

“(i) the benefits of the requirements outweigh the cost of complying with the requirements; and

“(ii) the Secretary determines that, without the requirements, it is likely that the unprocessed timber—

“(I) would be exported in violation of this title; or

“(II) if the unprocessed timber originated from Federal lands, would be substituted for unprocessed timber originating from private lands west of the 100th Meridian in the contiguous 48 States in violation of this title.

“(B) MINIMUM SIZE.—The Secretary concerned shall not impose painting, branding, or other forms of marking or tracking requirements on—

“(i) the face of a log that is less than 7 inches in diameter; or

Regulations.

Regulations.

“(ii) unprocessed timber that is less than 8 feet in length or less than $\frac{1}{3}$ sound wood.

“(C) WAIVERS.—

“(i) IN GENERAL.—The Secretary concerned may waive log painting and branding requirements—

“(I) for a geographic area, if the Secretary determines that the risk of the unprocessed timber being exported from the area or used in substitution is low;

“(II) with respect to unprocessed timber originating from private lands located within an approved sourcing area for a person who certifies that the timber will be processed at a specific domestic processing facility to the extent that the processing does occur; or

“(III) as part of a log yard agreement that is consistent with the purposes of the export and substitution restrictions imposed under this title.

“(ii) REVIEW AND TERMINATION OF WAIVERS.—A waiver granted under clause (i)—

“(I) shall, to the maximum extent practicable, be reviewed once a year; and

“(II) shall remain effective until terminated by the Secretary.

“(D) FACTORS.—In making a determination under this paragraph, the Secretary concerned shall consider—

“(i) the risk of unprocessed timber of that species, grade, and size being exported or used in substitution;

“(ii) the location of the unprocessed timber and the effect of the location on its being exported or used in substitution;

“(iii) the history of the person involved with respect to compliance with log painting and branding requirements; and

“(iv) any other factor that is relevant to determining the likelihood of the unprocessed timber being exported or used in substitution.

“(5) REPORTING.—

“(A) IN GENERAL.—Subject to subparagraph (B), the Secretary concerned shall issue regulations that impose reasonable documentation and reporting requirements if the benefits of the requirements outweigh the cost of complying with the requirements.

Regulations.

“(B) WAIVERS.—

“(i) IN GENERAL.—The Secretary concerned may waive documentation and reporting requirements for a person if—

“(I) an audit of the records of the facility of the person reveals substantial compliance with all notice, reporting, painting, and branding requirements during the preceding year; or

“(II) the person transferring the unprocessed timber and the person processing the unprocessed timber enter into an advance agreement with the Secretary concerned regarding the disposition of the unprocessed timber by domestic processing.

“(ii) REVIEW AND TERMINATION OF WAIVERS.—A waiver granted under clause (i)—

“(I) shall, to the maximum extent practicable, be reviewed once a year; and

“(II) shall remain effective until terminated by the Secretary.”.

Miccosukee
Settlement
Act of 1997.
Native
Americans.
Florida.
25 USC 1750
note.
25 USC 1750.

TITLE VII—MICCOSUKEE SETTLEMENT

SEC. 701. SHORT TITLE.—This title may be cited as the “Miccosukee Settlement Act of 1997”.

SEC. 702. CONGRESSIONAL FINDINGS.—Congress finds that:

(1) There is pending before the United States District Court for the Southern District of Florida a lawsuit by the Miccosukee Tribe that involves the taking of certain tribal lands in connection with the construction of highway Interstate 75 by the Florida Department of Transportation.

(2) The pendency of the lawsuit referred to in paragraph (1) clouds title of certain lands used in the maintenance and operation of the highway and hinders proper planning for future maintenance and operations.

(3) The Florida Department of Transportation, with the concurrence of the Board of Trustees of the Internal Improvements Trust Fund of the State of Florida, and the Miccosukee Tribe have executed an agreement for the purpose of resolving the dispute and settling the lawsuit.

(4) The agreement referred to in paragraph (3) requires the consent of Congress in connection with contemplated land transfers.

(5) The Settlement Agreement is in the interest of the Miccosukee Tribe, as the Tribe will receive certain monetary payments, new reservation lands to be held in trust by the United States, and other benefits.

(6) Land received by the United States pursuant to the Settlement Agreement is in consideration of Miccosukee Indian Reservation lands lost by the Miccosukee Tribe by virtue of transfer to the Florida Department of Transportation under the Settlement Agreement.

(7) The lands referred to in paragraph (6) as received by the United States will be held in trust by the United States for the use and benefit of the Miccosukee Tribe as Miccosukee Indian Reservation lands in compensation for the consideration given by the Tribe in the Settlement Agreement.

(8) Congress shares with the parties to the Settlement Agreement a desire to resolve the dispute and settle the lawsuit.

SEC. 703. DEFINITIONS.—In this title:

(1) BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENTS TRUST FUND.—The term “Board of Trustees of the Internal Improvements Trust Fund” means the agency of the State of Florida holding legal title to and responsible for trust administration of certain lands of the State of Florida, consisting of the Governor, Attorney General, Commissioner of Agriculture, Commissioner of Education, Controller, Secretary of State, and Treasurer of the State of Florida, who are Trustees of the Board.

25 USC 1750a.

(2) **FLORIDA DEPARTMENT OF TRANSPORTATION.**—The term “Florida Department of Transportation” means the executive branch department and agency of the State of Florida that—

(A) is responsible for the construction and maintenance of surface vehicle roads, existing pursuant to section 20.23, Florida Statutes; and

(B) has the authority to execute the Settlement Agreement pursuant to section 334.044, Florida Statutes.

(3) **LAWSUIT.**—The term “lawsuit” means the action in the United States District Court for the Southern District of Florida, entitled *Miccosukee Tribe of Indians of Florida v. State of Florida and Florida Department of Transportation, et al.*, docket No. 6285–Civ–Paine.

(4) **MICCOSUKEE LANDS.**—The term “Miccosukee lands” means lands that are—

(A) held in trust by the United States for the use and benefit of the Miccosukee Tribe as Miccosukee Indian Reservation lands; and

(B) identified pursuant to the Settlement Agreement for transfer to the Florida Department of Transportation.

(5) **MICCOSUKEE TRIBE; TRIBE.**—The terms “Miccosukee Tribe” and “Tribe” mean the Miccosukee Tribe of Indians of Florida, a tribe of American Indians recognized by the United States and organized under section 16 of the Act of June 18, 1934 (48 Stat. 987, chapter 576; 25 U.S.C. 476) and recognized by the State of Florida pursuant to chapter 285, Florida Statutes.

(6) **SECRETARY.**—The term “Secretary” means the Secretary of the Interior.

(7) **SETTLEMENT AGREEMENT; AGREEMENT.**—The terms “Settlement Agreement” and “Agreement” mean the assemblage of documents entitled “Settlement Agreement” (with incorporated exhibits) that—

(A) addresses the lawsuit; and

(B)(i) was signed on August 28, 1996, by Ben G. Watts (Secretary of the Florida Department of Transportation) and Billy Cypress (Chairman of the Miccosukee Tribe); and

(ii) after being signed, as described in clause (i), was concurred in by the Board of Trustees of the Internal Improvements Trust Fund of the State of Florida.

(8) **STATE OF FLORIDA.**—The term “State of Florida” means—

(A) all agencies or departments of the State of Florida, including the Florida Department of Transportation and the Board of Trustees of the Internal Improvements Trust Fund; and

(B) the State of Florida as a governmental entity.

SEC. 704. RATIFICATION.—The United States approves, ratifies, and confirms the Settlement Agreement. 25 USC 1750b.

SEC. 705. AUTHORITY OF SECRETARY.—As Trustee for the Miccosukee Tribe, the Secretary shall— 25 USC 1750c.

(1)(A) aid and assist in the fulfillment of the Settlement Agreement at all times and in a reasonable manner; and

(B) to accomplish the fulfillment of the Settlement Agreement in accordance with subparagraph (A), cooperate with and assist the Miccosukee Tribe;

(2) upon finding that the Settlement Agreement is legally sufficient and that the State of Florida has the necessary authority to fulfill the Agreement—

(A) sign the Settlement Agreement on behalf of the United States; and

(B) ensure that an individual other than the Secretary who is a representative of the Bureau of Indian Affairs also signs the Settlement Agreement;

(3) upon finding that all necessary conditions precedent to the transfer of Miccosukee land to the Florida Department of Transportation as provided in the Settlement Agreement have been or will be met so that the Agreement has been or will be fulfilled, but for the execution of that land transfer and related land transfers—

(A) transfer ownership of the Miccosukee land to the Florida Department of Transportation in accordance with the Settlement Agreement, including in the transfer solely and exclusively that Miccosukee land identified in the Settlement Agreement for transfer to the Florida Department of Transportation; and

(B) in conjunction with the land transfer referred to in subparagraph (A), transfer no land other than the land referred to in that subparagraph to the Florida Department of Transportation; and

(4) upon finding that all necessary conditions precedent to the transfer of Florida lands from the State of Florida to the United States have been or will be met so that the Agreement has been or will be fulfilled but for the execution of that land transfer and related land transfers, receive and accept in trust for the use and benefit of the Miccosukee Tribe ownership of all land identified in the Settlement Agreement for transfer to the United States.

25 USC 1750d.

SEC. 706. MICCOSUKEE INDIAN RESERVATION LANDS.—The lands transferred and held in trust for the Miccosukee Tribe under section 705(4) shall be Miccosukee Indian Reservation lands.

25 USC 1750e.

SEC. 707. MISCELLANEOUS. (a) RULE OF CONSTRUCTION.—Nothing in this Act or the Settlement Agreement shall—

(1) affect the eligibility of the Miccosukee Tribe or its members to receive any services or benefits under any program of the Federal Government; or

(2) diminish the trust responsibility of the United States to the Miccosukee Tribe and its members.

(b) NO REDUCTIONS IN PAYMENTS.—No payment made pursuant to this Act or the Settlement Agreement shall result in any reduction or denial of any benefits or services under any program of the Federal Government to the Miccosukee Tribe or its members, with respect to which the Tribe or the members of the Tribe are entitled or eligible because of the status of—

(1) the Miccosukee Tribe as a federally recognized Indian tribe; or

(2) any member of the Miccosukee Tribe as a member of the Tribe.

(c) TAXATION.—

(1) IN GENERAL.—

(A) MONEYS.—None of the moneys paid to the Miccosukee Tribe under this Act or the Settlement Agreement shall be taxable under Federal or State law.

(B) LANDS.—None of the lands conveyed to the Miccosukee Tribe under this Act or the Settlement Agreement shall be taxable under Federal or State law.

(2) PAYMENTS AND CONVEYANCES NOT TAXABLE EVENTS.—

No payment or conveyance referred to in paragraph (1) shall be considered to be a taxable event.

This Act may be cited as the “Department of the Interior and Related Agencies Appropriations Act, 1998”.

Approved November 14, 1997.

LEGISLATIVE HISTORY—H.R. 2107:

HOUSE REPORTS: Nos. 105–163 (Comm. on Appropriations) and 105–337 (Comm. of Conference).

SENATE REPORTS: No. 105–56 (Comm. on Appropriations).

CONGRESSIONAL RECORD, Vol. 143 (1997):

July 10, 11, 15, considered and passed House.

Sept. 11, 15–18, considered and passed Senate, amended.

Oct. 24, House agreed to conference report.

Oct. 28, Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Nov. 14, Presidential statement.

Nov. 20, President’s special message on line item veto.

FEDERAL REGISTER, Vol. 62 (1997):

Nov. 24, Cancellation of items pursuant to the Line Item Veto Act.



Public Law 105–84
105th Congress

Joint Resolution

Nov. 14, 1997
[H.J. Res. 106]

Making further continuing appropriations for the fiscal year 1998, and for other purposes.

Ante, p. 1456.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 106(3) of Public Law 105–46 is further amended by striking “November 14, 1997” and inserting in lieu thereof “November 26, 1997”, and each provision amended by sections 122 and 123 of such public law shall be applied as if “November 26, 1997” was substituted for “October 23, 1997”.

Approved November 14, 1997.

LEGISLATIVE HISTORY—H.J. Res. 106:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 13, considered and passed House and Senate.



Public Law 105–85
105th Congress

An Act

To authorize appropriations for fiscal year 1998 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes.

Nov. 18, 1997
[H.R. 1119]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled

SECTION 1. SHORT TITLE.

This Act may be cited as the “National Defense Authorization Act for Fiscal Year 1998”.

National Defense
Authorization
Act for Fiscal
Year 1998.

SEC. 2. ORGANIZATION OF ACT INTO DIVISIONS; TABLE OF CONTENTS.

(a) DIVISIONS.—This Act is organized into three divisions as follows:

- (1) Division A—Department of Defense Authorizations.
- (2) Division B—Military Construction Authorizations.
- (3) Division C—Department of Energy National Security Authorizations and Other Authorizations.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

- Sec. 1. Short title.
Sec. 2. Organization of Act into divisions; table of contents.
Sec. 3. Congressional defense committees defined.

**DIVISION A—DEPARTMENT OF DEFENSE
AUTHORIZATIONS**

TITLE I—PROCUREMENT

Subtitle A—Authorization of Appropriations

- Sec. 101. Army.
Sec. 102. Navy and Marine Corps.
Sec. 103. Air Force.
Sec. 104. Defense-wide activities.
Sec. 105. Reserve components.
Sec. 106. Defense Inspector General.
Sec. 107. Chemical Demilitarization Program.
Sec. 108. Defense health programs.
Sec. 109. Defense Export Loan Guarantee Program.

Subtitle B—Army Programs

- Sec. 111. Army helicopter modernization plan.
Sec. 112. Multiyear procurement authority for specified Army programs.
Sec. 113. M113 vehicle modifications.

Subtitle C—Navy Programs

- Sec. 121. New Attack Submarine program.
Sec. 122. CVN–77 nuclear aircraft carrier program.

Sec. 123. Exclusion from cost limitation for Seawolf submarine program.

Subtitle D—Air Force Programs

Sec. 131. Authorization for B–2 bomber program.

Sec. 132. ALR radar warning receivers.

Sec. 133. Analysis of requirements for replacement of engines on military aircraft derived from Boeing 707 aircraft.

Subtitle E—Other Matters

Sec. 141. Pilot program on sales of manufactured articles and services of certain Army industrial facilities without regard to availability from domestic sources.

Sec. 142. NATO Joint Surveillance/Target Attack Radar System.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

Subtitle A—Authorization of Appropriations

Sec. 201. Authorization of appropriations.

Sec. 202. Amount for basic and applied research.

Sec. 203. Dual-use technology program.

Sec. 204. Reduction in amount for Federally Funded Research and Development Centers.

Subtitle B—Program Requirements, Restrictions, and Limitations

Sec. 211. Manufacturing technology program.

Sec. 212. Report on operational field assessments program.

Sec. 213. Joint Strike Fighter program.

Sec. 214. Kinetic energy tactical anti-satellite technology program.

Sec. 215. Micro-satellite technology development program.

Sec. 216. High altitude endurance unmanned vehicle program.

Sec. 217. F–22 aircraft program.

Subtitle C—Ballistic Missile Defense Programs

Sec. 231. National Missile Defense Program.

Sec. 232. Budgetary treatment of amounts for procurement for ballistic missile defense programs.

Sec. 233. Cooperative Ballistic Missile Defense program.

Sec. 234. Annual report on threat posed to the United States by weapons of mass destruction, ballistic missiles, and cruise missiles.

Sec. 235. Director of Ballistic Missile Defense Organization.

Sec. 236. Repeal of required deployment dates for core theater missile defense programs.

Subtitle D—Other Matters

Sec. 241. Restructuring of National Oceanographic Partnership Program organizations.

Sec. 242. Maintenance and repair of real property at Air Force installations.

Sec. 243. Expansion of eligibility for the Defense Experimental Program to Stimulate Competitive Research.

Sec. 244. Bioassay testing of veterans exposed to ionizing radiation during military service.

Sec. 245. Sense of Congress regarding Comanche program.

TITLE III—OPERATION AND MAINTENANCE

Subtitle A—Authorization of Appropriations

Sec. 301. Operation and maintenance funding.

Sec. 302. Working capital funds.

Sec. 303. Armed Forces Retirement Home.

Sec. 304. Fisher House Trust Funds.

Sec. 305. Transfer from National Defense Stockpile Transaction Fund.

Sec. 306. Refurbishment of M1–A1 tanks.

Sec. 307. Operation of prepositioned fleet, National Training Center, Fort Irwin, California.

Sec. 308. Refurbishment and installation of air search radar.

Sec. 309. Contracted training flight services.

Sec. 310. Procurement technical assistance programs.

Sec. 311. Operation of Fort Chaffee, Arkansas.

Subtitle B—Military Readiness Issues

Sec. 321. Monthly reports on allocation of funds within operation and maintenance budget subactivities.

- Sec. 322. Expansion of scope of quarterly readiness reports.
- Sec. 323. Semiannual reports on transfers from high-priority readiness appropriations.
- Sec. 324. Annual report on aircraft inventory.
- Sec. 325. Administrative actions adversely affecting military training or other readiness activities.
- Sec. 326. Common measurement of operations tempo and personnel tempo.
- Sec. 327. Inclusion of Air Force depot maintenance as operation and maintenance budget line items.
- Sec. 328. Prohibition of implementation of tiered readiness system.
- Sec. 329. Report on military readiness requirements of the Armed Forces.
- Sec. 330. Assessment of cyclical readiness posture of the Armed Forces.
- Sec. 331. Report on military exercises conducted under certain training exercises programs.
- Sec. 332. Report on overseas deployments.

Subtitle C—Environmental Provisions

- Sec. 341. Revision of membership terms for Strategic Environmental Research and Development Program Scientific Advisory Board.
- Sec. 342. Amendments to authority to enter into agreements with other agencies in support of environmental technology certification.
- Sec. 343. Modifications of authority to store and dispose of nondefense toxic and hazardous materials.
- Sec. 344. Annual report on payments and activities in response to fines and penalties assessed under environmental laws.
- Sec. 345. Annual report on environmental activities of the Department of Defense overseas.
- Sec. 346. Review of existing environmental consequences of the presence of the Armed Forces in Bermuda.
- Sec. 347. Sense of Congress on deployment of United States Armed Forces abroad for environmental preservation activities.
- Sec. 348. Recovery and sharing of costs of environmental restoration at Department of Defense sites.
- Sec. 349. Partnerships for investment in innovative environmental technologies.
- Sec. 350. Procurement of recycled copier paper.
- Sec. 351. Pilot program for the sale of air pollution emission reduction incentives.

Subtitle D—Depot-Level Activities

- Sec. 355. Definition of depot-level maintenance and repair.
- Sec. 356. Core logistics capabilities of Department of Defense.
- Sec. 357. Increase in percentage of depot-level maintenance and repair that may be contracted for performance by non-government personnel.
- Sec. 358. Annual report on depot-level maintenance and repair.
- Sec. 359. Requirement for use of competitive procedures in contracting for performance of depot-level maintenance and repair workloads formerly performed at closed or realigned military installations.
- Sec. 360. Clarification of prohibition on management of depot employees by constraints on personnel levels.
- Sec. 361. Centers of Industrial and Technical Excellence.
- Sec. 362. Extension of authority for aviation depots and naval shipyards to engage in defense-related production and services.
- Sec. 363. Repeal of a conditional repeal of certain depot-level maintenance and repair laws and a related reporting requirement.
- Sec. 364. Personnel reductions, Army depots participating in Army Workload and Performance System.
- Sec. 365. Report on allocation of core logistics activities among Department of Defense facilities and private sector facilities.
- Sec. 366. Review of use of temporary duty assignments for ship repair and maintenance.
- Sec. 367. Sense of Congress regarding realignment of performance of ground communication-electronic workload.

Subtitle E—Commissaries and Nonappropriated Fund Instrumentalities

- Sec. 371. Reorganization of laws regarding commissaries and exchanges and other morale, welfare, and recreation activities.
- Sec. 372. Merchandise and pricing requirements for commissary stores.
- Sec. 373. Limitation on noncompetitive procurement of brand-name commercial items for resale in commissary stores.
- Sec. 374. Treatment of revenues derived from commissary store activities.
- Sec. 375. Maintenance, repair, and renovation of Armed Forces Recreation Center, Europe.

- Sec. 376. Plan for use of public and private partnerships to benefit morale, welfare, and recreation activities.

Subtitle F—Other Matters

- Sec. 381. Assistance to local educational agencies that benefit dependents of members of the Armed Forces and Department of Defense civilian employees.
- Sec. 382. Center for Excellence in Disaster Management and Humanitarian Assistance.
- Sec. 383. Applicability of Federal printing requirements to Defense Automated Printing Service.
- Sec. 384. Study and notification requirements for conversion of commercial and industrial type functions to contractor performance.
- Sec. 385. Collection and retention of cost information data on converted services and functions.
- Sec. 386. Financial assistance to support additional duties assigned to Army National Guard.
- Sec. 387. Competitive procurement of printing and duplication services.
- Sec. 388. Continuation and expansion of demonstration program to identify overpayments made to vendors.
- Sec. 389. Development of standard forms regarding performance work statement and request for proposal for conversion of certain operational functions of military installations.
- Sec. 390. Base operations support for military installations on Guam.
- Sec. 391. Warranty claims recovery pilot program.
- Sec. 392. Program to investigate fraud, waste, and abuse within Department of Defense.
- Sec. 393. Multitechnology automated reader card demonstration program.
- Sec. 394. Reduction in overhead costs of Inventory Control Points.
- Sec. 395. Inventory management.

TITLE IV—MILITARY PERSONNEL AUTHORIZATIONS

Subtitle A—Active Forces

- Sec. 401. End strengths for active forces.
- Sec. 402. Permanent end strength levels to support two major regional contingencies.

Subtitle B—Reserve Forces

- Sec. 411. End strengths for Selected Reserve.
- Sec. 412. End strengths for Reserves on active duty in support of the Reserves.
- Sec. 413. End strengths for military technicians (dual status).

Subtitle C—Authorization of Appropriations

- Sec. 421. Authorization of appropriations for military personnel.

TITLE V—MILITARY PERSONNEL POLICY

Subtitle A—Officer Personnel Policy

- Sec. 501. Limitation on number of general and flag officers who may serve in positions outside their own service.
- Sec. 502. Exclusion of certain retired officers from limitation on period of recall to active duty.
- Sec. 503. Clarification of officers eligible for consideration by promotion boards.
- Sec. 504. Authority to defer mandatory retirement for age of officers serving as chaplains.
- Sec. 505. Increase in number of officers allowed to be frocked to grades of colonel and Navy captain.
- Sec. 506. Increased years of commissioned service for mandatory retirement of regular generals and admirals in grades above major general and rear admiral.
- Sec. 507. Uniform policy for requirement of exemplary conduct by commanding officers and others in authority.
- Sec. 508. Report on the command selection process for District Engineers of the Army Corps of Engineers.

Subtitle B—Reserve Component Matters

- Sec. 511. Individual Ready Reserve activation authority.
- Sec. 512. Termination of Mobilization Income Insurance Program.
- Sec. 513. Correction of inequities in medical and dental care and death and disability benefits for reserve members who incur or aggravate an illness in the line of duty.

- Sec. 514. Authority to permit non-unit assigned officers to be considered by vacancy promotion board to general officer grades.
- Sec. 515. Prohibition on use of Air Force Reserve AGR personnel for Air Force base security functions.
- Sec. 516. Involuntary separation of reserve officers in an inactive status.
- Sec. 517. Federal status of service by National Guard members as honor guards at funerals of veterans.

Subtitle C—Military Technicians

- Sec. 521. Authority to retain on the reserve active-status list until age 60 military technicians in the grade of brigadier general.
- Sec. 522. Military technicians (dual status).
- Sec. 523. Non-dual status military technicians.
- Sec. 524. Report on feasibility and desirability of conversion of AGR personnel to military technicians (dual status).

Subtitle D—Measures To Improve Recruit Quality and Reduce Recruit Attrition

- Sec. 531. Reform of military recruiting systems.
- Sec. 532. Improvements in medical prescreening of applicants for military service.
- Sec. 533. Improvements in physical fitness of recruits.

Subtitle E—Military Education and Training

PART I—OFFICER EDUCATION PROGRAMS

- Sec. 541. Requirement for candidates for admission to United States Naval Academy to take oath of allegiance.
- Sec. 542. Service academy foreign exchange program.
- Sec. 543. Reimbursement of expenses incurred for instruction at service academies of persons from foreign countries.
- Sec. 544. Continuation of support to senior military colleges.
- Sec. 545. Report on making United States nationals eligible for participation in Senior Reserve Officers' Training Corps.
- Sec. 546. Coordination of establishment and maintenance of Junior Reserve Officers' Training Corps units to maximize enrollment and enhance efficiency.

PART II—OTHER EDUCATION MATTERS

- Sec. 551. United States Naval Postgraduate School.
- Sec. 552. Community College of the Air Force.
- Sec. 553. Preservation of entitlement to educational assistance of members of the Selected Reserve serving on active duty in support of a contingency operation.

PART III—TRAINING OF ARMY DRILL SERGEANTS

- Sec. 556. Reform of Army drill sergeant selection and training process.
- Sec. 557. Training in human relations matters for Army drill sergeant trainees.

Subtitle F—Commission on Military Training and Gender-Related Issues

- Sec. 561. Establishment and composition of Commission.
- Sec. 562. Duties.
- Sec. 563. Administrative matters.
- Sec. 564. Termination of Commission.
- Sec. 565. Funding.
- Sec. 566. Subsequent consideration by Congress.

Subtitle G—Military Decorations and Awards

- Sec. 571. Purple Heart to be awarded only to members of the Armed Forces.
- Sec. 572. Eligibility for Armed Forces Expeditionary Medal for participation in Operation Joint Endeavor or Operation Joint Guard.
- Sec. 573. Waiver of time limitations for award of certain decorations to specified persons.
- Sec. 574. Clarification of eligibility of members of Ready Reserve for award of service medal for heroism.
- Sec. 575. One-year extension of period for receipt of recommendations for decorations and awards for certain military intelligence personnel.
- Sec. 576. Eligibility of certain World War II military organizations for award of unit decorations.
- Sec. 577. Retroactivity of Medal of Honor special pension.

Subtitle H—Military Justice Matters

- Sec. 581. Establishment of sentence of confinement for life without eligibility for parole.

- Sec. 582. Limitation on appeal of denial of parole for offenders serving life sentence.

Subtitle I—Other Matters

- Sec. 591. Sexual harassment investigations and reports.
Sec. 592. Sense of the Senate regarding study of matters relating to gender equity in the Armed Forces.
Sec. 593. Authority for personnel to participate in management of certain non-Federal entities.
Sec. 594. Treatment of participation of members in Department of Defense civil military programs.
Sec. 595. Comptroller General study of Department of Defense civil military programs.
Sec. 596. Establishment of public affairs specialty in the Army.
Sec. 597. Grade of defense attaché in France.
Sec. 598. Report on crew requirements of WC–130J aircraft.
Sec. 599. Improvement of missing persons authorities applicable to Department of Defense.

TITLE VI—COMPENSATION AND OTHER PERSONNEL BENEFITS

Subtitle A—Pay and Allowances

- Sec. 601. Increase in basic pay for fiscal year 1998.
Sec. 602. Reform of basic allowance for subsistence.
Sec. 603. Consolidation of basic allowance for quarters, variable housing allowance, and overseas housing allowances.
Sec. 604. Revision of authority to adjust compensation necessitated by reform of subsistence and housing allowances.
Sec. 605. Protection of total compensation of members while performing certain duty.

Subtitle B—Bonuses and Special and Incentive Pays

- Sec. 611. One-year extension of certain bonuses and special pay authorities for reserve forces.
Sec. 612. One-year extension of certain bonuses and special pay authorities for nurse officer candidates, registered nurses, and nurse anesthetists.
Sec. 613. One-year extension of authorities relating to payment of other bonuses and special pays.
Sec. 614. Increase in minimum monthly rate of hazardous duty incentive pay for certain members.
Sec. 615. Increase in aviation career incentive pay.
Sec. 616. Modification of aviation officer retention bonus.
Sec. 617. Availability of multiyear retention bonus for dental officers.
Sec. 618. Increase in variable and additional special pays for certain dental officers.
Sec. 619. Availability of special pay for duty at designated hardship duty locations.
Sec. 620. Definition of sea duty for purposes of career sea pay.
Sec. 621. Modification of Selected Reserve reenlistment bonus.
Sec. 622. Modification of Selected Reserve enlistment bonus for former enlisted members.
Sec. 623. Expansion of reserve affiliation bonus to include Coast Guard Reserve.
Sec. 624. Increase in special pay and bonuses for nuclear-qualified officers.
Sec. 625. Provision of bonuses in lieu of special pay for enlisted members extending tours of duty at designated locations overseas.
Sec. 626. Increase in amount of family separation allowance.
Sec. 627. Deadline for payment of Ready Reserve muster duty allowance.

Subtitle C—Travel and Transportation Allowances

- Sec. 631. Travel and transportation allowances for dependents before approval of member's court-martial sentence.
Sec. 632. Dislocation allowance.

Subtitle D—Retired Pay, Survivor Benefits, and Related Matters

- Sec. 641. One-year opportunity to discontinue participation in Survivor Benefit Plan.
Sec. 642. Time in which change in survivor benefit coverage from former spouse to spouse may be made.
Sec. 643. Review of Federal former spouse protection laws.
Sec. 644. Annuities for certain military surviving spouses.
Sec. 645. Administration of benefits for so-called minimum income widows.

Subtitle E—Other Matters

- Sec. 651. Loan repayment program for commissioned officers in certain health professions.

- Sec. 652. Conformance of NOAA commissioned officers separation pay to separation pay for members of other uniformed services.
- Sec. 653. Eligibility of Public Health Service officers and NOAA commissioned corps officers for reimbursement of adoption expenses.
- Sec. 654. Payment of back quarters and subsistence allowances to World War II veterans who served as guerrilla fighters in the Philippines.
- Sec. 655. Subsistence of members of the Armed Forces above the poverty level.

TITLE VII—HEALTH CARE PROVISIONS

Subtitle A—Health Care Services

- Sec. 701. Expansion of retiree dental insurance plan to include surviving spouse and child dependents of certain deceased members.
- Sec. 702. Provision of prosthetic devices to covered beneficiaries.
- Sec. 703. Study concerning the provision of comparative information.

Subtitle B—TRICARE Program

- Sec. 711. Addition of definition of TRICARE program to title 10.
- Sec. 712. Plan for expansion of managed care option of TRICARE program.

Subtitle C—Uniformed Services Treatment Facilities

- Sec. 721. Implementation of designated provider agreements for Uniformed Services Treatment Facilities.
- Sec. 722. Continued acquisition of reduced-cost drugs.
- Sec. 723. Limitation on total payments.

Subtitle D—Other Changes to Existing Laws Regarding Health Care Management

- Sec. 731. Improvements in health care coverage and access for members assigned to certain duty locations far from sources of care.
- Sec. 732. Waiver or reduction of copayments under overseas dental program.
- Sec. 733. Premium collection requirements for medical and dental insurance programs; extension of deadline for implementation of dental insurance program for military retirees.
- Sec. 734. Dental insurance plan coverage for retirees of the Public Health Service and NOAA.
- Sec. 735. Consistency between CHAMPUS and Medicare in payment rates for services.
- Sec. 736. Use of personal services contracts for provision of health care services and legal protection for providers.
- Sec. 737. Portability of State licenses for Department of Defense health care professionals.
- Sec. 738. Standard form and requirements regarding claims for payment for services.
- Sec. 739. Chiropractic health care demonstration program.

Subtitle E—Other Matters

- Sec. 741. Continued admission of civilians as students in physician assistant training program of Army Medical Department.
- Sec. 742. Payment for emergency health care overseas for military and civilian personnel of the On-Site Inspection Agency.
- Sec. 743. Authority for agreement for use of medical resource facility, Alamogordo, New Mexico.
- Sec. 744. Disclosures of cautionary information on prescription medications.
- Sec. 745. Competitive procurement of certain ophthalmic services.
- Sec. 746. Comptroller General study of adequacy and effect of maximum allowable charges for physicians under CHAMPUS.
- Sec. 747. Comptroller General study of Department of Defense pharmacy programs.
- Sec. 748. Comptroller General study of Navy graduate medical education program.
- Sec. 749. Study of expansion of pharmaceuticals by mail program to include additional Medicare-eligible covered beneficiaries.
- Sec. 750. Comptroller General study of requirement for military medical facilities in National Capital Region.
- Sec. 751. Report on policies and programs to promote healthy lifestyles for members of the Armed Forces and their dependents.
- Sec. 752. Sense of Congress regarding quality health care for retirees.

Subtitle F—Persian Gulf Illness

- Sec. 761. Definitions.
- Sec. 762. Plan for health care services for Persian Gulf veterans.

- Sec. 763. Comptroller General study of revised disability criteria for physical evaluation boards.
- Sec. 764. Medical care for certain reserves who served in Southwest Asia during the Persian Gulf War.
- Sec. 765. Improved medical tracking system for members deployed overseas in contingency or combat operations.
- Sec. 766. Notice of use of investigational new drugs or drugs unapproved for their applied use.
- Sec. 767. Report on plans to track location of members in a theater of operations.
- Sec. 768. Sense of Congress regarding the deployment of specialized units for detecting and monitoring chemical, biological, and similar hazards in a theater of operations.
- Sec. 769. Report on effectiveness of research efforts regarding Gulf War illnesses.
- Sec. 770. Persian Gulf illness clinical trials program.
- Sec. 771. Sense of Congress concerning Gulf War illness.

**TITLE VIII—ACQUISITION POLICY, ACQUISITION MANAGEMENT, AND
RELATED MATTERS**

**Subtitle A—Amendments to General Contracting Authorities, Procedures,
and Limitations**

- Sec. 801. Expansion of authority to enter into contracts crossing fiscal years to all severable service contracts not exceeding a year.
- Sec. 802. Vesting of title in the United States under contracts paid under progress payment arrangements or similar arrangements.
- Sec. 803. Restriction on undefinitized contract actions.
- Sec. 804. Limitation and report on payment of restructuring costs under defense contracts.
- Sec. 805. Increased price limitation on purchases of right-hand drive vehicles.
- Sec. 806. Multiyear procurement contracts.
- Sec. 807. Audit of procurement of military clothing and clothing-related items by military installations in the United States.
- Sec. 808. Limitation on allowability of compensation for certain contractor personnel.
- Sec. 809. Elimination of certification requirement for grants.
- Sec. 810. Repeal of limitation on adjustment of shipbuilding contracts.
- Sec. 811. Item-by-item and country-by-country waivers of domestic source limitations.

Subtitle B—Acquisition Assistance Programs

- Sec. 821. One-year extension of pilot mentor-protégé program.
- Sec. 822. Test program for negotiation of comprehensive subcontracting plans.

Subtitle C—Administrative Provisions

- Sec. 831. Retention of expired funds during the pendency of contract litigation.
- Sec. 832. Protection of certain information from disclosure.
- Sec. 833. Unit cost reports.
- Sec. 834. Plan for providing contracting information to general public and small businesses.
- Sec. 835. Two-year extension of crediting of certain purchases toward meeting subcontracting goals.

Subtitle D—Other Matters

- Sec. 841. Repeal of certain acquisition requirements and reports.
- Sec. 842. Use of major range and test facility installations by commercial entities.
- Sec. 843. Requirement to develop and maintain list of firms not eligible for defense contracts.
- Sec. 844. Sense of Congress regarding allowability of costs of employee stock ownership plans.
- Sec. 845. Expansion of personnel eligible to participate in demonstration project relating to acquisition workforce.
- Sec. 846. Time for submission of annual report relating to Buy American Act.
- Sec. 847. Repeal of requirement for contractor guarantees on major weapon systems.
- Sec. 848. Requirements relating to micro-purchases.
- Sec. 849. Promotion rate for officers in an acquisition corps.
- Sec. 850. Use of electronic commerce in Federal procurement.
- Sec. 851. Conformance of policy on performance based management of civilian acquisition programs with policy established for defense acquisition programs.

- Sec. 852. Modification of process requirements for the solutions-based contracting pilot program.
- Sec. 853. Guidance and standards for defense acquisition workforce training requirements.
- Sec. 854. Study and report to Congress assessing dependence on foreign sources for resistors and capacitors.
- Sec. 855. Department of Defense and Federal Prison Industries joint study.

**TITLE IX—DEPARTMENT OF DEFENSE ORGANIZATION AND
MANAGEMENT**

**Subtitle A—Department of Defense Positions and Organizations and Other
General Matters**

- Sec. 901. Assistants to the Chairman of the Joint Chiefs of Staff for National Guard matters and for Reserve matters.
- Sec. 902. Use of CINC Initiative Fund for force protection.
- Sec. 903. Revision to required frequency for provision of policy guidance for contingency plans.
- Sec. 904. Annual justification for Department of Defense advisory committees.
- Sec. 905. Airborne reconnaissance management.
- Sec. 906. Termination of the Armed Services Patent Advisory Board.
- Sec. 907. Coordination of Department of Defense criminal investigations and audits.

Subtitle B—Department of Defense Personnel Management

- Sec. 911. Reduction in personnel assigned to management headquarters and headquarters support activities.
- Sec. 912. Defense acquisition workforce.

Subtitle C—Department of Defense Schools and Centers

- Sec. 921. Professional military education schools.
- Sec. 922. Center for Hemispheric Defense Studies.
- Sec. 923. Correction to reference to George C. Marshall European Center for Security Studies.

Subtitle D—Department of Defense Intelligence-Related Matters

- Sec. 931. Transfer of certain military department programs from TIARA budget aggregation.
- Sec. 932. Report on coordination of access of commanders and deployed units to intelligence collected and analyzed by the intelligence community.
- Sec. 933. Protection of imagery, imagery intelligence, and geospatial information and data.
- Sec. 934. POW/MIA intelligence analysis.

TITLE X—GENERAL PROVISIONS

Subtitle A—Financial Matters

- Sec. 1001. Transfer authority.
- Sec. 1002. Incorporation of classified annex.
- Sec. 1003. Authority for obligation of unauthorized fiscal year 1997 defense appropriations.
- Sec. 1004. Authorization of prior emergency supplemental appropriations for fiscal year 1997.
- Sec. 1005. Increase in fiscal year 1996 transfer authority.
- Sec. 1006. Revision of authority for Fisher House trust funds.
- Sec. 1007. Flexibility in financing closure of certain outstanding contracts for which a small final payment is due.
- Sec. 1008. Biennial financial management improvement plan.
- Sec. 1009. Estimates and requests for procurement and military construction for the reserve components.
- Sec. 1010. Sense of Congress regarding funding for reserve component modernization not requested in President's budget.
- Sec. 1011. Management of working-capital funds.
- Sec. 1012. Authority of Secretary of Defense to settle claims relating to pay, allowances, and other benefits.
- Sec. 1013. Payment of claims by members for loss of personal property due to flooding in Red River Basin.
- Sec. 1014. Advances for payment of public services.
- Sec. 1015. United States Man and the Biosphere Program limitation.

Subtitle B—Naval Vessels and Shipyards

- Sec. 1021. Procedures for sale of vessels stricken from the Naval Vessel Register.

- Sec. 1022. Authority to enter into a long-term charter for a vessel in support of the Surveillance Towed-Array Sensor (SURTASS) program.
- Sec. 1023. Transfer of two specified obsolete tugboats of the Army.
- Sec. 1024. Congressional review period with respect to transfer of ex-U.S.S. Hornet (CV–12) and ex-U.S.S. Midway (CV–41).
- Sec. 1025. Transfers of naval vessels to certain foreign countries.
- Sec. 1026. Reports relating to export of vessels that may contain polychlorinated biphenyls.
- Sec. 1027. Conversion of defense capability preservation authority to Navy ship-building capability preservation authority.

Subtitle C—Counter-Drug Activities

- Sec. 1031. Use of National Guard for State drug interdiction and counter-drug activities.
- Sec. 1032. Authority to provide additional support for counter-drug activities of Mexico.
- Sec. 1033. Authority to provide additional support for counter-drug activities of Peru and Colombia.
- Sec. 1034. Annual report on development and deployment of narcotics detection technologies.

Subtitle D—Miscellaneous Report Requirements and Repeals

- Sec. 1041. Repeal of miscellaneous reporting requirements.
- Sec. 1042. Study of transfer of modular airborne fire fighting system.
- Sec. 1043. Overseas infrastructure requirements.
- Sec. 1044. Additional matters for annual report on activities of the General Accounting Office.
- Sec. 1045. Eye safety at small arms firing ranges.
- Sec. 1046. Reports on Department of Defense procedures for investigating military aviation accidents and for notifying and assisting families of victims.

Subtitle E—Matters Relating to Terrorism

- Sec. 1051. Oversight of counterterrorism and antiterrorism activities; report.
- Sec. 1052. Provision of adequate troop protection equipment for Armed Forces personnel engaged in peace operations; report on antiterrorism activities and protection of personnel.

Subtitle F—Matters Relating to Defense Property

- Sec. 1061. Lease of nonexcess personal property of military departments.
- Sec. 1062. Lease of nonexcess property of Defense Agencies.
- Sec. 1063. Donation of excess chapel property to churches damaged or destroyed by arson or other acts of terrorism.
- Sec. 1064. Authority of the Secretary of Defense concerning disposal of assets under cooperative agreements on air defense in Central Europe.
- Sec. 1065. Sale of excess, obsolete, or unserviceable ammunition and ammunition components.
- Sec. 1066. Transfer of B–17 aircraft to museum.
- Sec. 1067. Report on disposal of excess and surplus materials.

Subtitle G—Other Matters

- Sec. 1071. Authority for special agents of the Defense Criminal Investigative Service to execute warrants and make arrests.
- Sec. 1072. Study of investigative practices of military criminal investigative organizations relating to sex crimes.
- Sec. 1073. Technical and clerical amendments.
- Sec. 1074. Sustainment and operation of the Global Positioning System.
- Sec. 1075. Protection of safety-related information voluntarily provided by air carriers.
- Sec. 1076. National Guard Challenge Program to create opportunities for civilian youth.
- Sec. 1077. Disqualification from certain burial-related benefits for persons convicted of capital crimes.
- Sec. 1078. Restrictions on the use of human subjects for testing of chemical or biological agents.
- Sec. 1079. Treatment of military flight operations.
- Sec. 1080. Naturalization of certain foreign nationals who serve honorably in the Armed Forces during a period of conflict.
- Sec. 1081. Applicability of certain pay authorities to members of specified independent study organizations.
- Sec. 1082. Display of POW/MIA flag.

- Sec. 1083. Program to commemorate 50th anniversary of the Korean conflict.
- Sec. 1084. Commendation of members of the Armed Forces and Government civilian personnel who served during the Cold War; certificate of recognition.
- Sec. 1085. Sense of Congress on granting of statutory Federal charters.
- Sec. 1086. Sense of Congress regarding military voting rights.
- Sec. 1087. Designation of Bob Hope as an honorary veteran of the Armed Forces of the United States.
- Sec. 1088. Five-year extension of aviation insurance program.

TITLE XI—DEPARTMENT OF DEFENSE CIVILIAN PERSONNEL

- Sec. 1101. Use of prohibited constraints to manage Department of Defense personnel.
- Sec. 1102. Veterans' preference status for certain veterans who served on active duty during the Persian Gulf War.
- Sec. 1103. Repeal of deadline for placement consideration of involuntarily separated military reserve technicians.
- Sec. 1104. Rate of pay of Department of Defense overseas teachers upon transfer to General Schedule position.
- Sec. 1105. Garnishment and involuntary allotment.
- Sec. 1106. Extension and revision of voluntary separation incentive pay authority.
- Sec. 1107. Use of approved fire-safe accommodations by Government employees on official business.
- Sec. 1108. Navy higher education pilot program regarding administration of business relationships between Government and private sector.
- Sec. 1109. Authority for Marine Corps University to employ civilian faculty members.

TITLE XII—MATTERS RELATING TO OTHER NATIONS

Subtitle A—United States Armed Forces in Bosnia and Herzegovina

- Sec. 1201. Findings.
- Sec. 1202. Sense of Congress.
- Sec. 1203. Withdrawal of United States ground forces from Republic of Bosnia and Herzegovina.
- Sec. 1204. Secretary of Defense reports on tasks carried out by United States forces.
- Sec. 1205. Presidential report on situation in Republic of Bosnia and Herzegovina.
- Sec. 1206. Definitions.

Subtitle B—Export Controls on High Performance Computers

- Sec. 1211. Export approvals for high performance computers.
- Sec. 1212. Report on exports of high performance computers.
- Sec. 1213. Post-shipment verification of export of high performance computers.
- Sec. 1214. GAO study on certain computers; end user information assistance.
- Sec. 1215. Congressional committees.

Subtitle C—Other Matters

- Sec. 1221. Defense burdensharing.
- Sec. 1222. Temporary use of general purpose vehicles and nonlethal military equipment under acquisition and cross servicing agreements.
- Sec. 1223. Sense of Congress and reports regarding financial costs of enlargement of the North Atlantic Treaty Organization.
- Sec. 1224. Sense of Congress regarding enlargement of the North Atlantic Treaty Organization.
- Sec. 1225. Sense of the Congress relating to level of United States military personnel in the East Asia and Pacific region.
- Sec. 1226. Report on future military capabilities and strategy of the People's Republic of China.
- Sec. 1227. Sense of Congress on need for Russian openness on the Yamantau Mountain project.
- Sec. 1228. Assessment of the Cuban threat to United States national security.
- Sec. 1229. Report on Helsinki Joint statement.
- Sec. 1230. Commendation of Mexico on free and fair elections.
- Sec. 1231. Sense of Congress regarding Cambodia.
- Sec. 1232. Congratulating Governor Christopher Patten of Hong Kong.

TITLE XIII—ARMS CONTROL AND RELATED MATTERS

- Sec. 1301. Presidential report concerning detargeting of Russian strategic missiles.
- Sec. 1302. Limitation on retirement or dismantlement of strategic nuclear delivery systems.
- Sec. 1303. Assistance for facilities subject to inspection under the Chemical Weapons Convention.

- Sec. 1304. Transfers of authorizations for high-priority counterproliferation programs.
- Sec. 1305. Advice to the President and Congress regarding the safety, security, and reliability of United States nuclear weapons stockpile.
- Sec. 1306. Reconstitution of commission to assess the ballistic missile threat to the United States.
- Sec. 1307. Sense of Congress regarding the relationship between United States obligations under the Chemical Weapons Convention and environmental laws.
- Sec. 1308. Extension of counterproliferation authorities for support of United Nations Special Commission on Iraq.
- Sec. 1309. Annual report on moratorium on use by Armed Forces of antipersonnel landmines.

TITLE XIV—COOPERATIVE THREAT REDUCTION WITH STATES OF FORMER SOVIET UNION

- Sec. 1401. Specification of Cooperative Threat Reduction programs and funds.
- Sec. 1402. Funding allocations.
- Sec. 1403. Prohibition on use of funds for specified purposes.
- Sec. 1404. Limitation on use of funds for projects related to START II Treaty until submission of certification.
- Sec. 1405. Limitation on use of funds for chemical weapons destruction facility.
- Sec. 1406. Limitation on use of funds for destruction of chemical weapons.
- Sec. 1407. Limitation on use of funds for storage facility for Russian fissile material.
- Sec. 1408. Limitation on use of funds for weapons storage security.
- Sec. 1409. Report on issues regarding payment of taxes, duties, and other assessments on assistance provided to Russia under Cooperative Threat Reduction programs.
- Sec. 1410. Availability of funds.

TITLE XV—FEDERAL CHARTER FOR THE AIR FORCE SERGEANTS ASSOCIATION

- Sec. 1501. Recognition and grant of Federal charter.
- Sec. 1502. Powers.
- Sec. 1503. Purposes.
- Sec. 1504. Service of process.
- Sec. 1505. Membership.
- Sec. 1506. Board of directors.
- Sec. 1507. Officers.
- Sec. 1508. Restrictions.
- Sec. 1509. Liability.
- Sec. 1510. Maintenance and inspection of books and records.
- Sec. 1511. Audit of financial transactions.
- Sec. 1512. Annual report.
- Sec. 1513. Reservation of right to alter, amend, or repeal charter.
- Sec. 1514. Tax-exempt status required as condition of charter.
- Sec. 1515. Termination.
- Sec. 1516. Definition of State.

DIVISION B—MILITARY CONSTRUCTION AUTHORIZATIONS

- Sec. 2001. Short title.

TITLE XXI—ARMY

- Sec. 2101. Authorized Army construction and land acquisition projects.
- Sec. 2102. Family housing.
- Sec. 2103. Improvements to military family housing units.
- Sec. 2104. Authorization of appropriations, Army.
- Sec. 2105. Correction in authorized uses of funds, Fort Irwin, California.

TITLE XXII—NAVY

- Sec. 2201. Authorized Navy construction and land acquisition projects.
- Sec. 2202. Family housing.
- Sec. 2203. Improvements to military family housing units.
- Sec. 2204. Authorization of appropriations, Navy.
- Sec. 2205. Authorization of military construction project at Naval Station, Pascagoula, Mississippi, for which funds have been appropriated.

- Sec. 2206. Increase in authorization for military construction projects at Naval Station Roosevelt Roads, Puerto Rico.

TITLE XXIII—AIR FORCE

- Sec. 2301. Authorized Air Force construction and land acquisition projects.
Sec. 2302. Family housing.
Sec. 2303. Improvements to military family housing units.
Sec. 2304. Authorization of appropriations, Air Force.
Sec. 2305. Authorization of military construction project at McConnell Air Force Base, Kansas, for which funds have been appropriated.

TITLE XXIV—DEFENSE AGENCIES

- Sec. 2401. Authorized Defense Agencies construction and land acquisition projects.
Sec. 2402. Military housing planning and design.
Sec. 2403. Improvements to military family housing units.
Sec. 2404. Energy conservation projects.
Sec. 2405. Authorization of appropriations, Defense Agencies.
Sec. 2406. Clarification of authority relating to fiscal year 1997 project at Naval Station, Pearl Harbor, Hawaii.
Sec. 2407. Correction in authorized uses of funds, McClellan Air Force Base, California.
Sec. 2408. Modification of authority to carry out certain fiscal year 1995 projects.

TITLE XXV—NORTH ATLANTIC TREATY ORGANIZATION SECURITY INVESTMENT PROGRAM

- Sec. 2501. Authorized NATO construction and land acquisition projects.
Sec. 2502. Authorization of appropriations, NATO.

TITLE XXVI—GUARD AND RESERVE FORCES FACILITIES

- Sec. 2601. Authorized Guard and Reserve construction and land acquisition projects.
Sec. 2602. Authorization of military construction projects for which funds have been appropriated.
Sec. 2603. Army Reserve construction project, Camp Williams, Utah.

TITLE XXVII—EXPIRATION AND EXTENSION OF AUTHORIZATIONS

- Sec. 2701. Expiration of authorizations and amounts required to be specified by law.
Sec. 2702. Extension of authorizations of certain fiscal year 1995 projects.
Sec. 2703. Extension of authorizations of certain fiscal year 1994 projects.
Sec. 2704. Extension of authorizations of certain fiscal year 1993 projects.
Sec. 2705. Extension of authorizations of certain fiscal year 1992 projects.
Sec. 2706. Extension of availability of funds for construction of relocatable over-the-horizon radar, Naval Station Roosevelt Roads, Puerto Rico.
Sec. 2707. Effective date.

TITLE XXVIII—GENERAL PROVISIONS

Subtitle A—Military Construction Program and Military Family Housing Changes

- Sec. 2801. Use of mobility enhancement funds for unspecified minor construction.
Sec. 2802. Limitation on use of operation and maintenance funds for facility repair projects.
Sec. 2803. Leasing of military family housing, United States Southern Command, Miami, Florida.
Sec. 2804. Use of financial incentives provided as part of energy savings and water conservation activities.
Sec. 2805. Congressional notification requirements regarding use of Department of Defense housing funds for investments in nongovernmental entities.

Subtitle B—Real Property and Facilities Administration

- Sec. 2811. Increase in ceiling for minor land acquisition projects.
Sec. 2812. Permanent authority regarding conveyance of utility systems.
Sec. 2813. Administrative expenses for certain real property transactions.
Sec. 2814. Screening of real property to be conveyed by Department of Defense.
Sec. 2815. Disposition of proceeds from sale of Air Force Plant 78, Brigham City, Utah.
Sec. 2816. Fire protection and hazardous materials protection at Fort Meade, Maryland.

Subtitle C—Defense Base Closure and Realignment

- Sec. 2821. Consideration of military installations as sites for new Federal facilities.

- Sec. 2822. Adjustment and diversification assistance to enhance performance of military family support services by private sector sources.
- Sec. 2823. Security, fire protection, and other services at property formerly associated with Red River Army Depot, Texas.
- Sec. 2824. Report on closure and realignment of military installations.
- Sec. 2825. Sense of Senate regarding utilization of savings derived from base closure process.
- Sec. 2826. Prohibition against certain conveyances of property at Naval Station, Long Beach, California.

Subtitle D—Land Conveyances

PART I—ARMY CONVEYANCES

- Sec. 2831. Land conveyance, Army Reserve Center, Greensboro, Alabama.
- Sec. 2832. Land conveyance, James T. Coker Army Reserve Center, Durant, Oklahoma.
- Sec. 2833. Land conveyance, Gibson Army Reserve Center, Chicago, Illinois.
- Sec. 2834. Land conveyance, Fort A. P. Hill, Virginia.
- Sec. 2835. Land conveyances, Fort Dix, New Jersey.
- Sec. 2836. Land conveyances, Fort Bragg, North Carolina.
- Sec. 2837. Land conveyance, Hawthorne Army Ammunition Depot, Mineral County, Nevada.
- Sec. 2838. Expansion of land conveyance authority, Indiana Army Ammunition Plant, Charlestown, Indiana.
- Sec. 2839. Modification of land conveyance, Lompoc, California.
- Sec. 2840. Modification of land conveyance, Rocky Mountain Arsenal, Colorado.
- Sec. 2841. Correction of land conveyance authority, Army Reserve Center, Anderson, South Carolina.

PART II—NAVY CONVEYANCES

- Sec. 2851. Land conveyance, Topsham Annex, Naval Air Station, Brunswick, Maine.
- Sec. 2852. Land conveyance, Naval Weapons Industrial Reserve Plant No. 464, Oyster Bay, New York.
- Sec. 2853. Correction of lease authority, Naval Air Station, Meridian, Mississippi.

PART III—AIR FORCE CONVEYANCES

- Sec. 2861. Land transfer, Eglin Air Force Base, Florida.
- Sec. 2862. Land conveyance, March Air Force Base, California.
- Sec. 2863. Land conveyance, Ellsworth Air Force Base, South Dakota.
- Sec. 2864. Land conveyance, Hancock Field, Syracuse, New York.
- Sec. 2865. Land conveyance, Havre Air Force Station, Montana, and Havre Training Site, Montana.
- Sec. 2866. Land conveyance, Charleston Family Housing Complex, Bangor, Maine.
- Sec. 2867. Study of land exchange options, Shaw Air Force Base, South Carolina.

Subtitle E—Other Matters

- Sec. 2871. Repeal of requirement to operate Naval Academy dairy farm.
- Sec. 2872. Long-term lease of property, Naples, Italy.
- Sec. 2873. Designation of military family housing at Lackland Air Force Base, Texas, in honor of Frank Tejeda, a former Member of the House of Representatives.
- Sec. 2874. Fiber-optics based telecommunications linkage of military installations.

TITLE XXIX—SIKES ACT IMPROVEMENT

- Sec. 2901. Short title.
- Sec. 2902. Definition of Sikes Act for purposes of amendments.
- Sec. 2903. Codification of short title of Act.
- Sec. 2904. Preparation of integrated natural resources management plans.
- Sec. 2905. Review for preparation of integrated natural resources management plans.
- Sec. 2906. Transfer of wildlife conservation fees from closed military installations.
- Sec. 2907. Annual reviews and reports.
- Sec. 2908. Cooperative agreements.
- Sec. 2909. Federal enforcement.
- Sec. 2910. Natural resources management services.
- Sec. 2911. Definitions.
- Sec. 2912. Repeal of superseded provision.
- Sec. 2913. Technical amendments.
- Sec. 2914. Authorizations of appropriations.

**DIVISION C—DEPARTMENT OF ENERGY NATIONAL
SECURITY AUTHORIZATIONS AND OTHER AUTHORIZA-
TIONS****TITLE XXXI—DEPARTMENT OF ENERGY NATIONAL SECURITY
PROGRAMS****Subtitle A—National Security Programs Authorizations**

- Sec. 3101. Weapons activities.
- Sec. 3102. Environmental restoration and waste management.
- Sec. 3103. Other defense activities.
- Sec. 3104. Defense nuclear waste disposal.

Subtitle B—Recurring General Provisions

- Sec. 3121. Reprogramming.
- Sec. 3122. Limits on general plant projects.
- Sec. 3123. Limits on construction projects.
- Sec. 3124. Fund transfer authority.
- Sec. 3125. Authority for conceptual and construction design.
- Sec. 3126. Authority for emergency planning, design, and construction activities.
- Sec. 3127. Funds available for all national security programs of the Department of Energy.
- Sec. 3128. Availability of funds.
- Sec. 3129. Transfers of defense environmental management funds.

Subtitle C—Program Authorizations, Restrictions, and Limitations

- Sec. 3131. Memorandum of understanding for use of national laboratories for ballistic missile defense programs.
- Sec. 3132. Defense environmental management privatization projects.
- Sec. 3133. International cooperative stockpile stewardship.
- Sec. 3134. Modernization of enduring nuclear weapons complex.
- Sec. 3135. Tritium production.
- Sec. 3136. Processing, treatment, and disposition of spent nuclear fuel rods and other legacy nuclear materials at the Savannah River Site.
- Sec. 3137. Limitations on use of funds for laboratory directed research and development purposes.
- Sec. 3138. Pilot program relating to use of proceeds of disposal or utilization of certain Department of Energy assets.
- Sec. 3139. Modification and extension of authority relating to appointment of certain scientific, engineering, and technical personnel.
- Sec. 3140. Limitation on use of funds for subcritical nuclear weapons tests.
- Sec. 3141. Limitation on use of certain funds until future use plans are submitted.

Subtitle D—Other Matters

- Sec. 3151. Plan for stewardship, management, and certification of warheads in the nuclear weapons stockpile.
- Sec. 3152. Repeal of obsolete reporting requirements.
- Sec. 3153. Study and funding relating to implementation of workforce restructuring plans.
- Sec. 3154. Report and plan for external oversight of national laboratories.
- Sec. 3155. University-based research collaboration program.
- Sec. 3156. Stockpile stewardship program.
- Sec. 3157. Reports on advanced supercomputer sales to certain foreign nations.
- Sec. 3158. Transfers of real property at certain Department of Energy facilities.
- Sec. 3159. Requirement to delegate certain authorities to site manager of Hanford Reservation.
- Sec. 3160. Submittal of biennial waste management reports.
- Sec. 3161. Department of Energy Security Management Board.
- Sec. 3162. Submittal of annual report on status of security functions at nuclear weapons facilities.
- Sec. 3163. Modification of authority on Commission on Maintaining United States Nuclear Weapons Expertise.
- Sec. 3164. Land transfer, Bandelier National Monument.
- Sec. 3165. Final settlement of Department of Energy community assistance obligations with respect to Los Alamos National Laboratory, New Mexico.
- Sec. 3166. Sense of Congress regarding the Y–12 Plant in Oak Ridge, Tennessee.
- Sec. 3167. Support for public education in the vicinity of Los Alamos National Laboratory, New Mexico.
- Sec. 3168. Improvements to Greenville Road, Livermore, California.

- Sec. 3169. Report on alternative system for availability of funds.
- Sec. 3170. Report on remediation under the Formerly Utilized Sites Remedial Action Program.

TITLE XXXII—DEFENSE NUCLEAR FACILITIES SAFETY BOARD

- Sec. 3201. Authorization.
- Sec. 3202. Report on external regulation of defense nuclear facilities.

TITLE XXXIII—NATIONAL DEFENSE STOCKPILE

- Sec. 3301. Definitions.
- Sec. 3302. Authorized uses of stockpile funds.
- Sec. 3303. Disposal of beryllium copper master alloy in National Defense Stockpile.
- Sec. 3304. Disposal of titanium sponge in National Defense Stockpile.
- Sec. 3305. Disposal of cobalt in National Defense Stockpile.
- Sec. 3306. Required procedures for disposal of strategic and critical materials.
- Sec. 3307. Return of surplus platinum from the Department of the Treasury.

TITLE XXXIV—NAVAL PETROLEUM RESERVES

- Sec. 3401. Authorization of appropriations.
- Sec. 3402. Price requirement on sale of certain petroleum during fiscal year 1998.
- Sec. 3403. Repeal of requirement to assign Navy officers to Office of Naval Petroleum and Oil Shale Reserves.
- Sec. 3404. Transfer of jurisdiction, Naval Oil Shale Reserves Numbered 1 and 3.

TITLE XXXV—PANAMA CANAL COMMISSION

Subtitle A—Authorization of Expenditures From Revolving Fund

- Sec. 3501. Short title.
- Sec. 3502. Authorization of expenditures.
- Sec. 3503. Purchase of vehicles.
- Sec. 3504. Expenditures only in accordance with treaties.

Subtitle B—Facilitation of Panama Canal Transition

- Sec. 3511. Short title; references.
- Sec. 3512. Definitions relating to canal transition.

PART I—TRANSITION MATTERS RELATING TO COMMISSION OFFICERS AND EMPLOYEES

- Sec. 3521. Authority for the Administrator of the Commission to accept appointment as the Administrator of the Panama Canal Authority.
- Sec. 3522. Post-Canal transfer personnel authorities.
- Sec. 3523. Enhanced authority of Commission to establish compensation of Commission officers and employees.
- Sec. 3524. Travel, transportation, and subsistence expenses for Commission personnel no longer subject to Federal travel regulation.
- Sec. 3525. Enhanced recruitment and retention authorities.
- Sec. 3526. Transition separation incentive payments.
- Sec. 3527. Labor-management relations.
- Sec. 3528. Availability of Panama Canal Revolving Fund for severance pay for certain employees separated by Panama Canal Authority after Canal Transfer Date.

PART II—TRANSITION MATTERS RELATING TO OPERATION AND ADMINISTRATION OF CANAL

- Sec. 3541. Establishment of procurement system and Board of Contract Appeals.
- Sec. 3542. Transactions with the Panama Canal Authority.
- Sec. 3543. Time limitations on filing of claims for damages.
- Sec. 3544. Tolls for small vessels.
- Sec. 3545. Date of actuarial evaluation of FECA liability.
- Sec. 3546. Appointment of notaries public.
- Sec. 3547. Commercial services.
- Sec. 3548. Transfer from President to Commission of certain regulatory functions relating to employment classification appeals.
- Sec. 3549. Enhanced printing authority.
- Sec. 3550. Technical and conforming amendments.

TITLE XXXVI—MARITIME ADMINISTRATION

- Sec. 3601. Authorization of appropriations for fiscal year 1998.
- Sec. 3602. Repeal of obsolete annual report requirement concerning relative cost of shipbuilding in the various coastal districts of the United States.
- Sec. 3603. Provisions relating to maritime security fleet program.

Sec. 3604. Authority to utilize replacement vessels and capacity.
Sec. 3605. Authority to convey National Defense Reserve Fleet vessel.
Sec. 3606. Determination of gross tonnage for purposes of tank vessel double hull requirements.

SEC. 3. CONGRESSIONAL DEFENSE COMMITTEES DEFINED.

For purposes of this Act, the term “congressional defense committees” means—

- (1) the Committee on Armed Services and the Committee on Appropriations of the Senate; and
- (2) the Committee on National Security and the Committee on Appropriations of the House of Representatives.

DIVISION A—DEPARTMENT OF DEFENSE AUTHORIZATIONS

TITLE I—PROCUREMENT

Subtitle A—Authorization of Appropriations

Sec. 101. Army.
Sec. 102. Navy and Marine Corps.
Sec. 103. Air Force.
Sec. 104. Defense-wide activities.
Sec. 105. Reserve components.
Sec. 106. Defense Inspector General.
Sec. 107. Chemical Demilitarization Program.
Sec. 108. Defense health programs.
Sec. 109. Defense Export Loan Guarantee Program.

Subtitle B—Army Programs

Sec. 111. Army helicopter modernization plan.
Sec. 112. Multiyear procurement authority for specified Army programs.
Sec. 113. M113 vehicle modifications.

Subtitle C—Navy Programs

Sec. 121. New Attack Submarine program.
Sec. 122. CVN-77 nuclear aircraft carrier program.
Sec. 123. Exclusion from cost limitation for Seawolf submarine program.

Subtitle D—Air Force Programs

Sec. 131. Authorization for B-2 bomber program.
Sec. 132. ALR radar warning receivers.
Sec. 133. Analysis of requirements for replacement of engines on military aircraft derived from Boeing 707 aircraft.

Subtitle E—Other Matters

Sec. 141. Pilot program on sales of manufactured articles and services of certain Army industrial facilities without regard to availability from domestic sources.
Sec. 142. NATO Joint Surveillance/Target Attack Radar System.

Subtitle A—Authorization of Appropriations

SEC. 101. ARMY.

Funds are hereby authorized to be appropriated for fiscal year 1998 for procurement for the Army as follows:

- (1) For aircraft, \$1,316,233,000.
- (2) For missiles, \$742,639,000.

(3) For weapons and tracked combat vehicles, \$1,297,641,000.

(4) For ammunition, \$1,011,193,000.

(5) For other procurement, \$2,566,208,000.

SEC. 102. NAVY AND MARINE CORPS.

(a) NAVY.—Funds are hereby authorized to be appropriated for fiscal year 1998 for procurement for the Navy as follows:

(1) For aircraft, \$6,437,330,000.

(2) For weapons, including missiles and torpedoes, \$1,089,443,000.

(3) For shipbuilding and conversion, \$8,195,269,000.

(4) For other procurement, \$2,970,867,000.

(b) MARINE CORPS.—Funds are hereby authorized to be appropriated for fiscal year 1998 for procurement for the Marine Corps in the amount of \$460,081,000.

(c) NAVY AND MARINE CORPS AMMUNITION.—Funds are hereby authorized to be appropriated for procurement of ammunition for the Navy and the Marine Corps in the amount of \$364,744,000.

SEC. 103. AIR FORCE.

Funds are hereby authorized to be appropriated for fiscal year 1998 for procurement for the Air Force as follows:

(1) For aircraft, \$6,425,749,000.

(2) For missiles, \$2,376,301,000.

(3) For ammunition, \$398,534,000.

(4) For other procurement, \$6,543,580,000.

SEC. 104. DEFENSE-WIDE ACTIVITIES.

Funds are hereby authorized to be appropriated for fiscal year 1998 for Defense-wide procurement in the amount of \$2,057,150,000.

SEC. 105. RESERVE COMPONENTS.

Funds are hereby authorized to be appropriated for fiscal year 1998 for procurement of aircraft, vehicles, communications equipment, and other equipment for the reserve components of the Armed Forces as follows:

(1) For the Army National Guard, \$70,000,000.

(2) For the Air National Guard, \$303,000,000.

(3) For the Army Reserve, \$75,000,000.

(4) For the Naval Reserve, \$80,000,000.

(5) For the Air Force Reserve, \$50,000,000.

(6) For the Marine Corps Reserve, \$65,000,000.

SEC. 106. DEFENSE INSPECTOR GENERAL.

Funds are hereby authorized to be appropriated for fiscal year 1998 for procurement for the Inspector General of the Department of Defense in the amount of \$1,800,000.

SEC. 107. CHEMICAL DEMILITARIZATION PROGRAM.

There is hereby authorized to be appropriated for fiscal year 1998 the amount of \$600,700,000 for—

(1) the destruction of lethal chemical agents and munitions in accordance with section 1412 of the Department of Defense Authorization Act, 1986 (50 U.S.C. 1521); and

(2) the destruction of chemical warfare materiel of the United States that is not covered by section 1412 of such Act.

SEC. 108. DEFENSE HEALTH PROGRAMS.

Funds are hereby authorized to be appropriated for fiscal year 1998 for the Department of Defense for procurement for carrying out health care programs, projects, and activities of the Department of Defense in the total amount of \$274,068,000.

SEC. 109. DEFENSE EXPORT LOAN GUARANTEE PROGRAM.

Funds are hereby authorized to be appropriated for fiscal year 1998 for the Department of Defense for carrying out the Defense Export Loan Guarantee Program under section 2540 of title 10, United States Code, in the total amount of \$1,231,000.

Subtitle B—Army Programs

SEC. 111. ARMY HELICOPTER MODERNIZATION PLAN.

(a) **LIMITATION.**—Not more than 80 percent of the total of the amounts authorized to be appropriated pursuant to section 101(1), 105(1), and 105(3) for modifications or upgrades of helicopters may be obligated before the date that is 30 days after the date on which the Secretary of the Army submits to the congressional defense committees a comprehensive plan for the modernization of the Army's helicopter fleet.

(b) **CONTENT OF PLAN.**—The plan required by subsection (a) shall include the following:

(1) A detailed assessment of the Army's present and future helicopter requirements and present and future helicopter inventory, including number of aircraft, age of aircraft, availability of spare parts, flight hour costs, roles and functions assigned to the fleet as a whole and to its individual types of aircraft, and the mix of active component aircraft and reserve component aircraft in the fleet.

(2) Estimates and analysis of requirements and funding proposed for procurement of new aircraft.

(3) An analysis of the requirements for and funding proposed for extended service plans or service life extension plans for fleet aircraft.

(4) A plan for retiring aircraft no longer required or capable of performing assigned functions, including a discussion of opportunities to eliminate older aircraft models and to focus future funding on current or future generation aircraft.

(5) The implications of the plan for the defense industrial base.

(c) **RELATIONSHIP TO FUTURE-YEARS DEFENSE PROGRAM.**—The Secretary of the Army shall design the plan under subsection (a) so that the plan could be implemented within the funding levels expected to be available for Army aircraft programs in the next future-years defense program to be submitted to Congress pursuant to section 221(a) of title 10, United States Code. The Secretary shall include in the plan a certification that the program of the Army prepared for inclusion in the future-years defense program submitted to Congress in 1998 pursuant to section 221(a) of title 10, United States Code, included full funding for implementation of the plan.

SEC. 112. MULTIYEAR PROCUREMENT AUTHORITY FOR SPECIFIED ARMY PROGRAMS.

(a) AH–64D LONGBOW APACHE FIRE CONTROL RADAR.—Beginning with the fiscal year 1998 program year, the Secretary of the Army may, in accordance with section 2306b of title 10, United States Code, enter into a multiyear procurement contract for procurement of the AH–64D Longbow Apache fire control radar.

(b) MEDIUM TACTICAL VEHICLES.—Beginning with the fiscal year 1998 program year, the Secretary of the Army may, in accordance with section 2306b of title 10, United States Code, enter into a multiyear procurement contract for procurement of vehicles of the Family of Medium Tactical Vehicles. The contract may be for a term of four years and may include an option to extend the contract for one additional year.

SEC. 113. M113 VEHICLE MODIFICATIONS.

Of the amount made available for the Army pursuant to section 101(3), \$35,244,000 shall be available only for the procurement and installation of A3 upgrade kits for the M113 vehicle.

Subtitle C—Navy Programs

SEC. 121. NEW ATTACK SUBMARINE PROGRAM.

(a) AMOUNTS AUTHORIZED FROM SCN ACCOUNT.—Of the amounts authorized to be appropriated by section 102(a)(3) for fiscal year 1998, \$2,599,800,000 is available for the New Attack Submarine Program.

(b) CONTRACT AUTHORITY.—(1) The Secretary of the Navy may enter into a contract for the procurement of four submarines under the New Attack Submarine program.

(2) Any contract entered into under paragraph (1)—

(A) shall, notwithstanding section 2304(k) of title 10, United States Code, be awarded to one of the two eligible shipbuilders as the prime contractor on the condition that the prime contractor enter into one or more subcontracts (under such prime contract) with the other of the two eligible shipbuilders as contemplated in the New Attack Submarine Team Agreement; and

(B) shall provide for—

(i) construction of the first submarine in fiscal year 1998; and

(ii) advance construction and advance procurement of materiel for the second, third, and fourth submarines in fiscal year 1998.

(3) The following shipbuilders are eligible for a contract under this subsection:

(A) The Electric Boat Corporation.

(B) The Newport News Shipbuilding and Drydock Company.

(4) In paragraph (2)(A), the term “New Attack Submarine Team Agreement” means the agreement known as the Team Agreement between Electric Boat Corporation and Newport News Shipbuilding and Drydock Company, dated February 25, 1997, that was submitted to Congress by the Secretary of the Navy on March 31, 1997.

(c) LIMITATION OF LIABILITY.—If a contract entered into under this section is terminated, the United States shall not be liable

for termination costs in excess of the total amount appropriated for the New Attack Submarine program.

(d) **REPEALS OF SUPERSEDED PROVISIONS OF PREVIOUS DEFENSE AUTHORIZATION LAWS.**—(1) Section 131 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106; 110 Stat. 206) is amended—

(A) in subsection (a)(1)(B)—

(i) in clause (i), by striking out “, which shall be built by Electric Boat Division”; and

(ii) in clause (ii), by striking out “, which shall be built by Newport News Shipbuilding”; and

(B) in subsection (b), by striking out paragraph (1).

(2) Section 121 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2441) is amended—

(A) in subsection (a)—

(i) in paragraph (1)(B), by striking out “to be built by Electric Boat Division”; and

(ii) in paragraph (1)(C), by striking out “to be built by Newport News Shipbuilding”;

(B) in subsection (d), by striking out paragraph (2);

(C) in subsection (e), by striking out paragraph (1); and

(D) in subsection (g), by striking out “the committees specified in subsection (e)(1)” in paragraphs (3) and (4) and inserting in lieu thereof “the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives”.

(e) **INAPPLICABILITY OF SUPERSEDED ASPECTS OF ATTACK SUBMARINE DEVELOPMENT PLAN.**—The Secretary of Defense and the Secretary of the Navy are not required to carry out the portions of the program plan submitted under subsection (c) of section 131 of the National Defense Authorization Act for Fiscal Year 1996 that are included in the plan pursuant to subparagraphs (A), (B), and (E) of paragraph (2) of such subsection.

SEC. 122. CVN-77 NUCLEAR AIRCRAFT CARRIER PROGRAM.

(a) **AUTHORIZATION OF SHIP.**—The Secretary of the Navy is authorized to procure the aircraft carrier to be designated CVN-77, subject to the availability of appropriations for that purpose.

(b) **AMOUNT AUTHORIZED FROM SCN ACCOUNT.**—Of the amount authorized to be appropriated by section 102(a)(3) for fiscal year 1998, \$50,000,000 is available for the advance procurement and advance construction of components (including nuclear components) for the CVN-77 aircraft carrier program. The Secretary of the Navy may enter into a contract or contracts with the shipbuilder and other entities for the advance procurement and advance construction of those components.

(c) **OTHER FUNDS.**—Of the funds authorized to be appropriated under this Act for programs, projects, and activities of the military departments and Defense Agencies, other than the CVN-77 aircraft carrier program, up to \$295,000,000 may be made available, as the Secretary of Defense may direct, for the CVN-77 aircraft carrier program. Authority to make transfers under this subsection is in addition to the transfer authority provided in section 1001.

(d) **MANAGEMENT OF FUNDS.**—The Secretary of the Navy shall obligate and expend the funds available for advance procurement and advance construction of components for the CVN-77 aircraft carrier program for fiscal year 1998 in a manner that is designed

to result in such cost savings as may be required in order to meet the cost limitation specified in subsection (f).

(e) **ADJUSTMENTS TO FUTURE-YEARS DEFENSE PROGRAM.**—The Secretary of Defense shall make such plans for the CVN-77 aircraft carrier program as are necessary to attain for the program the cost savings that are contemplated for the procurement of the CVN-77 aircraft carrier in the March 1997 procurement plan.

(f) **LIMITATION ON TOTAL COST OF PROCUREMENT.**—(1) The Secretary of the Navy shall structure the program for the procurement of the CVN-77 aircraft carrier, and shall manage that program, so that the total cost of the procurement of the CVN-77 aircraft carrier does not exceed \$4,600,000,000 (such amount being the estimated cost for the procurement of the CVN-77 aircraft carrier in the March 1997 procurement plan).

(2) The Secretary of the Navy may adjust the amount set forth in paragraph (1) for the CVN-77 aircraft carrier program by the following:

(A) The amounts of outfitting costs and post-delivery costs incurred for the program.

(B) The amounts of increases or decreases in costs attributable to economic inflation after September 30, 1997.

(C) The amounts of increases or decreases in costs attributable to compliance with changes in Federal, State, or local laws enacted after September 30, 1997.

(D) The amounts of increases or decreases in costs of the program that are attributable to new technology built into the CVN-77 aircraft carrier, as compared to the technology built into the baseline design of the CVN-76 aircraft carrier.

(E) The amounts of increases or decreases in costs resulting from changes the Secretary proposes in the funding plan (as contemplated in the March 1997 procurement plan) on which the projected savings are based.

Notice.

(3) The Secretary of the Navy shall annually submit to Congress, at the same time as the budget is submitted under section 1105(a) of title 31, United States Code, written notice of any change in the amount set forth in paragraph (1) during the preceding fiscal year that the Secretary has determined to be associated with a cost referred to in paragraph (2).

(g) **MARCH 1997 PROCUREMENT PLAN DEFINED.**—In this section, the term “March 1997 procurement plan” means the procurement plan for the CVN-77 aircraft carrier that was submitted to the Navy and Congress by the shipbuilder in March 1997.

SEC. 123. EXCLUSION FROM COST LIMITATION FOR SEAWOLF SUBMARINE PROGRAM.

(a) **AUTHORITY TO EXCLUDE AMOUNTS APPROPRIATED FOR CANCELED VESSELS.**—(1) The Secretary of the Navy may exclude from the application of the cost limitation for the Seawolf submarine program such amounts, not in excess of \$272,400,000, as were appropriated for fiscal years 1990, 1991, and 1992 for procurement of Seawolf-class submarines that have been canceled.

(2) For the purposes of this subsection, the term “cost limitation for the Seawolf submarine program” means the limitation in section 133(a) of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104-106; 110 Stat. 211).

(b) DETERMINATION AND REPORT BY INSPECTOR GENERAL.—(1) Not later than March 30, 1998, the Inspector General of the Department of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report containing the Inspector General's determination as to whether any further exclusion from, adjustment to exclusion from, or increase in the dollar amount of the cost limitation referred to in subsection (a) will be required.

(2) The Inspector General shall include in the report the following:

(A) A thorough and comprehensive accounting for the amount of \$745,400,000 identified by the Secretary of the Navy as having been obligated or expended for the detailed design for Seawolf-class submarines that have been canceled and for the procurement of nuclear components and construction spare parts for those canceled submarines, including a statement of the current disposition of items specifically purchased using those funds.

(B) Cost growth, if any, in the cost of construction of the SSN–21, SSN–22, and SSN–23 Seawolf-class submarines that has not been reported to Congress before the date of the report of the Inspector General.

(C) The current cost estimate of the Secretary of the Navy for completion of the SSN–21, SSN–22, and SSN–23 Seawolf-class submarines.

(3) The Inspector General shall include in the report such supporting information and analyses as the Inspector General considers appropriate for aiding in understanding the determination and findings of the Inspector General.

Subtitle D—Air Force Programs

SEC. 131. AUTHORIZATION FOR B–2 BOMBER PROGRAM.

(a) FUNDING AVAILABILITY.—Of the funds made available for procurement of aircraft for the Air Force for fiscal year 1998, the amount of \$331,000,000 is available for long-lead activities related to the procurement of additional B–2 bomber aircraft. However, if the President determines that no additional B–2 bombers should be procured during fiscal year 1998 and certifies that decision to Congress, the funding authorized in the preceding sentence shall be made available to modify and repair the existing fleet of B–2 bomber aircraft.

(b) SECRETARY OF DEFENSE TO PRESERVE OPTIONS OF PRESIDENT.—The Secretary of Defense shall ensure that all appropriate actions are taken to preserve the options of the President until the panel to review long-range airpower established by section 8131 of the Department of Defense Appropriations Act, 1998 (Public Law 105–56; 111 Stat. 1249), submits its report.

SEC. 132. ALR RADAR WARNING RECEIVERS.

(a) COST AND OPERATION EFFECTIVENESS ANALYSIS.—The Secretary of the Air Force shall conduct a cost and operation effectiveness analysis of upgrading the ALR69 radar warning receiver as compared with the further acquisition of the ALR56M radar warning receiver.

(b) **SUBMISSION TO CONGRESS.**—The Secretary shall submit the cost and operation effectiveness analysis to the congressional defense committees not later than April 2, 1998.

SEC. 133. ANALYSIS OF REQUIREMENTS FOR REPLACEMENT OF ENGINES ON MILITARY AIRCRAFT DERIVED FROM BOEING 707 AIRCRAFT.

(a) **ANALYSIS REQUIRED.**—The Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives an analysis, to be carried out by the Under Secretary of Defense for Acquisition and Technology, of the requirements of the Department of Defense for replacing engines on the aircraft of the Department of Defense that are derived from the Boeing 707 aircraft and the costs of meeting those requirements.

(b) **CONTENT.**—The analysis shall include the following:

(1) The number of aircraft described in subsection (a) that are in the inventory of the Department of Defense as of October 1, 1997, and the number of such aircraft that are projected to be in the inventory of the Department as of October 1, 2002, as of October 1, 2007, and as of October 1, 2012.

(2) For each type of such aircraft, the estimated cost of operating the aircraft for each fiscal year beginning with fiscal year 1998 and ending with fiscal year 2014, taking into account historical patterns of usage and projected support costs.

(3) For each type of such aircraft, the estimated costs and the benefits of replacing the engines on the aircraft, analyzed on the basis of the experience under the limited program for replacing the engines on RC–135 aircraft that was undertaken during fiscal years 1995, 1996, and 1997.

(4) Various plans for replacement of engines that the Under Secretary considers best on the basis of costs and benefits.

(c) **SUBMISSION DEADLINE.**—The analysis under subsection (a) shall be submitted not later than March 1, 1998.

Subtitle E—Other Matters

10 USC 4543
note.

SEC. 141. PILOT PROGRAM ON SALES OF MANUFACTURED ARTICLES AND SERVICES OF CERTAIN ARMY INDUSTRIAL FACILITIES WITHOUT REGARD TO AVAILABILITY FROM DOMESTIC SOURCES.

(a) **PILOT PROGRAM REQUIRED.**—During fiscal years 1998 and 1999, the Secretary of the Army shall carry out a pilot program to test the efficacy and appropriateness of selling manufactured articles and services of Army industrial facilities under section 4543 of title 10, United States Code, without regard to the availability of the articles and services from United States commercial sources. In carrying out the pilot program, the Secretary may use articles manufactured at, and services provided by, not more than three Army industrial facilities.

(b) **TEMPORARY WAIVER OF REQUIREMENT FOR DETERMINATION OF UNAVAILABILITY FROM DOMESTIC SOURCE.**—Under the pilot program, the Secretary of the Army is not required under section 4543(a)(5) of title 10, United States Code, to determine whether an article or service is available from a commercial source located in the United States in the case of any of the following sales

for which a solicitation of offers is issued during fiscal year 1998 or 1999:

(1) A sale of articles to be incorporated into a weapon system being procured by the Department of Defense.

(2) A sale of services to be used in the manufacture of a weapon system being procured by the Department of Defense.

(c) REVIEW BY INSPECTOR GENERAL.—The Inspector General of the Department of Defense shall review the experience under the pilot program under this section and, not later than July 1, 1999, submit to Congress a report on the results of the review. The report shall contain the following:

Reports.

(1) The Inspector General's views regarding the extent to which the waiver under subsection (b) enhances the opportunity for United States manufacturers, assemblers, developers, and other concerns to enter into or participate in contracts and teaming arrangements with Army industrial facilities under weapon system programs of the Department of Defense.

(2) The Inspector General's views regarding the extent to which the waiver under subsection (b) enhances the opportunity for Army industrial facilities referred to in section 4543(a) of title 10, United States Code, to enter into or participate in contracts and teaming arrangements with United States manufacturers, assemblers, developers, and other concerns under weapon system programs of the Department of Defense.

(3) The Inspector General's views regarding the effect of the waiver under subsection (b) on the ability of small businesses to compete for the sale of manufactured articles or services in the United States in competitions to enter into or participate in contracts and teaming arrangements under weapon system programs of the Department of Defense.

(4) Specific examples under the pilot program that support the Inspector General's views.

(5) Any other information that the Inspector General considers pertinent regarding the effects of the waiver of section 4543(a)(5) of title 10, United States Code, under the pilot program on opportunities for United States manufacturers, assemblers, developers, or other concerns, and for Army industrial facilities, to enter into or participate in contracts and teaming arrangements under weapon system programs of the Department of Defense.

(6) Any recommendations that the Inspector General considers appropriate regarding continuation or modification of the policy set forth in section 4543(a)(5) of title 10, United States Code.

SEC. 142. NATO JOINT SURVEILLANCE/TARGET ATTACK RADAR SYSTEM.

(a) FUNDING.—Amounts authorized to be appropriated under this title and title II are available for a NATO alliance ground surveillance capability that is based on the Joint Surveillance/Target Attack Radar System of the United States, as follows:

(1) Of the amount authorized to be appropriated under section 101(5), \$26,153,000.

(2) Of the amount authorized to be appropriated under section 103(1), \$10,000,000.

(3) Of the amount authorized to be appropriated under section 201(1), \$13,500,000.

(4) Of the amount authorized to be appropriated under section 201(3), \$26,061,000.

(b) **AUTHORITY.**—(1) Subject to paragraph (2), the Secretary of Defense may utilize authority under section 2350b of title 10, United States Code, for contracting for the purposes of Phase I of a NATO Alliance Ground Surveillance capability that is based on the Joint Surveillance/Target Attack Radar System of the United States, notwithstanding the condition in such section that the authority be utilized for carrying out contracts or obligations incurred under section 27(d) of the Arms Export Control Act (22 U.S.C. 2767(d)).

(2) The authority under paragraph (1) applies during the period that the conclusion of a cooperative project agreement for a NATO Alliance Ground Surveillance capability under section 27(d) of the Arms Export Control Act is pending, as determined by the Secretary of Defense.

(c) **MODIFICATION OF AIR FORCE AIRCRAFT.**—Amounts available pursuant to paragraphs (2) and (4) of subsection (a) may be used to provide for modifying two Air Force Joint Surveillance/Target Attack Radar System production aircraft to have a NATO Alliance Ground Surveillance capability that is based on the Joint Surveillance/Target Attack Radar System of the United States.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

Subtitle A—Authorization of Appropriations

- Sec. 201. Authorization of appropriations.
- Sec. 202. Amount for basic and applied research.
- Sec. 203. Dual-use technology program.
- Sec. 204. Reduction in amount for Federally Funded Research and Development Centers.

Subtitle B—Program Requirements, Restrictions, and Limitations

- Sec. 211. Manufacturing technology program.
- Sec. 212. Report on operational field assessments program.
- Sec. 213. Joint Strike Fighter program.
- Sec. 214. Kinetic energy tactical anti-satellite technology program.
- Sec. 215. Micro-satellite technology development program.
- Sec. 216. High altitude endurance unmanned vehicle program.
- Sec. 217. F–22 aircraft program.

Subtitle C—Ballistic Missile Defense Programs

- Sec. 231. National Missile Defense Program.
- Sec. 232. Budgetary treatment of amounts for procurement for ballistic missile defense programs.
- Sec. 233. Cooperative Ballistic Missile Defense program.
- Sec. 234. Annual report on threat posed to the United States by weapons of mass destruction, ballistic missiles, and cruise missiles.
- Sec. 235. Director of Ballistic Missile Defense Organization.
- Sec. 236. Repeal of required deployment dates for core theater missile defense programs.

Subtitle D—Other Matters

- Sec. 241. Restructuring of National Oceanographic Partnership Program organizations.
- Sec. 242. Maintenance and repair of real property at Air Force installations.
- Sec. 243. Expansion of eligibility for the Defense Experimental Program to Stimulate Competitive Research.
- Sec. 244. Bioassay testing of veterans exposed to ionizing radiation during military service.
- Sec. 245. Sense of Congress regarding Comanche program.

Subtitle A—Authorization of Appropriations

SEC. 201. AUTHORIZATION OF APPROPRIATIONS.

Funds are hereby authorized to be appropriated for fiscal year 1998 for the use of the Department of Defense for research, development, test, and evaluation as follows:

- (1) For the Army, \$4,633,495,000.
- (2) For the Navy, \$7,774,877,000.
- (3) For the Air Force, \$14,338,934,000.
- (4) For Defense-wide activities, \$9,831,646,000, of which—
 - (A) \$258,183,000 is authorized for the activities of the Director, Test and Evaluation; and
 - (B) \$27,384,000 is authorized for the Director of Operational Test and Evaluation.

SEC. 202. AMOUNT FOR BASIC AND APPLIED RESEARCH.

(a) FISCAL YEAR 1998.—Of the amounts authorized to be appropriated by section 201, \$3,935,390,000 shall be available for basic research and applied research projects.

(b) BASIC RESEARCH AND APPLIED RESEARCH DEFINED.—For purposes of this section, the term “basic research and applied research” means work funded in program elements for defense research and development under Department of Defense category 6.1 or 6.2.

SEC. 203. DUAL-USE SCIENCE AND TECHNOLOGY PROGRAM.

10 USC 2511
note.

(a) FUNDING 1998.—Of the amounts authorized to be appropriated by section 201, \$75,000,000 is authorized for dual-use projects.

(b) GOALS.—(1) Subject to paragraph (3), it shall be the objective of the Secretary of each military department to obligate for dual-use projects in each fiscal year referred to in paragraph (2), out of the total amount authorized to be appropriated for such fiscal year for the applied research programs of the military department, the percent of such amount that is specified for that fiscal year in paragraph (2).

(2) The objectives for fiscal years under paragraph (1) are as follows:

- (A) For fiscal year 1998, 5 percent.
- (B) For fiscal year 1999, 7 percent.
- (C) For fiscal year 2000, 10 percent.
- (D) For fiscal year 2001, 15 percent.

(3) The Secretary of Defense may establish for a military department for a fiscal year an objective different from the objective set forth in paragraph (2) if the Secretary—

(A) determines that compelling national security considerations require the establishment of the different objective; and

(B) notifies Congress of the determination and the reasons for the determination.

(c) DESIGNATION OF OFFICIAL FOR DUAL-USE PROGRAMS.—(1) The Secretary of Defense shall designate a senior official in the Office of the Secretary of Defense to carry out responsibilities for dual-use projects under this subsection. The designated official shall report directly to the Under Secretary of Defense for Acquisition and Technology.

(2) The primary responsibilities of the designated official shall include developing policy and overseeing the establishment of, and adherence to, procedures for ensuring that dual-use projects are initiated and administered effectively and that applicable commercial technologies are integrated into current and future military systems.

(3) In carrying out the responsibilities, the designated official shall ensure that—

(A) dual-use projects are consistent with the joint warfighting science and technology plan referred to in section 270 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 10 U.S.C. 2501 note); and

(B) the dual-use projects of the military departments and defense agencies of the Department of Defense are coordinated and avoid unnecessary duplication.

(d) FINANCIAL COMMITMENT OF NON-FEDERAL GOVERNMENT PARTICIPANTS.—The total amount of funds provided by a military department for a dual-use project entered into by the Secretary of that department shall not exceed 50 percent of the total cost of the project. In the case of a dual-use project initiated after the date of the enactment of this Act, the Secretary may consider in-kind contributions by non-Federal participants only to the extent such contributions constitute 50 percent or less of the share of the project costs by such participants.

(e) USE OF COMPETITIVE PROCEDURES.—Funds obligated for a dual-use project may be counted toward meeting an objective under subsection (a) only if the funds are obligated for a contract, grant, cooperative agreement, or other transaction that was entered into through the use of competitive procedures.

(f) REPORT.—(1) Not later than March 1 of each of 1998, 1999, and 2000, the Secretary of Defense shall submit a report to the congressional defense committees on the progress made by the Department of Defense in meeting the objectives set forth in subsection (b) during the preceding fiscal year.

(2) The report for a fiscal year shall contain, at a minimum, the following:

(A) The aggregate value of all contracts, grants, cooperative agreements, or other transactions entered into during the fiscal year for which funding is counted toward meeting an objective under this section, expressed in relationship to the total amount appropriated for the applied research programs in the Department of Defense for that fiscal year.

(B) For each military department, the value of all contracts, grants, cooperative agreements, or other transactions entered into during the fiscal year for which funding is counted toward meeting an objective under this section, expressed in relationship to the total amount appropriated for the applied research program of the military department for that fiscal year.

(C) A summary of the cost-sharing arrangements in dual-use projects that were initiated during the fiscal year and are counted toward reaching an objective under this section.

(D) A description of the regulations, directives, or other procedures that have been issued by the Secretary of Defense or the Secretary of a military department to increase the percentage of the total value of the dual-use projects undertaken to meet or exceed an objective under this section.

(E) Any recommended legislation to facilitate achievement of objectives under this section.

(g) COMMERCIAL OPERATIONS AND SUPPORT SAVINGS INITIATIVE.—(1) The Secretary of Defense shall establish a Commercial Operations and Support Savings Initiative (in this subsection referred to as the “Initiative”) to develop commercial products and processes that the military departments can incorporate into operational military systems to reduce costs of operations and support.

(2) Of the amounts authorized to be appropriated by section 201, \$50,000,000 is authorized for the Initiative.

(3) Projects and participants in the Initiative shall be selected through the use of competitive procedures.

(4) The budget submitted to Congress by the President for fiscal year 1999 and each fiscal year thereafter pursuant to section 1105(a) of title 31, United States Code, shall set forth separately the funding request for the Initiative.

(h) REPEAL OF SUPERSEDED AUTHORITY.—Section 203 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2451) is repealed.

(i) DEFINITIONS.—In this section:

(1) The term “applied research program” means a program of a military department which is funded under the 6.2 Research, Development, Test and Evaluation account of that department.

(2) The term “dual-use project” means a project under a program of a military department or a defense agency under which research or development of a dual-use technology is carried out and the costs of which are shared by the Department of Defense and non-Government entities.

SEC. 204. REDUCTION IN AMOUNT FOR FEDERALLY FUNDED RESEARCH AND DEVELOPMENT CENTERS.

The total of the amounts authorized to be appropriated in section 201 that are available for Federally Funded Research and Development Centers (other than amounts for capital equipment investment) is hereby reduced by \$42,000,000.

Subtitle B—Program Requirements, Restrictions, and Limitations

SEC. 211. MANUFACTURING TECHNOLOGY PROGRAM.

(a) PARTICIPATION OF MANUFACTURERS.—Section 2525(c)(2) of title 10, United States Code, is amended to read as follows:

“(2) In order to promote increased dissemination and use of manufacturing technology throughout the national defense technology and industrial base, the Secretary shall seek, to the maximum extent practicable, the participation of manufacturers of manufacturing equipment in the projects under the program.”

(b) FIVE-YEAR PLAN.—Section 2525 of such title is amended by adding at the end the following new subsection:

“(e) FIVE-YEAR PLAN.—(1) The Secretary of Defense shall prepare a five-year plan for the program which establishes—

“(A) the overall manufacturing technology goals, milestones, priorities, and investment strategy for the program; and

“(B) for each of the five fiscal years covered by the plan, the objectives of, and funding for the program by, each military department and each Defense Agency participating in the program.

“(2) The plan shall include an assessment of the effectiveness of the program.

“(3) The plan shall be updated annually and shall be included in the budget justification documents submitted in support of the budget of the Department of Defense for a fiscal year (as included in the budget of the President submitted to Congress under section 1105 of title 31).”.

10 USC 2525
note.

(c) DEADLINE FOR FIRST PLAN.—The Secretary of Defense shall prepare the first five-year plan required under section 2525(e) of such title, as added by subsection (b), within 60 days after the date of the enactment of this Act.

SEC. 212. REPORT ON OPERATIONAL FIELD ASSESSMENTS PROGRAM.

(a) FINDING.—Congress recognizes the potential value that the Department of Defense Operational Field Assessments program, which is managed by the Director of Operational Test and Evaluation, provides to the commanders of the Unified Combatant Commands with respect to assessment of the effectiveness of near-term operational concepts and critical operational issues in quick-response operational tests and evaluations.

(b) REPORT.—Not later than March 30, 1998, the Secretary of Defense shall submit to the congressional defense committees a report on the Operational Field Assessments program.

(c) CONTENT OF REPORT.—The report shall contain the following:

(1) A review of the Operational Field Assessments program which describes the goals and objectives of the program, assessments by the program conducted as of the date of the submission of the report, and the results of those assessments.

(2) A description of the current management and support structure of the program within the Department of Defense, including a description of how program responsibilities are assigned within the Office of the Secretary of Defense and a description of the roles of the Joint Staff, the commanders of the Unified Combatant Commands, and the military departments.

(3) An analysis of and recommendations regarding the management structure required within the Office of the Secretary of Defense to ensure that the program is responsive to the mission needs of the commanders of the Unified Combatant Commands.

(4) The funding plan for the program.

(5) A description of future plans for the program and funding requirements for those plans.

(6) Recommendations regarding additional statutory authority that may be required for the program.

SEC. 213. JOINT STRIKE FIGHTER PROGRAM.

(a) REPORT.—Not later than February 15, 1998, the Secretary of Defense shall submit to the congressional defense committees a report on the options for the sequence in which the variants of the joint strike fighter are to be produced and fielded.

(b) CONTENT OF REPORT.—The report shall contain the following:

(1) A review of the plan for production under the Joint Strike Fighter Program that was used by the Department of Defense for developing the funding estimates for the fiscal year 1999 budget request for the Department of Defense.

(2) An estimate of the costs, and an analysis of the costs and benefits, of producing the joint strike fighter variants in a sequence that provides for fielding of the naval variant of the aircraft first.

(3) A comparison of the costs and benefits of the various options for the sequence for fielding the variants of the joint strike fighter that the Secretary of Defense considers likely to be the options from among which a sequence for fielding is selected, including a discussion of the effects that selection of each such option would have on the costs and rates of production of the units of F/A–18E/F and F–22 aircraft that are in production when the Joint Strike Fighter Program proceeds into production.

(4) A certification that the Joint Strike Fighter Program contains sufficient funding to carry out an alternate engine development program that includes flight qualification of an alternate engine in a joint strike fighter airframe.

(c) LIMITATION ON USE OF FUNDS PENDING SUBMISSION OF REPORT.—Not more than 90 percent of the total amount authorized to be appropriated under this Act for the Joint Strike Fighter Program may be obligated until the date that is 30 days after the date on which the congressional defense committees receive the report required under this section.

(d) FISCAL YEAR 1998 BUDGET DEFINED.—In this section, the term “fiscal year 1999 budget request for the Department of Defense” means the budget estimates for the Department of Defense for fiscal year 1999 that were submitted to Congress by the Secretary of Defense in connection with the submission of the budget for fiscal year 1998 to Congress under section 1105 of title 31, United States Code.

SEC. 214. KINETIC ENERGY TACTICAL ANTI-SATELLITE TECHNOLOGY PROGRAM.

Of the funds authorized to be appropriated under section 201(4), \$37,500,000 shall be available for the kinetic energy tactical anti-satellite technology program.

SEC. 215. MICRO-SATELLITE TECHNOLOGY DEVELOPMENT PROGRAM.

(a) ESTABLISHMENT OF MICRO-SATELLITE TECHNOLOGY DEVELOPMENT PROGRAM.—The Secretary of Defense shall restructure the Clementine 2 micro-satellite development program into a micro-satellite technology development program that supports a range of space mission areas.

(b) REPORT.—Not later than February 15, 1998, the Secretary of Defense shall submit to the congressional defense committees a report describing the structure and objectives of the micro-satellite technology development program established under subsection (a) and how the program can benefit existing or future space systems or architectures.

SEC. 216. HIGH ALTITUDE ENDURANCE UNMANNED VEHICLE PROGRAM.

(a) LIMITATION ON TOTAL COST OF ADVANCED CONCEPT TECHNOLOGY DEMONSTRATION.—The total amount obligated or expended

for advanced concept technology demonstration under the High Altitude Endurance Unmanned Vehicle Program for fiscal year 1998 through fiscal year 2003 may not exceed \$476,826,000.

(b) **LIMITATION ON PROCUREMENT.**—The Secretary of Defense may not procure any high altitude endurance unmanned vehicles, other than the currently planned vehicles, until the completion of the testing identified in phase II of the test and demonstration plan for the advanced concept technology demonstration for the vehicles.

(c) **LIMITATION ON PROCEEDING.**—The High Altitude Endurance Unmanned Vehicle Program may not proceed beyond advanced concept technology demonstration until the Secretary of Defense—

(1) provides to Congress a firm unit cost (referred to in this section as the “fly away cost”) for each of the currently planned vehicles; and

(2) certifies to Congress the military suitability and the worth of each such vehicle.

(d) **GAO REVIEW.**—(1) The Comptroller General shall review the High Altitude Endurance Unmanned Vehicle Program for purposes of determining whether the average fly away cost for each vehicle is within the cost goal under the program of \$10,000,000.

(2) The Secretary of Defense and the prime contractors under the High Altitude Endurance Unmanned Vehicle Program shall provide the Comptroller General with such information on the program as the Comptroller considers necessary to make the determination under paragraph (1).

(e) **CURRENTLY PLANNED VEHICLES.**—In this section, the term “currently planned vehicles” means the four Dark Star air vehicles and the five Global Hawk air vehicles that have been approved for procurement by the Secretary of Defense as of the date of the enactment of this Act.

SEC. 217. F-22 AIRCRAFT PROGRAM.

(a) **LIMITATION ON TOTAL COST OF ENGINEERING AND MANUFACTURING DEVELOPMENT.**—The total amount obligated or expended for engineering and manufacturing development under the F-22 aircraft program may not exceed \$18,688,000,000.

(b) **LIMITATION ON TOTAL COST OF PRODUCTION.**—The total amount obligated or expended for the F-22 production program may not exceed \$43,400,000,000.

(c) **ADJUSTMENT OF LIMITATION AMOUNTS.**—The Secretary of the Air Force shall adjust the amounts of the limitations set forth in subsections (a) and (b) by the following amounts:

(1) The amounts of increases or decreases in costs attributable to economic inflation after September 30, 1997.

(2) The amounts of increases or decreases in costs attributable to compliance with changes in Federal, State, or local laws enacted after September 30, 1997.

(d) **ANNUAL GAO REVIEW.**—(1) Not later than March 15 of each year, the Comptroller General shall review the F-22 aircraft program and submit to Congress a report on the results of the review. The Comptroller General shall also submit to Congress for each report a certification regarding whether the Comptroller General has had access to sufficient information to make informed judgments on the matters covered by the report.

(2) The report submitted on the program each year shall include the following:

Reports.

(A) The extent to which engineering and manufacturing development under the program is meeting the goals established for engineering and manufacturing development under the program, including the performance, cost, and schedule goals.

(B) The status of modifications expected to have a significant effect on cost or performance of F–22 aircraft.

(C) The plan for engineering and manufacturing development (leading to production) under the program for the fiscal year that begins in the following year.

(D) A conclusion regarding whether the plan referred to in subparagraph (C) is consistent with the limitation in subsection (a).

(E) A conclusion regarding whether engineering and manufacturing development (leading to production) under the program is likely to be completed at a total cost not in excess of the amount specified in subsection (a).

(3) The Comptroller General shall submit the first report under this subsection not later than March 15, 1998. No report is required under this subsection after engineering and manufacturing development under the program has been completed.

(e) REQUIREMENT TO SUPPORT ANNUAL GAO REVIEW.—The Secretary of Defense and the prime contractors under the F–22 aircraft program shall provide the Comptroller General with such information on the program as the Comptroller General considers necessary to carry out the responsibilities under subsection (d).

(f) LIMITATION ON OBLIGATION OF FUNDS.—Of the total amount authorized to be appropriated for the F–22 aircraft program for a fiscal year, not more than 90 percent of the amount may be obligated until the Comptroller General submits to Congress—

(1) the report required to be submitted in that fiscal year under subsection (d); and

(2) a certification regarding whether the Comptroller General has had access to sufficient information to make informed judgments on the matters covered by the report.

Subtitle C—Ballistic Missile Defense Programs

SEC. 231. NATIONAL MISSILE DEFENSE PROGRAM.

10 USC 2431
note.

(a) PROGRAM STRUCTURE.—To preserve the option of achieving an initial operational capability in fiscal year 2003, the Secretary of Defense shall ensure that the National Missile Defense Program is structured and programmed for funding so as to support a test, in fiscal year 1999, of an integrated national missile defense system that is representative of the national missile defense system architecture that could achieve initial operational capability in fiscal year 2003.

(b) ELEMENTS OF NMD SYSTEM.—The national missile defense system architecture specified in subsection (a) shall consist of the following elements:

(1) An interceptor system that optimizes defensive coverage of the continental United States, Alaska, and Hawaii against limited ballistic missile attack (whether accidental, unauthorized, or deliberate).

(2) Ground-based radars.

(3) Space-based sensors.

(4) Battle management, command, control, and communications (BM/C³).

(c) **PLAN FOR NMD SYSTEM DEVELOPMENT AND DEPLOYMENT.**—Not later than February 15, 1998, the Secretary of Defense shall submit to the congressional defense committees a plan for the development and deployment of a national missile defense system that could achieve initial operational capability in fiscal year 2003. The plan shall include the following matters:

(1) A detailed description of the system architecture selected for development.

(2) A discussion of the justification for the selection of that particular architecture.

(3) The Secretary's estimate of the amounts of the appropriations that would be necessary for research, development, test, evaluation, and for procurement for each of fiscal years 1999 through 2003 in order to achieve an initial operational capability of the system architecture in fiscal year 2003.

(4) For each activity necessary for the development and deployment of the national missile defense system architecture selected by the Secretary that would at some point conflict with the terms of the ABM Treaty, if any—

(A) a description of the activity;

(B) a description of the point at which the activity would conflict with the terms of the ABM Treaty;

(C) the legal analysis justifying the Secretary's determination regarding the point at which the activity would conflict with the terms of the ABM Treaty; and

(D) an estimate of the time at which such point would be reached in order to achieve a test of an integrated missile defense system in fiscal year 1999 and initial operational capability of such a system in fiscal year 2003.

(d) **FUNDING FOR FISCAL YEAR 1998.**—Of the funds authorized to be appropriated under section 201(4), \$978,091,000 shall be available for the National Missile Defense Program.

(e) **ABM TREATY DEFINED.**—In this section, the term “ABM Treaty” means the Treaty Between the United States of America and the Union of Soviet Socialist Republics on the Limitation of Anti-Ballistic Missile Systems, signed at Moscow on May 26, 1972, and includes the Protocol to that treaty, signed at Moscow on July 3, 1974.

SEC. 232. BUDGETARY TREATMENT OF AMOUNTS FOR PROCUREMENT FOR BALLISTIC MISSILE DEFENSE PROGRAMS.

(a) **REQUIREMENT FOR INCLUSION IN BUDGET OF BMDO.**—(1) Chapter 9 of title 10, United States Code, is amended by inserting after section 222 the following new section:

“§ 224. Ballistic missile defense programs: display of amounts for procurement

“(a) **REQUIREMENT.**—Any amount in the budget submitted to Congress under section 1105 of title 31 for any fiscal year for procurement for a Department of Defense missile defense program described in subsection (b) shall be set forth under the account of the Department of Defense for Defense-wide procurement and, within that account, under the subaccount (or other budget activity level) for the Ballistic Missile Defense Organization.

“(b) COVERED PROGRAMS.—Subsection (a) applies to the following missile defense programs of the Department of Defense:

“(1) The National Missile Defense Program.

“(2) Any system that is part of the core theater missile defense program.

“(3) Any other ballistic missile defense program that enters production after the date of the enactment of this section and for which research, development, test, and evaluation was carried out by the Ballistic Missile Defense Organization.

“(c) CORE THEATER BALLISTIC MISSILE DEFENSE PROGRAM.—For purposes of this section, the core theater missile defense program consists of the systems specified in section 234 of the Ballistic Missile Defense Act of 1995 (10 U.S.C. 2431 note).”.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 222 the following new item:

“224. Ballistic missile defense programs: display of amounts for procurement.”.

(b) FISCAL YEAR 1998 FUNDS.—(1) The Secretary of Defense shall transfer to appropriations available to the Ballistic Missile Defense Organization for procurement for fiscal year 1998 any amounts that are appropriated for procurement for that fiscal year for any of the Armed Forces by reason of the transference of certain programs to accounts of the Army, Navy, Air Force, and Marine Corps pursuant to Program Budget Decision 224C3, signed by the Under Secretary of Defense (Comptroller) on December 23, 1996.

(2) Any transfer pursuant to paragraph (1) shall not be counted for purposes of section 1001.

SEC. 233. COOPERATIVE BALLISTIC MISSILE DEFENSE PROGRAM.

10 USC 221 note.

(a) REQUIREMENT FOR NEW PROGRAM ELEMENT.—The Secretary of Defense shall establish a program element for the Ballistic Missile Defense Organization, to be referred to as the “Cooperative Ballistic Missile Defense Program”, to support technical and analytical cooperative efforts between the United States and other nations that contribute to United States ballistic missile defense capabilities. Except as provided in subsection (b), all international cooperative ballistic missile defense programs of the Department of Defense shall be budgeted and administered through that program element.

(b) AUTHORITY FOR EXCEPTIONS.—The Secretary of Defense may exclude from the program element established pursuant to subsection (a) any international cooperative ballistic missile defense program of the Department of Defense that after the date of the enactment of this Act is designated by the Secretary of Defense (pursuant to applicable Department of Defense acquisition regulations and policy) to be managed as a separate acquisition program.

(c) RELATIONSHIP TO OTHER PROGRAM ELEMENTS.—The program element established pursuant to subsection (a) is in addition to the program elements for activities of the Ballistic Missile Defense Organization required under section 251 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106; 110 Stat. 233; 10 U.S.C. 221 note).

50 USC 2367.

**SEC. 234. ANNUAL REPORT ON THREAT POSED TO THE UNITED STATES
BY WEAPONS OF MASS DESTRUCTION, BALLISTIC
MISSILES, AND CRUISE MISSILES.**

(a) **ANNUAL REPORT.**—The Secretary of Defense shall submit to Congress by January 30 of each year a report on the threats posed to the United States and allies of the United States—

(1) by weapons of mass destruction, ballistic missiles, and cruise missiles; and

(2) by the proliferation of weapons of mass destruction, ballistic missiles, and cruise missiles.

(b) **CONSULTATION.**—Each report submitted under subsection (a) shall be prepared in consultation with the Director of Central Intelligence.

(c) **MATTERS TO BE INCLUDED.**—Each report submitted under subsection (a) shall include the following:

(1) Identification of each foreign country and non-State organization that possesses weapons of mass destruction, ballistic missiles, or cruise missiles, and a description of such weapons and missiles with respect to each such foreign country and non-State organization.

(2) A description of the means by which any foreign country and non-State organization that has achieved capability with respect to weapons of mass destruction, ballistic missiles, or cruise missiles has achieved that capability, including a description of the international network of foreign countries and private entities that provide assistance to foreign countries and non-State organizations in achieving that capability.

(3) An examination of the doctrines that guide the use of weapons of mass destruction in each foreign country that possesses such weapons.

(4) An examination of the existence and implementation of the control mechanisms that exist with respect to nuclear weapons in each foreign country that possesses such weapons.

(5) Identification of each foreign country and non-State organization that seeks to acquire or develop (indigenously or with foreign assistance) weapons of mass destruction, ballistic missiles, or cruise missiles, and a description of such weapons and missiles with respect to each such foreign country and non-State organization.

(6) An assessment of various possible timelines for the achievement by foreign countries and non-State organizations of capability with respect to weapons of mass destruction, ballistic missiles, and cruise missiles, taking into account the probability of whether the Russian Federation and the People's Republic of China will comply with the Missile Technology Control Regime, the potential availability of assistance from foreign technical specialists, and the potential for independent sales by foreign private entities without authorization from their national governments.

(7) For each foreign country or non-State organization that has not achieved the capability to target the United States or its territories with weapons of mass destruction, ballistic missiles, or cruise missiles as of the date of the enactment of this Act, an estimate of how far in advance the United States is likely to be warned before such foreign country or non-State organization achieves that capability.

(8) For each foreign country or non-State organization that has not achieved the capability to target members of the United States Armed Forces deployed abroad with weapons of mass destruction, ballistic missiles, or cruise missiles as of the date of the enactment of this Act, an estimate of how far in advance the United States is likely to be warned before such foreign country or non-State organization achieves that capability.

(d) CLASSIFICATION.—Each report under subsection (a) shall be submitted in classified and unclassified form.

SEC. 235. DIRECTOR OF BALLISTIC MISSILE DEFENSE ORGANIZATION.

(a) IN GENERAL.—Subchapter II of chapter 8 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 203. Director of Ballistic Missile Defense Organization

“If an officer of the armed forces on active duty is appointed to the position of Director of the Ballistic Missile Defense Organization, the position shall be treated as having been designated by the President as a position of importance and responsibility for purposes of section 601 of this title and shall carry the grade of lieutenant general or general or, in the case of an officer of the Navy, vice admiral or admiral.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such subchapter is amended by adding at the end the following new item:

“203. Director of Ballistic Missile Defense Organization.”.

SEC. 236. REPEAL OF REQUIRED DEPLOYMENT DATES FOR CORE THEATER MISSILE DEFENSE PROGRAMS.

Section 234(a) of the Ballistic Missile Defense Act of 1995 (subtitle C of title II of Public Law 104–106; 110 Stat. 229; 10 U.S.C. 2431 note) is amended—

(1) in the matter preceding paragraph (1), by striking out “, to be carried out so as to achieve the specified capabilities”;

(2) in paragraph (1), by striking out “, with a first unit equipped (FUE) during fiscal year 1998”;

(3) in paragraph (2), by striking out “Navy Lower Tier (Area) system” and all that follows through “fiscal year 1999” and inserting in lieu thereof “Navy Area Defense system”;

(4) in paragraph (3), by striking out “, with a” and all that follows through “fiscal year 2000”; and

(5) in paragraph (4), by striking out “Navy Upper Tier” and all that follows through “fiscal year 2001” and inserting in lieu thereof “Navy Theater Wide system”.

Subtitle D—Other Matters

SEC. 241. RESTRUCTURING OF NATIONAL OCEANOGRAPHIC PARTNERSHIP PROGRAM ORGANIZATIONS.

(a) NATIONAL OCEAN RESEARCH LEADERSHIP COUNCIL.—Section 7902 of title 10, United States Code, is amended—

(1) in subsection (b)—

(A) by striking out paragraphs (11), (14), (15), (16), and (17); and

(B) by redesignating paragraphs (12) and (13) as paragraphs (11) and (12), respectively;

(2) by striking out subsection (d); and

(3) by redesignating subsections (e), (f), (g), (h), and (i) as subsections (d), (e), (f), (g), and (h), respectively.

(b) OCEAN RESEARCH ADVISORY PANEL.—(1) The text of section 7903 of such title is amended to read as follows:

“(a) ESTABLISHMENT.—The Council shall establish an Ocean Research Advisory Panel consisting of not less than 10 and not more than 18 members appointed by the chairman, including the following:

“(1) One member who will represent the National Academy of Sciences.

“(2) One member who will represent the National Academy of Engineering.

“(3) One member who will represent the Institute of Medicine.

“(4) Members selected from among individuals who will represent the views of ocean industries, State governments, academia, and such other views as the chairman considers appropriate.

“(5) Members selected from among individuals eminent in the fields of marine science or marine policy, or related fields.

“(b) RESPONSIBILITIES.—The Council shall assign the following responsibilities to the Advisory Panel:

“(1) To advise the Council on policies and procedures to implement the National Oceanographic Partnership Program.

“(2) To advise the Council on selection of partnership projects and allocation of funds for partnership projects for implementation under the program.

“(3) To advise the Council on matters relating to national oceanographic data requirements.

“(4) Any additional responsibilities that the Council considers appropriate.

“(c) FUNDING.—The Secretary of the Navy annually shall make funds available to support the activities of the Advisory Panel.”.

10 USC 7903
note.

(2) Section 282(c) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2473) is amended by striking out “January 1, 1997” and inserting in lieu thereof “January 1, 1998”.

(c) CONFORMING AMENDMENTS.—Section 282 of the National Defense Authorization Act for Fiscal Year 1997 is amended—

10 USC 7902
note.
10 USC 7903
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10 USC 7902
note.

(1) by striking out subsection (b); and

(2) by redesignating subsections (c), (d), (e), and (f) as subsections (b), (c), (d), and (e), respectively.

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall be effective as of September 23, 1996, as if included in section 282 of Public Law 104–201.

SEC. 242. MAINTENANCE AND REPAIR OF REAL PROPERTY AT AIR FORCE INSTALLATIONS.

(a) IN GENERAL.—Chapter 949 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 9782. Maintenance and repair of real property

“(a) ALLOCATION OF FUNDS.—The Secretary of the Air Force shall allocate funds authorized to be appropriated by a provision described in subsection (c) and a provision described in subsection

(d) for maintenance and repair of real property at military installations of the Department of the Air Force without regard to whether the installation is supported with funds authorized by a provision described in subsection (c) or (d).

“(b) MIXING OF FUNDS PROHIBITED ON INDIVIDUAL PROJECTS.—The Secretary of the Air Force may not combine funds authorized to be appropriated by a provision described in subsection (c) and funds authorized to be appropriated by a provision described in subsection (d) for an individual project for maintenance and repair of real property at a military installation of the Department of the Air Force.

“(c) RESEARCH, DEVELOPMENT, TEST, AND EVALUATION FUNDS.—The provision described in this subsection is a provision of a national defense authorization Act that authorizes funds to be appropriated for a fiscal year to the Air Force for research, development, test, and evaluation.

“(d) OPERATION AND MAINTENANCE FUNDS.—The provision described in this subsection is a provision of a national defense authorization Act that authorizes funds to be appropriated for a fiscal year to the Air Force for operation and maintenance.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“9782. Maintenance and repair of real property.”.

SEC. 243. EXPANSION OF ELIGIBILITY FOR THE DEFENSE EXPERIMENTAL PROGRAM TO STIMULATE COMPETITIVE RESEARCH.

Section 257 of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103–337; U.S.C. 2358 note) is amended by adding at the end the following new subsection:

10 USC 2358
note.

“(f) STATE DEFINED.—In this section, the term ‘State’ means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands.”.

SEC. 244. BIOASSAY TESTING OF VETERANS EXPOSED TO IONIZING RADIATION DURING MILITARY SERVICE.

(a) NUCLEAR TEST PERSONNEL PROGRAM.—Of the amount provided in section 201(4), \$300,000 shall be available for testing described in subsection (b) in support of the Nuclear Test Personnel Program conducted by the Defense Special Weapons Agency.

(b) COVERED TESTING.—Subsection (a) applies to the third phase of bioassay testing of individuals who are radiation-exposed veterans (as defined in section 1112(c)(3)(A) of title 38, United States Code) who participated in radiation-risk activities (as defined in section 1112(c)(3)(B) of such title).

Applicability.

SEC. 245. SENSE OF CONGRESS REGARDING COMANCHE PROGRAM.

It is the sense of Congress that the Department of Defense should—

(1) evaluate technology transfer and acquisition initiatives within the Army Comanche program that have the potential to increase the efficiency or reduce the risk of the Comanche program; and

(2) include adequate funding for those initiatives that the Department deems to be meritorious in the future-years defense

program (as submitted to Congress under section 221 of title 10, United States Code).

TITLE III—OPERATION AND MAINTENANCE

Subtitle A—Authorization of Appropriations

- Sec. 301. Operation and maintenance funding.
- Sec. 302. Working capital funds.
- Sec. 303. Armed Forces Retirement Home.
- Sec. 304. Fisher House Trust Funds.
- Sec. 305. Transfer from National Defense Stockpile Transaction Fund.
- Sec. 306. Refurbishment of M1–A1 tanks.
- Sec. 307. Operation of prepositioned fleet, National Training Center, Fort Irwin, California.
- Sec. 308. Refurbishment and installation of air search radar.
- Sec. 309. Contracted training flight services.
- Sec. 310. Procurement technical assistance programs.
- Sec. 311. Operation of Fort Chaffee, Arkansas.

Subtitle B—Military Readiness Issues

- Sec. 321. Monthly reports on allocation of funds within operation and maintenance budget subactivities.
- Sec. 322. Expansion of scope of quarterly readiness reports.
- Sec. 323. Semiannual reports on transfers from high-priority readiness appropriations.
- Sec. 324. Annual report on aircraft inventory.
- Sec. 325. Administrative actions adversely affecting military training or other readiness activities.
- Sec. 326. Common measurement of operations tempo and personnel tempo.
- Sec. 327. Inclusion of Air Force depot maintenance as operation and maintenance budget line items.
- Sec. 328. Prohibition of implementation of tiered readiness system.
- Sec. 329. Report on military readiness requirements of the Armed Forces.
- Sec. 330. Assessment of cyclical readiness posture of the Armed Forces.
- Sec. 331. Report on military exercises conducted under certain training exercises programs.
- Sec. 332. Report on overseas deployments.

Subtitle C—Environmental Provisions

- Sec. 341. Revision of membership terms for Strategic Environmental Research and Development Program Scientific Advisory Board.
- Sec. 342. Amendments to authority to enter into agreements with other agencies in support of environmental technology certification.
- Sec. 343. Modifications of authority to store and dispose of nondefense toxic and hazardous materials.
- Sec. 344. Annual report on payments and activities in response to fines and penalties assessed under environmental laws.
- Sec. 345. Annual report on environmental activities of the Department of Defense overseas.
- Sec. 346. Review of existing environmental consequences of the presence of the Armed Forces in Bermuda.
- Sec. 347. Sense of Congress on deployment of United States Armed Forces abroad for environmental preservation activities.
- Sec. 348. Recovery and sharing of costs of environmental restoration at Department of Defense sites.
- Sec. 349. Partnerships for investment in innovative environmental technologies.
- Sec. 350. Procurement of recycled copier paper.
- Sec. 351. Pilot program for the sale of air pollution emission reduction incentives.

Subtitle D—Depot-Level Activities

- Sec. 355. Definition of depot-level maintenance and repair.
- Sec. 356. Core logistics capabilities of Department of Defense.
- Sec. 357. Increase in percentage of depot-level maintenance and repair that may be contracted for performance by non-Government personnel.
- Sec. 358. Annual report on depot-level maintenance and repair.
- Sec. 359. Requirement for use of competitive procedures in contracting for performance of depot-level maintenance and repair workloads formerly performed at closed or realigned military installations.

- Sec. 360. Clarification of prohibition on management of depot employees by constraints on personnel levels.
- Sec. 361. Centers of Industrial and Technical Excellence.
- Sec. 362. Extension of authority for aviation depots and naval shipyards to engage in defense-related production and services.
- Sec. 363. Repeal of a conditional repeal of certain depot-level maintenance and repair laws and a related reporting requirement.
- Sec. 364. Personnel reductions, Army depots participating in Army Workload and Performance System.
- Sec. 365. Report on allocation of core logistics activities among Department of Defense facilities and private sector facilities.
- Sec. 366. Review of use of temporary duty assignments for ship repair and maintenance.
- Sec. 367. Sense of Congress regarding realignment of performance of ground communication-electronic workload.

Subtitle E—Commissaries and Nonappropriated Fund Instrumentalities

- Sec. 371. Reorganization of laws regarding commissaries and exchanges and other morale, welfare, and recreation activities.
- Sec. 372. Merchandise and pricing requirements for commissary stores.
- Sec. 373. Limitation on noncompetitive procurement of brand-name commercial items for resale in commissary stores.
- Sec. 374. Treatment of revenues derived from commissary store activities.
- Sec. 375. Maintenance, repair, and renovation of Armed Forces Recreation Center, Europe.
- Sec. 376. Plan for use of public and private partnerships to benefit morale, welfare, and recreation activities.

Subtitle F—Other Matters

- Sec. 381. Assistance to local educational agencies that benefit dependents of members of the Armed Forces and Department of Defense civilian employees.
- Sec. 382. Center for Excellence in Disaster Management and Humanitarian Assistance.
- Sec. 383. Applicability of Federal printing requirements to Defense Automated Printing Service.
- Sec. 384. Study and notification requirements for conversion of commercial and industrial type functions to contractor performance.
- Sec. 385. Collection and retention of cost information data on converted services and functions.
- Sec. 386. Financial assistance to support additional duties assigned to Army National Guard.
- Sec. 387. Competitive procurement of printing and duplication services.
- Sec. 388. Continuation and expansion of demonstration program to identify overpayments made to vendors.
- Sec. 389. Development of standard forms regarding performance work statement and request for proposal for conversion of certain operational functions of military installations.
- Sec. 390. Base operations support for military installations on Guam.
- Sec. 391. Warranty claims recovery pilot program.
- Sec. 392. Program to investigate fraud, waste, and abuse within Department of Defense.
- Sec. 393. Multitechnology automated reader card demonstration program.
- Sec. 394. Reduction in overhead costs of Inventory Control Points.
- Sec. 395. Inventory management.

Subtitle A—Authorization of Appropriations

SEC. 301. OPERATION AND MAINTENANCE FUNDING.

Funds are hereby authorized to be appropriated for fiscal year 1998 for the use of the Armed Forces and other activities and agencies of the Department of Defense for expenses, not otherwise provided for, for operation and maintenance, in amounts as follows:

- (1) For the Army, \$17,174,589,000.
- (2) For the Navy, \$21,947,656,000.
- (3) For the Marine Corps, \$2,424,645,000.

- (4) For the Air Force, \$19,172,985,000.
- (5) For Defense-wide activities, \$10,242,607,000.
- (6) For the Army Reserve, \$1,207,981,000.
- (7) For the Naval Reserve, \$846,711,000.
- (8) For the Marine Corps Reserve, \$116,366,000.
- (9) For the Air Force Reserve, \$1,631,200,000.
- (10) For the Army National Guard, \$2,311,432,000.
- (11) For the Air National Guard, \$2,999,782,000.
- (12) For the Defense Inspector General, \$136,580,000.
- (13) For the United States Court of Appeals for the Armed Forces, \$6,952,000.
- (14) For Environmental Restoration, Army, \$375,337,000.
- (15) For Environmental Restoration, Navy, \$275,500,000.
- (16) For Environmental Restoration, Air Force, \$376,900,000.
- (17) For Environmental Restoration, Defense-wide, \$26,900,000.
- (18) For Environmental Restoration, Formerly Used Defense Sites, \$202,300,000.
- (19) For Overseas Humanitarian, Disaster, and Civic Aid programs, \$47,130,000.
- (20) For Drug Interdiction and Counter-drug Activities, Defense-wide, \$666,882,000.
- (21) For the Kaho'olawe Island Conveyance, Remediation, and Environmental Restoration Trust Fund, \$10,000,000.
- (22) For Medical Programs, Defense, \$9,957,782,000.
- (23) For Cooperative Threat Reduction programs, \$382,200,000.
- (24) For Overseas Contingency Operations Transfer Fund, \$1,253,900,000.

SEC. 302. WORKING CAPITAL FUNDS.

Funds are hereby authorized to be appropriated for fiscal year 1998 for the use of the Armed Forces and other activities and agencies of the Department of Defense for providing capital for working capital and revolving funds in amounts as follows:

- (1) For the Defense Working Capital Funds, \$971,952,000.
- (2) For the National Defense Sealift Fund, \$1,059,948,000.

SEC. 303. ARMED FORCES RETIREMENT HOME.

There is hereby authorized to be appropriated for fiscal year 1998 from the Armed Forces Retirement Home Trust Fund the sum of \$79,977,000 for the operation of the Armed Forces Retirement Home, including the United States Soldiers' and Airmen's Home and the Naval Home.

SEC. 304. FISHER HOUSE TRUST FUNDS.

Funds are hereby authorized to be appropriated for fiscal year 1998, out of funds in Fisher House Trust Funds not otherwise appropriated, for the operation of Fisher houses described in section 2221(d) of title 10, United States Code, as follows:

- (1) From the Fisher House Trust Fund, Department of the Army, \$250,000 for Fisher houses that are located in proximity to medical treatment facilities of the Army.
- (2) From the Fisher House Trust Fund, Department of the Navy, \$150,000 for Fisher houses that are located in proximity to medical treatment facilities of the Navy.

SEC. 305. TRANSFER FROM NATIONAL DEFENSE STOCKPILE TRANSACTION FUND.

(a) **TRANSFER AUTHORITY.**—To the extent provided in appropriations Acts, not more than \$150,000,000 is authorized to be transferred from the National Defense Stockpile Transaction Fund to operation and maintenance accounts for fiscal year 1998 in amounts as follows:

- (1) For the Army, \$50,000,000.
- (2) For the Navy, \$50,000,000.
- (3) For the Air Force, \$50,000,000.

(b) **TREATMENT OF TRANSFERS.**—Amounts transferred under this section—

(1) shall be merged with, and be available for the same purposes and the same period as, the amounts in the accounts to which transferred; and

(2) may not be expended for an item that has been denied authorization of appropriations by Congress.

(c) **RELATIONSHIP TO OTHER TRANSFER AUTHORITY.**—The transfer authority provided in this section is in addition to the transfer authority provided in section 1001.

SEC. 306. REFURBISHMENT OF M1-A1 TANKS.

Of the amount authorized to be appropriated pursuant to section 301(1) for operation and maintenance for the Army, \$35,000,000 shall be available only for refurbishment of M1-A1 tanks under the AIM-XXI program if the Secretary of Defense determines that the cost effectiveness of the pilot AIM-XXI program is validated through user trials conducted at the National Training Center, Fort Irwin, California.

SEC. 307. OPERATION OF PREPOSITIONED FLEET, NATIONAL TRAINING CENTER, FORT IRWIN, CALIFORNIA.

Of the amount authorized to be appropriated pursuant to section 301(1) for operation and maintenance for the Army, \$60,200,000 shall be available only to pay costs associated with the operation of the prepositioned fleet of equipment during training rotations at the National Training Center, Fort Irwin, California.

SEC. 308. REFURBISHMENT AND INSTALLATION OF AIR SEARCH RADAR.

Of the amount authorized to be appropriated pursuant to section 301(2) for operation and maintenance for the Navy, \$6,000,000 may be available for the refurbishment and installation of the AN/SPS-48E air search radar for the Ship Self Defense System at the Integrated Ship Defense Systems Engineering Center, Naval Surface Warfare Center, Wallops Islands, Virginia.

SEC. 309. CONTRACTED TRAINING FLIGHT SERVICES.

Of the amount authorized to be appropriated pursuant to section 301(4) for operation and maintenance for the Air Force, \$12,000,000 may be used for contracted training flight services.

SEC. 310. PROCUREMENT TECHNICAL ASSISTANCE PROGRAMS.

(a) **FUNDING.**—Of the amount authorized to be appropriated under section 301(5), \$12,000,000 shall be available for carrying out the provisions of chapter 142 of title 10, United States Code.

(b) **SPECIFIC PROGRAMS.**—Of the amounts made available pursuant to subsection (a), \$600,000 shall be available for fiscal year

1998 for the purpose of carrying out programs sponsored by eligible entities referred to in subparagraph (D) of section 2411(1) of title 10, United States Code, that provide procurement technical assistance in distressed areas referred to in subparagraph (B) of section 2411(2) of such title. If there is an insufficient number of satisfactory proposals for cooperative agreements in such distressed areas to allow effective use of the funds made available in accordance with this subsection in such areas, the funds shall be allocated among the Defense Contract Administration Services regions in accordance with section 2415 of such title.

SEC. 311. OPERATION OF FORT CHAFFEE, ARKANSAS.

Of the amount authorized to be appropriated pursuant to section 301(10) for operation and maintenance for the Army National Guard, \$6,854,000 may be available for the operation of Fort Chaffee, Arkansas.

Subtitle B—Military Readiness Issues

SEC. 321. MONTHLY REPORTS ON ALLOCATION OF FUNDS WITHIN OPERATION AND MAINTENANCE BUDGET SUBACTIVITIES.

(a) IN GENERAL.—(1) Chapter 9 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 228. Monthly reports on allocation of funds within operation and maintenance budget subactivities

“(a) MONTHLY REPORT.—The Secretary of Defense shall submit to Congress a monthly report on the allocation of appropriations to O&M budget activities and to the subactivities of those budget activities. Each such report shall be submitted not later than 60 days after the end of the month to which the report pertains.

“(b) MATTERS TO BE INCLUDED.—Each such report shall set forth the following for each subactivity of the O&M budget activities:

“(1) The amount of budget authority appropriated for that subactivity in the most recent regular Department of Defense Appropriations Act.

“(2) The amount of budget authority actually made available for that subactivity, taking into consideration supplemental appropriations, rescissions, and other adjustments required by law or made pursuant to law.

“(3) The amount programmed to be expended from such subactivity.

“(c) IDENTIFICATION OF CERTAIN FLUCTUATIONS.—(1) If, in the report under this section for a month of a fiscal year after the first month of that fiscal year, an amount shown under subsection (b) for a subactivity is different by more than \$15,000,000 from the corresponding amount for that subactivity in the report for the first month of that fiscal year, the Secretary shall include in the report notice of that difference.

“(2) If, in the report under this section for a month of a fiscal year after a month for which the report under this section includes a notice under paragraph (1), an amount shown under subsection (b) for a subactivity is different by more than \$15,000,000 from the corresponding amount for that subactivity in the most recent report that includes a notice under paragraph (1) or this

paragraph, the Secretary shall include in the report notice of that difference.

“(d) REPORT ON FLUCTUATIONS.—If a report under this section includes a notice under subsection (c), the Secretary shall include in the report with each such notice the following:

“(1) The reasons for the reallocations of funds resulting in the inclusion of that notice in the report.

“(2) Each budget subactivity involved in those reallocations.

“(3) The effect of those reallocations on the operation and maintenance activities funded through the subactivity with respect to which the notice is included in the report.

“(e) O&M BUDGET ACTIVITY DEFINED.—For purposes of this section, the term ‘O&M budget activity’ means a budget activity within an operation and maintenance appropriation of the Department of Defense for a fiscal year.”.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“228. Monthly reports on allocation of funds within operation and maintenance budget subactivities.”.

(b) EFFECTIVE DATE.—The first report under section 228 of title 10, United States Code, as added by subsection (a), shall be for the month of December 1997. 10 USC 228 note.

SEC. 322. EXPANSION OF SCOPE OF QUARTERLY READINESS REPORTS.

(a) EXPANDED REPORTS REQUIRED.—(1) Section 482 of title 10, United States Code, is amended to read as follows:

“§ 482. Quarterly reports: personnel and unit readiness

“(a) QUARTERLY REPORTS REQUIRED.—Not later than 30 days after the end of each calendar-year quarter, the Secretary of Defense shall submit to Congress a report regarding military readiness. The report for a quarter shall contain the information required by subsections (b), (d), and (e).

“(b) READINESS PROBLEMS AND REMEDIAL ACTIONS.—Each report shall specifically describe—

“(1) each readiness problem and deficiency identified using the assessments considered under subsection (c);

“(2) planned remedial actions; and

“(3) the key indicators and other relevant information related to each identified problem and deficiency.

“(c) CONSIDERATION OF READINESS ASSESSMENTS.—The information required under subsection (b) to be included in the report for a quarter shall be based on readiness assessments that are provided during that quarter—

“(1) to any council, committee, or other body of the Department of Defense—

“(A) that has responsibility for readiness oversight; and

“(B) whose membership includes at least one civilian officer in the Office of the Secretary of Defense at the level of Assistant Secretary of Defense or higher;

“(2) by senior civilian and military officers of the military departments and the commanders of the unified and specified commands; and

“(3) as part of any regularly established process of periodic readiness reviews for the Department of Defense as a whole.

“(d) COMPREHENSIVE READINESS INDICATORS FOR ACTIVE COMPONENTS.—Each report shall also include information regarding each of the active components of the armed forces (and an evaluation of such information) with respect to each of the following readiness indicators:

“(1) PERSONNEL STRENGTH.—

“(A) Personnel status, including the extent to which members of the armed forces are serving in positions outside of their military occupational specialty, serving in grades other than the grades for which they are qualified, or both.

“(B) Historical data and projected trends in personnel strength and status.

“(2) PERSONNEL TURBULENCE.—

“(A) Recruit quality.

“(B) Borrowed manpower.

“(C) Personnel stability.

“(3) OTHER PERSONNEL MATTERS.—

“(A) Personnel morale.

“(B) Recruiting status.

“(4) TRAINING.—

“(A) Training unit readiness and proficiency.

“(B) Operations tempo.

“(C) Training funding.

“(D) Training commitments and deployments.

“(5) LOGISTICS—EQUIPMENT FILL.—

“(A) Deployed equipment.

“(B) Equipment availability.

“(C) Equipment that is not mission capable.

“(D) Age of equipment.

“(E) Condition of nonpacing items.

“(6) LOGISTICS—EQUIPMENT MAINTENANCE.—

“(A) Maintenance backlog.

“(7) LOGISTICS—SUPPLY.—

“(A) Availability of ordnance and spares.

“(B) Status of prepositioned equipment.

“(e) UNIT READINESS INDICATORS.—Each report shall also include information regarding the readiness of each active component unit of the armed forces at the battalion, squadron, or an equivalent level (or a higher level) that received a readiness rating of C-3 (or below) for any month of the calendar-year quarter covered by the report. With respect to each such unit, the report shall separately provide the following information:

“(1) The unit designation and level of organization.

“(2) The overall readiness rating for the unit for the quarter and each month of the quarter.

“(3) The resource area or areas (personnel, equipment and supplies on hand, equipment condition, or training) that adversely affected the unit's readiness rating for the quarter.

“(4) The reasons why the unit received a readiness rating of C-3 (or below).

“(f) CLASSIFICATION OF REPORTS.—A report under this section shall be submitted in unclassified form. To the extent the Secretary of Defense determines necessary, the report may also be submitted in classified form.”.

(2) The item relating to section 482 in the table of sections at the beginning of chapter 23 of such title is amended to read as follows:

“482. Quarterly reports: personnel and unit readiness.”.

(b) IMPLEMENTATION PLAN TO EXAMINE READINESS INDICATORS.—Not later than January 15, 1998, the Secretary of Defense shall submit to the congressional defense committees a plan—

10 USC 482 note.

(1) specifying the manner in which the Secretary will implement the additional reporting requirement of subsection (d) of section 482 of title 10, United States Code, as added by this section; and

(2) specifying the criteria proposed to be used to evaluate the readiness indicators identified in such subsection (d).

(c) LIMITATION PENDING RECEIPT OF IMPLEMENTATION PLAN.—Of the amount available for fiscal year 1998 for operation and support activities of the Office of the Secretary of Defense, 10 percent may not be obligated until after the date on which the implementation plan required by subsection (b) is submitted.

(d) TRANSITION TO COMPLETE REPORT.—Until the report under section 482 of title 10, United States Code, as amended by subsection (a), for the third quarter of 1998 is submitted, the Secretary of Defense may omit the information required by subsection (d) of such section if the Secretary determines that it is impracticable to comply with such subsection with regard to the preceding reports.

10 USC 482 note.

SEC. 323. SEMIANNUAL REPORTS ON TRANSFERS FROM HIGH-PRIORITY READINESS APPROPRIATIONS.

(a) REPORTS REQUIRED.—Chapter 23 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 483. Reports on transfers from high-priority readiness appropriations

“(a) ANNUAL REPORTS.—Not later than the date on which the President submits the budget for a fiscal year to Congress pursuant to section 1105 of title 31, the Secretary of Defense shall submit to the Committee on Armed Services and the Committee on Appropriations of the Senate and the Committee on National Security and the Committee on Appropriations of the House of Representatives a report on transfers during the preceding fiscal year from funds available for each covered budget activity.

“(b) MIDYEAR REPORTS.—Not later than June 1 of each fiscal year, the Secretary of Defense shall submit to the congressional committees specified in subsection (a) a report on transfers, during the first six months of that fiscal year, from funds available for each covered budget activity.

“(c) MATTERS TO BE INCLUDED.—In each report under subsection (a) or (b), the Secretary of Defense shall include for each covered budget activity the following:

“(1) A statement, for the period covered by the report, of—

“(A) the total amount of transfers into funds available for that activity;

“(B) the total amount of transfers from funds available for that activity; and

“(C) the net amount of transfers into, or out of, funds available for that activity.

“(2) A detailed explanation of the transfers into, and out of, funds available for that activity during the period covered by the report.

“(d) COVERED BUDGET ACTIVITY DEFINED.—In this section, the term ‘covered budget activity’ means each of the following:

“(1) The budget activity groups (known as ‘subactivities’) within the Operating Forces budget activity of the annual Operation and Maintenance, Army, appropriation that are designated as follows:

“(A) All subactivities under the category of Land Forces.

“(B) Land Forces Depot Maintenance.

“(C) Base Support.

“(D) Maintenance of Real Property.

“(2) The Air Operations budget activity groups (known as ‘subactivities’) within the Operating Forces budget activity of the annual Operation and Maintenance, Navy, appropriation that are designated as follows:

“(A) Mission and Other Flight Operations.

“(B) Fleet Air Training.

“(C) Aircraft Depot Maintenance.

“(D) Base Support.

“(E) Maintenance of Real Property.

“(3) The Ship Operations budget activity groups (known as ‘subactivities’) within the Operating Forces budget activity of the annual Operation and Maintenance, Navy, appropriation that are designated as follows:

“(A) Mission and Other Ship Operations.

“(B) Ship Operational Support and Training.

“(C) Ship Depot Maintenance.

“(D) Base Support.

“(E) Maintenance of Real Property.

“(4) The Expeditionary Forces budget activity groups (known as ‘subactivities’) within the Operating Forces budget activity of the annual Operation and Maintenance, Marine Corps, appropriation that are designated as follows:

“(A) Operational Forces.

“(B) Depot Maintenance.

“(C) Base Support.

“(D) Maintenance of Real Property.

“(5) The Air Operations and Combat Related Operations budget activity groups (known as ‘subactivities’) within the Operating Forces budget activity of the annual Operation and Maintenance, Air Force, appropriation that are designated as follows:

“(A) Primary Combat Forces.

“(B) Primary Combat Weapons.

“(C) Air Operations Training.

“(D) Depot Maintenance.

“(E) Base Support.

“(F) Maintenance of Real Property.

“(6) The Mobility Operations budget activity group (known as a ‘subactivity’) within the Mobilization budget activity of the annual Operation and Maintenance, Air Force, appropriation that is designated as Airlift Operations.

“(e) **TERMINATION.**—The requirements specified in subsections (a) and (b) shall terminate upon the submission of the annual report under subsection (a) covering fiscal year 2000.”.

(b) **CLERICAL AMENDMENT.**—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“483. Reports on transfers from high-priority readiness appropriations.”.

SEC. 324. ANNUAL REPORT ON AIRCRAFT INVENTORY.

(a) **ANNUAL REPORT REQUIRED.**—(1) Chapter 23 of title 10, United States Code, is amended by inserting after section 483, as added by section 323, the following new section:

“§ 484. Annual report on aircraft inventory

“(a) **ANNUAL REPORT.**—The Under Secretary of Defense (Comptroller) shall submit to Congress each year a report on the aircraft in the inventory of the Department of Defense. The Under Secretary shall submit the report when the President submits the budget to Congress under section 1105(a) of title 31.

“(b) **CONTENT.**—The report shall set forth, in accordance with subsection (c), the following information:

“(1) The total number of aircraft in the inventory.

“(2) The total number of the aircraft in the inventory that are active, stated in the following categories (with appropriate subcategories for mission aircraft, training aircraft, dedicated test aircraft, and other aircraft):

“(A) Primary aircraft.

“(B) Backup aircraft.

“(C) Attrition and reconstitution reserve aircraft.

“(3) The total number of the aircraft in the inventory that are inactive, stated in the following categories:

“(A) Bailment aircraft.

“(B) Drone aircraft.

“(C) Aircraft for sale or other transfer to foreign governments.

“(D) Leased or loaned aircraft.

“(E) Aircraft for maintenance training.

“(F) Aircraft for reclamation.

“(G) Aircraft in storage.

“(4) The aircraft inventory requirements approved by the Joint Chiefs of Staff.

“(c) **DISPLAY OF INFORMATION.**—The report shall specify the information required by subsection (b) separately for the active component of each armed force and for each reserve component of each armed force and, within the information set forth for each such component, shall specify the information separately for each type, model, and series of aircraft provided for in the future-years defense program submitted to Congress.”.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 483, as added by section 323, the following new item:

“484. Report on aircraft inventory.”.

(b) **SPECIAL SUBMISSION DATE FOR FIRST REPORT.**—The Under Secretary of Defense (Comptroller) shall submit the first report required under section 484 of title 10, United States Code (as added by subsection (a)), not later than January 30, 1998.

10 USC 484 note.

10 USC 221 note.

(c) **MODIFICATION OF BUDGET DATA EXHIBITS.**—The Under Secretary of Defense (Comptroller) shall ensure that aircraft budget data exhibits of the Department of Defense that are submitted to Congress display total numbers of active aircraft where numbers of primary aircraft or primary authorized aircraft are displayed in those exhibits.

SEC. 325. ADMINISTRATIVE ACTIONS ADVERSELY AFFECTING MILITARY TRAINING OR OTHER READINESS ACTIVITIES.

(a) **CONGRESSIONAL NOTIFICATION.**—Chapter 101 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 2014. Administrative actions adversely affecting military training or other readiness activities

“(a) **CONGRESSIONAL NOTIFICATION.**—Whenever an official of an Executive agency takes or proposes to take an administrative action that, as determined by the Secretary of Defense in consultation with the Chairman of the Joint Chiefs of Staff, affects training or any other readiness activity in a manner that has or would have a significant adverse effect on the military readiness of any of the armed forces or a critical component thereof, the Secretary shall submit a written notification of the action and each significant adverse effect to the head of the Executive agency taking or proposing to take the administrative action. At the same time, the Secretary shall transmit a copy of the notification to the President, the Committee on Armed Services of the Senate, and the Committee on National Security of the House of Representatives.

“(b) **NOTIFICATION TO BE PROMPT.**—(1) Subject to paragraph (2), the Secretary shall submit a written notification of an administrative action or proposed administrative action required by subsection (a) as soon as possible after the Secretary becomes aware of the action or proposed action.

Regulations.

“(2) The Secretary shall prescribe policies and procedures to ensure that the Secretary receives information on an administrative action or proposed administrative action described in subsection (a) promptly after Department of Defense personnel receive notice of such an action or proposed action.

“(c) **CONSULTATION BETWEEN SECRETARY AND HEAD OF EXECUTIVE AGENCY.**—Upon notification with respect to an administrative action or proposed administrative action under subsection (a), the head of the Executive agency concerned shall—

“(1) respond promptly to the Secretary; and

“(2) consistent with the urgency of the training or readiness activity involved and the provisions of law under which the administrative action or proposed administrative action is being taken, seek to reach an agreement with the Secretary on immediate actions to attain the objective of the administrative action or proposed administrative action in a manner which eliminates or mitigates the adverse effects of the administrative action or proposed administrative action upon the training or readiness activity.

“(d) **MORATORIUM.**—(1) Subject to paragraph (2), upon notification with respect to an administrative action or proposed administrative action under subsection (a), the administrative action or proposed administrative action shall cease to be effective with respect to the Department of Defense until the earlier of—

“(A) the end of the five-day period beginning on the date of the notification; or

“(B) the date of an agreement between the head of the Executive agency concerned and the Secretary as a result of the consultations under subsection (c).

“(2) Paragraph (1) shall not apply with respect to an administrative action or proposed administrative action if the head of the Executive agency concerned determines that the delay in enforcement of the administrative action or proposed administrative action will pose an actual threat of an imminent and substantial endangerment to public health or the environment.

“(e) EFFECT OF LACK OF AGREEMENT.—(1) If the head of an Executive agency and the Secretary do not enter into an agreement under subsection (c)(2), the Secretary shall submit a written notification to the President who shall take final action on the matter.

“(2) Not later than 30 days after the date on which the President takes final action on a matter under paragraph (1), the President shall submit to the committees referred to in subsection (a) a notification of the action.

“(f) LIMITATION ON DELEGATION OF AUTHORITY.—The head of an Executive agency may not delegate any responsibility under this section.

“(g) DEFINITION.—In this section, the term ‘Executive agency’ has the meaning given such term in section 105 of title 5, except that the term does not include the General Accounting Office.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“2014. Administrative actions adversely affecting military training or other readiness activities.”.

SEC. 326. COMMON MEASUREMENT OF OPERATIONS TEMPO AND PERSONNEL TEMPO. 10 USC 153 note.

(a) MEANS FOR MEASUREMENT.—The Chairman of the Joint Chiefs of Staff shall, to the maximum extent practicable, develop (1) a common means of measuring the operations tempo (OPTEMPO) of each of the Armed Forces, and (2) a common means of measuring the personnel tempo (PERSTEMPO) of each of the Armed Forces. The Chairman shall consult with the other members of the Joint Chiefs of Staff in developing those common means of measurement.

(b) PERSTEMPO MEASUREMENT.—The measurement of personnel tempo developed by the Chairman shall include a means of identifying the rate of deployment for individual members of the Armed Forces in addition to the rate of deployment for units.

SEC. 327. INCLUSION OF AIR FORCE DEPOT MAINTENANCE AS OPERATION AND MAINTENANCE BUDGET LINE ITEMS. 10 USC 221 note.

For fiscal year 1999 and each fiscal year thereafter, Air Force depot-level maintenance of materiel shall be displayed as one or more separate line items under each subactivity within the authorization request for operation and maintenance, Air Force, in the proposed budget for that fiscal year submitted to Congress pursuant to section 1105 of title 31, United States Code.

SEC. 328. PROHIBITION OF IMPLEMENTATION OF TIERED READINESS SYSTEM.

(a) PROHIBITION.—The Secretary of a military department may not implement, or be required to implement, a new readiness system for units of the Armed Forces (as outlined in sections 329 and 330), under which a military unit would be categorized into one of several categories (known as “tiers”) according to the likelihood that the unit will be required to respond to a military conflict and the time in which the unit will be required to respond, if that system would have the effect of changing the methods used as of October 1, 1996, by the Armed Forces under the jurisdiction of that Secretary for determining the priorities for allocating to such military units funding, personnel, equipment, equipment maintenance, and training resources, and the associated levels of readiness of those units that result from those priorities.

(b) REPORT TO CONGRESS REQUESTING WAIVER.—If the Secretary of Defense determines, following the review required by sections 329 and 330 (or any similar review), that implementation for one or more of the Armed Forces of a tiered readiness system that is prohibited by subsection (a) would be in the national security interests of the United States, the Secretary shall submit to Congress a report setting forth that determination, together with the rationale for that determination, and a request for the enactment of legislation to allow implementation of such a system.

(c) RULE OF CONSTRUCTION.—Nothing in subsection (a) is intended to preclude the Secretary of Defense from taking necessary actions to maintain the combat preparedness of the active and reserve components of the Armed Forces.

SEC. 329. REPORT ON MILITARY READINESS REQUIREMENTS OF THE ARMED FORCES.

(a) REQUIREMENT FOR REPORT.—Not later than January 31, 1998, the Chairman of the Joint Chiefs of Staff shall submit to the congressional defense committees a report on the military readiness requirements of the active and reserve components of the Armed Forces (including combat units, combat support units, and combat service support units). The report shall assess such requirements under a tiered readiness and response system that categorizes a given unit according to the likelihood that it will be required to respond to a military conflict and the time within which it will be required to respond.

(b) PREPARATION BY JCS AND COMMANDERS OF UNIFIED COMMANDS.—The report required by subsection (a) shall be prepared jointly by the Chairman of the Joint Chiefs of Staff, the Chief of Staff of the Army, the Chief of Naval Operations, the Chief of Staff of the Air Force, the Commandant of the Marine Corps, the commander of the Special Operations Command, and the commanders of the other unified commands.

(c) ASSESSMENT SCENARIO.—The report shall assess readiness requirements in a scenario that is based on the following assumptions:

(1) That the Armed Forces of the United States must be capable of—

(A) fighting and winning, in concert with allies, two major theater wars nearly simultaneously; and

(B) deterring or defeating a strategic attack on the United States.

(2) That the forces available for deployment are the forces included in the force structure recommended in the Quadrennial Defense Review, including all other planned force enhancements.

(d) ASSESSMENT ELEMENTS.—(1) The report shall identify, by unit type, all major units of the active and reserve components of the Armed Forces and assess the readiness requirements of the units. Each identified unit shall be categorized within one of the following classifications:

(A) Forward-deployed and crisis response forces, or “Tier I” forces, that possess limited internal sustainment capability and do not require immediate access to regional air bases or ports or overflight rights, including the following:

(i) Force units that are deployed in rotation at sea or on land outside the United States.

(ii) Combat-ready crises response forces that are capable of mobilizing and deploying within 10 days after receipt of orders.

(iii) Forces that are supported by prepositioning equipment afloat or are capable of being inserted into a theater upon the capture of a port or airfield by forcible entry forces.

(B) Combat-ready follow-on forces, or “Tier II” forces, that can be mobilized and deployed to a theater within approximately 60 days after receipt of orders.

(C) Combat-ready conflict resolution forces, or “Tier III” forces, that can be mobilized and deployed to a theater within approximately 180 days after receipt of orders.

(D) All other active and reserve component force units which are not categorized within a classification described in subparagraph (A), (B), or (C).

(2) For the purposes of paragraph (1), the following units are major units:

(A) In the case of the Army or Marine Corps, a brigade and a battalion.

(B) In the case of the Navy, a squadron of aircraft, a ship, and a squadron of ships.

(C) In the case of the Air Force, a squadron of aircraft.

(e) PROJECTION OF SAVINGS FOR USE FOR MODERNIZATION.—The report shall include a projection for fiscal years 1998 through 2003 of the amounts of the savings in operation and maintenance funding that—

(1) could be derived by each of the Armed Forces by placing as many units as is practicable into the lower readiness categories among the tiers; and

(2) could be made available for force modernization.

(f) FORM OF REPORT.—The report under this section shall be submitted in unclassified form, but may contain a classified annex.

(g) PLANNED FORCE ENHANCEMENT DEFINED.—In this section, the term “planned force enhancement”, with respect to the force structure recommended in the Quadrennial Defense Review, means any future improvement in the capability of the force (including current strategic and future improvement in strategic lift capability) that is assumed in the development of the recommendation for the force structure set forth in the Quadrennial Defense Review.

SEC. 330. ASSESSMENT OF CYCLICAL READINESS POSTURE OF THE ARMED FORCES.

(a) **REQUIREMENT.**—(1) Not later than 120 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report on the readiness posture of the Armed Forces described in subsection (b).

(2) The Secretary shall prepare the report required under paragraph (1) with the assistance of the Joint Chiefs of Staff. In providing such assistance, the Chairman of the Joint Chiefs of Staff shall consult with the Chief of the National Guard Bureau.

(b) **READINESS POSTURE.**—(1) The readiness posture to be covered by the report under subsection (a) is a readiness posture for units of the Armed Forces, or for designated units of the Armed Forces, that provides for a rotation of such units between a state of high readiness and a state of low readiness.

(2) As part of the evaluation of the readiness posture described in paragraph (1), the report shall address in particular a readiness posture that—

(A) establishes within the Armed Forces two equivalent forces each structured so as to be capable of fighting and winning a major theater war; and

(B) provides for an alternating rotation of such forces between a state of high readiness and a state of low readiness.

(3) The evaluation of the readiness posture described in paragraph (2) shall be based upon assumptions permitting comparison with the existing force structure as follows:

(A) That there are assembled from among the units of the Armed Forces two equivalent forces each structured so as to be capable of fighting and winning a major theater war.

(B) That each force referred to in subparagraph (A) includes—

(i) four active Army divisions, including one mechanized division, one armored division, one light infantry division, and one division combining airborne units and air assault units, and appropriate support and service support units for such divisions;

(ii) six divisions (or division equivalents) of the Army National Guard or the Army Reserve that are essentially equivalent in structure, and appropriate support and service support units for such divisions;

(iii) six aircraft carrier battle groups;

(iv) six active Air Force fighter wings (or fighter wing equivalents);

(v) four Air Force reserve fighter wings (or fighter wing equivalents); and

(vi) one active Marine Corps expeditionary force.

(C) That each force may be supplemented by critical units or units in short supply, including heavy bomber units, strategic lift units, and aerial reconnaissance units, that are not subject to the readiness rotation otherwise assumed for purposes of the evaluation or are subject to the rotation on a modified basis.

(D) That units of the Armed Forces not assigned to a force are available for operations other than those essential to fight and win a major theater war, including peace operations.

(E) That the state of readiness of each force alternates between a state of high readiness and a state of low readiness on a frequency determined by the Secretary (but not more often than once every six months) and with only one force at a given state of readiness at any one time.

(F) That, during the period of state of high readiness of a force, any operations or activities (including leave and education and training of personnel) that detract from the near-term wartime readiness of the force are temporary and their effects on such state of readiness minimized.

(G) That units are assigned overseas during the period of state of high readiness of the force to which the units are assigned primarily on a temporary duty basis.

(H) That, during the period of high readiness of a force, the operational war plans for the force incorporate the divisions (or division equivalents) of the Army Reserve or Army National Guard assigned to the force in a manner such that one such division (or division equivalent) is, on a rotating basis for such divisions (or division equivalents) during the period, maintained in a high state of readiness and dedicated as the first reserve combat division to be transferred overseas in the event of a major theater war.

(c) REPORT ELEMENTS.—The report under this section shall include the following elements for the readiness posture described in subsection (b)(2):

(1) An estimate of the range of cost savings achievable over the long term as a result of implementing the readiness posture, including—

(A) the savings achievable from reduced training levels and readiness levels during periods in which a force referred to in subsection (b)(3)(A) is in a state of low readiness; and

(B) the savings achievable from reductions in costs of infrastructure overseas as a result of reduced permanent change of station rotations.

(2) An assessment of the potential risks associated with a lower readiness status for units assigned to a force in a state of low readiness under the readiness posture, including the risks associated with the delayed availability of such units overseas in the event of two nearly simultaneous major theater wars.

(3) An assessment of the potential risks associated with requiring the forces under the readiness posture to fight a major war in any theater worldwide.

(4) An assessment of the modifications of the current force structure of the Armed Forces that are necessary to achieve the range of cost savings estimated under paragraph (1), including the extent of the diminishment, if any, of the military capabilities of the Armed Forces as a result of the modifications.

(5) An assessment whether or not the risks of diminished military capability associated with implementation of the readiness posture exceed the risks of diminished military capability associated with the modifications of the current force structure necessary to achieve cost savings equivalent to the best case for cost savings resulting from the implementation of the readiness posture.

(d) **FORM OF REPORT.**—The report under this section shall be submitted in unclassified form, but may contain a classified annex.

(e) **DEFINITIONS.**—In this section:

(1) The term “state of high readiness”, in the case of a military force, means the capability to mobilize first-to-arrive units of the force within 18 hours and last-to-arrive units within 120 days of a particular event.

(2) The term “state of low readiness”, in the case of a military force, means the capability to mobilize first-to-arrive units within 90 days and last-to-arrive units within 180 days of a particular event.

SEC. 331. REPORT ON MILITARY EXERCISES CONDUCTED UNDER CERTAIN TRAINING EXERCISES PROGRAMS.

(a) **REPORT.**—Not later than February 16, 1998, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report on the military exercises conducted by the Department of Defense during fiscal years 1995, 1996, and 1997 and the military exercises planned to be conducted during fiscal years 1998, 1999, and 2000, under the following training exercises programs:

(1) The program known as the “CJCS Exercise Program”.

(2) The program known as the “Partnership for Peace program”.

(3) The Cooperative Threat Reduction programs.

(b) **INFORMATION ON EXERCISES CONDUCTED OR TO BE CONDUCTED.**—The report under subsection (a) shall include the following information for each exercise included in the report, which shall be set forth by fiscal year and shown within the fiscal year by the sponsoring command:

(1) Name of the exercise.

(2) Type, description, duration, and objectives of the exercise.

(3) Participating units, including the number of personnel participating in each unit.

(4) For each participating unit, the percentage of the tasks on that unit’s specification of tasks (known as a mission essential task list) or a comparable specification (in the case of any of the Armed Forces not maintaining a mission essential task list designation) that were performed or are scheduled to be performed as part of the exercise.

(5) The cost of the exercise paid or to be paid out of funds available to the Chairman of the Joint Chiefs of Staff and the cost to each of the Armed Forces participating in the exercise, with a description of the categories of activities for which those costs are incurred in each such case.

(6) In the case of each planned exercise, the priority of the exercise in relation to all other exercises planned by the sponsoring command to be conducted during that fiscal year.

(7) In the case of an exercise conducted or to be conducted in a foreign country or with military personnel of a foreign country, the military forces of the foreign country that participated or will participate in the exercise.

(c) **ASSESSMENT.**—The report under subsection (a) shall include—

(1) an assessment of the ability of each of the Armed Forces to meet requirements of the training exercises programs specified in subsection (a);

(2) an assessment of the training value of each exercise covered in the report to each unit of the Armed Forces participating in the exercise, including for each such unit an assessment of the value of the percentage under subsection (b)(4) as an indicator of the training value of the exercise for that unit;

(3) options to minimize the negative effects on operational and personnel tempo resulting from the training exercises programs; and

(4) in the case of exercises to be conducted in a foreign country or with military personnel of a foreign country—

(A) an assessment of the training value of each exercise covered in the report to the foreign countries involved and the extent to which the exercise enhances the readiness capabilities of all military forces involved in the exercise (both United States and foreign); and

(B) an assessment of the benefits to be derived through enhanced military-to-military relationships between the United States and foreign countries.

(d) **FUNDING LIMITATION PENDING RECEIPT OF REPORT.**—Of the funds available for fiscal year 1998 for the conduct of the CJCS Exercise Program, not more than 90 percent may be expended before the date on which the report required under subsection (a) is submitted.

SEC. 332. REPORT ON OVERSEAS DEPLOYMENTS.

(a) **REPORT.**—Not later than 90 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report on the deployments overseas of members of the Armed Forces (other than the Coast Guard). The report shall describe the deployments as of June 30, 1996, and as of June 30, 1997.

(b) **ELEMENTS.**—The report shall include the following, shown as of each date specified in subsection (a) and shown for the Armed Forces in the aggregate and separately for each of the Armed Forces:

(1) The number of military personnel deployed overseas pursuant to a permanent duty assignment, shown in the aggregate and by country or ocean to which deployed.

(2) The number of military personnel deployed overseas pursuant to a temporary duty assignment, including—

(A) the number engaged in training with units of a single military department;

(B) the number engaged in United States military joint exercises; and

(C) the number engaged in training with allied units.

(3) The number of military personnel deployed overseas who were engaged in contingency operations (including peacekeeping or humanitarian assistance missions) or other activities (other than those personnel covered by paragraphs (1) and (2)).

Subtitle C—Environmental Provisions

SEC. 341. REVISION OF MEMBERSHIP TERMS FOR STRATEGIC ENVIRONMENTAL RESEARCH AND DEVELOPMENT PROGRAM SCIENTIFIC ADVISORY BOARD.

Section 2904(b)(4) of title 10, United States Code, is amended by striking out “three” and inserting in lieu thereof “not less than two and not more than four”.

SEC. 342. AMENDMENTS TO AUTHORITY TO ENTER INTO AGREEMENTS WITH OTHER AGENCIES IN SUPPORT OF ENVIRONMENTAL TECHNOLOGY CERTIFICATION.

(a) **AUTHORITY TO ENTER INTO AGREEMENTS WITH INDIAN TRIBES.**—Section 327 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2483; 10 U.S.C. 2702 note) is amended—

(1) in subsection (a), by inserting “, or with an Indian tribe,” after “with an agency of a State or local government”;

(2) by redesignating subsection (e) as subsection (f); and

(3) by inserting after subsection (d) the following new subsection:

“(e) **DEFINITION.**—In this section, the term ‘Indian tribe’ has the meaning given that term by section 101(36) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601(36)).”.

(b) **ELIMINATION OF CERTAIN LIMITATION ON AUTHORITY.**—Subsection (b)(1) of such section is amended by striking out “in carrying out its environmental restoration activities”.

(c) **ADDITIONAL REPORT INFORMATION.**—Subsection (d) of such section is amended by adding at the end the following:

“(5) A statement of the funding that will be required to meet commitments made to State and local governments and Indian tribes under such agreements entered into during the fiscal year preceding the fiscal year in which the report is submitted.

“(6) A description of any cost-sharing arrangement under any such agreements.”.

10 USC 2702
note.

(d) **GUIDELINES FOR REIMBURSEMENT AND COST-SHARING.**—Not later than 90 days after the date of enactment of this Act, the Secretary of Defense shall submit to Congress a report setting forth the guidelines established by the Secretary for reimbursement of State and local governments, and for cost-sharing between the Department of Defense, such governments, and vendors, under cooperative agreements entered into under such section 327.

10 USC 2702
note.

(e) **EFFECTIVE DATE.**—The amendments made by this section shall take effect 30 days after the date on which the report required by subsection (d) is submitted to Congress.

SEC. 343. MODIFICATIONS OF AUTHORITY TO STORE AND DISPOSE OF NONDEFENSE TOXIC AND HAZARDOUS MATERIALS.

(a) **STORAGE OF MATERIALS OWNED BY MEMBERS AND DEPENDENTS.**—Subsection (a)(1) of section 2692 of title 10, United States Code, is amended by striking out “by the Department of Defense.” and inserting in lieu thereof the following: “either by the Department of Defense or by a member of the armed forces (or a dependent of the member) assigned to or provided military housing on the installation.”.

(b) ADDITIONAL AUTHORITY.—Subsection (b) of such section is amended—

(1) by redesignating paragraphs (1) through (9) as paragraphs (2) through (10), respectively; and

(2) by inserting before paragraph (2) (as so redesignated) the following new paragraph (1):

“(1) the storage, treatment, or disposal of materials that will be or have been used in connection with an activity of the Department of Defense or in connection with a service to be performed on an installation of the Department for the benefit of the Department;”.

(c) STORAGE AND DISPOSAL OF EXPLOSIVES TO ASSIST LAW ENFORCEMENT AGENCIES.—Subsection (b) of such section is amended in paragraph (3) (as redesignated by subsection (b))—

(1) by striking out “Federal law enforcement” and inserting in lieu thereof “Federal, State, or local law enforcement”; and

(2) by striking out “Federal agency” and inserting in lieu thereof “Federal, State, or local agency”.

(d) STORAGE OF MATERIAL IN CONNECTION WITH AUTHORIZED AND COMPATIBLE USE OF A DEFENSE FACILITY.—Subsection (b) of such section is amended in paragraph (9) (as redesignated by subsection (b))—

(1) by striking out “by a private person in connection with the authorized and compatible use by that person of an industrial-type” and inserting in lieu thereof “in connection with the authorized and compatible use of a”; and

(2) by striking out “; and” at the end and inserting in lieu thereof the following: “, including the use of such a facility for testing materiel or training personnel;”.

(e) TREATMENT AND DISPOSAL OF MATERIAL IN CONNECTION WITH AUTHORIZED AND COMPATIBLE USE OF A DEFENSE FACILITY.—Subsection (b) of such section is amended in paragraph (10) (as redesignated by subsection (b))—

(1) by striking out “by a private person in connection with the authorized and compatible commercial use by that person of an industrial-type” and inserting in lieu thereof “in connection with the authorized and compatible use of a”; and

(2) by striking out “with that person” and inserting in lieu thereof “or agreement with the prospective user”;

(3) by striking out “for that person’s” in subparagraph (B) and inserting in lieu thereof “for the prospective user’s”; and

(4) by striking out the period at the end and inserting in lieu thereof “; and”.

(f) STORAGE OF MATERIAL IN CONNECTION WITH SPACE LAUNCH FACILITIES.—Subsection (b) of such section is further amended by adding at the end the following new paragraph:

“(11) the storage of any material that is not owned by the Department of Defense if the Secretary of the military department concerned determines that the material is required or generated in connection with the use of a space launch facility located on an installation of the Department of Defense or on other land controlled by the United States.”.

(g) TECHNICAL AMENDMENTS.—(1) Subsection (a)(1) of such section is further amended by striking out “storage” and inserting in lieu thereof “storage, treatment;”.

(2) The heading for such section is amended to read as follows:

“§ 2692. Storage, treatment, and disposal of nondefense toxic and hazardous materials”.

(3) The item relating to such section in the table of sections at the beginning of chapter 159 of such title is amended to read as follows:

“2692. Storage, treatment, and disposal of nondefense toxic and hazardous materials.”.

10 USC 2692
note.

(h) SAVINGS CLAUSE.—Nothing in the amendments made by this section is intended to modify environmental laws or laws relating to the siting of facilities.

SEC. 344. ANNUAL REPORT ON PAYMENTS AND ACTIVITIES IN RESPONSE TO FINES AND PENALTIES ASSESSED UNDER ENVIRONMENTAL LAWS.

(a) ANNUAL REPORTS.—Section 2706(b)(2) of title 10, United States Code, is amended by adding at the end the following:

“(H) A statement of the fines and penalties imposed or assessed against the Department of Defense under Federal, State, or local environmental law during the fiscal year preceding the fiscal year in which the report is submitted, setting forth each Federal environmental statute under which a fine or penalty was imposed or assessed during the fiscal year, and, with respect to each such statute—

“(i) the aggregate amount of fines and penalties imposed or assessed during the fiscal year;

“(ii) the aggregate amount of fines and penalties paid during the fiscal year;

“(iii) the total amount required for environmental projects to be carried out by the Department of Defense in lieu of the payment of fines or penalties; and

“(iv) the number of fines and penalties imposed or assessed during the fiscal year that were—

“(I) \$100,000 or less; and

“(II) more than \$100,000.”.

10 USC 2706
note.

(b) REPORT IN FISCAL YEAR 1998.—The statement submitted by the Secretary of Defense under subparagraph (H) of section 2706(b)(2) of title 10, United States Code, as added by subsection (a), in 1998 shall, to the maximum extent practicable, include the information required by that subparagraph for each of fiscal years 1994 through 1997.

SEC. 345. ANNUAL REPORT ON ENVIRONMENTAL ACTIVITIES OF THE DEPARTMENT OF DEFENSE OVERSEAS.

Section 2706 of title 10, United States Code, is amended—

(1) by redesignating subsection (d) as subsection (e); and

(2) by inserting after subsection (c) the following new subsection (d):

“(d) REPORT ON ENVIRONMENTAL ACTIVITIES OVERSEAS.—(1) The Secretary of Defense shall submit to Congress each year, not later than 30 days after the date on which the President submits to Congress the budget for a fiscal year, a report on the environmental activities of the Department of Defense overseas.

“(2) Each such report shall include a statement of the funding levels during such fiscal year for each of the following categories:

“(A) Compliance by the Department of Defense with requirements under a treaty, law, contract, or other agreement for environmental restoration or compliance activities.

“(B) Performance by the Department of Defense of other environmental restoration and compliance activities overseas.

“(C) Performance by the Department of Defense of any other overseas activities related to the environment, including conferences, meetings, and studies for pilot programs, and travel related to such activities.”.

SEC. 346. REVIEW OF EXISTING ENVIRONMENTAL CONSEQUENCES OF THE PRESENCE OF THE ARMED FORCES IN BERMUDA.

Not later than 120 days after the date of enactment of this Act, the Secretary of Defense shall submit to the congressional defense committees a report on any remaining environmental effects of the presence of the Armed Forces of the United States in Bermuda.

Reports.

SEC. 347. SENSE OF CONGRESS ON DEPLOYMENT OF UNITED STATES ARMED FORCES ABROAD FOR ENVIRONMENTAL PRESERVATION ACTIVITIES.

(a) SENSE OF CONGRESS.—It is the sense of Congress that members of the Army, Navy, Air Force, and Marine Corps should not be deployed outside the United States to provide assistance to another nation in connection with environmental preservation activities in that nation, unless the Secretary of Defense determines that such activities are necessary for national security purposes.

(b) SCOPE OF SECTION.—For purposes of this section, environmental preservation activities do not include any of the following:

(1) Activities undertaken for humanitarian purposes, disaster relief activities, peacekeeping activities, or operational training activities.

(2) Environmental compliance and restoration activities associated with military installations and deployments outside the United States.

SEC. 348. RECOVERY AND SHARING OF COSTS OF ENVIRONMENTAL RESTORATION AT DEPARTMENT OF DEFENSE SITES.

10 USC 2701
note.

(a) REGULATIONS.—Not later than March 1, 1998, the Secretary of Defense shall prescribe regulations containing the guidelines and requirements described in subsections (b) and (c).

(b) GUIDELINES.—(1) The regulations prescribed under subsection (a) shall contain uniform guidelines for the military departments and defense agencies concerning the cost-recovery and cost-sharing activities of those departments and agencies.

(2) The Secretary shall take appropriate actions to ensure the implementation of the guidelines.

(c) REQUIREMENTS.—The regulations prescribed under subsection (a) shall contain requirements for the Secretaries of the military departments and the heads of defense agencies to—

(1) obtain all data that is relevant for purposes of cost-recovery and cost-sharing activities; and

(2) identify any negligence or other misconduct that may preclude indemnification or reimbursement by the Department of Defense for the costs of environmental restoration at a Department site or justify the recovery or sharing of costs associated with such restoration.

(d) DEFINITION.—In this section, the term “cost-recovery and cost-sharing activities” means activities concerning—

- (1) the recovery of the costs of environmental restoration at Department of Defense sites from contractors of the Department and other private parties that contribute to environmental contamination at such sites; and
- (2) the sharing of the costs of such restoration with such contractors and parties.

10 USC 2702
note.

SEC. 349. PARTNERSHIPS FOR INVESTMENT IN INNOVATIVE ENVIRONMENTAL TECHNOLOGIES.

(a) **AUTHORITY.**—Subject to subsection (b), the Secretary of Defense may enter into a partnership with one or more private entities to demonstrate and validate innovative environmental technologies.

(b) **LIMITATIONS.**—The Secretary of Defense may enter into a partnership with respect to an environmental technology under subsection (a) only if—

- (1) any private entities participating in the partnership are selected through the use of competitive procedures;
- (2) the partnership provides for parties other than the Department of Defense to provide at least 50 percent of the funding required (not including in-kind contributions or preexisting investments); and
- (3) the Secretary determines that—

(A) the technology has clear potential to be of significant value to the Department of Defense in its environmental remediation activities at a substantial number of Department of Defense sites; and

(B) the technology would not be developed without the commitment of Department of Defense funds.

(c) **EVALUATION GUIDELINES.**—Before entering into a partnership with respect to an environmental technology under subsection (a), the Secretary of Defense shall give consideration to the following:

- (1) The potential for the technology to be used by the Department of Defense for environmental remediation.
- (2) The technical feasibility and maturity of the technology.
- (3) The adequacy of financial and management plans to demonstrate and validate the technology.
- (4) The costs and benefits to the Department of Defense of developing and using the technology.
- (5) The potential for commercialization of the technology.
- (6) The proposed arrangements for sharing the costs of the partnership through the use of resources outside the Department of Defense.

(d) **FUNDING.**—Under a partnership entered into under subsection (a), the Secretary of Defense may provide funds to the partner or partners from appropriations available to the Department of Defense for environmental activities, for a period of up to five years.

(e) **REPORT.**—In the annual report required under section 2706(a) of title 10, United States Code, the Secretary of Defense shall include the following information with respect to partnerships entered into under this section:

- (1) The number of such partnerships.
- (2) A description of the nature of the technology involved in each such partnership.
- (3) A list of all partners in such partnerships.

(f) COORDINATION.—The Secretary of Defense shall ensure that the Department of Defense coordinates with the Administrator of the Environmental Protection Agency in any verification sponsored by the Department of technologies demonstrated and validated by a partnership entered into under this section.

(g) PROCEDURES.—The Secretary of Defense shall develop appropriate procedures to ensure that all Department of Defense funds committed to a partnership entered into under this section are expended for the purpose authorized in the partnership agreement. The Secretary may not enter into a partnership under this section until 30 days after the date on which a copy of such procedures is provided to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives.

(h) TERMINATION OF AUTHORITY.—The authority to enter into agreements under subsection (a) shall terminate three years after the date of the enactment of this Act.

SEC. 350. PROCUREMENT OF RECYCLED COPIER PAPER.

(a) PROCUREMENT REQUIREMENTS.—Chapter 140 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 2378. Procurement of copier paper containing specified percentages of post-consumer recycled content

“(a) PROCUREMENT REQUIREMENT.—(1) Except as provided in subsections (b) and (c), a department or agency of the Department of Defense may not procure copying machine paper after the applicable date specified in paragraph (2) unless the percentage of post-consumer recycled content of the paper meets the percentage then in effect under such paragraph.

“(2) The percentage of post-consumer recycled content of paper required under paragraph (1) is as follows:

“(A) 20 percent as of January 1, 1998.

“(B) 30 percent as of January 1, 1999.

“(C) 50 percent as of January 1, 2004.

“(b) EXCEPTIONS.—A department or agency of the Department of Defense is not required to procure copying machine paper containing a percentage of post-consumer recycled content that meets the applicable requirement in subsection (a) if the Secretary concerned determines that one or more of the following circumstances apply with respect to that procurement:

“(1) The cost of procuring copying machine paper satisfying the applicable requirement significantly exceeds the cost of procuring copying machine paper containing a percentage of post-consumer recycled content that does not meet such requirement. The Secretary concerned shall establish the cost differential to be applied under this paragraph.

“(2) Copying machine paper containing a percentage of post-consumer recycled content meeting such requirement is not reasonably available within a reasonable period of time.

“(3) Copying machine paper containing a percentage of post-consumer recycled content meeting such requirement does not meet performance standards of the department or agency for copying machine paper.

“(c) EFFECT OF INABILITY TO MEET GOAL IN 2004.—(1) In the case of the requirement that will take effect on January 1, 2004,

Notice. pursuant to subsection (a)(2)(C), the requirement shall not take effect with respect to a military department or Defense Agency if the Secretary of Defense determines that the department or agency will be unable to meet such requirement by that date.

“(2) The Secretary shall submit to Congress written notice of any determination made under paragraph (1) and the reasons for the determination. The Secretary shall submit such notice, if at all, not later than January 1, 2003.

“(d) SECRETARY CONCERNED DEFINED.—In this section, the term ‘Secretary concerned’ means the Secretary of each military department and the Secretary of Defense with respect to the Defense Agencies.”

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“2378. Procurement of copier paper containing specified percentages of post-consumer recycled content.”.

10 USC 2701
note.

SEC. 351. PILOT PROGRAM FOR THE SALE OF AIR POLLUTION EMISSION REDUCTION INCENTIVES.

(a) AUTHORITY.—(1) The Secretary of Defense may, in consultation with the Administrator of General Services, carry out a pilot program to assess the feasibility and advisability of the sale of economic incentives for the reduction of emission of air pollutants attributable to a facility of a military department.

(2) The Secretary may carry out the pilot program during the period beginning on the date of the enactment of this Act and ending two years after such date.

(b) INCENTIVES AVAILABLE FOR SALE.—(1) Under the pilot program, the Secretary may sell economic incentives for the reduction of emission of air pollutants attributable to a facility of a military department only if such incentives are not otherwise required for the activities or operations of the military department.

(2) The Secretary may not, under the pilot program, sell economic incentives attributable to the closure or realignment of a military installation under a base closure law.

(3) If the Secretary determines that additional sales of economic incentives are likely to result in amounts available for allocation under subsection (c)(2) in a fiscal year in excess of the limitation set forth in subparagraph (B) of that subsection, the Secretary shall not carry out such additional sales in that fiscal year.

(c) USE OF PROCEEDS.—(1) The proceeds of sale of economic incentives attributable to a facility of a military department shall be credited to the funds available to the facility for the costs of identifying, quantifying, or valuing economic incentives for the reduction of emission of air pollutants. The amount credited shall be equal to the cost incurred in identifying, quantifying, or valuing the economic incentives sold.

(2)(A)(i) If after crediting under paragraph (1) a balance remains, the amount of such balance shall be available to the Department of Defense for allocation by the Secretary to the military departments for programs, projects, and activities necessary for compliance with Federal environmental laws, including the purchase of economic incentives for the reduction of emission of air pollutants.

(ii) To the extent practicable, amounts allocated to the military departments under this subparagraph shall be made available to

the facilities that generated the economic incentives providing the basis for the amounts.

(B) The total amount allocated under this paragraph in a fiscal year from sales of economic incentives may not equal or exceed \$500,000.

(3) If after crediting under paragraph (1) a balance remains in excess of an amount equal to the limitation set forth in paragraph (2)(B), the amount of the excess shall be covered over into the Treasury as miscellaneous receipts.

(4) Funds credited under paragraph (1) or allocated under paragraph (2) shall be merged with the funds to which credited or allocated, as the case may be, and shall be available for the same purposes and for the same period as the funds with which merged.

(d) DEFINITIONS.—In this section:

(1) The term “base closure law” means the following:

(A) Section 2687 of title 10, United States Code.

(B) Title II of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100–526; 10 U.S.C. 2687 note).

(C) The Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note).

(2) The term “economic incentives for the reduction of emission of air pollutants” means any transferable economic incentives (including marketable permits and emission rights) necessary or appropriate to meet air quality requirements under the Clean Air Act (42 U.S.C. 7401 et seq.).

Subtitle D—Depot-Level Activities

SEC. 355. DEFINITION OF DEPOT-LEVEL MAINTENANCE AND REPAIR.

(a) DEPOT-LEVEL MAINTENANCE AND REPAIR DEFINED.—Chapter 146 of title 10, United States Code, is amended by inserting before section 2461 the following new section:

“§ 2460. Definition of depot-level maintenance and repair

“(a) IN GENERAL.—In this chapter, the term ‘depot-level maintenance and repair’ means (except as provided in subsection (b)) material maintenance or repair requiring the overhaul, upgrading, or rebuilding of parts, assemblies, or subassemblies, and the testing and reclamation of equipment as necessary, regardless of the source of funds for the maintenance or repair. The term includes (1) all aspects of software maintenance classified by the Department of Defense as of July 1, 1995, as depot-level maintenance and repair, and (2) interim contractor support or contractor logistics support (or any similar contractor support), to the extent that such support is for the performance of services described in the preceding sentence.

“(b) EXCEPTIONS.—(1) The term does not include the procurement of major modifications or upgrades of weapon systems that are designed to improve program performance or the nuclear refueling of an aircraft carrier. A major upgrade program covered by this exception could continue to be performed by private or public sector activities.

“(2) The term also does not include the procurement of parts for safety modifications. However, the term does include the installation of parts for that purpose.”

(b) CONFORMING AMENDMENT.—Section 2469 of title 10, United States Code, is amended in subsections (a) and (b), by striking out “or repair” and inserting in lieu thereof “and repair”.

(c) CLERICAL AMENDMENTS.—(1) The table of sections at the beginning of chapter 146 of title 10, United States Code, is amended by inserting before the item relating to section 2461 the following new item:

“2460. Definition of depot-level maintenance and repair.”.

(2) The tables of chapters at the beginning of subtitle A, and at the beginning of part IV of subtitle A, of such title are amended by striking out the item relating to chapter 146 and inserting in lieu thereof the following new item:

“146. Contracting for Performance of Civilian Commercial or Industrial Type Functions 2460”.

SEC. 356. CORE LOGISTICS CAPABILITIES OF DEPARTMENT OF DEFENSE.

(a) IN GENERAL.—Section 2464 of title 10, United States Code, is amended to read as follows:

“§ 2464. Core logistics capabilities

“(a) NECESSITY FOR CORE LOGISTICS CAPABILITIES.—(1) It is essential for the national defense that the Department of Defense maintain a core logistics capability that is Government-owned and Government-operated (including Government personnel and Government-owned and Government-operated equipment and facilities) to ensure a ready and controlled source of technical competence and resources necessary to ensure effective and timely response to a mobilization, national defense contingency situations, and other emergency requirements.

“(2) The Secretary of Defense shall identify the core logistics capabilities described in paragraph (1) and the workload required to maintain those capabilities.

“(3) The core logistics capabilities identified under paragraphs (1) and (2) shall include those capabilities that are necessary to maintain and repair the weapon systems and other military equipment (including mission-essential weapon systems or materiel not later than four years after achieving initial operational capability, but excluding systems and equipment under special access programs, nuclear aircraft carriers, and commercial items described in paragraph (5)) that are identified by the Secretary, in consultation with the Chairman of the Joint Chiefs of Staff, as necessary to enable the armed forces to fulfill the strategic and contingency plans prepared by the Chairman of the Joint Chiefs of Staff under section 153(a) of this title.

“(4) The Secretary of Defense shall require the performance of core logistics workloads necessary to maintain the core logistics capabilities identified under paragraphs (1), (2), and (3) at Government-owned, Government-operated facilities of the Department of Defense (including Government-owned, Government-operated facilities of a military department) and shall assign such facilities sufficient workload to ensure cost efficiency and technical competence in peacetime while preserving the surge capacity and reconstitution

capabilities necessary to support fully the strategic and contingency plans referred to in paragraph (3).

“(5) The commercial items covered by paragraph (3) are commercial items that have been sold or leased in substantial quantities to the general public and are purchased without modification in the same form that they are sold in the commercial marketplace, or with minor modifications to meet Federal Government requirements.

“(b) LIMITATION ON CONTRACTING.—(1) Except as provided in paragraph (2), performance of workload needed to maintain a logistics capability identified by the Secretary under subsection (a)(2) may not be contracted for performance by non-Government personnel under the procedures and requirements of Office of Management and Budget Circular A–76 or any successor administrative regulation or policy (hereinafter in this section referred to as OMB Circular A–76).

“(2) The Secretary of Defense may waive paragraph (1) in the case of any such logistics capability and provide that performance of the workload needed to maintain that capability shall be considered for conversion to contractor performance in accordance with OMB Circular A–76. Any such waiver shall be made under regulations prescribed by the Secretary and shall be based on a determination by the Secretary that Government performance of the workload is no longer required for national defense reasons. Such regulations shall include criteria for determining whether Government performance of any such workload is no longer required for national defense reasons.

“(3)(A) A waiver under paragraph (2) may not take effect until the expiration of the first period of 30 days of continuous session of Congress that begins on or after the date on which the Secretary submits a report on the waiver to the Committee on Armed Services and the Committee on Appropriations of the Senate and the Committee on National Security and the Committee on Appropriations of the House of Representatives.

“(B) For the purposes of subparagraph (A)—

“(i) continuity of session is broken only by an adjournment of Congress sine die; and

“(ii) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of any period of time in which Congress is in continuous session.”.

(b) CLERICAL AMENDMENT.—The item relating to such section at the beginning of chapter 146 of such title is amended to read as follows:

“2464. Core logistics capabilities.”.

SEC. 357. INCREASE IN PERCENTAGE OF DEPOT-LEVEL MAINTENANCE AND REPAIR THAT MAY BE CONTRACTED FOR PERFORMANCE BY NON-GOVERNMENT PERSONNEL.

Section 2466(a) of title 10, United States Code, is amended by striking out “40 percent” and inserting in lieu thereof “50 percent”.

SEC. 358. ANNUAL REPORT ON DEPOT-LEVEL MAINTENANCE AND REPAIR.

Subsection (e) of section 2466 of title 10, United States Code, is amended to read as follows:

“(e) REPORT.—(1) Not later than February 1 of each year, the Secretary of Defense shall submit to Congress a report identifying, for each military department and Defense Agency, the percentage of the funds referred to in subsection (a) that were expended during the preceding fiscal year for performance of depot-level maintenance and repair workloads by the public and private sectors as required by section 2466 of this title.

“(2) Not later than 90 days after the date on which the Secretary submits the annual report under paragraph (1), the Comptroller General shall submit to Congress the Comptroller General’s views on whether the Department of Defense has complied with the requirements of subsection (a) for the fiscal year covered by the report.”.

SEC. 359. REQUIREMENT FOR USE OF COMPETITIVE PROCEDURES IN CONTRACTING FOR PERFORMANCE OF DEPOT-LEVEL MAINTENANCE AND REPAIR WORKLOADS FORMERLY PERFORMED AT CLOSED OR REALIGNED MILITARY INSTALLATIONS.

(a) APPLICATION TO CERTAIN WORKLOADS.—(1) Chapter 146 of title 10, United States Code, is amended by inserting after section 2469 the following new section:

“§ 2469a. Use of competitive procedures in contracting for performance of depot-level maintenance and repair workloads formerly performed at certain military installations

“(a) DEFINITIONS.—In this section:

“(1) The term ‘closed or realigned military installation’ means a military installation where a depot-level maintenance and repair facility was approved in 1995 for closure or realignment under the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note).

“(2) The term ‘military installation’ includes a former military installation that was a military installation when it was approved in 1995 for closure or realignment under the Defense Base Closure and Realignment Act of 1990 and that has been closed or realigned under the Act.

“(3) The terms ‘realignment’ and ‘realigned’ mean a decision under the Defense Base Closure and Realignment Act of 1990 that results in both a reduction and relocation of functions and civilian personnel positions.

“(b) COVERED DEPOT-LEVEL MAINTENANCE AND REPAIR WORKLOADS.—Except as provided in subsection (c), this section applies with respect to any depot-level maintenance and repair workload that—

“(1) was performed as of January 1, 1997, at a military installation that was approved in 1995 for closure or realignment under the Defense Base Closure and Realignment Act of 1990 and that has been closed or realigned under the Act; and

“(2) is proposed to be converted from performance by Department of Defense personnel to performance by a private sector source.

“(c) EXCEPTIONS.—This section shall not apply with respect to—

“(1) a depot-level maintenance and repair workload that is to be consolidated to another military installation (other than a closed or realigned military installation) as a result of a base closure or realignment action or a decision made by the Secretary concerned or the Defense Depot Maintenance Council;

“(2) a workload necessary to maintain a core logistics capability identified under section 2464 of this title; or

“(3) any contract originally entered into before the date of the enactment of the National Defense Authorization Act for Fiscal Year 1998.

“(d) CONDITIONS AND SOLICITATION.—A solicitation of offers for the performance of any depot-level maintenance and repair workload described in subsection (b) may be issued, and a contract may be awarded pursuant to such a solicitation, only if the following conditions are met with respect to the contract and the solicitation specifically states the conditions:

“(1) The source selection process used in the case of the solicitation and contract permits the consideration of offers submitted by private sector sources and offers submitted by public sector sources.

“(2) The source selection process used in the case of the solicitation and contract requires that, in the comparison of offers, there be taken into account—

“(A) the fair market value (or if fair market value cannot be determined, the estimated book value) of any land, plant, or equipment from a military installation that is proposed by a private offeror to be used to meet a specific workload (whether these assets are provided to the offeror by a local redevelopment authority or by any other source approved by an official of the Department of Defense); and

“(B) the total estimated direct and indirect costs that will be incurred by the Department of Defense and the total estimated direct and indirect savings (including overhead) that will be derived by the Department of Defense.

“(3) The cost standards used to determine the depreciation of facilities and equipment shall, to the maximum extent practicable, provide identical treatment to all public and private sector offerors.

“(4) Any offeror, whether public or private, may offer to perform the workload at any location or locations selected by the offeror and to team with any other public or private entity to perform that workload at one or more locations, including a Center of Industrial and Technical Excellence designated under section 2474 of this title.

“(5) No offeror may be given any preferential consideration for, or in any way be limited to, performing the workload in-place or at any other single location.

“(e) CONTRACTS FOR MULTIPLE WORKLOADS.—(1) A solicitation may be issued for a single contract for the performance of multiple depot-level maintenance and repair workloads described in subsection (b) only if—

“(A) the Secretary of Defense determines in writing that the individual workloads cannot as logically and economically

Reports.

be performed without combination by sources that are potentially qualified to submit an offer and to be awarded a contract to perform those individual workloads;

“(B) the Secretary submits to Congress a report setting forth the determination together with the reasons for the determination; and

“(C) the solicitation of offers for the contract is issued more than 60 days after the date on which the Secretary submits the report.

“(2) The Comptroller General shall review each report submitted under paragraph (1)(B) and, not later than 30 days after the report is submitted to Congress, shall submit to Congress the Comptroller General’s views regarding the determination of the Secretary that is set forth in the report, together with any other findings that the Comptroller General considers appropriate.

“(f) COMPETITIVE PROCEDURES REQUIRED.—Section 2304(c)(7) of this title shall not be used as the basis for an exception to the requirement to use competitive procedures for any contract for a depot-level maintenance and repair workload described in subsection (b).

“(g) REVIEWS OF COMPETITIVE PROCEDURES.—If a solicitation of offers for a contract for, or award of, any depot-level maintenance and repair workload described in subsection (b) is issued, the Comptroller General shall—

“(1) within 45 days after the issuance of the solicitation, review the solicitation and report to Congress on whether the solicitation—

“(A) provides substantially equal opportunity for public and private offerors to compete for the contract without regard to the location at which the workload is to be performed; and

“(B) is in compliance with the requirements of this section and all applicable provisions of law and regulations; and

“(2) within 45 days after any contract or award resulting from the solicitation is entered into or made, review the contract or award, including the contracting or award process, and report to Congress on whether—

“(A) the procedures used to conduct the competition—

“(i) provided substantially equal opportunity for public and private offerors to compete for the contract without regard to the location at which the workload is to be performed; and

“(ii) were in compliance with the requirements of this section and all applicable provisions of law and regulations;

“(B) appropriate consideration was given to factors other than cost in the selection of the source for performance of the workload; and

“(C) the contract or award resulted in the lowest total cost to the Department of Defense for performance of the workload.

“(h) RESOLUTION OF WORKLOAD AWARD OBJECTIONS.—Any public or private entity may, pursuant to procedures established by the Secretary, object to a solicitation of offers under this section for the performance of any depot-level maintenance and repair workload, or the award or proposed award of any workload pursuant

to such a solicitation. The Secretary may designate a qualified individual or entity to review the objection; however, the Secretary shall not designate the Source Selection Authority or any individual from the same military department as the Source Selection Authority to review the objection. The Secretary shall take appropriate action to address any defect in the solicitation or award in the event that the objection is sustained.”.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2469 the following new item:

“2469a. Use of competitive procedures in contracting for performance of depot-level maintenance and repair workloads formerly performed at certain military installations.”.

(b) **LIMITATION RELATING TO TIMING OF SOLICITATION.**—The first solicitation of offers from private sector sources for the performance of a depot-level maintenance and repair workload described in subsection (b) of section 2469a of title 10, United States Code, as added by subsection (a), may be issued pursuant to such section only after the date that is 30 days after the latest of the following:

10 USC 2469a
note.

(1) The date on which the Secretary of Defense publishes and submits to Congress a plan or Department of Defense directive that sets forth the specific procedures for the conduct of competitions among private and public sector entities for such depot-level maintenance and repair workloads.

(2) The date on which the Secretary of Defense submits to Congress the report on allocation of workloads required under subsection (c).

(3) The date on which the Comptroller General is required to submit the report to Congress under subsection (d).

(c) **REPORT OF ALLOCATION OF WORKLOAD.**—Before any solicitation of offers for the performance by a private sector source of a depot-level maintenance and repair workload at a closed or realigned installation described in subsection (b) of section 2469a of title 10, United States Code, as added by subsection (a), is to be issued, the Secretary of Defense shall submit to Congress a report describing the allocation proposed by the Secretary of all workloads that were performed at that closed or realigned military installation (as defined in subsection (a) of such section) as of July 1, 1995, including—

10 USC 2469a
note.

(1) the workloads that are considered to be core logistics functions under section 2464 of such title;

(2) the workloads that are proposed to be transferred to a military installation other than a closed or realigned military installation;

(3) the workloads that are proposed to be included in the public-private competitions carried out under section 2469a of such title, and, if any of such workloads are to be combined for purposes of such a competition, the reasons for combining the workloads, together with a description of how the workloads are to be combined;

(4) any workload that has been determined within the Department of Defense as no longer being necessary;

(5) the proposed schedule for implementing the allocations covered by the report; and

(6) the anticipated capacity utilization of the military installations and former military installations to which workloads are to be transferred, based on the maximum potential

capacity certified to the 1995 Defense Base Closure and Realignment Commission, after the transfers are completed (not taking into account any workloads that may be transferred as a result of a public-private competition carried out under section 2469a of such title, as described in paragraph (3)).

(d) REVIEW REGARDING AWARD FOR C-5 AIRCRAFT WORKLOAD.—

(1) The Comptroller General shall conduct a review of the award for the performance of the C-5 aircraft workload that was made to Warner Robins Air Logistics Center. As part of the review, the Comptroller General shall—

(A) determine whether the procedures used to conduct the competition—

(i) provided substantially equal opportunity for public and private offerors to compete for the award without regard to the location at which the workload is to be performed; and

(ii) are in compliance with the requirements of all applicable provisions of law and the Federal Acquisition Regulation; and

(B) determine whether that award results in the lowest total cost to the Department of Defense for performance of the workload.

Reports.

(2) Not later than 60 days after the date of the enactment of this Act, the Comptroller General shall submit to Congress a report containing the results of the review.

SEC. 360. CLARIFICATION OF PROHIBITION ON MANAGEMENT OF DEPOT EMPLOYEES BY CONSTRAINTS ON PERSONNEL LEVELS.

Section 2472(a) of title 10, United States Code, is amended by striking out the first sentence and inserting in lieu thereof the following: “The civilian employees of the Department of Defense, including the civilian employees of the military departments and the Defense Agencies, who perform, or are involved in the performance of, depot-level maintenance and repair workloads may not be managed on the basis of any constraint or limitation in terms of man years, end strength, full-time equivalent positions, or maximum number of employees.”.

SEC. 361. CENTERS OF INDUSTRIAL AND TECHNICAL EXCELLENCE.

(a) DESIGNATION AND PURPOSE.—(1) Chapter 146 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 2474. Centers of Industrial and Technical Excellence: designation; public-private partnerships

“(a) DESIGNATION.—(1) The Secretary of Defense shall designate each depot-level activity of the military departments and the Defense Agencies (other than facilities approved for closure or major realignment under the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101-510; 10 U.S.C. 2687 note)) as a Center of Industrial and Technical Excellence in the recognized core competencies of the activity.

“(2) The Secretary shall establish a policy to encourage the Secretary of each military department and the head of each Defense Agency to reengineer industrial processes and adopt best-business practices at their depot-level activities in connection with their core competency requirements, so as to serve as recognized leaders

in their core competencies throughout the Department of Defense and in the national technology and industrial base (as defined in section 2500(1) of this title).

“(3) The Secretary of a military department may conduct a pilot program, consistent with applicable requirements of law, to test any practices referred to in paragraph (2) that the Secretary determines could improve the efficiency and effectiveness of depot-level operations, improve the support provided by depot-level activities for the armed forces user of the services of such activities, and enhance readiness by reducing the time that it takes to repair equipment.

“(b) PUBLIC-PRIVATE PARTNERSHIPS.—The Secretary of Defense shall enable Centers of Industrial and Technical Excellence to enter into public-private cooperative arrangements for the performance of depot-level maintenance and repair at such Centers and shall encourage the use of such arrangements to maximize the utilization of the capacity at such Centers. A public-private cooperative arrangement under this subsection shall be known as a ‘public-private partnership’.

“(c) CREDITING OF AMOUNTS FOR PERFORMANCE.—Amounts received by a Center for work performed under a public-private partnership shall be credited to the appropriation or fund, including a working-capital fund, that incurs the cost of performing the work.

“(d) ADDITIONAL WORK.—The policy required under subsection (a) shall include measures to enable a private sector entity that enters into a partnership arrangement under subsection (b) or leases excess equipment and facilities at a Center of Industrial and Technical Excellence pursuant to section 2471 of this title to perform additional work at the Center, subject to the limitations outlined in subsection (b) of such section, outside of the types of work normally assigned to the Center.”.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“2474. Centers of Industrial and Technical Excellence: designation; public-private partnerships.”.

(b) LEASE OF EXCESS DEPOT-LEVEL EQUIPMENT AND FACILITIES.—(1) Section 2471(c) of such title is amended to read as follows:

“(c) CONFORMANCE WITH AUTHORITY UNDER SECTION 2667.—The provisions of subsection (d) of section 2667 of this title shall apply to this section in the same manner as such provisions are applicable under that section.”.

(2) Section 2667(d)(2) of such title is amended by inserting “or working capital fund” before “from which”.

(c) REPORTING REQUIREMENT.—Not later than March 1, 1999, the Secretary of Defense shall submit to Congress a report on the policies established by the Secretary pursuant to section 2474 of title 10, United States Code, to implement the requirements of such section. The report shall include—

(1) the details of any public-private partnerships entered into as of that date under subsection (b) of such section;

(2) the details of any leases entered into as of that date under section 2471 of such title with authorized entities for dual-use (military and nonmilitary) purposes; and

(3) the effect that the partnerships and leases had on capacity utilization, depot rate structures, and readiness.

10 USC 2474
note.

SEC. 362. EXTENSION OF AUTHORITY FOR AVIATION DEPOTS AND NAVAL SHIPYARDS TO ENGAGE IN DEFENSE-RELATED PRODUCTION AND SERVICES.

Section 1425(e) of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101–510; 104 Stat. 1684) is amended by striking out “September 30, 1997” and inserting in lieu thereof “September 30, 1999”.

SEC. 363. REPEAL OF A CONDITIONAL REPEAL OF CERTAIN DEPOT-LEVEL MAINTENANCE AND REPAIR LAWS AND A RELATED REPORTING REQUIREMENT.

Section 311 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106; 110 Stat. 247; 10 U.S.C. 2464 note) is amended by striking out subsections (f) and (g).

10 USC 2466,
2469.

SEC. 364. PERSONNEL REDUCTIONS, ARMY DEPOTS PARTICIPATING IN ARMY WORKLOAD AND PERFORMANCE SYSTEM.

(a) **LIMITATION.**—Except as necessary to implement BRAC 1995 decisions at Red River Army Depot, Texas, and Letterkenny Army Depot, Pennsylvania, the Secretary of the Army may not initiate a reduction in force of civilian employees at the five Army depots participating in the demonstration and testing of the Army Workload and Performance System until after the date on which the Secretary submits to Congress a report certifying that the Army Workload and Performance System is fully operational.

(b) **BRAC 1995 DECISIONS DEFINED.**—The term “BRAC 1995 decisions” means the decisions to close or realign certain military installations resulting from the recommendations approved in 1995 under the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note).

SEC. 365. REPORT ON ALLOCATION OF CORE LOGISTICS ACTIVITIES AMONG DEPARTMENT OF DEFENSE FACILITIES AND PRIVATE SECTOR FACILITIES.

(a) **REPORT.**—Not later than May 31, 1998, the Secretary of Defense shall submit to Congress a report on the allocation among facilities of the Department of Defense and facilities in the private sector of the logistics activities that are necessary to maintain and repair the weapon systems and other military equipment identified by the Secretary, in consultation with the Chairman of the Joint Chiefs of Staff, as being necessary to enable the Armed Forces to conduct a strategic or major theater war.

(b) **ELEMENTS.**—The report under subsection (a) shall set forth the following:

(1) The systems or equipment identified under subsection (a) that must be maintained and repaired in Government-owned, Government-operated facilities, using personnel and equipment of the Department, as a result of the Secretary’s determination that—

(A) the work involves unique or valuable workforce skills that should be maintained in the public sector in the national interest;

(B) the base of private sector sources having the capability to perform the workloads includes industry sectors that are vulnerable to work stoppages;

(C) the private sector sources having the capability to perform the workloads have insufficient workforce levels

or skills to perform the depot-level maintenance and repair workloads—

(i) in the quantity necessary, or as rapidly as the Secretary considers necessary, to enable the armed forces to fulfill the national military strategy; or

(ii) without a significant disruption or delay in the maintenance and repair of equipment;

(D) the need for performance of workloads is too infrequent, cyclical, or variable to sustain a reliable base of private sector sources having the workforce levels or skills to perform the workloads;

(E) the market conditions or workloads are insufficient to ensure that the price of private sector performance of the workloads can be controlled through competition or other means;

(F) private sector sources are not adequately responsive to the requirements of the Department for rapid, cost-effective, and flexible response to surge requirements or other contingency situations, including changes in the mix or priority of previously scheduled workloads and reassignment of employees to different workloads without the requirement for additional contractual negotiations;

(G) private sector sources are less willing to assume responsibility for performing the workload as a result of the possibility of direct military or terrorist attack; or

(H) private sector sources cannot maintain continuity of workforce expertise as a result of high rates of employee turnover.

(2) The systems or equipment identified under subsection (a) that must be maintained and repaired in Government-owned facilities, whether Government-operated or contractor-operated, as a result of the Secretary's determination that—

(A) the work involves facilities, technologies, or equipment that are unique and sufficiently valuable that the facilities, technologies, or equipment must be maintained in the public sector in the national interest;

(B) the private sector sources having the capability to perform the workloads have insufficient facilities, technology, or equipment to perform the depot-level maintenance and repair workloads—

(i) in the quantity necessary, or as rapidly as the Secretary considers necessary, to enable the armed forces to fulfill the national military strategy; or

(ii) without a significant disruption or delay in the maintenance and repair of equipment; or

(C) the need for performance of workloads is too infrequent, cyclical, or variable to sustain a reliable base of private sector sources having the facilities, technology, or equipment to perform the workloads.

(3) The systems or equipment identified under subsection (a) that may be maintained and repaired in private sector facilities.

(4) The approximate percentage of the total maintenance and repair workload of the Department of Defense necessary for the systems and equipment identified under subsection

(a) that would be performed at Department of Defense facilities,

and at private sector facilities, as a result of the determinations made for purposes of paragraphs (1), (2), and (3).

SEC. 366. REVIEW OF USE OF TEMPORARY DUTY ASSIGNMENTS FOR SHIP REPAIR AND MAINTENANCE.

(a) **FINDINGS.**—Congress makes the following findings:

(1) In order to reduce the time that the crew of a naval vessel is away from the homeport of the vessel, the Navy seeks to perform ship repair and maintenance of the vessel at the homeport of the vessel whenever it takes six months or less to accomplish the work involved.

(2) At the same time, the Navy seeks to distribute ship repair and maintenance work among the Navy shipyards (known as to “level load”) in order to more fully utilize personnel resources.

(3) During periods when a Navy shipyard is not utilized to its capacity, the Navy sometimes sends workers at the shipyard, on a temporary duty basis, to perform ship repairs and maintenance at a homeport not having a Navy shipyard.

(4) This practice is a more efficient use of civilian employees who might otherwise not be fully employed on work assigned to Navy shipyards.

(b) **COMPTROLLER GENERAL REVIEW AND REPORT.**—(1) The Comptroller General shall review the Navy’s practice of using temporary duty assignments of personnel to perform ship maintenance and repair work at homeports not having Navy shipyards. The review shall include the following:

(A) An assessment of the rationale, conditions, and factors supporting the Navy’s practice.

(B) A determination of whether the practice is cost-effective.

(C) The factors affecting future requirements for, and the adherence to, the practice, together with an assessment of the factors.

(2) Not later than May 1, 1998, the Comptroller General shall submit a report on the review to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives.

SEC. 367. SENSE OF CONGRESS REGARDING REALIGNMENT OF PERFORMANCE OF GROUND COMMUNICATION-ELECTRONIC WORKLOAD.

It is the sense of Congress that the transfer of the ground communication-electronic workload to Tobyhanna Army Depot, Pennsylvania, in the realignment of the performance of such function should be carried out in adherence to the schedule prescribed for that transfer by the Defense Depot Maintenance Council on March 13, 1997, as follows:

(1) Transfer of 20 percent of the workload in fiscal year 1998.

(2) Transfer of 40 percent of the workload in fiscal year 1999.

(3) Transfer of 40 percent of the workload in fiscal year 2000.

Subtitle E—Commissaries and Nonappropriated Fund Instrumentalities

SEC. 371. REORGANIZATION OF LAWS REGARDING COMMISSARIES AND EXCHANGES AND OTHER MORALE, WELFARE, AND RECREATION ACTIVITIES.

(a) DESCRIPTION OF CHAPTER.—(1) The heading of chapter 147 of title 10, United States Code, is amended to read as follows:

“CHAPTER 147—COMMISSARIES AND EXCHANGES AND OTHER MORALE, WELFARE, AND RECREATION ACTI- VITIES”.

(2) The tables of chapters at the beginning of subtitle A, and at the beginning of part IV of subtitle A, of such title are amended by striking out the item relating to chapter 147 and inserting in lieu thereof the following new item:

“147. Commissaries and Exchanges and Other Morale, Welfare, and Recreation Activities 2481”.

(b) TRANSFER AND REDESIGNATION OF UNRELATED PROVISIONS.—(1) Section 2481 of title 10, United States Code, is transferred to chapter 159 of such title, inserted after section 2685, and redesignated as section 2686.

(2) Sections 2483 and 2490 of such title are transferred to the end of subchapter III of chapter 169 of such title and redesignated as sections 2867 and 2868, respectively.

(3) Section 2491 of such title is redesignated as section 2500.

(c) CLERICAL AMENDMENTS.—(1) The table of sections at the beginning of chapter 147 of title 10, United States Code, is amended by striking out the items relating to sections 2481, 2483, and 2490.

(2) The table of sections at the beginning of chapter 159 of such title is amended by inserting after the item relating to section 2685 the following new item:

“2686. Utilities and services: sale; expansion and extension of systems and facilities.”.

(3) The table of sections at the beginning of subchapter III of chapter 169 of such title is amended by adding at the end the following new items:

“2867. Sale of electricity from alternate energy and cogeneration production facilities.”.

“2868. Utility services: furnishing for certain buildings.”.

(4) The table of sections at the beginning of subchapter I of chapter 148 of such title is amended by striking out the item relating to section 2491 and inserting in lieu thereof the following new item:

“2500. Definitions.”.

(5) The tables of chapters at the beginning of subtitle A, and at the beginning of part IV of subtitle A, of such title are amended by striking out the item relating to chapter 148 and inserting in lieu thereof the following new item:

“148. National Defense Technology and Industrial Base, Defense Re-investment, and Defense Conversion 2500”.

(d) CONFORMING AMENDMENTS.—(1) Section 2534(d) of title 10, United States Code, is amended by striking out “section 2491(1)” both places it appears and inserting in lieu thereof “section 2500(1)”.

(2) Section 2865(b)(2) of such title is amended by striking out “section 2483(b)(2)” and inserting in lieu thereof “section 2867(b)(2)”.

SEC. 372. MERCHANDISE AND PRICING REQUIREMENTS FOR COMMISSARY STORES.

(a) AUTHORIZED COMMISSARY MERCHANDISE CATEGORIES.—Subsection (b) of section 2486 of title 10, United States Code, is amended—

(1) by striking out the matter preceding paragraph (1) and inserting in lieu thereof the following: “(b) AUTHORIZED COMMISSARY MERCHANDISE CATEGORIES.—Merchandise sold in, at, or by commissary stores may include items only in the following categories:”; and

(2) by striking out paragraph (11) and inserting in lieu thereof the following new paragraph:

“(11) Such other merchandise categories as the Secretary of Defense may prescribe, except that the Secretary shall submit to Congress, not later than March 1 of each year, a report describing—

“(A) any addition of, or change in, a merchandise category proposed to be made under this paragraph during the one-year period beginning on that date; and

“(B) those additions and changes in merchandise categories actually made during the preceding one-year period.”.

(b) CODIFICATION OF UNIFORM SALES PRICE SURCHARGE OR ADJUSTMENT.—Subsection (c) of such section is amended—

(1) by inserting “UNIFORM SALES PRICE SURCHARGE OR ADJUSTMENT.—” after “(c)”; and

(2) by striking out “in commissary stores.” and inserting in lieu thereof “in, at, or by commissary stores.”; and

(3) by adding at the end the following new sentence: “Effective on the date of the enactment of the National Defense Authorization Act for Fiscal Year 1998, the uniform percentage shall be equal to five percent and may not be changed except by a law enacted after such date.”.

(c) ESTABLISHMENT OF SALES PRICE; CONGRESSIONAL NOTIFICATION.—Subsection (d) of such section is amended to read as follows:

“(d) SALES PRICE ESTABLISHMENT.—(1) The Secretary of Defense shall establish the sales price of each item of merchandise sold in, at, or by commissary stores at the level that will recoup the actual product cost of the item (consistent with this section and sections 2484 and 2685 of this title).

“(2) Any change in the pricing policies for merchandise sold in, at, or by commissary stores shall not take effect until the Secretary of Defense submits written notice of the proposed change to Congress and a period of 90 days of continuous session of Congress expires following the date on which notice was received. For purposes of this paragraph, the continuity of a session of Congress is broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment or recess of more than three days to a day certain are excluded in a computation of such 90-day period.”.

Reports.

(d) SPECIAL RULES FOR CERTAIN MERCHANDISE.—Such section is further amended by adding at the end the following new subsection:

“(f) SPECIAL RULES FOR CERTAIN MERCHANDISE.—(1) Notwithstanding the general requirement that merchandise sold in, at, or by commissary stores be commissary store inventory, the Secretary of Defense may authorize the sale of items in the merchandise categories specified in paragraph (2) as noncommissary store inventory. Subsections (c) and (d) shall not apply to the pricing of such merchandise items.

“(2) The merchandise categories referred to in paragraph (1) are as follows:

“(A) Magazines and other periodicals.

“(B) Tobacco products.”.

(e) CLERICAL AND CONFORMING AMENDMENTS.—Such section is further amended—

(1) in subsection (a), by inserting “IN GENERAL.—” after “(a)”; and

(2) in subsection (e)—

(A) by inserting “SPECIAL RULE FOR BRAND-NAME COMMERCIAL ITEMS.—” after “(e)”; and

(B) by striking out “in commissary stores” both places it appears and inserting in lieu thereof “in, at, or by commissary stores”.

(f) REPORT ON MERCHANDISE CATEGORIES.—Not later than 30 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report specifying the merchandise categories authorized for sale sold in, at, or by commissary stores pursuant to regulations prescribed under subsection (b)(11) of section 2486 of title 10, United States Code, as in effect before such date.

10 USC 2486
note.

SEC. 373. LIMITATION ON NONCOMPETITIVE PROCUREMENT OF BRAND-NAME COMMERCIAL ITEMS FOR RESALE IN COMMISSARY STORES.

Section 2486(e) of title 10, United States Code, as amended by section 372(e)(2), is further amended by adding at the end the following new sentence: “In determining whether a brand name commercial item is regularly sold outside of commissary stores, the Secretary shall consider only sales of the item on a regional or national basis by commercial grocery or other retail operations consisting of multiple stores.”.

SEC. 374. TREATMENT OF REVENUES DERIVED FROM COMMISSARY STORE ACTIVITIES.

(a) TREATMENT OF REVENUES.—Section 2685 of title 10, United States Code, is amended by adding at the end the following new subsection:

“(e) OTHER SOURCES OF FUNDS FOR CONSTRUCTION AND IMPROVEMENTS.—Revenues received by the Secretary of Defense from the following sources or activities of commissary store facilities shall be available for the purposes set forth in subsections (b), (c), and (d):

“(1) Sale of recyclable materials.

“(2) Sale of excess and surplus property.

“(3) License fees.

“(4) Royalties.

“(5) Fees paid by sources of products in order to obtain favorable display of the products for resale, known as business related management fees.”.

(b) CLERICAL AMENDMENTS.—Such section is further amended—

(1) in subsection (a), by inserting “ADJUSTMENT OR SURCHARGE AUTHORIZED.—” after “(a)”;

(2) in subsection (b), by inserting “USE FOR CONSTRUCTION AND IMPROVEMENT OF FACILITIES.—” after “(b)”;

(3) in subsection (c), by inserting “ADVANCE OBLIGATION.—” after “(c)”;

(4) in subsection (d), by inserting “COOPERATION WITH NONAPPROPRIATED FUND INSTRUMENTALITIES.—” after “(d)”.

SEC. 375. MAINTENANCE, REPAIR, AND RENOVATION OF ARMED FORCES RECREATION CENTER, EUROPE.

Section 2247(b) of title 10, United States Code, is amended by striking out “real property maintenance, and” and inserting in lieu thereof “the maintenance, repair, or renovation of real property, and the”.

SEC. 376. PLAN FOR USE OF PUBLIC AND PRIVATE PARTNERSHIPS TO BENEFIT MORALE, WELFARE, AND RECREATION ACTIVITIES.

(a) PLAN REQUIRED.—The Secretary of Defense shall prepare a plan containing a proposal regarding the advisability and feasibility of permitting nonappropriated fund instrumentalities of the Department of Defense to enter into leases, licensing agreements, concession agreements, and other contracts with private persons and State or local governments to facilitate the provision of facilities, goods, or services to authorized patrons of nonappropriated fund instrumentalities and to generate revenues for the Department of Defense to be used solely for the benefit of nonappropriated fund instrumentalities.

(b) RECOMMENDATIONS FOR SCOPE OF PLAN.—In developing the proposal under subsection (a), the Secretary shall include recommendations regarding the following:

(1) The proposed criteria to be used to select goods or services suitable for provision to patrons of nonappropriated fund instrumentalities through a lease or other contractual arrangement.

(2) The proposed mechanism to be used to assess the likely impact of such a lease or other contractual arrangement on private businesses in the locality that provide the same goods or services proposed to be provided under such a lease or other contractual arrangement.

(3) The feasibility and desirability of authorizing persons who are not authorized patrons of nonappropriated fund instrumentalities to receive goods and services provided through such a lease or other contractual arrangement.

(4) The proposed mechanism to be used to ensure that such a lease or contract will not be inconsistent with and will not adversely affect the mission of the Department of Defense or the nonappropriated fund instrumentality involved.

(c) SUBMISSION OF PLAN.—Not later than March 1, 1998, the Secretary shall submit to Congress the plan required under subsection (a).

Subtitle F—Other Matters

SEC. 381. ASSISTANCE TO LOCAL EDUCATIONAL AGENCIES THAT BENEFIT DEPENDENTS OF MEMBERS OF THE ARMED FORCES AND DEPARTMENT OF DEFENSE CIVILIAN EMPLOYEES.

(a) CONTINUATION OF DEPARTMENT OF DEFENSE PROGRAM FOR FISCAL YEAR 1998.—Of the amount authorized to be appropriated pursuant to section 301(5) for operation and maintenance for Defense-wide activities—

(1) \$30,000,000 shall be available for providing educational agencies assistance (as defined in subsection (d)(1)) to local educational agencies; and

(2) \$5,000,000 shall be available for making educational agencies payments (as defined in subsection (d)(2)) to local educational agencies.

(b) NOTIFICATION.—Not later than June 30, 1998, the Secretary of Defense shall—

(1) notify each local educational agency that is eligible for educational agencies assistance for fiscal year 1998 of that agency's eligibility for such assistance and the amount of such assistance for which that agency is eligible; and

(2) notify each local educational agency that is eligible for an educational agencies payment for fiscal year 1998 of that agency's eligibility for such payment and the amount of the payment for which that agency is eligible.

(c) DISBURSEMENT OF FUNDS.—The Secretary of Defense shall disburse funds made available under paragraphs (1) and (2) of subsection (a) not later than 30 days after the date on which notification to the eligible local educational agencies is provided pursuant to subsection (b).

(d) DEFINITIONS.—In this section:

(1) The term “educational agencies assistance” means assistance authorized under section 386(b) of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102–484; 20 U.S.C. 7703 note).

(2) The term “educational agencies payments” means payments authorized under section 386(d) of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102–484; 20 U.S.C. 7703 note).

(3) The term “local educational agency” has the meaning given that term in section 8013(9) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7713(9)).

(e) TECHNICAL CORRECTION RELATING TO ORIGINAL ASSISTANCE AUTHORITY.—Section 386(c)(1) of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102–484; 20 U.S.C. 7703 note) is amended—

(1) by striking out “section 8003(a)” and inserting in lieu thereof “section 8003(a)(1)”; and

(2) by striking out “(20 U.S.C. 7703(a))” and inserting in lieu thereof “(20 U.S.C. 7703(a)(1))”.

SEC. 382. CENTER FOR EXCELLENCE IN DISASTER MANAGEMENT AND HUMANITARIAN ASSISTANCE.

(a) ESTABLISHMENT AND OPERATION OF CENTER.—(1) Chapter 7 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 182. Center for Excellence in Disaster Management and Humanitarian Assistance

“(a) ESTABLISHMENT.—The Secretary of Defense may operate a Center for Excellence in Disaster Management and Humanitarian Assistance (in this section referred to as the ‘Center’).

“(b) MISSIONS.—(1) The Center shall be used to provide and facilitate education, training, and research in civil-military operations, particularly operations that require international disaster management and humanitarian assistance and operations that require coordination between the Department of Defense and other agencies.

“(2) The Center shall be used to make available high-quality disaster management and humanitarian assistance in response to disasters.

“(3) The Center shall be used to provide and facilitate education, training, interagency coordination, and research on the following additional matters:

“(A) Management of the consequences of nuclear, biological, and chemical events.

“(B) Management of the consequences of terrorism.

“(C) Appropriate roles for the reserve components in the management of such consequences and in disaster management and humanitarian assistance in response to natural disasters.

“(D) Meeting requirements for information in connection with regional and global disasters, including the use of advanced communications technology as a virtual library.

“(E) Tropical medicine, particularly in relation to the medical readiness requirements of the Department of Defense.

“(4) The Center shall develop a repository of disaster risk indicators for the Asia-Pacific region.

“(5) The Center shall perform such other missions as the Secretary of Defense may specify.

“(c) JOINT OPERATION WITH EDUCATIONAL INSTITUTION AUTHORIZED.—The Secretary of Defense may enter into an agreement with appropriate officials of an institution of higher education to provide for joint operation of the Center. Any such agreement shall provide for the institution to furnish necessary administrative services for the Center, including administration and allocation of funds.

“(d) ACCEPTANCE OF DONATIONS.—(1) Except as provided in paragraph (2), the Secretary of Defense may accept, on behalf of the Center, donations to be used to defray the costs of the Center or to enhance the operation of the Center. Such donations may be accepted from any agency of the Federal Government, any State or local government, any foreign government, any foundation or other charitable organization (including any that is organized or operates under the laws of a foreign country), or any other private source in the United States or a foreign country.

“(2) The Secretary may not accept a donation under paragraph (1) if the acceptance of the donation would compromise or appear to compromise—

“(A) the ability of the Department of Defense, any employee of the Department, or members of the armed forces, to carry out any responsibility or duty of the Department in a fair and objective manner; or

“(B) the integrity of any program of the Department of Defense or of any person involved in such a program.

“(3) The Secretary shall prescribe written guidance setting forth the criteria to be used in determining whether or not the acceptance of a foreign donation would have a result described in paragraph (2).

“(4) Funds accepted by the Secretary under paragraph (1) as a donation on behalf of the Center shall be credited to appropriations available to the Department of Defense for the Center. Funds so credited shall be merged with the appropriations to which credited and shall be available for the Center for the same purposes and the same period as the appropriations with which merged.”.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“182. Center for Excellence in Disaster Management and Humanitarian Assistance.”.

(b) FUNDING FOR FISCAL YEAR 1998.—Of the funds authorized to be appropriated pursuant to section 301(5) for operation and maintenance for Defense-wide activities, \$5,000,000 shall be available for the operation of the Center for Excellence in Disaster Management and Humanitarian Assistance established under section 182 of title 10, United States Code, as added by subsection (a).

SEC. 383. APPLICABILITY OF FEDERAL PRINTING REQUIREMENTS TO DEFENSE AUTOMATED PRINTING SERVICE.

(a) IN GENERAL.—Subchapter I of chapter 8 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 195. Defense Automated Printing Service: applicability of Federal printing requirements

“The Defense Automated Printing Service shall comply fully with the requirements of section 501 of title 44 relating to the production and procurement of printing, binding, and blank-book work.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such subchapter is amended by adding at the end the following new item:

“195. Defense Automated Printing Service: applicability of Federal printing requirements.”.

SEC. 384. STUDY AND NOTIFICATION REQUIREMENTS FOR CONVERSION OF COMMERCIAL AND INDUSTRIAL TYPE FUNCTIONS TO CONTRACTOR PERFORMANCE.

(a) ADDITIONAL NOTIFICATION REQUIREMENT.—Subsection (a)(1) of section 2461 of title 10, United States Code, is amended by inserting before the semicolon the following: “and the anticipated length and cost of the study”.

(b) NOTIFICATION OF CONVERSION DECISION.—Subsection (b) of such section is amended by adding at the end the following new sentence: “The notification shall include the timetable for completing conversion of the function to contractor performance.”.

(c) WAIVER FOR SMALL FUNCTIONS.—Subsection (d) of such section is amended by striking out “45 or fewer” and inserting in lieu thereof “20 or fewer”.

SEC. 385. COLLECTION AND RETENTION OF COST INFORMATION DATA ON CONVERTED SERVICES AND FUNCTIONS.

(a) **COLLECTION AND RETENTION REQUIRED.**—Section 2463 of title 10, United States Code, is amended to read as follows:

“§ 2463. Collection and retention of cost information data on converted services and functions

“(a) **REQUIREMENTS IN CONNECTION WITH CONVERSION TO CONTRACTOR PERFORMANCE.**—With respect to each contract converting the performance of a service or function of the Department of Defense to contractor performance (and any extension of such a contract), the Secretary of Defense shall collect, during the term of the contract or extension, but not to exceed five years, cost information data regarding performance of the service or function by private contractor employees.

“(b) **REQUIREMENTS IN CONNECTION WITH RETURN TO EMPLOYEE PERFORMANCE.**—Whenever the performance of a commercial or industrial type activity of the Department of Defense that is being performed by 50 or more employees of a private contractor is changed to performance by civilian employees of the Department of Defense, the Secretary of Defense shall collect, for a five-year period, cost information data comparing—

“(1) the estimated costs of continued performance of such activity by private contractor employees; and

“(2) the costs of performance of such activity by civilian employees of the Department of Defense.

“(c) **RETENTION OF INFORMATION.**—With regard to the conversion to or from contractor performance of a particular service or function of the Department of Defense, the Secretary of Defense shall provide for the retention of information collected under this section for at least a 10-year period beginning at the end of the final year in which the information is collected.”.

(b) **CLERICAL AMENDMENT.**—The item relating to such section in the table of sections at the beginning of chapter 146 of title 10, United States Code, is amended to read as follows:

“2463. Collection and retention of cost information data on converted services and functions.”.

SEC. 386. FINANCIAL ASSISTANCE TO SUPPORT ADDITIONAL DUTIES ASSIGNED TO ARMY NATIONAL GUARD.

(a) **AUTHORITY.**—Chapter 1 of title 32, United States Code, is amended by adding at the end the following new section:

“§ 113. Federal financial assistance for support of additional duties assigned to the Army National Guard

“(a) **AUTHORITY.**—The Secretary of the Army may provide financial assistance to a State to support activities carried out by the Army National Guard of the State in the performance of duties that the Secretary has assigned, with the consent of the Chief of the National Guard Bureau, to the Army National Guard of the State. The Secretary shall determine the amount of the assistance that is appropriate for the purpose.

“(b) **COVERED ACTIVITIES.**—Activities supported under this section may include only those activities that are carried out by the Army National Guard in the performance of responsibilities of the Secretary of the Army under paragraphs (6), (10), and (11) of section 3013(b) of title 10.

“(c) DISBURSEMENT THROUGH NATIONAL GUARD BUREAU.—The Secretary of the Army shall disburse any contribution under this section through the Chief of the National Guard Bureau.

“(d) AVAILABILITY OF FUNDS.—Funds appropriated for the Army for a fiscal year are available for providing financial assistance under this section in support of activities carried out by the Army National Guard during that fiscal year.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“113. Federal financial assistance for support of additional duties assigned to the Army National Guard.”.

SEC. 387. COMPETITIVE PROCUREMENT OF PRINTING AND DUPLICATION SERVICES.

(a) EXTENSION OF REQUIREMENT TO USE PRIVATE-SECTOR SOURCES.—Subsection (a) of section 351 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106; 110 Stat. 266) is amended—

(1) by striking out “and 1997” and inserting in lieu thereof “through 1998”; and

(2) by striking out “Defense Printing Service” and inserting in lieu thereof “Defense Automated Printing Service”.

(b) SURCHARGE FOR SERVICES.—Such section is further amended by adding at the end the following new subsection:

“(d) CONDITIONS ON IMPOSITION OF SURCHARGE.—(1) Any surcharge imposed by the Defense Automated Printing Service on printing and duplication services for the Department of Defense shall be based on direct services provided by the Defense Automated Printing Service and reflect the costs incurred by the Defense Automated Printing Service, as described in its annual budget.

“(2) The Defense Automated Printing Service may not impose a surcharge on any printing and duplication service for the Department of Defense that is procured from a source outside of the Department.”.

(c) AUTHORITY TO PROCURE SERVICES FROM GOVERNMENT PRINTING OFFICE.—Consistent with section 501 of title 44, United States Code, the Secretary of a military department or head of a Defense Agency may contract directly with the Government Printing Office for printing and duplication services otherwise available through the Defense Automated Printing Service.

10 USC 195 note.

SEC. 388. CONTINUATION AND EXPANSION OF DEMONSTRATION PROGRAM TO IDENTIFY OVERPAYMENTS MADE TO VENDORS.

(a) SCOPE OF PROGRAM.—Section 354 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106; 110 Stat. 268; 10 U.S.C. 2461 note) is amended—

(1) in subsection (a), by striking out the second sentence; and

(2) in subsection (b)(1), by striking out “of the Defense Logistics Agency that relate to (at least) fiscal years 1993, 1994, and 1995” and inserting in lieu thereof “relating to fiscal years after fiscal year 1993 of the working-capital funds and industrial, commercial, and support type activities managed through the Defense Business Operations Fund, except the Defense Logistics Agency to the extent such records have already been audited”.

(b) **COLLECTION METHOD; CONTRACTOR PAYMENTS.**—Such section is further amended by striking out subsections (d) and (e) and inserting in lieu thereof the following new subsections:

“(d) **COLLECTION METHOD.**—(1) In the case of an overpayment to a vendor identified under the demonstration program, the Secretary shall consider the use of the procedures specified in section 32.611 of the Federal Acquisition Regulation, regarding a setoff against existing invoices for payment to the vendor, as the first method by which the Department seeks to recover the amount of the overpayment (and any applicable interest and penalties) from the vendor.

“(2) The Secretary of Defense shall be solely responsible for notifying a vendor of an overpayment made to the vendor and identified under the demonstration program and for recovering the amount of the overpayment (and any applicable interest and penalties) from the vendor.

“(e) **FEES FOR CONTRACTOR.**—The Secretary shall pay to the contractor under the contract entered into under the demonstration program an amount not to exceed 25 percent of the total amount recovered by the Department (through the collection of overpayments and the use of setoffs) solely on the basis of information obtained as a result of the audits performed by the contractor under the program. When an overpayment is recovered through the use of a setoff, amounts for the required payment to the contractor shall be derived from funds available to the working-capital fund or industrial, commercial, or support type activity for which the overpayment is recovered.”

10 USC 2461
note.

(c) **GAO REVIEW.**—Not later than December 31, 1998, the Comptroller General shall submit to Congress a report containing the results of a review by the Comptroller General of the demonstration program conducted under section 354 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104-106; 10 U.S.C. 2461 note). In the review, the Comptroller General shall—

(1) assess the success of the methods used in the demonstration program to identify overpayments made to vendors;

(2) consider the types of overpayments identified and the feasibility of avoiding such overpayments through contract adjustments;

(3) determine the total amount of overpayments recovered under the demonstration program; and

(4) develop recommendations for improving the process by which overpayments are recovered by the Department of Defense.

10 USC 2461
note.

SEC. 389. DEVELOPMENT OF STANDARD FORMS REGARDING PERFORMANCE WORK STATEMENT AND REQUEST FOR PROPOSAL FOR CONVERSION OF CERTAIN OPERATIONAL FUNCTIONS OF MILITARY INSTALLATIONS.

(a) **STANDARDIZATION OF REQUIREMENTS.**—The Secretary of Defense is authorized and encouraged to develop standard forms (to be known as a “standard performance work statement” and a “standard request for proposal”) for use in the consideration for conversion to contractor performance of commercial services and functions at military installations. A separate standard form shall be developed for each service and function.

(b) **RELATIONSHIP TO OMB REQUIREMENTS.**—A standard performance work statement or a standard request for proposal

developed under subsection (a) must fulfill the basic requirements of the performance work statement or request for proposal otherwise required under the procedures and requirements of Office of Management and Budget Circular A–76 (or any successor administrative regulation or policy) in effect at the time the standard form will be used.

(c) **PRIORITY DEVELOPMENT OF CERTAIN FORMS.**—In developing standard performance work statements and standard requests for proposal, the Secretary shall give first priority to those commercial services and functions that the Secretary determines have been successfully converted to contractor performance on a repeated basis.

(d) **INCENTIVE FOR USE.**—Beginning not later than October 1, 1998, if a standard performance work statement or a standard request for proposal is developed under subsection (a) for a particular service and function, the standard form may be used in lieu of the performance work statement or request for proposal otherwise required under the procedures and requirements of Office of Management and Budget Circular A–76 in connection with the consideration for conversion to contractor performance of that service or function at a military installation.

(e) **EXCLUSION OF MULTIFUNCTION CONVERSION.**—If a commercial service or function for which a standard form is developed under subsection (a) is combined with another service or function (for which such a form has not yet been developed) for purposes of considering the services and functions at the military installation for conversion to contractor performance, a standard performance work statement or a standard request for a proposal developed under subsection (a) may not be used in the conversion process in lieu of the procedures and requirements of Office of Management and Budget Circular A–76.

(f) **EFFECT ON OTHER LAWS.**—Nothing in this section shall be construed to supersede any other requirements or limitations, specifically contained in chapter 146 of title 10, United States Code, on the conversion to contractor performance of activities performed by civilian employees of the Department of Defense.

(g) **GAO REPORT.**—Not later than June 1, 1999, the Secretary of Defense shall submit to Congress a report reviewing the implementation of this section.

(h) **MILITARY INSTALLATION DEFINED.**—For purposes of this section, the term “military installation” means a base, camp, post, station, yard, center, homeport facility for any ship, or other activity under the jurisdiction of the Department of Defense, including any leased facility.

SEC. 390. BASE OPERATIONS SUPPORT FOR MILITARY INSTALLATIONS ON GUAM.

(a) **CONTRACTOR USE OF NONIMMIGRANT ALIENS.**—Each contract for base operations support to be performed on Guam shall contain a condition that work under the contract may not be performed by any alien who is issued a visa or otherwise provided nonimmigrant status under section 101(a)(15)(H)(ii) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(ii)).

(b) **APPLICATION OF SECTION.**—This section shall apply to contracts entered into, amended, or otherwise modified on or after the date of the enactment of this Act.

10 USC 2304
note.

SEC. 391. WARRANTY CLAIMS RECOVERY PILOT PROGRAM.

(a) **PILOT PROGRAM REQUIRED.**—The Secretary of Defense may carry out a pilot program to use commercial sources of services to improve the collection of Department of Defense claims under aircraft engine warranties.

(b) **CONTRACTS.**—Exercising the authority provided in section 3718 of title 31, United States Code, the Secretary of Defense may enter into contracts under the pilot program to provide for the following services:

(1) Collection services.

(2) Determination of amounts owed the Department of Defense for repair of aircraft engines for conditions covered by warranties.

(3) Identification and location of the sources of information that are relevant to collection of Department of Defense claims under aircraft engine warranties, including electronic data bases and document filing systems maintained by the Department of Defense or by the manufacturers and suppliers of the aircraft engines.

(4) Services to define the elements necessary for an effective training program to enhance and improve the performance of Department of Defense personnel in collecting and organizing documents and other information that are necessary for efficient filing, processing, and collection of Department of Defense claims under aircraft engine warranties.

(c) **CONTRACTOR FEE.**—Under the authority provided in section 3718(d) of title 31, United States Code, a contract entered into under the pilot program shall provide for the contractor to be paid, out of the amount recovered by the contractor under the program, such percentages of the amount recovered as the Secretary of Defense determines appropriate.

(d) **RETENTION OF RECOVERED FUNDS.**—Subject to any obligation to pay a fee under subsection (c), any amount collected for the Department of Defense under the pilot program for a repair of an aircraft engine for a condition covered by a warranty shall be credited to an appropriation available for repair of aircraft engines for the fiscal year in which collected and shall be available for the same purposes and same period as the appropriation to which credited.

(e) **REGULATIONS.**—The Secretary of Defense shall prescribe regulations to carry out this section.

(f) **TERMINATION OF AUTHORITY.**—The pilot program shall terminate on September 30, 1999, and contracts entered into under this section shall terminate not later than that date.

(g) **REPORTING REQUIREMENTS.**—(1) Not later than January 1, 2000, the Secretary of Defense shall submit to Congress a report on the pilot program. The report shall include the following:

(A) The number of contracts entered into under the program.

(B) The extent to which the services provided under the contracts resulted in financial benefits for the Federal Government.

(C) Any additional comments and recommendations that the Secretary considers appropriate regarding use of commercial sources of services for collection of Department of Defense claims under aircraft engine warranties.

(2) Not later than March 1, 2000, the Comptroller General shall submit to Congress a report containing the results of a review by the Comptroller General of the pilot program. In the review, the Comptroller General shall—

(A) assess the success of the methods used in the demonstration program to identify and recover Department of Defense claims under aircraft engine warranties;

(B) determine the total amount recovered by the Department of Defense under the pilot program;

(C) evaluate the report prepared by the Secretary under paragraph (1); and

(D) develop recommendations for improving the process by which warranty claims are recovered by the Department of Defense.

SEC. 392. PROGRAM TO INVESTIGATE FRAUD, WASTE, AND ABUSE WITHIN DEPARTMENT OF DEFENSE. 10 USC 113 note.

The Secretary of Defense shall maintain a specific coordinated program for the investigation of evidence of fraud, waste, and abuse within the Department of Defense, particularly fraud, waste, and abuse regarding finance and accounting matters.

SEC. 393. MULTITECHNOLOGY AUTOMATED READER CARD DEMONSTRATION PROGRAM.

(a) **PROGRAM REQUIRED.**—The Secretary of the Navy shall carry out a program to demonstrate expanded use of multitechnology automated reader cards throughout the Navy and the Marine Corps. The demonstration program shall include demonstration of the use of the so-called “smartship” technology of the ship-to-shore work load/off load program of the Navy.

(b) **PERIOD OF PROGRAM.**—The Secretary shall carry out the demonstration program for two years beginning not later than January 1, 1998.

(c) **REPORT.**—Not later than 90 days after termination of the demonstration program, the Secretary shall submit to Congress a report on the results of the program.

(d) **FUNDING.**—Of the amount authorized to be appropriated pursuant to section 301(2) for operation and maintenance for the Navy, \$36,000,000 shall be available for the demonstration program under this section, of which \$6,300,000 shall be available for demonstration of the use of the so-called “smartship” technology of the ship-to-shore work load/off load program of the Navy.

SEC. 394. REDUCTION IN OVERHEAD COSTS OF INVENTORY CONTROL POINTS.

(a) **REPORT AND PLAN REQUIRED.**—Not later than March 1, 1998, the Secretary of Defense shall submit to Congress a report containing a plan to reduce overhead costs of the supply management activities of the Defense Logistics Agency and the military departments (known as Inventory Control Points) so that the overhead costs for each fiscal year after fiscal year 2000 do not exceed eight percent of net sales at standard price by Inventory Control Points during that year.

(b) **ADDITIONAL REPORT REQUIREMENT.**—In addition to the plan, the report shall include the following:

(1) An identification of inherently governmental, core and noncore functions in Inventory Control Points and Distribution Depots.

(2) A description of efforts, other than prime vendor and virtual prime vendor, underway or proposed to improve the efficiency, incentives, and accountability in Department of Defense supply, inventory and warehousing services and rates.

(3) An identification and description of the benchmarks established in the warehousing, distribution, and supply functions of the Department and the relationship of the benchmarks to performance measurement methods used in the private sector.

(4) A description of the outcome-oriented performance measures that are currently being used to evaluate Inventory Control Points and Distribution Depots.

(5) A specification of any legislative, regulatory, or operational impediments to achieving the requirement in subsection (a) and implementing best business practices in the warehousing, distribution, and supply functions of the Department.

(c) DEFINITIONS.—For purposes of this section:

(1) The term “overhead costs” means the total expenses of the Inventory Control Points, excluding—

(A) annual materiel costs; and

(B) military and civilian personnel related costs, defined as personnel compensation and benefits under the March 1996 Department of Defense Financial Management Regulations, Volume 2A, Chapter 1, Budget Account Title File (Object Classification Name/Code), object classifications 200, 211, 220, 221, 222, and 301.

(2) The term “net sales at standard price” has the meaning given that term in the March 1996 Department of Defense Financial Management Regulations, Volume 2B, Chapter 9, and displayed in “Exhibit Fund—14 Revenue and Expenses” for the supply management business areas.

10 USC 2458
note.

SEC. 395. INVENTORY MANAGEMENT.

(a) DEVELOPMENT AND SUBMISSION OF SCHEDULE.—Not later than 180 days after the date of the enactment of this Act, the Director of the Defense Logistics Agency shall develop and submit to Congress a schedule for implementing within the agency, for the supplies and equipment described in subsection (b), inventory practices identified by the Director as being the best commercial inventory practices for the acquisition and distribution of such supplies and equipment consistent with military requirements. The schedule shall provide for the implementation of such practices to be completed not later than three years after the date of the enactment of this Act.

(b) COVERED SUPPLIES AND EQUIPMENT.—Subsection (a) shall apply to the following types of supplies and equipment for the Department of Defense:

- (1) Medical and pharmaceutical.
- (2) Subsistence.
- (3) Clothing and textiles.
- (4) Commercially available electronics.
- (5) Construction.
- (6) Industrial.
- (7) Automotive.
- (8) Fuel.
- (9) Facilities maintenance.

(c) DEFINITION.—For purposes of this section, the term “best commercial inventory practice” includes a so-called prime vendor arrangement and any other practice that the Director determines will enable the Defense Logistics Agency to reduce inventory levels and holding costs while improving the responsiveness of the supply system to user needs.

(d) REPORT ON EXPANSION OF COVERED SUPPLIES AND EQUIPMENT.—Not later than March 1, 1998, the Comptroller General shall submit to Congress a report evaluating the feasibility of expanding the list of covered supplies and equipment under subsection (b) to include repairable items.

TITLE IV—MILITARY PERSONNEL AUTHORIZATIONS

Subtitle A—Active Forces

Sec. 401. End strengths for active forces.

Sec. 402. Permanent end strength levels to support two major regional contingencies.

Subtitle B—Reserve Forces

Sec. 411. End strengths for Selected Reserve.

Sec. 412. End strengths for Reserves on active duty in support of the Reserves.

Sec. 413. End strengths for military technicians (dual status).

Subtitle C—Authorization of Appropriations

Sec. 421. Authorization of appropriations for military personnel.

Subtitle A—Active Forces

SEC. 401. END STRENGTHS FOR ACTIVE FORCES.

10 USC 115 note.

The Armed Forces are authorized strengths for active duty personnel as of September 30, 1998, as follows:

- (1) The Army, 495,000.
- (2) The Navy, 390,802.
- (3) The Marine Corps, 174,000.
- (4) The Air Force, 371,577.

SEC. 402. PERMANENT END STRENGTH LEVELS TO SUPPORT TWO MAJOR REGIONAL CONTINGENCIES.

(a) CHANGE IN PERMANENT END STRENGTHS.—Subsection (b) of section 691 of title 10, United States Code, is amended—

(1) in paragraph (2), by striking out “395,000” and inserting in lieu thereof “390,802”; and

(2) in paragraph (4), by striking out “381,000” and inserting in lieu thereof “371,577”.

(b) INCREASED FLEXIBILITY FOR THE ARMY.—Subsection (e) of such section is amended by inserting “or, in the case of the Army, by not more than 1.5 percent” before the period at the end.

Subtitle B—Reserve Forces

SEC. 411. END STRENGTHS FOR SELECTED RESERVE.

10 USC 12001
note.

(a) IN GENERAL.—The Armed Forces are authorized strengths for Selected Reserve personnel of the reserve components as of September 30, 1998, as follows:

- (1) The Army National Guard of the United States, 361,516.
- (2) The Army Reserve, 208,000.
- (3) The Naval Reserve, 94,294.
- (4) The Marine Corps Reserve, 42,000.
- (5) The Air National Guard of the United States, 108,002.
- (6) The Air Force Reserve, 73,447.
- (7) The Coast Guard Reserve, 8,000.

(b) ADJUSTMENTS.—The end strengths prescribed by subsection (a) for the Selected Reserve of any reserve component shall be proportionately reduced by—

(1) the total authorized strength of units organized to serve as units of the Selected Reserve of such component which are on active duty (other than for training) at the end of the fiscal year, and

(2) the total number of individual members not in units organized to serve as units of the Selected Reserve of such component who are on active duty (other than for training or for unsatisfactory participation in training) without their consent at the end of the fiscal year.

Whenever such units or such individual members are released from active duty during any fiscal year, the end strength prescribed for such fiscal year for the Selected Reserve of such reserve component shall be proportionately increased by the total authorized strengths of such units and by the total number of such individual members.

10 USC 12001
note.

SEC. 412. END STRENGTHS FOR RESERVES ON ACTIVE DUTY IN SUPPORT OF THE RESERVES.

Within the end strengths prescribed in section 411(a), the reserve components of the Armed Forces are authorized, as of September 30, 1998, the following number of Reserves to be serving on full-time active duty or full-time duty, in the case of members of the National Guard, for the purpose of organizing, administering, recruiting, instructing, or training the reserve components:

- (1) The Army National Guard of the United States, 22,310.
- (2) The Army Reserve, 11,500.
- (3) The Naval Reserve, 16,136.
- (4) The Marine Corps Reserve, 2,559.
- (5) The Air National Guard of the United States, 10,671.
- (6) The Air Force Reserve, 867.

SEC. 413. END STRENGTHS FOR MILITARY TECHNICIANS (DUAL STATUS).

10 USC 115 note.

(a) AUTHORIZATION FOR FISCAL YEAR 1998.—The minimum number of military technicians (dual status) as of the last day of fiscal year 1998 for the reserve components of the Army and the Air Force (notwithstanding section 129 of title 10, United States Code) shall be the following:

- (1) For the Army Reserve, 5,503.
- (2) For the Army National Guard of the United States, 23,125.
- (3) For the Air Force Reserve, 9,802.
- (4) For the Air National Guard of the United States, 22,853.

(b) REQUESTS FOR FUTURE FISCAL YEARS.—Section 115(g) of title 10, United States Code, is amended by adding at the end the following new sentence: “In each budget submitted by the President to Congress under section 1105 of title 31, the end strength requested for military technicians (dual status) for each

reserve component of the Army and Air Force shall be specifically set forth.”.

Subtitle C—Authorization of Appropriations

SEC. 421. AUTHORIZATION OF APPROPRIATIONS FOR MILITARY PERSONNEL.

There is hereby authorized to be appropriated to the Department of Defense for military personnel for fiscal year 1998 a total of \$69,470,505,000. The authorization in the preceding sentence supersedes any other authorization of appropriations (definite or indefinite) for such purpose for fiscal year 1998.

TITLE V—MILITARY PERSONNEL POLICY

Subtitle A—Officer Personnel Policy

- Sec. 501. Limitation on number of general and flag officers who may serve in positions outside their own service.
- Sec. 502. Exclusion of certain retired officers from limitation on period of recall to active duty.
- Sec. 503. Clarification of officers eligible for consideration by promotion boards.
- Sec. 504. Authority to defer mandatory retirement for age of officers serving as chaplains.
- Sec. 505. Increase in number of officers allowed to be frocked to grades of colonel and Navy captain.
- Sec. 506. Increased years of commissioned service for mandatory retirement of regular generals and admirals in grades above major general and rear admiral.
- Sec. 507. Uniform policy for requirement of exemplary conduct by commanding officers and others in authority.
- Sec. 508. Report on the command selection process for District Engineers of the Army Corps of Engineers.

Subtitle B—Reserve Component Matters

- Sec. 511. Individual Ready Reserve activation authority.
- Sec. 512. Termination of Mobilization Income Insurance Program.
- Sec. 513. Correction of inequities in medical and dental care and death and disability benefits for reserve members who incur or aggravate an illness in the line of duty.
- Sec. 514. Authority to permit non-unit assigned officers to be considered by vacancy promotion board to general officer grades.
- Sec. 515. Prohibition on use of Air Force Reserve AGR personnel for Air Force base security functions.
- Sec. 516. Involuntary separation of reserve officers in an inactive status.
- Sec. 517. Federal status of service by National Guard members as honor guards at funerals of veterans.

Subtitle C—Military Technicians

- Sec. 521. Authority to retain on the reserve active-status list until age 60 military technicians in the grade of brigadier general.
- Sec. 522. Military technicians (dual status).
- Sec. 523. Non-dual status military technicians.
- Sec. 524. Report on feasibility and desirability of conversion of AGR personnel to military technicians (dual status).

Subtitle D—Measures To Improve Recruit Quality and Reduce Recruit Attrition

- Sec. 531. Reform of military recruiting systems.
- Sec. 532. Improvements in medical prescreening of applicants for military service.
- Sec. 533. Improvements in physical fitness of recruits.

Subtitle E—Military Education and Training**PART I—OFFICER EDUCATION PROGRAMS**

- Sec. 541. Requirement for candidates for admission to United States Naval Academy to take oath of allegiance.
- Sec. 542. Service academy foreign exchange program.
- Sec. 543. Reimbursement of expenses incurred for instruction at service academies of persons from foreign countries.
- Sec. 544. Continuation of support to senior military colleges.
- Sec. 545. Report on making United States nationals eligible for participation in Senior Reserve Officers' Training Corps.
- Sec. 546. Coordination of establishment and maintenance of Junior Reserve Officers' Training Corps units to maximize enrollment and enhance efficiency.

PART II—OTHER EDUCATION MATTERS

- Sec. 551. United States Naval Postgraduate School.
- Sec. 552. Community College of the Air Force.
- Sec. 553. Preservation of entitlement to educational assistance of members of the Selected Reserve serving on active duty in support of a contingency operation.

PART III—TRAINING OF ARMY DRILL SERGEANTS

- Sec. 556. Reform of Army drill sergeant selection and training process.
- Sec. 557. Training in human relations matters for Army drill sergeant trainees.

Subtitle F—Commission on Military Training and Gender-Related Issues

- Sec. 561. Establishment and composition of Commission.
- Sec. 562. Duties.
- Sec. 563. Administrative matters.
- Sec. 564. Termination of Commission.
- Sec. 565. Funding.
- Sec. 566. Subsequent consideration by Congress.

Subtitle G—Military Decorations and Awards

- Sec. 571. Purple Heart to be awarded only to members of the Armed Forces.
- Sec. 572. Eligibility for Armed Forces Expeditionary Medal for participation in Operation Joint Endeavor or Operation Joint Guard.
- Sec. 573. Waiver of time limitations for award of certain decorations to specified persons.
- Sec. 574. Clarification of eligibility of members of Ready Reserve for award of service medal for heroism.
- Sec. 575. One-year extension of period for receipt of recommendations for decorations and awards for certain military intelligence personnel.
- Sec. 576. Eligibility of certain World War II military organizations for award of unit decorations.
- Sec. 577. Retroactivity of Medal of Honor special pension.

Subtitle H—Military Justice Matters

- Sec. 581. Establishment of sentence of confinement for life without eligibility for parole.
- Sec. 582. Limitation on appeal of denial of parole for offenders serving life sentence.

Subtitle I—Other Matters

- Sec. 591. Sexual harassment investigations and reports.
- Sec. 592. Sense of the Senate regarding study of matters relating to gender equity in the Armed Forces.
- Sec. 593. Authority for personnel to participate in management of certain non-Federal entities.
- Sec. 594. Treatment of participation of members in Department of Defense civil military programs.
- Sec. 595. Comptroller General study of Department of Defense civil military programs.
- Sec. 596. Establishment of public affairs specialty in the Army.
- Sec. 597. Grade of defense attaché in France.
- Sec. 598. Report on crew requirements of WC-130J aircraft.
- Sec. 599. Improvement of missing persons authorities applicable to Department of Defense.

Subtitle A—Officer Personnel Policy

SEC. 501. LIMITATION ON NUMBER OF GENERAL AND FLAG OFFICERS WHO MAY SERVE IN POSITIONS OUTSIDE THEIR OWN SERVICE.

(a) IN GENERAL.—Chapter 41 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 721. General and flag officers: limitation on appointments, assignments, details, and duties outside an officer’s own service

“(a) LIMITATION.—An officer described in subsection (b) may not be appointed, assigned, or detailed for a period in excess of 180 days to a position external to that officer’s armed force if, immediately following such appointment, assignment, or detail, the number of officers described in subsection (b) serving in positions external to such officers’ armed force would be in excess of 26.5 percent of the total number of the officers described in subsection (b).

“(b) COVERED OFFICERS.—The officers covered by subsection (a), and to be counted for the purposes of the limitation in that subsection, are the following:

“(1) Any general or flag officer counted for purposes of section 526(a) of this title.

“(2) Any general or flag officer serving in a joint duty assignment position designated by the Chairman of the Joint Chiefs of Staff under section 526(b) of this title.

“(3) Any colonel or Navy captain counted for purposes of section 777(d)(1) of this title.

“(c) EXTERNAL POSITIONS.—For purposes of this section, the following positions shall be considered to be external to an officer’s armed force:

“(1) Any position (including a position in joint education) that is a joint duty assignment for purposes of chapter 38 of this title.

“(2) Any position in the Office of the Secretary of Defense, a Defense Agency, or a Department of Defense Field Activity.

“(3) Any position in the Joint Chiefs of Staff, the Joint Staff, or the headquarters of a combatant command (as defined in chapter 6 of this title).

“(4) Any position in the National Guard Bureau.

“(5) Any position outside the Department of Defense, including any position in the headquarters of the North Atlantic Treaty Organization or any other international military command, any combined or multinational command, or military mission.

“(d) TREATMENT OF OFFICERS HOLDING MULTIPLE POSITIONS.—

(1) If an officer described in subsection (b) simultaneously holds both a position external to that officer’s armed force and another position not external to that officer’s armed force, the Secretary of Defense shall determine whether that officer shall be counted for the purposes of this section.

“(2) The Secretary of Defense shall submit to Congress an annual report on the number of officers to whom paragraph (1) was applicable during the year covered by the report. The report

Reports.

shall set forth the determination made by the Secretary under that paragraph in each such case.

“(e) ASSIGNMENTS, ETC., FOR PERIODS IN EXCESS OF 180 DAYS.—For purposes of this section, the appointment, assignment, or detail of an officer to a position shall be considered to be for a period in excess of 180 days unless the appointment, assignment, or detail specifies that it is made for a period of 180 days or less.

President.

“(f) WAIVER DURING PERIOD OF WAR OR NATIONAL EMERGENCY.—The President may suspend the operation of this section during any period of war or of national emergency declared by Congress or the President.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“721. General and flag officers: limitation on appointments, assignments, details, and duties outside an officer’s own service.”.

SEC. 502. EXCLUSION OF CERTAIN RETIRED OFFICERS FROM LIMITATION ON PERIOD OF RECALL TO ACTIVE DUTY.

Section 688(e) of title 10, United States Code, is amended—

(1) by inserting “(1)” before “A member”; and

(2) by adding at the end the following:

“(2) Paragraph (1) does not apply to the following officers:

“(A) A chaplain who is assigned to duty as a chaplain for the period of active duty to which ordered.

“(B) A health care professional (as characterized by the Secretary concerned) who is assigned to duty as a health care professional for the period of active duty to which ordered.

“(C) An officer assigned to duty with the American Battle Monuments Commission for the period of active duty to which ordered.”.

SEC. 503. CLARIFICATION OF OFFICERS ELIGIBLE FOR CONSIDERATION BY PROMOTION BOARDS.

(a) OFFICERS ON THE ACTIVE-DUTY LIST.—Section 619(d) of title 10, United States Code, is amended—

(1) by striking out “grade—” in the matter preceding paragraph (1) and inserting in lieu thereof “grade any of the following officers:”;

(2) in paragraph (1)—

(A) by striking out “an officer” and inserting in lieu thereof “An officer”; and

(B) by striking out “; or” at the end and inserting in lieu thereof a period;

(3) by redesignating paragraph (2) as paragraph (3) and in that paragraph striking out “an officer” and inserting in lieu thereof “An officer”; and

(4) by inserting after paragraph (1) the following new paragraph (2):

“(2) An officer who is recommended for promotion to that grade in the report of an earlier selection board convened under that section, in the case of such a report that has not yet been approved by the President.”.

(b) OFFICERS ON THE RESERVE ACTIVE-STATUS LIST.—Section 14301(c) of such title is amended—

(1) by striking out “grade—” in the matter preceding paragraph (1) and inserting in lieu thereof “grade any of the following officers:”;

(2) by striking out “an officer” in each of paragraphs (1), (2), and (3) and inserting in lieu thereof “An officer”;

(3) by striking out the semicolon at the end of paragraph (1) and inserting in lieu thereof a period;

(4) by striking out “; or” at the end of paragraph (2) and inserting in lieu thereof a period;

(5) by redesignating paragraphs (2) and (3), as so amended, as paragraphs (3) and (4), respectively, and in each such paragraph striking out “the next higher grade” and inserting in lieu thereof “that grade”; and

(6) by inserting after paragraph (1) the following new paragraph (2):

“(2) An officer who is recommended for promotion to that grade in the report of an earlier selection board convened under a provision referred to in paragraph (1), in the case of such a report that has not yet been approved by the President.”.

(c) CLARIFYING AMENDMENTS.—Paragraphs (3) and (4) of section 14301(c) of such title, as redesignated and amended by subsection (b), are each amended by inserting before the period at the end the following: “, if that nomination is pending before the Senate”.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act and shall apply with respect to selection boards that are convened under section 611(a), 14101(a), or 14502 of title 10, United States Code, on or after that date.

10 USC 619 note.

SEC. 504. AUTHORITY TO DEFER MANDATORY RETIREMENT FOR AGE OF OFFICERS SERVING AS CHAPLAINS.

(a) AUTHORITY FOR DEFERRAL OF RETIREMENT FOR CHAPLAINS.—Subsection (c) of section 1251 of title 10, United States Code, is amended—

(1) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

(2) by inserting after paragraph (1) the following new paragraph (2):

“(2) The Secretary concerned may defer the retirement under subsection (a) of an officer who is appointed or designated as a chaplain if the Secretary determines that such deferral is in the best interest of the military department concerned.”.

(b) AUTHORITY FOR DEFERRAL OF RETIREMENT FOR CHIEF AND DEPUTY CHIEF OF CHAPLAINS.—Such section is further amended by adding at the end the following new subsection:

“(d) The Secretary concerned may defer the retirement under subsection (a) of an officer who is the Chief of Chaplains or Deputy Chief of Chaplains of that officer’s armed force. Such a deferment may not extend beyond the first day of the month following the month in which the officer becomes 68 years of age.”.

(c) QUALIFICATION FOR SERVICE AS NAVY CHIEF OF CHAPLAINS OR DEPUTY CHIEF OF CHAPLAINS.—(1) Section 5142(b) of such title is amended by striking out “, who are not on the retired list,”.

(2) Section 5142a of such title is amended by striking “, who is not on the retired list,”.

SEC. 505. INCREASE IN NUMBER OF OFFICERS ALLOWED TO BE FROCKED TO GRADES OF COLONEL AND NAVY CAPTAIN.

Section 777(d)(2) of title 10, United States Code, is amended by inserting after “1 percent” the following: “, or, for the grades of colonel and Navy captain, 2 percent,”.

SEC. 506. INCREASED YEARS OF COMMISSIONED SERVICE FOR MANDATORY RETIREMENT OF REGULAR GENERALS AND ADMIRALS IN GRADES ABOVE MAJOR GENERAL AND REAR ADMIRAL.

(a) YEARS OF SERVICE.—Section 636 of title 10, United States Code, is amended—

(1) by striking out “Except as provided” and inserting in lieu thereof “(a) MAJOR GENERALS AND REAR ADMIRALS SERVING IN GRADE.—Except as provided in subsection (b) or (c) and”; and

(2) by adding at the end the following:

“(b) LIEUTENANT GENERALS AND VICE ADMIRALS.—In the administration of subsection (a) in the case of an officer who is serving in the grade of lieutenant general or vice admiral, the number of years of active commissioned service applicable to the officer is 38 years.

“(c) GENERALS AND ADMIRALS.—In the administration of subsection (a) in the case of an officer who is serving in the grade of general or admiral, the number of years of active commissioned service applicable to the officer is 40 years.”.

(b) SECTION HEADING.—The heading of such section is amended to read as follows:

“§ 636. Retirement for years of service: regular officers in grades above brigadier general and rear admiral (lower half)”.

(c) CLERICAL AMENDMENT.—The item relating to such section in the table of sections at the beginning of subchapter III of chapter 36 of such title is amended to read as follows:

“636. Retirement for years of service: regular officers in grades above brigadier general and rear admiral (lower half).”.

SEC. 507. UNIFORM POLICY FOR REQUIREMENT OF EXEMPLARY CONDUCT BY COMMANDING OFFICERS AND OTHERS IN AUTHORITY.

(a) ARMY.—(1) Chapter 345 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 3583. Requirement of exemplary conduct

“All commanding officers and others in authority in the Army are required—

“(1) to show in themselves a good example of virtue, honor, patriotism, and subordination;

“(2) to be vigilant in inspecting the conduct of all persons who are placed under their command;

“(3) to guard against and suppress all dissolute and immoral practices, and to correct, according to the laws and regulations of the Army, all persons who are guilty of them; and

“(4) to take all necessary and proper measures, under the laws, regulations, and customs of the Army, to promote and

safeguard the morale, the physical well-being, and the general welfare of the officers and enlisted persons under their command or charge.”.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“3583. Requirement of exemplary conduct.”.

(b) AIR FORCE.—(1) Chapter 845 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 8583. Requirement of exemplary conduct

“All commanding officers and others in authority in the Air Force are required—

“(1) to show in themselves a good example of virtue, honor, patriotism, and subordination;

“(2) to be vigilant in inspecting the conduct of all persons who are placed under their command;

“(3) to guard against and suppress all dissolute and immoral practices, and to correct, according to the laws and regulations of the Air Force, all persons who are guilty of them; and

“(4) to take all necessary and proper measures, under the laws, regulations, and customs of the Air Force, to promote and safeguard the morale, the physical well-being, and the general welfare of the officers and enlisted persons under their command or charge.”.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“8583. Requirement of exemplary conduct.”.

SEC. 508. REPORT ON THE COMMAND SELECTION PROCESS FOR DISTRICT ENGINEERS OF THE ARMY CORPS OF ENGINEERS.

Not later than March 31, 1998, the Secretary of the Army shall submit to Congress a report on the command selection process for officers serving as District Engineers of the Corps of Engineers. The report shall include the following:

(1) An identification of each major Corps of Engineers project that—

(A) is being carried out by each District Engineer as of the date of the report; or

(B) is being planned by each District Engineer to be carried out during the five-year period beginning on the date of the report.

(2) The expected start and completion dates, during that period, for each major phase of each project identified under paragraph (1).

(3) The expected dates for changes in the District Engineer in each Corps of Engineers District during that period.

(4) A plan for optimizing the timing of changes in the District Engineer in each such District so that there is minimal disruption to major phases of major Corps of Engineers projects.

(5) A review of the effect on the Corps of Engineers, and on the mission of each District of the Corps of Engineers, of allowing major command tours of District Engineers to be of two-to-four years in duration, with the selection of the exact timing of the change of command to be at the discretion of the Chief of Engineers, who shall act with the goal of optimizing

the timing of each change so that it has minimal disruption on the mission of the District Engineer.

Subtitle B—Reserve Component Matters

SEC. 511. INDIVIDUAL READY RESERVE ACTIVATION AUTHORITY.

(a) IRR MEMBERS SUBJECT TO ORDER TO ACTIVE DUTY OTHER THAN DURING WAR OR NATIONAL EMERGENCY.—Section 10144 of title 10, United States Code, is amended—

(1) by inserting “(a)” before “Within the Ready Reserve”; and

(2) by adding at the end the following new subsection:

“(b)(1) Within the Individual Ready Reserve of each reserve component there is a category of members, as designated by the Secretary concerned, who are subject to being ordered to active duty involuntarily in accordance with section 12304 of this title. A member may not be placed in that mobilization category unless—

“(A) the member volunteers for that category; and

“(B) the member is selected for that category by the Secretary concerned, based upon the needs of the service and the grade and military skills of that member.

“(2) A member of the Individual Ready Reserve may not be carried in such mobilization category of members after the end of the 24-month period beginning on the date of the separation of the member from active service.

“(3) The Secretary shall designate the grades and military skills or specialties of members to be eligible for placement in such mobilization category.

“(4) A member in such mobilization category shall be eligible for benefits (other than pay and training) as are normally available to members of the Selected Reserve, as determined by the Secretary of Defense.”.

(b) CRITERIA FOR ORDERING TO ACTIVE DUTY.—Subsection (a) of section 12304 of title 10, United States Code, is amended by inserting after “of this title),” the following: “or any member in the Individual Ready Reserve mobilization category and designated as essential under regulations prescribed by the Secretary concerned,”.

(c) MAXIMUM NUMBER.—Subsection (c) of such section is amended—

(1) by inserting “and the Individual Ready Reserve” after “Selected Reserve”; and

(2) by inserting “, of whom not more than 30,000 may be members of the Individual Ready Reserve” before the period at the end.

(d) CONFORMING AMENDMENTS.—Such section is further amended—

(1) in subsection (f), by inserting “or Individual Ready Reserve” after “Selected Reserve”;

(2) in subsection (g), by inserting “, or any member of the Individual Ready Reserve,” after “to serve as a unit”; and

(3) by adding at the end the following new subsection:

“(i) For purposes of this section, the term ‘Individual Ready Reserve mobilization category’ means, in the case of any reserve component, the category of the Individual Ready Reserve described in section 10144(b) of this title.”.

(e) CLERICAL AMENDMENTS.—(1) The heading of such section is amended to read as follows:

“§ 12304. Selected Reserve and certain Individual Ready Reserve members; order to active duty other than during war or national emergency”.

(2) The item relating to section 12304 in the table of sections at the beginning of chapter 1209 of such title is amended to read as follows:

“12304. Selected Reserve and certain Individual Ready Reserve members; order to active duty other than during war or national emergency.”.

SEC. 512. TERMINATION OF MOBILIZATION INCOME INSURANCE PROGRAM.

(a) IN GENERAL.—Chapter 1214 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 12533. Termination of program

“(a) IN GENERAL.—The Secretary shall terminate the insurance program in accordance with this section.

“(b) TERMINATION OF NEW ENROLLMENTS.—The Secretary may not enroll a member of the Ready Reserve for coverage under the insurance program after the date of the enactment of this section.

“(c) TERMINATION OF COVERAGE.—(1) The enrollment under the insurance program of insured members other than insured members described in paragraph (2) is terminated as of the date of the enactment of this section. The enrollment of an insured member described in paragraph (2) is terminated as of the date of the termination of the period of covered service of that member described in that paragraph.

“(2) An insured member described in this paragraph is an insured member who on the date of the enactment of this section is serving on covered service for a period of service, or has been issued an order directing the performance of covered service, that satisfies or would satisfy the entitlement-to-benefits provisions of this chapter.

“(d) TERMINATION OF PAYMENT OF BENEFITS.—The Secretary may not make any benefit payment under the insurance program after the date of the enactment of this section other than to an insured member who on that date (1) is serving on an order to covered service, (2) has been issued an order directing performance of covered service, or (3) has served on covered service before that date for which benefits under the program have not been paid to the member.

“(e) TERMINATION OF INSURANCE FUND.—The Secretary shall close the Fund not later than 60 days after the date on which the last benefit payment from the Fund is made. Any amount remaining in the Fund when closed shall be covered into the Treasury as miscellaneous receipts.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“12533. Termination of program.”.

SEC. 513. CORRECTION OF INEQUITIES IN MEDICAL AND DENTAL CARE AND DEATH AND DISABILITY BENEFITS FOR RESERVE MEMBERS WHO INCUR OR AGGRAVATE AN ILLNESS IN THE LINE OF DUTY.

(a) **MEDICAL AND DENTAL CARE FOR MEMBERS.**—Section 1074a of title 10, United States Code, is amended—

(1) in subsection (a)(3), by inserting “while remaining overnight immediately before the commencement of inactive-duty training, or” after “in the line of duty”; and

(2) by adding at the end the following new subsection:

“(e) A member of a uniformed service described in paragraph (1)(A) or (2)(A) of subsection (a) whose orders are modified or extended, while the member is being treated for (or recovering from) the injury, illness, or disease incurred or aggravated in the line of duty, so as to result in active duty for a period of more than 30 days shall be entitled, while the member remains on active duty, to medical and dental care on the same basis and to the same extent as members covered by section 1074(a) of this title.”.

(b) **MEDICAL AND DENTAL CARE FOR DEPENDENTS.**—Section 1076(a) of such title is amended by striking out paragraph (2) and inserting in lieu thereof the following new paragraph:

“(2) A dependent referred to in paragraph (1) is a dependent of a member of a uniformed service described in one of the following subparagraphs:

“(A) A member who is on active duty for a period of more than 30 days or died while on that duty.

“(B) A member who died from an injury, illness, or disease incurred or aggravated—

“(i) while the member was on active duty under a call or order to active duty of 30 days or less, on active duty for training, or on inactive-duty training; or

“(ii) while the member was traveling to or from the place at which the member was to perform, or had performed, such active duty, active duty for training, or inactive-duty training.

“(C) A member who died from an injury, illness, or disease incurred or aggravated in the line of duty while the member remained overnight immediately before the commencement of inactive-duty training, or while the member remained overnight between successive periods of inactive-duty training, at or in the vicinity of the site of the inactive-duty training, if the site was outside reasonable commuting distance from the member’s residence.

“(D) A member who incurred or aggravated an injury, illness, or disease in the line of duty while serving on active duty for a period of 30 days or less (or while traveling to or from the place of such duty) and the member’s orders are modified or extended, while the member is being treated for (or recovering from) the injury, illness, or disease, so as to result in active duty for a period of more than 30 days. However, this subparagraph entitles the dependent to medical and dental care only while the member remains on active duty.”.

(c) **ELIGIBILITY FOR DISABILITY RETIREMENT OR SEPARATION.**—

(1) Section 1204(2) of such title is amended to read as follows:

“(2) the disability—

“(A) was incurred before September 24, 1996, as the proximate result of—

“(i) performing active duty or inactive-duty training;

“(ii) traveling directly to or from the place at which such duty is performed; or

“(iii) an injury, illness, or disease incurred or aggravated while remaining overnight, immediately before the commencement of inactive-duty training, or while remaining overnight between successive periods of inactive-duty training, at or in the vicinity of the site of the inactive-duty training, if the site of the inactive-duty training is outside reasonable commuting distance of the member’s residence; or

“(B) is a result of an injury, illness, or disease incurred or aggravated in line of duty after September 23, 1996—

“(i) while performing active duty or inactive-duty training;

“(ii) while traveling directly to or from the place at which such duty is performed; or

“(iii) while remaining overnight, immediately before the commencement of inactive-duty training, or while remaining overnight between successive periods of inactive-duty training, at or in the vicinity of the site of the inactive-duty training, if the site of the inactive-duty training is outside reasonable commuting distance of the member’s residence;”.

(2) Section 1206 of such title is amended—

(A) by redesignating paragraphs (2), (3), and (4) as paragraphs (3), (4), and (5), respectively, and

(B) by inserting after paragraph (1) the following new paragraph (2):

“(2) the disability is a result of an injury, illness, or disease incurred or aggravated in line of duty while—

“(A) performing active duty or inactive-duty training;

“(B) traveling directly to or from the place at which such duty is performed; or

“(C) while remaining overnight immediately before the commencement of inactive-duty training, or while remaining overnight between successive periods of inactive-duty training, at or in the vicinity of the site of the inactive-duty training, if the site is outside reasonable commuting distance of the member’s residence;”.

(d) CONFORMING AMENDMENTS AND RELATED CLERICAL AMENDMENTS.—(1) The heading of section 1204 of title 10, United States Code, is amended to read as follows:

“§ 1204. Members on active duty for 30 days or less or on inactive-duty training: retirement”.

(2) The heading of section 1206 of such title is amended to read as follows:

“§ 1206. Members on active duty for 30 days or less or on inactive-duty training: separation”.

(3) The table of sections at the beginning of chapter 61 of such title is amended—

(A) by striking out the item relating to section 1204 and inserting in lieu thereof the following:

“1204. Members on active duty for 30 days or less or on inactive-duty training: retirement.”;

and

(B) by striking out the item relating to section 1206 and inserting in lieu thereof the following:

“1206. Members on active duty for 30 days or less or on inactive-duty training: separation.”.

(e) RECOVERY, CARE, AND DISPOSITION OF REMAINS.—Section 1481(a)(2)(D) of such title is amended by inserting “remaining overnight immediately before the commencement of inactive-duty training, or” after “(D)”.

(f) ENTITLEMENT TO BASIC PAY.—Section 204 of title 37, United States Code, is amended by inserting “while remaining overnight immediately before the commencement of inactive-duty training, or” in subsections (g)(1)(D) and (h)(1)(D) after “in line of duty”.

(g) COMPENSATION FOR INACTIVE-DUTY TRAINING.—Section 206(a)(3)(C) of title 37, United States Code, is amended by inserting “while remaining overnight immediately before the commencement of inactive-duty training, or” after “in line of duty”.

SEC. 514. AUTHORITY TO PERMIT NON-UNIT ASSIGNED OFFICERS TO BE CONSIDERED BY VACANCY PROMOTION BOARD TO GENERAL OFFICER GRADES.

(a) CONVENING OF SELECTION BOARDS.—Section 14101(a)(2) of title 10, United States Code, is amended by striking out “(except in the case of a board convened to consider officers as provided in section 14301(e) of this title)”.

(b) ELIGIBILITY FOR CONSIDERATION OF CERTAIN ARMY OFFICERS.—Section 14301 of such title is amended—

(1) by striking out subsection (e); and

(2) by redesignating subsections (f) and (g) as subsections (e) and (f), respectively.

(c) GENERAL OFFICER PROMOTIONS.—Section 14308 of such title is amended—

(1) in subsection (e)(2), by inserting “a grade below colonel in” after “(2) an officer in”; and

(2) in subsection (g)—

(A) by inserting “or the Air Force” in the first sentence after “of the Army” the first place it appears;

(B) by striking out “in that grade” in the first sentence and all that follows through “Secretary of the Army” and inserting in lieu thereof “in the Army Reserve or the Air Force Reserve, as the case may be, in that grade”; and

(C) by striking out the second sentence.

(d) VACANCY PROMOTIONS.—Section 14315(b)(1) of such title is amended by striking out “duties” in clause (A) and all that follows through “as a unit,” and inserting in lieu thereof “duties of a general officer of the next higher reserve grade in the Army Reserve.”.

SEC. 515. PROHIBITION ON USE OF AIR FORCE RESERVE AGR PERSONNEL FOR AIR FORCE BASE SECURITY FUNCTIONS.

(a) IN GENERAL.—Chapter 1215 of title 10, United States Code, is amended by striking out

“[No present sections]”

and inserting in lieu thereof the following:

“Sec.
12551. Prohibition of use of Air Force Reserve AGR personnel for Air Force base security functions.

“§ 12551. Prohibition of use of Air Force Reserve AGR personnel for Air Force base security functions

“(a) LIMITATION.—The Secretary of the Air Force may not use members of the Air Force Reserve who are AGR personnel for the performance of force protection, base security, or security police functions at an Air Force facility in the United States.

“(b) AGR PERSONNEL DEFINED.—In this section, the term ‘AGR personnel’ means members of the Air Force Reserve who are on active duty (other than for training) in connection with organizing, administering, recruiting, instructing, or training the Air Force Reserve.”.

(b) CLERICAL AMENDMENT.—The items relating to chapter 1215 in the tables of chapters at the beginning of subtitle E, and at the beginning of part II of subtitle E, are amended to read as follows:

“1215. Miscellaneous Prohibitions and Penalties12551”.

SEC. 516. INVOLUNTARY SEPARATION OF RESERVE OFFICERS IN AN INACTIVE STATUS.

(a) AUTHORITY FOR INVOLUNTARY SEPARATION OF CERTAIN INACTIVE STATUS OFFICERS.—Section 12683(b) of title 10, United States Code, is amended—

(1) in the matter preceding paragraph (1), by striking out “apply—” and inserting in lieu thereof “apply to any of the following:”; and

(2) by adding at the end the following new paragraph:

“(4) A separation of an officer who is in an inactive status in the Standby Reserve and who is not qualified for transfer to the Retired Reserve or is qualified for transfer to the Retired Reserve and does not apply for such a transfer.”.

(b) STYLISTIC AMENDMENTS.—Such section is further amended—

(1) in paragraphs (1), (2), and (3), by striking out “to a” and inserting in lieu thereof “A”;

(2) by striking out the semicolon at the end of paragraph (1) and inserting in lieu thereof a period; and

(3) by striking out “; and” at the end of paragraph (2) and inserting in lieu thereof a period.

SEC. 517. FEDERAL STATUS OF SERVICE BY NATIONAL GUARD MEMBERS AS HONOR GUARDS AT FUNERALS OF VETERANS.

(a) IN GENERAL.—(1) Chapter 1 of title 32, United States Code, is amended by adding after section 113, as added by section 386(a), the following new section:

“§ 114. Honor guard functions at funerals for veterans

“(a) Subject to such regulations and restrictions as may be prescribed by the Secretary concerned, the performance of honor guard functions by members of the National Guard at funerals for veterans of the armed forces may be treated by the Secretary

concerned as a Federal function for which appropriated funds may be used. Any such performance of honor guard functions at such a funeral may not be considered to be a period of drill or training otherwise required.

“(b) This section does not authorize additional appropriations for any fiscal year. Any expense of the National Guard that is incurred by reason of this section shall be paid from appropriations otherwise available for the National Guard.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding after the item relating to section 113, as added by section 386(b), the following new item:

“114. Honor guard functions at funerals for veterans.”.

Subtitle C—Military Technicians

SEC. 521. AUTHORITY TO RETAIN ON THE RESERVE ACTIVE-STATUS LIST UNTIL AGE 60 MILITARY TECHNICIANS IN THE GRADE OF BRIGADIER GENERAL.

(a) RETENTION.—Section 14702(a) of title 10, United States Code, is amended—

(1) by striking out “section 14506 or 14507” and inserting in lieu thereof “section 14506, 14507, or 14508”; and

(2) by striking out “or colonel” and inserting in lieu thereof “colonel, or brigadier general”.

(b) TECHNICAL AMENDMENT.—Section 14508(c) of such title is amended by striking out “not later than the date on which the officer becomes 60 years of age” and inserting in lieu thereof “not later than the last day of the month in which the officer becomes 60 years of age”.

SEC. 522. MILITARY TECHNICIANS (DUAL STATUS).

(a) DEFINITION.—Subsection (a) of section 10216 of title 10, United States Code, is amended to read as follows:

“(a) IN GENERAL.—(1) For purposes of this section and any other provision of law, a military technician (dual status) is a Federal civilian employee who—

“(A) is employed under section 3101 of title 5 or section 709 of title 32;

“(B) is required as a condition of that employment to maintain membership in the Selected Reserve; and

“(C) is assigned to a position as a technician in the administration and training of the Selected Reserve or in the maintenance and repair of supplies or equipment issued to the Selected Reserve or the armed forces.

“(2) Military technicians (dual status) shall be authorized and accounted for as a separate category of civilian employees.”.

(b) UNIT MEMBERSHIP AND DUAL STATUS REQUIREMENT.—Such section is further amended by striking out subsection (d) and inserting in lieu thereof the following:

“(d) UNIT MEMBERSHIP REQUIREMENT.—(1) Unless specifically exempted by law, each individual who is hired as a military technician (dual status) after December 1, 1995, shall be required as a condition of that employment to maintain membership in—

“(A) the unit of the Selected Reserve by which the individual is employed as a military technician; or

“(B) a unit of the Selected Reserve that the individual is employed as a military technician to support.

“(2) Paragraph (1) does not apply to a military technician (dual status) who is employed by the Army Reserve in an area other than Army Reserve troop program units.

“(e) DUAL STATUS REQUIREMENT.—(1) Funds appropriated for the Department of Defense may not (except as provided in paragraph (2)) be used for compensation as a military technician of any individual hired as a military technician after February 10, 1996, who is no longer a member of the Selected Reserve.

“(2) The Secretary concerned may pay compensation described in paragraph (1) to an individual described in that paragraph who is no longer a member of the Selected Reserve for a period not to exceed six months following the individual’s loss of membership in the Selected Reserve if the Secretary determines that such loss of membership was not due to the failure of that individual to meet military standards.”.

(c) NATIONAL GUARD DUAL STATUS REQUIREMENT.—Section 709(b) of title 32, United States Code, is amended by striking out “Except as prescribed by the Secretary concerned, a technician” and inserting in lieu thereof “A technician”.

(d) PLAN FOR CLARIFICATION OF STATUTORY AUTHORITY OF MILITARY TECHNICIANS.—(1) The Secretary of Defense shall submit to Congress, as part of the budget justification materials submitted in support of the budget for the Department of Defense for fiscal year 1999, a legislative proposal to provide statutory authority and clarification under title 5, United States Code—

(A) for the hiring, management, promotion, separation, and retirement of military technicians who are employed in support of units of the Army Reserve or Air Force Reserve; and

(B) for the transition to the competitive service of an individual who is hired as a military technician in support of a unit of the Army Reserve or Air Force Reserve and who (as determined by the Secretary concerned) fails to maintain membership in the Selected Reserve through no fault of the individual.

(2) The legislative proposal under paragraph (1) shall be developed in consultation with the Director of the Office of Personnel Management.

(e) CONFORMING REPEAL.—Section 8016 of Public Law 104-61 (109 Stat. 654; 10 U.S.C. 10101 note) is repealed.

(f) CROSS-REFERENCE CORRECTIONS.—Section 10216(c)(1) of title 10, United States Code, is amended by striking out “subsection (a)(1)” in subparagraphs (A), (B), (C), and (D) and inserting in lieu thereof “subsection (b)(1)”.

(g) CONFORMING AMENDMENTS TO SECTION 10216.—Section 10216 of title 10, United States Code, is further amended as follows:

(1) The heading of subsection (b) is amended by inserting “(DUAL STATUS)” after “MILITARY TECHNICIANS”.

(2) Subsection (b)(1) is amended—

(A) by inserting “(dual status)” after “for military technicians”;

(B) by striking out “dual status military technicians” and inserting in lieu thereof “military technicians (dual status)”;

(C) by inserting “(dual status)” after “military technicians” in subparagraph (C).

(3) Subsection (b)(2) is amended by inserting “(dual status)” after “military technicians” both places it appears.

(4) Subsection (b)(3) is amended by inserting “(dual status)” after “Military technician”.

(5) Subsection (c) is amended—

(A) in the matter preceding paragraph (1)(A), by inserting “(dual status)” after “military technicians”;

(B) in paragraph (1), by striking out “dual-status technicians” in subparagraphs (A), (B), (C), and (D) and inserting in lieu thereof “military technicians (dual status)”;

(C) in paragraph (2)(A), by inserting “(dual status)” after “military technician”; and

(D) in paragraph (2)(B), by striking out “delineate—” and all that follows through “or other reasons” in clause (ii) and inserting in lieu thereof “delineate the specific force structure reductions”.

(h) CLERICAL AMENDMENTS.—(1) The heading of section 10216 of such title is amended to read as follows:

“§ 10216. Military technicians (dual status)”.

(2) The item relating to such section in the table of sections at the beginning of chapter 1007 of such title is amended to read as follows:

“10216. Military technicians (dual status).”.

(i) OTHER CONFORMING AMENDMENTS.—(1) Section 115(g) of such title is amended by inserting “(dual status)” in the first sentence after “military technicians” and in the second sentence after “military technician”.

(2) Section 115a(h) of such title is amended—

(A) by inserting “(displayed in the aggregate and separately for military technicians (dual status) and non-dual status military technicians)” in the matter preceding paragraph (1) after “of the following”; and

(B) by striking out paragraph (3).

SEC. 523. NON-DUAL STATUS MILITARY TECHNICIANS.

(a) IN GENERAL.—(1) Chapter 1007 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 10217. Non-dual status military technicians

“(a) DEFINITION.—For the purposes of this section and any other provision of law, a non-dual status military technician is a civilian employee of the Department of Defense serving in a military technician position who—

“(1) was hired as a military technician before the date of the enactment of the National Defense Authorization Act for Fiscal Year 1998 under any of the authorities specified in subsection (c); and

“(2) as of the date of the enactment of that Act is not a member of the Selected Reserve or after such date ceased to be a member of the Selected Reserve.

“(b) EMPLOYMENT AUTHORITIES.—The authorities referred to in subsection (a) are the following:

“(1) Section 10216 of this title.

“(2) Section 709 of title 32.

“(3) The requirements referred to in section 8401 of title 5.

“(4) Section 8016 of the Department of Defense Appropriations Act, 1996 (Public Law 104–61; 109 Stat. 654), and any comparable provision of law enacted on an annual basis in the Department of Defense Appropriations Acts for fiscal years 1984 through 1995.

“(5) Any memorandum of agreement between the Department of Defense and the Office of Personnel Management providing for the hiring of military technicians.”.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“10217. Non-dual status military technicians.”.

(b) LIMITATION.—The number of civilian employees of a military department who are non-dual status military technicians as of September 30, 1998, may not exceed the following:

(1) For the Army Reserve, 1,500.

(2) For the Army National Guard of the United States, 2,400.

(3) For the Air Force Reserve, 0.

(4) For the Air National Guard of the United States, 450.

(c) REPORT REQUIRED.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report containing the number of military technician positions that are held by non-dual status military technicians as of September 30, 1997, shown separately for each of the following:

(1) The Army Reserve.

(2) The Army National Guard of the United States.

(3) The Air Force Reserve.

(4) The Air National Guard of the United States.

(d) PLAN FOR FULL UTILIZATION OF MILITARY TECHNICIANS (DUAL STATUS).—(1) Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a plan for ensuring that, on and after September 30, 2007, all military technician positions are held only by military technicians (dual status).

(2) The plan shall provide for achieving, by September 30, 2002, a 50 percent reduction, by conversion of positions or otherwise, in the number of non-dual status military technicians that are holding military technicians positions, as compared with the number of non-dual status technicians that held military technician positions as of September 30, 1997, as specified in the report under subsection (c).

(3) Among the alternative actions to be considered in developing the plan, the Secretary shall consider the feasibility and cost of each of the following:

(A) Eliminating or consolidating technician functions and positions.

(B) Contracting with private sector sources for the performance of functions performed by military technicians.

(C) Converting non-dual status military technician positions to military technician (dual status) positions or to positions in the competitive service or, in the case of positions of the Army National Guard of the United States or the Air National Guard of the United States, to positions of State employment.

(D) Use of incentives to facilitate attainment of the objectives specified for the plan in paragraphs (1) and (2).

10 USC 10217
note.

(4) The Secretary shall submit with the plan any recommendations for legislation that the Secretary considers necessary to carry out the plan.

(e) **DEFINITIONS FOR CATEGORIES OF MILITARY TECHNICIANS.**—In this section:

(1) The term “non-dual status military technician” has the meaning given that term in section 10217 of title 10, United States Code, as added by subsection (a).

(2) The term “military technician (dual status)” has the meaning given the term in section 10216(a) of such title.

SEC. 524. REPORT ON FEASIBILITY AND DESIRABILITY OF CONVERSION OF AGR PERSONNEL TO MILITARY TECHNICIANS (DUAL STATUS).

(a) **REPORT REQUIRED.**—Not later than January 1, 1998, the Secretary of Defense shall submit to Congress a report on the feasibility and desirability of conversion of AGR personnel to military technicians (dual status). The report shall—

(1) identify advantages and disadvantages of such a conversion;

(2) identify possible savings if such a conversion were to be carried out; and

(3) set forth the recommendation of the Secretary as to whether such a conversion should be made.

(b) **AGR PERSONNEL DEFINED.**—For purposes of subsection (a), the term “AGR personnel” means members of the Army or Air Force reserve components who are on active duty (other than for training) in connection with organizing, administering, recruiting, instructing, or training their respective reserve components.

10 USC 503 note.

Subtitle D—Measures To Improve Recruit Quality and Reduce Recruit Attrition

SEC. 531. REFORM OF MILITARY RECRUITING SYSTEMS.

(a) **IN GENERAL.**—The Secretary of Defense shall carry out reforms in the recruiting systems of the Army, Navy, Air Force, and Marine Corps in order to improve the quality of new recruits and to reduce attrition among recruits.

(b) **SPECIFIC REFORMS.**—As part of the reforms in military recruiting systems to be undertaken under subsection (a), the Secretary shall take the following steps:

(1) Improve the system of pre-enlistment waivers and separation codes used for recruits by (A) revising and updating those waivers and codes to allow more accurate and useful data collection about those separations, and (B) prescribing regulations to ensure that those waivers and codes are interpreted in a uniform manner by the military services.

(2) Develop a reliable database for (A) analyzing (at both the Department of Defense and service-level) data on reasons for attrition of new recruits, and (B) undertaking Department of Defense or service-specific measures (or both) to control and manage such attrition.

(3) Require that the Secretary of each military department (A) adopt or strengthen incentives for recruiters to thoroughly prescreen potential candidates for recruitment, and (B) link

incentives for recruiters, in part, to the ability of a recruiter to screen out unqualified candidates before enlistment.

(4) Require that the Secretary of each military department include as a measurement of recruiter performance the percentage of persons enlisted by a recruiter who complete initial combat training or basic training.

(5) Assess trends in the number and use of waivers over the 1991–1997 period that were issued to permit applicants to enlist with medical or other conditions that would otherwise be disqualifying.

(6) Require the Secretary of each military department to implement policies and procedures (A) to ensure the prompt separation of recruits who are unable to successfully complete basic training, and (B) to remove those recruits from the training environment while separation proceedings are pending.

(c) REPORT.—Not later than March 31, 1998, the Secretary shall submit to Congress a report of the trends assessed under subsection (b)(5). The information on those trends provided in the report shall be shown by armed force and by category of waiver. The report shall include recommendations of the Secretary for changing, revising, or limiting the use of waivers referred to in that subsection.

SEC. 532. IMPROVEMENTS IN MEDICAL PRESCREENING OF APPLICANTS FOR MILITARY SERVICE.

(a) IN GENERAL.—The Secretary of Defense shall improve the medical prescreening of applicants for entrance into the Army, Navy, Air Force, or Marine Corps.

(b) SPECIFIC STEPS.—As part of those improvements, the Secretary shall take the following steps:

(1) Require that each applicant for service in the Army, Navy, Air Force, or Marine Corps (A) provide to the Secretary the name of the applicant's medical insurer and the names of past medical providers, and (B) sign a release allowing the Secretary to request and obtain medical records of the applicant.

(2) Require that the forms and procedures for medical prescreening of applicants that are used by recruiters and by Military Entrance Processing Commands be revised so as to ensure that medical questions are specific, unambiguous, and tied directly to the types of medical separations most common for recruits during basic training and follow-on training.

(3) Add medical screening tests to the examinations of recruits carried out by Military Entrance Processing Stations, provide more thorough medical examinations to selected groups of applicants, or both, to the extent that the Secretary determines that to do so could be cost effective in reducing attrition at basic training.

(4) Provide for an annual quality control assessment of the effectiveness of the Military Entrance Processing Commands in identifying medical conditions in recruits that existed before enlistment in the Armed Forces, each such assessment to be performed by an agency or contractor other than the Military Entrance Processing Commands.

SEC. 533. IMPROVEMENTS IN PHYSICAL FITNESS OF RECRUITS.

(a) **IN GENERAL.**—The Secretary of Defense shall take steps to improve the physical fitness of recruits before they enter basic training.

(b) **SPECIFIC STEPS.**—As part of those improvements, the Secretary shall take the following steps:

(1) Direct the Secretary of each military department to implement programs under which new recruits who are in the Delayed Entry Program are encouraged to participate in physical fitness activities before reporting to basic training.

(2) Develop a range of incentives for new recruits to participate in physical fitness programs, as well as for those recruits who improve their level of fitness while in the Delayed Entry Program, which may include access to Department of Defense military fitness facilities, and access to military medical facilities in the case of a recruit who is injured while participating in physical activities with recruiters or other military personnel.

(3) Evaluate whether partnerships between recruiters and reserve components, or other innovative arrangements, could provide a pool of qualified personnel to assist in the conduct of physical training programs for new recruits in the Delayed Entry Program.

Subtitle E—Military Education and Training

PART I—OFFICER EDUCATION PROGRAMS

SEC. 541. REQUIREMENT FOR CANDIDATES FOR ADMISSION TO UNITED STATES NAVAL ACADEMY TO TAKE OATH OF ALLEGIANCE.

(a) **REQUIREMENT.**—Section 6958 of title 10, United States Code, is amended by adding at the end the following new subsection:

“(d) To be admitted to the Naval Academy, an appointee must take and subscribe to an oath prescribed by the Secretary of the Navy. If a candidate for admission refuses to take and subscribe to the prescribed oath, the candidate’s appointment is terminated.”.

(b) **EXCEPTION FOR MIDSHIPMEN FROM FOREIGN COUNTRIES.**—Section 6957 of such title is amended by adding at the end the following new subsection:

“(d) A person receiving instruction under this section is not subject to section 6958(d) of this title.”.

SEC. 542. SERVICE ACADEMY FOREIGN EXCHANGE PROGRAM.

(a) **UNITED STATES MILITARY ACADEMY.**—(1) Chapter 403 of title 10, United States Code, is amended by inserting after section 4344 the following new section:

“§ 4345. Exchange program with foreign military academies

“(a) **EXCHANGE PROGRAM AUTHORIZED.**—The Secretary of the Army may permit a student enrolled at a military academy of a foreign country to receive instruction at the Academy in exchange for a cadet receiving instruction at that foreign military academy pursuant to an exchange agreement entered into between the Secretary and appropriate officials of the foreign country. Students receiving instruction at the Academy under the exchange program

shall be in addition to persons receiving instruction at the Academy under section 4344 of this title.

“(b) LIMITATIONS ON NUMBER AND DURATION OF EXCHANGES.—An exchange agreement under this section between the Secretary and a foreign country shall provide for the exchange of students on a one-for-one basis each fiscal year. Not more than 10 cadets and a comparable number of students from all foreign military academies participating in the exchange program may be exchanged during any fiscal year. The duration of an exchange may not exceed the equivalent of one academic semester at the Academy.

“(c) COSTS AND EXPENSES.—(1) A student from a military academy of a foreign country is not entitled to the pay, allowances, and emoluments of a cadet by reason of attendance at the Academy under the exchange program, and the Department of Defense may not incur any cost of international travel required for transportation of such a student to and from the sponsoring foreign country.

“(2) The Secretary may provide a student from a foreign country under the exchange program, during the period of the exchange, with subsistence, transportation within the continental United States, clothing, health care, and other services to the same extent that the foreign country provides comparable support and services to the exchanged cadet in that foreign country.

“(3) The Academy shall bear all costs of the exchange program from funds appropriated for the Academy. Expenditures in support of the exchange program may not exceed \$50,000 during any fiscal year.

“(d) APPLICATION OF OTHER LAWS.—Subsections (c) and (d) of section 4344 of this title shall apply with respect to a student enrolled at a military academy of a foreign country while attending the Academy under the exchange program.

“(e) REGULATIONS.—The Secretary shall prescribe regulations to implement this section. Such regulations may include qualification criteria and methods of selection for students of foreign military academies to participate in the exchange program.”.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 4344 the following new item:

“4345. Exchange program with foreign military academies.”.

(b) NAVAL ACADEMY.—(1) Chapter 603 of title 10, United States Code, is amended by inserting after section 6957 the following new section:

“§ 6957a. Exchange program with foreign military academies

“(a) EXCHANGE PROGRAM AUTHORIZED.—The Secretary of the Navy may permit a student enrolled at a military academy of a foreign country to receive instruction at the Naval Academy in exchange for a midshipman receiving instruction at that foreign military academy pursuant to an exchange agreement entered into between the Secretary and appropriate officials of the foreign country. Students receiving instruction at the Academy under the exchange program shall be in addition to persons receiving instruction at the Academy under section 6957 of this title.

“(b) LIMITATIONS ON NUMBER AND DURATION OF EXCHANGES.—An exchange agreement under this section between the Secretary and a foreign country shall provide for the exchange of students

on a one-for-one basis each fiscal year. Not more than 10 midshipmen and a comparable number of students from all foreign military academies participating in the exchange program may be exchanged during any fiscal year. The duration of an exchange may not exceed the equivalent of one academic semester at the Naval Academy.

“(c) COSTS AND EXPENSES.—(1) A student from a military academy of a foreign country is not entitled to the pay, allowances, and emoluments of a midshipman by reason of attendance at the Naval Academy under the exchange program, and the Department of Defense may not incur any cost of international travel required for transportation of such a student to and from the sponsoring foreign country.

“(2) The Secretary may provide a student from a foreign country under the exchange program, during the period of the exchange, with subsistence, transportation within the continental United States, clothing, health care, and other services to the same extent that the foreign country provides comparable support and services to the exchanged midshipman in that foreign country.

“(3) The Naval Academy shall bear all costs of the exchange program from funds appropriated for the Academy. Expenditures in support of the exchange program may not exceed \$50,000 during any fiscal year.

“(d) APPLICATION OF OTHER LAWS.—Subsections (c) and (d) of section 6957 of this title shall apply with respect to a student enrolled at a military academy of a foreign country while attending the Naval Academy under the exchange program.

“(e) REGULATIONS.—The Secretary shall prescribe regulations to implement this section. Such regulations may include qualification criteria and methods of selection for students of foreign military academies to participate in the exchange program.”.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 6957 the following new item:

“6957a. Exchange program with foreign military academies.”.

(c) AIR FORCE ACADEMY.—(1) Chapter 903 of title 10, United States Code, is amended by inserting after section 9344 the following new section:

“§ 9345. Exchange program with foreign military academies

“(a) EXCHANGE PROGRAM AUTHORIZED.—The Secretary of the Air Force may permit a student enrolled at a military academy of a foreign country to receive instruction at the Air Force Academy in exchange for an Air Force cadet receiving instruction at that foreign military academy pursuant to an exchange agreement entered into between the Secretary and appropriate officials of the foreign country. Students receiving instruction at the Academy under the exchange program shall be in addition to persons receiving instruction at the Academy under section 9344 of this title.

“(b) LIMITATIONS ON NUMBER AND DURATION OF EXCHANGES.—An exchange agreement under this section between the Secretary and a foreign country shall provide for the exchange of students on a one-for-one basis each fiscal year. Not more than 10 Air Force cadets and a comparable number of students from all foreign military academies participating in the exchange program may be exchanged during any fiscal year. The duration of an exchange

may not exceed the equivalent of one academic semester at the Air Force Academy.

“(c) COSTS AND EXPENSES.—(1) A student from a military academy of a foreign country is not entitled to the pay, allowances, and emoluments of an Air Force cadet by reason of attendance at the Air Force Academy under the exchange program, and the Department of Defense may not incur any cost of international travel required for transportation of such a student to and from the sponsoring foreign country.

“(2) The Secretary may provide a student from a foreign country under the exchange program, during the period of the exchange, with subsistence, transportation within the continental United States, clothing, health care, and other services to the same extent that the foreign country provides comparable support and services to the exchanged Air Force cadet in that foreign country.

“(3) The Air Force Academy shall bear all costs of the exchange program from funds appropriated for the Academy. Expenditures in support of the exchange program may not exceed \$50,000 during any fiscal year.

“(d) APPLICATION OF OTHER LAWS.—Subsections (c) and (d) of section 9344 of this title shall apply with respect to a student enrolled at a military academy of a foreign country while attending the Air Force Academy under the exchange program.

“(e) REGULATIONS.—The Secretary shall prescribe regulations to implement this section. Such regulations may include qualification criteria and methods of selection for students of foreign military academies to participate in the exchange program.”.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 9344 the following new item:

“9345. Exchange program with foreign military academies.”.

(d) REPEAL OF OBSOLETE LIMITATION.—Section 9353(a) of such title is amended by striking out “After the date of the accrediting of the Academy, the” and inserting in lieu thereof “The”.

SEC. 543. REIMBURSEMENT OF EXPENSES INCURRED FOR INSTRUCTION AT SERVICE ACADEMIES OF PERSONS FROM FOREIGN COUNTRIES.

(a) UNITED STATES MILITARY ACADEMY.—Section 4344(b) of title 10, United States Code, is amended—

(1) in paragraph (2), by striking out the period at the end and inserting in lieu thereof the following: “, except that the reimbursement rates may not be less than the cost to the United States of providing such instruction, including pay, allowances, and emoluments, to a cadet appointed from the United States.”; and

(2) by adding at the end the following new paragraph:

“(3) The amount of reimbursement waived under paragraph (2) may not exceed 35 percent of the per-person reimbursement amount otherwise required to be paid by a foreign country under such paragraph, except in the case of not more than five persons receiving instruction at the Academy under this section at any one time.”.

(b) NAVAL ACADEMY.—Section 6957(b) of such title is amended—

(1) in paragraph (2), by striking out the period at the end and inserting in lieu thereof the following: “, except that

the reimbursement rates may not be less than the cost to the United States of providing such instruction, including pay, allowances, and emoluments, to a midshipman appointed from the United States.”; and

(2) by adding at the end the following new paragraph:

“(3) The amount of reimbursement waived under paragraph (2) may not exceed 35 percent of the per-person reimbursement amount otherwise required to be paid by a foreign country under such paragraph, except in the case of not more than five persons receiving instruction at the Naval Academy under this section at any one time.”.

(c) AIR FORCE ACADEMY.—Section 9344(b) of such title is amended—

(1) in paragraph (2), by striking out the period at the end and inserting in lieu thereof the following: “, except that the reimbursement rates may not be less than the cost to the United States of providing such instruction, including pay, allowances, and emoluments, to a cadet appointed from the United States.”; and

(2) by adding at the end the following new paragraph:

“(3) The amount of reimbursement waived under paragraph (2) may not exceed 35 percent of the per-person reimbursement amount otherwise required to be paid by a foreign country under such paragraph, except in the case of not more than five persons receiving instruction at the Air Force Academy under this section at any one time.”.

10 USC 4344
note.

(d) EFFECTIVE DATE.—The amendments made by this section apply with respect to students from a foreign country entering the United States Military Academy, the United States Naval Academy, or the United States Air Force Academy on or after May 1, 1998.

SEC. 544. CONTINUATION OF SUPPORT TO SENIOR MILITARY COLLEGES.

10 USC 2111a
note.

(a) DEFINITION OF SENIOR MILITARY COLLEGES.—For purposes of this section, the term “senior military colleges” means the following:

- (1) Texas A&M University.
- (2) Norwich University.
- (3) The Virginia Military Institute.
- (4) The Citadel.
- (5) Virginia Polytechnic Institute and State University.
- (6) North Georgia College and State University.

10 USC 2111a
note.

(b) FINDINGS.—Congress finds the following:

(1) The senior military colleges consistently have provided substantial numbers of highly qualified, long-serving leaders to the Armed Forces.

(2) The quality of the military leaders produced by the senior military colleges is, in part, the result of the rigorous military environment imposed on students attending the senior military colleges by the colleges, as well as the result of the long-standing close support relationship between the Corps of Cadets at each college and the Reserve Officer Training Corps personnel at the colleges who serve as effective leadership role models and mentors.

(3) In recognition of the quality of the young leaders produced by the senior military colleges, the Department of

Defense and the military services have traditionally maintained special relationships with the colleges, including the policy to grant active duty service in the Army to graduates of the colleges who desire such service and who are recommended for such service by their ROTC professors of military science.

(4) Each of the senior military colleges has demonstrated an ability to adapt its systems and operations to changing conditions in, and requirements of, the Armed Forces without compromising the quality of leaders produced and without interruption of the close relationship between the colleges and the Department of Defense.

(c) SENSE OF CONGRESS.—In light of the findings in subsection (b), it is the sense of Congress that—

10 USC 2111a
note.

(1) the proposed initiative of the Secretary of the Army to end the commitment to active duty service for all graduates of senior military colleges who desire such service and who are recommended for such service by their ROTC professors of military science is short-sighted and contrary to the long-term interests of the Army;

(2) as they have in the past, the senior military colleges can and will continue to accommodate to changing military requirements to ensure that future graduates entering military service continue to be officers of superb quality who are quickly assimilated by the Armed Forces and fully prepared to make significant contributions to the Armed Forces through extended military careers; and

(3) decisions of the Secretary of Defense or the Secretary of a military department that fundamentally and unilaterally change the long-standing relationship of the Armed Forces with the senior military colleges are not in the best interests of the Department of Defense or the Armed Forces and are patently unfair to students who made decisions to enroll in the senior military colleges on the basis of existing Department and Armed Forces policy.

(d) CONTINUATION OF SUPPORT FOR SENIOR MILITARY COLLEGES.—Section 2111a of title 10, United States Code, is amended—

(1) by redesignating subsection (d) as subsection (f); and

(2) by inserting after subsection (c) the following new subsections:

“(d) TERMINATION OR REDUCTION OF PROGRAM PROHIBITED.—The Secretary of Defense and the Secretaries of the military departments may not take or authorize any action to terminate or reduce a unit of the Senior Reserve Officers’ Training Corps at a senior military college unless the termination or reduction is specifically requested by the college.

“(e) ASSIGNMENT TO ACTIVE DUTY.—(1) The Secretary of the Army shall ensure that a graduate of a senior military college who desires to serve as a commissioned officer on active duty upon graduation from the college, who is medically and physically qualified for active duty, and who is recommended for such duty by the professor of military science at the college, shall be assigned to active duty. This paragraph shall apply to a member of the program at a senior military college who graduates from the college after March 31, 1997.

“(2) Nothing in this section shall be construed to prohibit the Secretary of the Army from requiring a member of the program

who graduates from a senior military college to serve on active duty.”.

(e) TECHNICAL CORRECTIONS.—Subsection (f) of such section, as redesignated by subsection (d)(1), is amended—

(1) in paragraph (2), by striking out “College” and inserting in lieu thereof “University”; and

(2) in paragraph (6), by inserting before the period the following: “and State University”.

(f) CLERICAL AMENDMENTS.—(1) The heading of such section is amended to read as follows:

“§ 2111a. Support for senior military colleges”.

(2) The item relating to such section in the table of sections at the beginning of chapter 103 of title 10, United States Code, is amended to read as follows:

“2111a. Support for senior military colleges.”.

SEC. 545. REPORT ON MAKING UNITED STATES NATIONALS ELIGIBLE FOR PARTICIPATION IN SENIOR RESERVE OFFICERS’ TRAINING CORPS.

(a) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the Committee on National Security of the House of Representatives and the Committee on Armed Services of the Senate a report on the utility of permitting United States nationals to participate in the Senior Reserve Officers’ Training Corps program.

(b) REQUIRED INFORMATION.—The Secretary shall include in the report the following information:

(1) A brief history of the prior admission of United States nationals to the Senior Reserve Officers’ Training Corps, including the success rate of these cadets and midshipmen and how that rate compared to the average success rate of cadets and midshipmen during that same period.

(2) The advantages of permitting United States nationals to participate in the Senior Reserve Officers’ Training Corps program.

(3) The disadvantages of permitting United States nationals to participate in the Senior Reserve Officers’ Training Corps program.

(4) The incremental cost of including United States nationals in the Senior Reserve Officers’ Training Corps.

(5) Methods of minimizing the risk that United States nationals admitted to the Senior Reserve Officers’ Training Corps would be later disqualified because of ineligibility for United States citizenship.

(6) The recommendations of the Secretary on whether United States nationals should be eligible to participate in the Senior Reserve Officers’ Training Corps program, and if so, a legislative proposal which would, if enacted, achieve that result.

SEC. 546. COORDINATION OF ESTABLISHMENT AND MAINTENANCE OF JUNIOR RESERVE OFFICERS’ TRAINING CORPS UNITS TO MAXIMIZE ENROLLMENT AND ENHANCE EFFICIENCY.

(a) REQUIREMENT.—Chapter 102 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 2032. Responsibility of the Secretaries of the military departments to maximize enrollment and enhance efficiency

“(a) COORDINATION.—The Secretary of each military department, in establishing, maintaining, transferring, and terminating Junior Reserve Officers’ Training Corps units under section 2031 of this title, shall do so in a coordinated manner that is designed to maximize enrollment in the Corps and to enhance administrative efficiency in the management of the Corps.

“(b) CONSIDERATION OF NEW SCHOOL OPENINGS AND CONSOLIDATIONS.—In carrying out subsection (a), the Secretary of a military department shall take into consideration—

“(1) openings of new schools;

“(2) consolidations of schools; and

“(3) the desirability of continuing the opportunity for participation in the Corps by participants whose continued participation would otherwise be adversely affected by new school openings and consolidations of schools.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“2032. Responsibility of the Secretaries of the military departments to maximize enrollment and enhance efficiency.”.

PART II—OTHER EDUCATION MATTERS

SEC. 551. UNITED STATES NAVAL POSTGRADUATE SCHOOL.

(a) AUTHORITY TO ADMIT ENLISTED MEMBERS AS STUDENTS.—Section 7045 of title 10, United States Code, is amended—

(1) in subsection (a)—

(A) by inserting “(1)” after “(a)”; and

(B) by adding at the end the following new paragraph:

“(2) The Secretary may permit an enlisted member of the armed forces who is assigned to the Naval Postgraduate School or to a nearby command to receive instruction at the Naval Postgraduate School. Admission of enlisted members for instruction under this paragraph shall be on a space-available basis.”;

(2) in subsection (b)—

(A) by striking out “the students” and inserting in lieu thereof “officers”; and

(B) by adding at the end the following new sentence:

“In the case of an enlisted member permitted to receive instruction at the Postgraduate School, the Secretary of the Navy shall charge that member only for such costs and fees as the Secretary considers appropriate (taking into consideration the admission of enlisted members on a space-available basis).”; and

(3) in subsection (c)—

(A) by striking out “officers” both places it appears and inserting in lieu thereof “members”; and

(B) by striking out “same regulations” and inserting in lieu thereof “such regulations, as determined appropriate by the Secretary of the Navy,”.

(b) CLERICAL AMENDMENTS.—(1) The heading of section 7045 of such title is amended to read as follows:

“§ 7045. Officers of the other armed forces; enlisted members: admission”.

(2) The item relating to section 7045 in the table of sections at the beginning of chapter 605 of such title is amended to read as follows:

“7045. Officers of the other armed forces; enlisted members: admission.”.

(c) AMENDMENT TO REFLECT REVISED CIVIL SERVICE GRADE STRUCTURE.—Section 7043(b) of such title is amended by striking out “grade GS-18 of the General Schedule under section 5332 of title 5” and inserting in lieu thereof “level IV of the Executive Schedule”.

SEC. 552. COMMUNITY COLLEGE OF THE AIR FORCE.

(a) EXPANSION OF MEMBERS ELIGIBLE FOR PROGRAM TO INCLUDE INSTRUCTORS AT AIR FORCE TRAINING SCHOOLS.—Section 9315 of title 10, United States Code, is amended—

(1) in subsection (a)(1), by striking out “enlisted members of the Air Force” and inserting in lieu thereof “enlisted members described in subsection (b)”;

(2) by striking out “(b) Subject to subsection (c),” and inserting in lieu thereof “(c)(1) Subject to paragraph (2),”;

(3) by redesignating subsection (c) as paragraph (2) and in that paragraph redesignating clauses (1) and (2) as clauses (A) and (B), respectively; and

(4) by inserting after subsection (a) the following new subsection (b):

“(b) MEMBERS ELIGIBLE FOR PROGRAMS.—Subject to such other eligibility requirements as the Secretary concerned may prescribe, the following members of the armed forces are eligible to participate in programs of higher education under subsection (a)(1):

“(1) Enlisted members of the Air Force.

“(2) Enlisted members of the armed forces other than the Air Force who are serving as instructors at Air Force training schools.”.

(b) CLERICAL AMENDMENTS.—Such section is further amended—

(1) in subsection (a), by inserting “ESTABLISHMENT AND MISSION.—” after “(a)”;

(2) in subsection (c), as redesignated by subsection (a)(2), by inserting “CONFERRAL OF DEGREES.—” after “(c)”.

(c) EFFECTIVE DATE.—Subsection (b) of section 9315 of such title, as added by subsection (a)(4), applies with respect to enrollments in the Community College of the Air Force after March 31, 1996.

SEC. 553. PRESERVATION OF ENTITLEMENT TO EDUCATIONAL ASSISTANCE OF MEMBERS OF THE SELECTED RESERVE SERVING ON ACTIVE DUTY IN SUPPORT OF A CONTINGENCY OPERATION.

(a) PRESERVATION OF EDUCATIONAL ASSISTANCE.—Section 16131(c)(3)(B)(i) of title 10, United States Code, is amended by striking out “, in connection with the Persian Gulf War,”.

(b) EXTENSION OF 10-YEAR PERIOD OF AVAILABILITY.—Section 16133(b)(4) of such title is amended—

(1) by striking out “(A)”;

(2) by striking out “, during the Persian Gulf War,”;

(3) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively; and

(4) by striking out “(B) For the purposes” and all that follows through “title 38.”.

PART III—TRAINING OF ARMY DRILL SERGEANTS

SEC. 556. REFORM OF ARMY DRILL SERGEANT SELECTION AND TRAINING PROCESS.

10 USC 4318
note.

(a) **IN GENERAL.**—The Secretary of the Army shall reform the process for selection and training of drill sergeants for the Army.

(b) **MEASURES TO BE TAKEN.**—As part of such reform, the Secretary shall undertake the following measures (unless, in the case of any such measure, the Secretary determines that that measure would not result in improved effectiveness and efficiency in the drill sergeant selection and training process):

(1) Review the overall process used by the Department of the Army for selection of drill sergeants to determine—

(A) whether that process is providing drill sergeant candidates in sufficient quantity and quality to meet the needs of the training system; and

(B) whether duty as a drill sergeant is a career-enhancing assignment (or is seen by potential drill sergeant candidates as a career-enhancing assignment) and what steps could be taken to ensure that such duty is in fact a career-enhancing assignment.

(2) Incorporate into the selection process for all drill sergeants the views and recommendations of the officers and senior noncommissioned officers in the chain of command of each candidate for selection (particularly those of senior noncommissioned officers) regarding the candidate’s suitability and qualifications to be a drill sergeant.

(3) Establish a requirement for psychological screening for each drill sergeant candidate.

(4) Reform the psychological screening process for drill sergeant candidates to improve the quality, depth, and rigor of that screening process.

(5) Revise the evaluation system for drill sergeants in training to provide for a so-called “whole person” assessment that gives insight into the qualifications and suitability of a drill sergeant candidate beyond the candidate’s ability to accomplish required performance tasks.

(6) Revise the Army military personnel records system so that, under conditions and circumstances to be specified in regulations prescribed by the Secretary, a drill sergeant trainee who fails to complete the training to be a drill sergeant and is denied graduation will not have the fact of that failure recorded in those personnel records.

(7) Provide each drill sergeant in training with the opportunity, before or during that training, to work with new recruits in initial entry training and to be evaluated on that opportunity.

(c) **REPORT.**—Not later than March 31, 1998, the Secretary shall submit to the Committee on National Security of the House of Representatives and the Committee on Armed Services of the Senate a report of the reforms adopted pursuant to this section or, in the case of any measure specified in any of paragraphs (1) through (7) of subsection (b) that was not adopted, the rationale why that measure was not adopted.

SEC. 557. TRAINING IN HUMAN RELATIONS MATTERS FOR ARMY DRILL SERGEANT TRAINEES.

(a) IN GENERAL.—(1) Chapter 401 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 4318. Drill sergeant trainees: human relations training

“(a) HUMAN RELATIONS TRAINING REQUIRED.—The Secretary of the Army shall include as part of the training program for drill sergeants a course in human relations. The course shall be a minimum of two days in duration.

“(b) RESOURCES.—In developing a human relations course under this section, the Secretary shall use the capabilities and expertise of the Defense Equal Opportunity Management Institute (DEOMI).”.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“4318. Drill sergeant trainees: human relations training.”.

10 USC 4318
note.

(b) EFFECTIVE DATE.—Section 4318 of title 10, United States Code, as added by subsection (a), shall apply with respect to drill sergeant trainee classes that begin after the end of the 90-day period beginning on the date of the enactment of this Act.

10 USC 113 note.

Subtitle F—Commission on Military Training and Gender-Related Issues

SEC. 561. ESTABLISHMENT AND COMPOSITION OF COMMISSION.

(a) ESTABLISHMENT.—There is established a Commission on Military Training and Gender-Related Issues to review requirements and restrictions regarding cross-gender relationships of members of the Armed Forces, to review the basic training programs of the Army, Navy, Air Force, and Marine Corps, and to make recommendations on improvements to those programs, requirements, and restrictions.

(b) COMPOSITION.—(1) The commission shall be composed of 10 members, appointed as follows:

(A) Five members shall be appointed jointly by the chairman and ranking minority party member of the Committee on National Security of the House of Representatives.

(B) Five members shall be appointed jointly by the chairman and ranking minority party member of the Committee on Armed Services of the Senate.

(2) The members of the commission shall choose one of the members to serve as chairman.

(3) All members of the commission shall be appointed not later than 45 days after the date of the enactment of this Act.

(c) QUALIFICATIONS.—Members of the commission shall be appointed from among private United States citizens with knowledge and expertise in one or more of the following:

(1) Training of military personnel.

(2) Social and cultural matters affecting entrance into the Armed Forces and affecting military service, military training, and military readiness, such knowledge and expertise to have been gained through recognized research, policy making and practical experience, as demonstrated by retired military personnel, members of the reserve components of the Armed

Forces, representatives from educational organizations, and leaders from civilian industry and other Government agencies.

(3) Factors that define appropriate military job qualifications, including physical, mental, and educational factors.

(4) Combat or other theater of war operations.

(5) Organizational matters.

(6) Legal matters.

(7) Management.

(8) Gender integration matters.

(d) APPOINTMENTS.—(1) Members of the commission shall be appointed for the life of the commission.

(2) A vacancy in the membership shall not affect the commission's powers, but shall be filled in the same manner as the original appointment.

SEC. 562. DUTIES.

(a) FUNCTIONS RELATING TO REQUIREMENTS AND RESTRICTIONS REGARDING CROSS-GENDER RELATIONSHIPS.—The commission shall consider issues relating to personal relationships of members of the Armed Forces as follows:

(1) Review the laws, regulations, policies, directives, and practices that govern personal relationships between men and women in the Armed Forces and personal relationships between members of the Armed Forces and non-military personnel of the opposite sex.

(2) Assess the extent to which the laws, regulations, policies, and directives have been applied consistently throughout the Armed Forces without regard to the armed force, grade, rank, or gender of the individuals involved.

(3) Assess the reports of the independent panel, the Department of Defense task force, and the review of existing guidance on fraternization and adultery that have been required by the Secretary of Defense.

(b) FUNCTIONS RELATING TO GENDER-INTEGRATED AND GENDER-SEGREGATED BASIC TRAINING.—(1) The commission shall review the parts of the initial entry training programs of the Army, Navy, Air Force, and Marine Corps that constitute the basic training of new recruits (in this subtitle referred to as "basic training"). The review shall include a review of the basic training policies and practices of each of those services with regard to gender-integrated and gender-segregated basic training and, for each of the services, the effectiveness of gender-integrated and gender-segregated basic training.

(2) As part of the review under paragraph (1), the commission shall (with respect to each of the services) take the following measures:

(A) Determine how each service defines gender-integration and gender-segregation in the context of basic training.

(B) Determine the historical rationales for the establishment and disestablishment of gender-integrated or gender-segregated basic training.

(C) Examine, with respect to each service, the current rationale for the use of gender-integrated or gender-segregated basic training and the rationale that was current as of the time the service made a decision to integrate, or to segregate, basic training by gender (or as of the time of the most recent decision to continue to use a gender-integrated format or a

gender-segregated format for basic training), and, as part of the examination, evaluate whether at the time of that decision, the Secretary of the military department with jurisdiction over that service had substantive reason to believe, or has since developed data to support, that gender-integrated basic training, or gender-segregated basic training, improves the readiness or performance of operational units.

(D) Assess whether the concept of “training as you will fight” is a valid rationale for gender-integrated basic training or whether the training requirements and objectives for basic training are sufficiently different from those of operational units so that such concept, when balanced against other factors relating to basic training, might not be a sufficient rationale for gender-integrated basic training.

(E) Identify the requirements unique to each service that could affect a decision by the Secretary concerned to adopt a gender-integrated or gender-segregated format for basic training and assess whether the format in use by each service has been successful in meeting those requirements.

(F) Assess, with respect to each service, the degree to which different standards have been established, or if not established are in fact being implemented, for males and females in basic training for matters such as physical fitness, physical performance (such as confidence and obstacle courses), military skills (such as marksmanship and hand-grenade qualifications), and nonphysical tasks required of individuals and, to the degree that differing standards exist or are in fact being implemented, assess the effect of the use of those differing standards.

(G) Identify the goals that each service has set forth in regard to readiness, in light of the gender-integrated or gender-segregated format that such service has adopted for basic training, and whether that format contributes to the readiness of operational units.

(H) Assess the degree to which performance standards in basic training are based on military readiness.

(I) Evaluate the policies of each of the services regarding the assignment of adequate numbers of female drill instructors in gender-integrated training units who can serve as role models and mentors for female trainees.

(J) Review Department of Defense and military department efforts to objectively measure or evaluate the effectiveness of gender-integrated basic training, as compared to gender-segregated basic training, particularly with regard to the adequacy and scope of the efforts and with regard to the relevancy of findings to operational unit requirements, and determine whether the Department of Defense and the military departments are capable of measuring or evaluating the effectiveness of that training format objectively.

(K) Compare the pattern of attrition in gender-integrated basic training units with the pattern of attrition in gender-segregated basic training units and assess the relevancy of the findings of such comparison.

(L) Compare the level of readiness and morale of gender-integrated basic training units with the level of readiness and morale of gender-segregated units, and assess the relevancy of the findings of such comparison and the implications, for readiness, of any differences found.

(M) Compare the experiences, policies, and practices of the armed forces of other industrialized nations regarding gender-integrated training with those of the Army, Navy, Air Force, and Marine Corps.

(N) Review, and take into consideration, the current practices, relevant studies, and private sector training concepts pertaining to gender-integrated training.

(O) Assess the feasibility and implications of conducting basic training (or equivalent training) at the company level and below through separate units for male and female recruits, including the costs and other resource commitments required to implement and conduct basic training in such a manner and the implications for readiness and unit cohesion.

(P) Assess the feasibility and implications of requiring drill instructors for basic training units to be of the same sex as the recruits in those units if the basic training were to be conducted as described in subparagraph (O).

(c) FUNCTIONS RELATING TO BASIC TRAINING PROGRAMS GENERALLY.—The commission shall review the course objectives, structure, and length of the basic training programs of the Army, Navy, Air Force, and Marine Corps. The commission shall also review the relationship between those basic training objectives and the advanced training provided in the initial entry training programs of each of those services. As part of that review, the commission shall (with respect to each of those services) take the following measures:

(1) Determine the current end-state objectives established for graduates of basic training, particularly in regard to—

(A) physical conditioning;

(B) technical and physical skills proficiency;

(C) knowledge;

(D) military socialization, including the inculcation of service values and attitudes; and

(E) basic combat operational requirements.

(2) Assess whether those current end-state objectives, and basic training itself, should be modified (in structure, length, focus, program of instruction, training methods or otherwise) based, in part, on the following:

(A) An assessment of the perspectives of operational units on the quality and qualifications of the initial entry training graduates being assigned to those units, considering in particular whether the basic training system produces graduates who arrive in operational units with an appropriate level of skills, physical conditioning, and degree of military socialization to meet unit requirements and needs.

(B) An assessment of the demographics, backgrounds, attitudes, experience, and physical fitness of new recruits entering basic training, considering in particular the question of whether, given the entry level demographics, education, and background of new recruits, the basic training systems and objectives are most efficiently and effectively structured and conducted to produce graduates who meet service needs.

(C) An assessment of the perspectives of personnel who conduct basic training with regard to measures required to improve basic training.

(3) Assess the extent to which the initial entry training programs of each of the services continue, after the basic training phases of the programs, effectively to reinforce and advance the military socialization (including the inculcation of service values and attitudes), the physical conditioning, and the attainment and improvement of knowledge and proficiency in fundamental military skills that are begun in basic training.

(d) RECOMMENDATIONS.—The commission shall prepare—

(1) with respect to each of the Army, Navy, Air Force, and Marine Corps, an evaluation of gender-integrated and gender-segregated basic training programs, based upon the review under subsection (b);

(2) recommendations for such changes to the current system of basic training as the commission considers warranted; and

(3) recommendations for such changes to laws, regulations, policies, directives, and practices referred to in subsection (a)(1) as the commission considers warranted.

(e) REPORTS.—(1) Not later than April 15, 1998, the commission shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report setting forth a strategic plan for the work of the commission and the activities and initial findings of the commission.

(2) Not later than September 16, 1998, the commission shall submit a final report to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives. The final report shall set forth the activities, findings, and recommendations of the commission, including any recommendations for congressional action and administrative action that the commission considers appropriate. The report shall specifically set forth the views of the Secretaries of the military departments regarding the matters described in subparagraphs (O) and (P) of subsection (b)(2).

SEC. 563. ADMINISTRATIVE MATTERS.

(a) MEETINGS.—(1) The commission shall hold its first meeting not later than 30 days after the date on which all members have been appointed.

(2) The commission shall meet upon the call of the chairman.

(3) A majority of the members of the commission shall constitute a quorum, but a lesser number may hold meetings.

(b) AUTHORITY OF INDIVIDUALS TO ACT FOR COMMISSION.—Any member or agent of the commission may, if authorized by the commission, take any action which the commission is authorized to take under this title.

(c) POWERS.—(1) The commission may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the commission considers advisable to carry out its duties.

(2) The commission may secure directly from the Department of Defense and any other department or agency of the Federal Government such information as the commission considers necessary to carry out its duties. Upon the request of the chairman of the commission, the head of a department or agency shall furnish the requested information expeditiously to the commission.

(3) The commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

(d) PAY AND EXPENSES OF COMMISSION MEMBERS.—(1) Each member of the commission who is not an employee of the Government shall be paid at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which such member is engaged in performing the duties of the commission.

(2) Members and personnel of the commission may travel on aircraft, vehicles, or other conveyances of the Armed Forces when travel is necessary in the performance of a duty of the commission except when the cost of commercial transportation is less expensive.

(3) The members of the commission may be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the commission.

(4)(A) A member of the commission who is an annuitant otherwise covered by section 8344 or 8468 of title 5, United States Code, by reason of membership on the commission shall not be subject to the provisions of such section with respect to such membership.

(B) A member of the commission who is a member or former member of a uniformed service shall not be subject to the provisions of subsections (b) and (c) of section 5532 of such title with respect to membership on the commission.

(e) STAFF AND ADMINISTRATIVE SUPPORT.—(1) The chairman of the commission may, without regard to civil service laws and regulations, appoint and terminate an executive director and up to three additional staff members as necessary to enable the commission to perform its duties. The chairman of the commission may fix the compensation of the executive director and other personnel without regard to the provisions of chapter 51, and subchapter III of chapter 53, of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay may not exceed the maximum rate of pay for grade GS–15 under the General Schedule.

(2) Upon the request of the chairman of the commission, the head of any department or agency of the Federal Government may detail, without reimbursement, any personnel of the department or agency to the commission to assist in carrying out its duties. A detail of an employee shall be without interruption or loss of civil service status or privilege.

(3) The chairman of the commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of such title.

(4) The Secretary of Defense shall furnish to the commission such administrative and support services as may be requested by the chairman of the commission.

SEC. 564. TERMINATION OF COMMISSION.

The commission shall terminate 60 days after the date on which it submits the final report under section 562(e)(2).

SEC. 565. FUNDING.

(a) FROM DEPARTMENT OF DEFENSE APPROPRIATIONS.—Upon the request of the chairman of the commission, the Secretary of Defense shall make available to the commission, out of funds appropriated for the Department of Defense, such amounts as the commission may require to carry out its duties.

(b) PERIOD OF AVAILABILITY.—Funds made available to the commission shall remain available, without fiscal year limitation, until the date on which the commission terminates.

SEC. 566. SUBSEQUENT CONSIDERATION BY CONGRESS.

After receipt of each report of the commission under section 562(e), Congress shall consider the report and, based upon the results of the review (and such other matters as Congress considers appropriate), consider whether to require by law that the Secretaries of the military departments conduct basic training on a gender-segregated or gender-integrated basis.

Subtitle G—Military Decorations and Awards

SEC. 571. PURPLE HEART TO BE AWARDED ONLY TO MEMBERS OF THE ARMED FORCES.

(a) IN GENERAL.—(1) Chapter 57 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 1131. Purple Heart: limitation to members of the armed forces

“The decoration known as the Purple Heart (authorized to be awarded pursuant to Executive Order 11016) may only be awarded to a person who is a member of the armed forces at the time the person is killed or wounded under circumstances otherwise qualifying that person for award of the Purple Heart.”.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“1131. Purple Heart: limitation to members of the armed forces.”.

10 USC 1131
note.

(b) EFFECTIVE DATE.—Section 1131 of title 10, United States Code, as added by subsection (a), shall apply with respect to persons who are killed or wounded after the end of the 180-day period beginning on the date of the enactment of this Act.

10 USC 1130
note.

SEC. 572. ELIGIBILITY FOR ARMED FORCES EXPEDITIONARY MEDAL FOR PARTICIPATION IN OPERATION JOINT ENDEAVOR OR OPERATION JOINT GUARD.

(a) INCLUSION OF OPERATIONS.—For the purpose of determining the eligibility of members and former members of the Armed Forces for the Armed Forces Expeditionary Medal, the Secretary of Defense shall designate participation in Operation Joint Endeavor or Operation Joint Guard in the Republic of Bosnia and Herzegovina, and in such other areas in the region as the Secretary considers appropriate, as service in an area that meets the general requirements for the award of that medal.

(b) INDIVIDUAL DETERMINATION.—The Secretary of the military department concerned shall determine whether individual members

or former members of the Armed Forces who participated in Operation Joint Endeavor or Operation Joint Guard meet the individual service requirements for award of the Armed Forces Expeditionary Medal as established in applicable regulations. A member or former member shall be considered to have participated in Operation Joint Endeavor or Operation Joint Guard if the member—

(1) was deployed in the Republic of Bosnia and Herzegovina, or in such other area in the region as the Secretary of Defense considers appropriate, in direct support of one or both of the operations;

(2) served on board a United States naval vessel operating in the Adriatic Sea in direct support of one or both of the operations; or

(3) operated in airspace above the Republic of Bosnia and Herzegovina, or in such other area in the region as the Secretary of Defense considers appropriate, while the operations were in effect.

(c) OPERATIONS DEFINED.—For purposes of this section:

(1) The term “Operation Joint Endeavor” means operations of the United States Armed Forces conducted in the Republic of Bosnia and Herzegovina during the period beginning on November 20, 1995, and ending on December 20, 1996, to assist in implementing the General Framework Agreement and Associated Annexes, initialed on November 21, 1995, in Dayton, Ohio.

(2) The term “Operation Joint Guard” means operations of the United States Armed Forces conducted in the Republic of Bosnia and Herzegovina as a successor to Operation Joint Endeavor during the period beginning on December 20, 1996, and ending on such date as the Secretary of Defense may designate.

SEC. 573. WAIVER OF TIME LIMITATIONS FOR AWARD OF CERTAIN DECORATIONS TO SPECIFIED PERSONS.

(a) WAIVER OF TIME LIMITATION.—Any limitation established by law or policy for the time within which a recommendation for the award of a military decoration or award must be submitted shall not apply in the case of awards of decorations described in subsections (b), (c), and (d), the award of each such decoration having been determined by the Secretary of the military department concerned to be warranted in accordance with section 1130 of title 10, United States Code.

(b) SILVER STAR MEDAL.—Subsection (a) applies to the award of the Silver Star Medal as follows:

(1) To Joseph M. Moll, Jr. of Milford, New Jersey, for service during World War II.

(2) To Philip Yolinsky of Hollywood, Florida, for service during the Korean Conflict.

(3) To Robert Norman of Reno, Nevada, for service during World War II.

(c) NAVY AND MARINE CORPS MEDAL.—Subsection (a) applies to the award of the Navy and Marine Corps Medal to Gary A. Gruenwald of Damascus, Maryland, for service in Tunisia in October 1977.

(d) DISTINGUISHED FLYING CROSS.—Subsection (a) applies to awards of the Distinguished Flying Cross for service during World War II or Korea (including multiple awards to the same individual)

in the case of each individual concerning whom the Secretary of the Navy (or an officer of the Navy acting on behalf of the Secretary) submitted to the Committee on National Security of the House of Representatives and the Committee on Armed Services of the Senate, before the date of the enactment of this Act, a notice as provided in section 1130(b) of title 10, United States Code, that the award of the Distinguished Flying Cross to that individual is warranted and that a waiver of time restrictions prescribed by law for recommendation for such award is recommended.

SEC. 574. CLARIFICATION OF ELIGIBILITY OF MEMBERS OF READY RESERVE FOR AWARD OF SERVICE MEDAL FOR HEROISM.

(a) **SOLDIER'S MEDAL.**—Section 3750(a) of title 10, United States Code, is amended—

(1) by inserting “(1)” after “(a)”; and

(2) by adding at the end the following new paragraph:

“(2) The authority in paragraph (1) includes authority to award the medal to a member of the Ready Reserve who was not in a duty status defined in section 101(d) of this title when the member distinguished himself by heroism.”.

(b) **NAVY AND MARINE CORPS MEDAL.**—Section 6246 of such title is amended—

(1) by designating the text of the section as subsection (a); and

(2) by adding at the end the following new subsection:

“(b) The authority in subsection (a) includes authority to award the medal to a member of the Ready Reserve who was not in a duty status defined in section 101(d) of this title when the member distinguished himself by heroism.”.

(c) **AIRMAN'S MEDAL.**—Section 8750(a) of such title is amended—

(1) by inserting “(1)” after “(a)”; and

(2) by adding at the end the following new paragraph:

“(2) The authority in paragraph (1) includes authority to award the medal to a member of the Ready Reserve who was not in a duty status defined in section 101(d) of this title when the member distinguished himself by heroism.”.

SEC. 575. ONE-YEAR EXTENSION OF PERIOD FOR RECEIPT OF RECOMMENDATIONS FOR DECORATIONS AND AWARDS FOR CERTAIN MILITARY INTELLIGENCE PERSONNEL.

Section 523(b)(1) of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104-106; 110 Stat. 311; 10 U.S.C. 1130 note) is amended by striking out “during the one-year period beginning on the date of the enactment of this Act” and inserting in lieu thereof “during the period beginning on February 10, 1996, and ending on February 9, 1998”.

10 USC 1130
note.

SEC. 576. ELIGIBILITY OF CERTAIN WORLD WAR II MILITARY ORGANIZATIONS FOR AWARD OF UNIT DECORATIONS.

(a) **AUTHORITY.**—A unit decoration may be awarded for any unit or other organization of the Armed Forces (such as the Military Intelligence Service of the Army) that (1) supported the planning or execution of combat operations during World War II primarily through unit personnel who were attached to other units of the Armed Forces or of other allied armed forces, and (2) is not otherwise eligible for award of the decoration by reason of not usually having been deployed as a unit in support of such operations.

(b) **TIME FOR SUBMISSION OF RECOMMENDATION.**—Any recommendation for award of a unit decoration under subsection (a) shall be submitted to the Secretary concerned (as defined in section 101(a)(9) of title 10, United States Code), or to such other official as the Secretary concerned may designate, not later than two years after the date of the enactment of this Act.

SEC. 577. RETROACTIVITY OF MEDAL OF HONOR SPECIAL PENSION.

(a) **ENTITLEMENT.**—In the case of Vernon J. Baker, Edward A. Carter, Junior, and Charles L. Thomas, who were awarded the Medal of Honor pursuant to section 561 of Public Law 104–201 (110 Stat. 2529) and whose names have been entered and recorded on the Army, Navy, Air Force, and Coast Guard Medal of Honor Roll, the entitlement of those persons to the special pension provided under section 1562 of title 38, United States Code (and antecedent provisions of law), shall be effective as follows:

(1) In the case of Vernon J. Baker, for months that begin after April 1945.

(2) In the case of Edward A. Carter, Junior, for months that begin after March 1945.

(3) In the case of Charles L. Thomas, for months that begin after December 1944.

(b) **AMOUNT.**—The amount of the special pension payable under subsection (a) for a month beginning before the date of the enactment of this Act shall be the amount of the special pension provided by law for that month for persons entered and recorded on the Army, Navy, Air Force, and Coast Guard Medal of Honor Roll (or an antecedent Medal of Honor Roll required by law).

(c) **PAYMENT TO NEXT OF KIN.**—In the case of a person referred to in subsection (a) who died before receiving full payment of the pension pursuant to this section, the Secretary of Veterans Affairs shall pay the total amount of the accrued pension, upon receipt of application for payment within one year after the date of the enactment of this Act, to the deceased person's spouse or, if there is no surviving spouse, then to the deceased person's children, per stirpes, in equal shares.

Subtitle H—Military Justice Matters

SEC. 581. ESTABLISHMENT OF SENTENCE OF CONFINEMENT FOR LIFE WITHOUT ELIGIBILITY FOR PAROLE.

(a) **ESTABLISHMENT OF SENTENCE.**—(1) Chapter 47 of title 10, United States Code (the Uniform Code of Military Justice), is amended by inserting after section 856 (article 56) the following new section (article):

“§ 856a. Art. 56a. Sentence of confinement for life without eligibility for parole

“(a) For any offense for which a sentence of confinement for life may be adjudged, a court-martial may adjudge a sentence of confinement for life without eligibility for parole.

“(b) An accused who is sentenced to confinement for life without eligibility for parole shall be confined for the remainder of the accused's life unless—

“(1) the sentence is set aside or otherwise modified as a result of—

“(A) action taken by the convening authority, the Secretary concerned, or another person authorized to act under section 860 of this title (article 60); or

“(B) any other action taken during post-trial procedure and review under any other provision of subchapter IX; “(2) the sentence is set aside or otherwise modified as a result of action taken by a Court of Criminal Appeals, the Court of Appeals for the Armed Forces, or the Supreme Court; or

“(3) the accused is pardoned.”.

(2) The table of sections at the beginning of subchapter VIII of such chapter is amended by inserting after the item relating to section 856 (article 56) the following new item:

“856a. 56a. Sentence of confinement for life without eligibility for parole.”.

10 USC 856a
note.

(b) **EFFECTIVE DATE.**—Section 856a of title 10, United States Code (article 56a of the Uniform Code of Military Justice), as added by subsection (a), shall be applicable only with respect to an offense committed after the date of the enactment of this Act.

SEC. 582. LIMITATION ON APPEAL OF DENIAL OF PAROLE FOR OFFENDERS SERVING LIFE SENTENCE.

(a) **EXCLUSIVE AUTHORITY TO GRANT PAROLE ON APPEAL OF DENIAL.**—Section 952 of title 10, United States Code, is amended—

(1) by inserting “(a)” before “The Secretary”; and

(2) by adding at the end the following new subsection:

“(b) In a case in which parole for an offender serving a sentence of confinement for life is denied, only the President or the Secretary concerned may grant the offender parole on appeal of that denial. The authority to grant parole on appeal in such a case may not be delegated.”.

10 USC 952 note.

(b) **EFFECTIVE DATE.**—Subsection (b) of section 952 of title 10, United States Code (as added by subsection (a)), shall apply only with respect to any decision to deny parole made after the date of the enactment of this Act.

Subtitle I—Other Matters

SEC. 591. SEXUAL HARASSMENT INVESTIGATIONS AND REPORTS.

(a) **INVESTIGATIONS.**—(1) Part II of subtitle A of title 10, United States Code, is amended by inserting after chapter 79 the following new chapter:

“CHAPTER 80—MISCELLANEOUS INVESTIGATION REQUIREMENTS AND OTHER DUTIES

“Sec.

“1561. Complaints of sexual harassment: investigation by commanding officers.

“§ 1561. Complaints of sexual harassment: investigation by commanding officers

“(a) **ACTION ON COMPLAINTS ALLEGING SEXUAL HARASSMENT.**—A commanding officer or officer in charge of a unit, vessel, facility, or area of the Army, Navy, Air Force, or Marine Corps who receives from a member of the command or a civilian employee under the supervision of the officer a complaint alleging sexual harassment by a member of the armed forces or a civilian employee of the

Department of Defense shall carry out an investigation of the matter in accordance with this section.

“(b) COMMENCEMENT OF INVESTIGATION.—To the extent practicable, a commanding officer or officer in charge receiving such a complaint shall, within 72 hours after receipt of the complaint—

“(1) forward the complaint or a detailed description of the allegation to the next superior officer in the chain of command who is authorized to convene a general court-martial;

“(2) commence, or cause the commencement of, an investigation of the complaint; and

“(3) advise the complainant of the commencement of the investigation.

“(c) DURATION OF INVESTIGATION.—To the extent practicable, a commanding officer or officer in charge receiving such a complaint shall ensure that the investigation of the complaint is completed not later than 14 days after the date on which the investigation is commenced.

“(d) REPORT ON INVESTIGATION.—To the extent practicable, a commanding officer or officer in charge receiving such a complaint shall—

“(1) submit a final report on the results of the investigation, including any action taken as a result of the investigation, to the next superior officer referred to in subsection (b)(1) within 20 days after the date on which the investigation is commenced; or

“(2) submit a report on the progress made in completing the investigation to the next superior officer referred to in subsection (b)(1) within 20 days after the date on which the investigation is commenced and every 14 days thereafter until the investigation is completed and, upon completion of the investigation, then submit a final report on the results of the investigation, including any action taken as a result of the investigation, to that next superior officer.

“(e) SEXUAL HARASSMENT DEFINED.—In this section, the term ‘sexual harassment’ means any of the following:

“(1) Conduct (constituting a form of sex discrimination) that—

“(A) involves unwelcome sexual advances, requests for sexual favors, and deliberate or repeated offensive comments or gestures of a sexual nature when—

“(i) submission to such conduct is made either explicitly or implicitly a term or condition of a person’s job, pay, or career;

“(ii) submission to or rejection of such conduct by a person is used as a basis for career or employment decisions affecting that person; or

“(iii) such conduct has the purpose or effect of unreasonably interfering with an individual’s work performance or creates an intimidating, hostile, or offensive working environment; and

“(B) is so severe or pervasive that a reasonable person would perceive, and the victim does perceive, the work environment as hostile or offensive.

“(2) Any use or condonation, by any person in a supervisory or command position, of any form of sexual behavior to control, influence, or affect the career, pay, or job of a member of

the armed forces or a civilian employee of the Department of Defense.

“(3) Any deliberate or repeated unwelcome verbal comment or gesture of a sexual nature in the workplace by any member of the armed forces or civilian employee of the Department of Defense.”.

(2) The tables of chapters at the beginning of subtitle A, and at the beginning of part II of subtitle A, of such title are amended by inserting after the item relating to chapter 79 the following new item:

“80. Miscellaneous Investigation Requirements and Other Duties 1561”.

10 USC 1561
note.

(b) REPORTS.—(1) Not later than January 1 of each of 1998 and 1999, each officer receiving a complaint forwarded in accordance with section 1561(b) of title 10, United States Code, as added by subsection (a), during the preceding year shall submit to the Secretary of the military department concerned a report on all such complaints and the investigations of such complaints (including the results of the investigations, in cases of investigations completed during such preceding year).

(2)(A) Not later than March 1 of each of 1998 and 1999, each Secretary receiving a report under paragraph (1) for a year shall submit to the Secretary of Defense a report on all such reports so received.

(B) Not later than April 1 following receipt of a report for a year under subparagraph (A), the Secretary of Defense shall transmit to Congress all such reports received for the year under subparagraph (A) together with the Secretary’s assessment of each such report.

SEC. 592. SENSE OF THE SENATE REGARDING STUDY OF MATTERS RELATING TO GENDER EQUITY IN THE ARMED FORCES.

(a) FINDINGS.—The Senate makes the following findings:

(1) In the all-volunteer force, women play an integral role in the Armed Forces.

(2) With increasing numbers of women in the Armed Forces, questions arise concerning inequalities, and perceived inequalities, between the treatment of men and women in the Armed Forces.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the Comptroller General should—

(1) conduct a study on any inequality, or perception of inequality, in the treatment of men and women in the Armed Forces that arises out of the statutes and regulations governing the Armed Forces; and

(2) submit to the Senate a report on the study not later than one year after the date of the enactment of this Act.

SEC. 593. AUTHORITY FOR PERSONNEL TO PARTICIPATE IN MANAGEMENT OF CERTAIN NON-FEDERAL ENTITIES.

(a) MILITARY PERSONNEL.—(1) Chapter 53 of title 10, United States Code, is amended by inserting after section 1032 the following new section:

“§ 1033. Participation in management of specified non-Federal entities: authorized activities

“(a) AUTHORIZATION.—The Secretary concerned may authorize a member of the armed forces under the Secretary’s jurisdiction

to serve without compensation as a director, officer, or trustee, or to otherwise participate, in the management of an entity designated under subsection (b). Any such authorization shall be made on a case-by-case basis, for a particular member to participate in a specific capacity with a specific designated entity. Such authorization may be made only for the purpose of providing oversight and advice to, and coordination with, the designated entity, and participation of the member in the activities of the designated entity may not extend to participation in the day-to-day operations of the entity.

“(b) DESIGNATED ENTITIES.—(1) The Secretary of Defense, and the Secretary of Transportation in the case of the Coast Guard when it is not operating as a service in the Navy, shall designate those entities for which authorization under subsection (a) may be provided. The list of entities so designated may not be revised more frequently than semiannually. In making such designations, the Secretary shall designate each military welfare society and may designate any other entity described in paragraph (3). No other entities may be designated.

“(2) In this section, the term ‘military welfare society’ means the following:

- “(A) Army Emergency Relief.
- “(B) Air Force Aid Society, Inc.
- “(C) Navy-Marine Corps Relief Society.
- “(D) Coast Guard Mutual Assistance.

“(3) An entity described in this paragraph is an entity that is not operated for profit and is any of the following:

- “(A) An entity that regulates and supports the athletic programs of the service academies (including athletic conferences).
- “(B) An entity that regulates international athletic competitions.
- “(C) An entity that accredits service academies and other schools of the armed forces (including regional accrediting agencies).
- “(D) An entity that (i) regulates the performance, standards, and policies of military health care (including health care associations and professional societies), and (ii) has designated the position or capacity in that entity in which a member of the armed forces may serve if authorized under subsection (a).

“(c) PUBLICATION OF DESIGNATED ENTITIES AND OF AUTHORIZED PERSONS.—A designation of an entity under subsection (b), and an authorization under subsection (a) of a member of the armed forces to participate in the management of such an entity, shall be published in the Federal Register.

Federal Register,
publication.

“(d) REGULATIONS.—The Secretary of Defense, and the Secretary of Transportation in the case of the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to carry out this section.”.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1032 the following new item:

“1033. Participation in management of specified non-Federal entities: authorized activities.”.

(b) CIVILIAN PERSONNEL.—(1) Chapter 81 of such title is amended by inserting after section 1588 the following new section:

“§ 1589. Participation in management of specified non-Federal entities: authorized activities

“(a) AUTHORIZATION.—(1) The Secretary concerned may authorize an employee described in paragraph (2) to serve without compensation as a director, officer, or trustee, or to otherwise participate, in the management of an entity designated under subsection (b). Any such authorization shall be made on a case-by-case basis, for a particular employee to participate in a specific capacity with a specific designated entity. Such authorization may be made only for the purpose of providing oversight and advice to, and coordination with, the designated entity, and participation of the employee in the activities of the designated entity may not extend to participation in the day-to-day operations of the entity.

“(2) Paragraph (1) applies to any employee of the Department of Defense or, in the case of the Coast Guard when not operating as a service in the Navy, of the Department of Transportation. For purposes of this section, the term ‘employee’ includes a civilian officer.

“(b) DESIGNATED ENTITIES.—The Secretary of Defense, and the Secretary of Transportation in the case of the Coast Guard when it is not operating as a service in the Navy, shall designate those entities for which authorization under subsection (a) may be provided. The list of entities so designated may not be revised more frequently than semiannually. In making such designations, the Secretary shall designate each military welfare society named in paragraph (2) of section 1033(b) of this title and may designate any other entity described in paragraph (3) of such section. No other entities may be designated.

Federal Register,
publication.

“(c) PUBLICATION OF DESIGNATED ENTITIES AND OF AUTHORIZED PERSONS.—A designation of an entity under subsection (b), and an authorization under subsection (a) of an employee to participate in the management of such an entity, shall be published in the Federal Register.

“(d) CIVILIANS OUTSIDE THE MILITARY DEPARTMENTS.—In this section, the term ‘Secretary concerned’ includes the Secretary of Defense with respect to employees of the Department of Defense who are not employees of a military department.

“(e) REGULATIONS.—The Secretary of Defense, and the Secretary of Transportation in the case of the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to carry out this section.”.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1588 the following new item:

“1589. Participation in management of specified non-Federal entities: authorized activities.”.

SEC. 594. TREATMENT OF PARTICIPATION OF MEMBERS IN DEPARTMENT OF DEFENSE CIVIL MILITARY PROGRAMS.

Section 2012 of title 10, United States Code, is amended—

(1) by redesignating subsections (g) and (h) as subsections (h) and (i), respectively; and

(2) by inserting after subsection (f) the following new subsection:

“(g) TREATMENT OF MEMBER’S PARTICIPATION IN PROVISION OF SUPPORT OR SERVICES.—(1) The Secretary of a military department may not require or request a member of the armed forces to submit

for consideration by a selection board (including a promotion board, command selection board, or any other kind of selection board) evidence of the member's participation in the provision of support and services to non-Department of Defense organizations and activities under this section or the member's involvement in, or support of, other community relations and public affairs activities of the armed forces.

“(2) Paragraph (1) does not prevent a selection board from considering material submitted voluntarily by a member of the armed forces which provides evidence of the participation of that member or another member in activities described in that paragraph.”.

SEC. 595. COMPTROLLER GENERAL STUDY OF DEPARTMENT OF DEFENSE CIVIL MILITARY PROGRAMS.

(a) **STUDY REQUIRED.**—The Comptroller General shall conduct a study to evaluate the following:

(1) The nature, extent, and cost to the Department of Defense of the support and services being provided by units and members of the Armed Forces to non-Department of Defense organizations and activities under the authority of section 2012 of title 10, United States Code.

(2) The degree to which the Armed Forces are in compliance with the requirements of such section in the provision of such support and services, especially the requirements that the assistance meet specific requirements relative to military training and that the assistance provided be incidental to military training.

(3) The degree to which the regulations and procedures for implementing such section, as required by subsection (f) of such section, are consistent with the requirements of such section.

(4) The effectiveness of the Secretary of Defense and the Secretaries of the military departments in conducting oversight of the implementation of such section, and the provision of such support and services under such section, to ensure compliance with the requirements of such section.

(b) **SUBMISSION OF REPORT.**—Not later than March 31, 1998, the Comptroller General shall submit to Congress a report containing the results of the study required by subsection (a).

SEC. 596. ESTABLISHMENT OF PUBLIC AFFAIRS SPECIALTY IN THE ARMY.

(a) **NEW SPECIALTY.**—Chapter 307 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 3083. Public Affairs Specialty

“There is a career field in the Army known as the Public Affairs Specialty. Members of the Army with the Public Affairs Specialty are—

“(1) the Chief of Public Affairs;

“(2) commissioned officers of the Army in the grade of major or above who are selected and specifically educated, trained, and experienced to perform as professional public affairs officers for the remainder of their careers; and

“(3) other members of the Army assigned to public affairs positions by the Secretary of the Army.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“3083. Public Affairs Specialty.”.

SEC. 597. GRADE OF DEFENSE ATTACHÉ IN FRANCE.

(a) IN GENERAL.—Chapter 41 of title 10, United States Code, is amended by inserting after section 713 the following new section:

“§ 714. Defense attaché in France: required grade

“An officer may not be selected for assignment to the position of defense attaché to the United States embassy in France unless the officer holds (or is on a promotion list for promotion to) the grade of brigadier general or, in the case of the Navy, rear admiral (lower half).”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 713 the following new item:

“714. Defense attaché in France: required grade.”.

SEC. 598. REPORT ON CREW REQUIREMENTS OF WC-130J AIRCRAFT.

(a) STUDY.—The Secretary of the Air Force shall conduct a study of the crew requirements for WC-130J aircraft to be procured for assignment to the aerial weather reconnaissance mission involving the eyewall penetration of tropical cyclones. The study shall include study of the anticipated operation of WC-130J aircraft in weather reconnaissance missions configured to carry five crewmembers, including a navigator. In carrying out the study, the Secretary shall provide for participation by members of the Armed Forces currently assigned to units engaged in weather reconnaissance operations.

(b) REPORT.—The Secretary shall submit to Congress a report on the results of the study. The Secretary shall include in the report the views of members of the Armed Forces currently assigned to units engaged in weather reconnaissance operations who participated in the study. If as a result of the study the Secretary determines that there are crewmembers assigned to weather reconnaissance duties in excess of the crew requirements that will be applicable for WC-130J aircraft, the Secretary shall include in the report a plan for retraining or reassignment of those crewmembers. The study shall be submitted not later than September 30, 1998.

SEC. 599. IMPROVEMENT OF MISSING PERSONS AUTHORITIES APPLICABLE TO DEPARTMENT OF DEFENSE.

(a) APPLICABILITY TO DEPARTMENT OF DEFENSE CIVILIAN EMPLOYEES AND CONTRACTOR EMPLOYEES.—(1) Section 1501 of title 10, United States Code, is amended—

(A) by striking out subsection (c) and inserting in lieu thereof the following:

“(c) COVERED PERSONS.—(1) Section 1502 of this title applies in the case of any member of the armed forces on active duty—

“(A) who becomes involuntarily absent as a result of a hostile action or under circumstances suggesting that the involuntary absence is a result of a hostile action; and

“(B) whose status is undetermined or who is unaccounted for.

“(2) Section 1502 of this title applies in the case of any other person who is a citizen of the United States and a civilian officer or employee of the Department of Defense or (subject to paragraph (3)) an employee of a contractor of the Department of Defense—

“(A) who serves in direct support of, or accompanies, the armed forces in the field under orders and becomes involuntarily absent as a result of a hostile action or under circumstances suggesting that the involuntary absence is a result of a hostile action; and

“(B) whose status is undetermined or who is unaccounted for.

“(3) The Secretary of Defense shall determine, with regard to a pending or ongoing military operation, the specific employees, or groups of employees, of contractors of the Department of Defense to be considered to be covered by this subsection.”; and

(B) by adding at the end the following new subsection:

“(f) SECRETARY CONCERNED.—In this chapter, the term ‘Secretary concerned’ includes, in the case of a civilian officer or employee of the Department of Defense or an employee of a contractor of the Department of Defense, the Secretary of the military department or head of the element of the Department of Defense employing the officer or employee or contracting with the contractor, as the case may be.”.

(2) Section 1503(c) of such title is amended—

(A) in paragraph (1), by striking out “one military officer” and inserting in lieu thereof “one individual described in paragraph (2)”;

(B) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

(C) by inserting after paragraph (1) the following new paragraph (2):

“(2) An individual referred to in paragraph (1) is the following:

“(A) A military officer, in the case of an inquiry with respect to a member of the armed forces.

“(B) A civilian, in the case of an inquiry with respect to a civilian employee of the Department of Defense or of a contractor of the Department of Defense.”.

(3) Section 1504(d) of such title is amended—

(A) in paragraph (1), by striking out “who are” and all that follows in that paragraph and inserting in lieu thereof “as follows:

“(A) In the case of a board that will inquire into the whereabouts and status of one or more members of the armed forces (and no civilians described in subparagraph (B)), the board shall be composed of officers having the grade of major or lieutenant commander or above.

“(B) In the case of a board that will inquire into the whereabouts and status of one or more civilian employees of the Department of Defense or contractors of the Department of Defense (and no members of the armed forces), the board shall be composed of—

“(i) not less than three employees of the Department of Defense whose rate of annual pay is equal to or greater than the rate of annual pay payable for grade GS-13 of the General Schedule under section 5332 of title 5; and

“(ii) such members of the armed forces as the Secretary considers advisable.

“(C) In the case of a board that will inquire into the whereabouts and status of both one or more members of the armed forces and one or more civilians described in subparagraph (B)—

“(i) the board shall include at least one officer described in subparagraph (A) and at least one employee of the Department of Defense described in subparagraph (B)(i); and

“(ii) the ratio of such officers to such employees on the board shall be roughly proportional to the ratio of the number of members of the armed forces who are subjects of the board’s inquiry to the number of civilians who are subjects of the board’s inquiry.”; and

(B) in paragraph (4), by striking out “section 1503(c)(3)” and inserting in lieu thereof “section 1503(c)(4)”.

(4) Paragraph (1) of section 1513 of such title is amended to read as follows:

“(1) The term ‘missing person’ means—

“(A) a member of the armed forces on active duty who is in a missing status; or

“(B) a civilian employee of the Department of Defense or an employee of a contractor of the Department of Defense who serves in direct support of, or accompanies, the armed forces in the field under orders and who is in a missing status.

Such term includes an unaccounted for person described in section 1509(b) of this title, under the circumstances specified in the last sentence of section 1509(a) of this title.”.

(b) TRANSMISSION TO THEATER COMPONENT COMMANDER OF ADVISORY COPY OF MISSING PERSON REPORT.—(1) Section 1502 of such title is amended—

(A) by redesignating subsection (b) as subsection (c); and

(B) by inserting after subsection (a) the following new subsection (b):

“(b) TRANSMISSION OF ADVISORY COPY TO THEATER COMPONENT COMMANDER.—When transmitting a report under subsection (a)(2) recommending that a person be placed in a missing status, the commander transmitting that report shall transmit an advisory copy of the report to the theater component commander with jurisdiction over the missing person.”.

(2) Section 1513 of such title is amended by adding at the end the following new paragraph:

“(8) The term ‘theater component commander’ means, with respect to any of the combatant commands, an officer of any of the armed forces who (A) is commander of all forces of that armed force assigned to that combatant command, and (B) is directly subordinate to the commander of the combatant command.”.

(c) INFORMATION TO ACCOMPANY RECOMMENDATION OF STATUS OF DEATH.—Section 1507(b) of such title is amended by adding at the end the following new paragraphs:

“(3) A description of the location of the body, if recovered.

“(4) If the body has been recovered and is not identifiable through visual means, a certification by a forensic pathologist

that the body recovered is that of the missing person. In determining whether to make such a certification, the forensic pathologist shall consider, as determined necessary by the Secretary of the military department concerned, additional evidence and information provided by appropriate specialists in forensic medicine or other appropriate medical sciences.”

(d) MISSING PERSON’S COUNSEL.—(1) Sections 1503(f)(1) and 1504(f)(1) of such title are amended by adding at the end the following: “The identity of counsel appointed under this paragraph for a missing person shall be made known to the missing person’s primary next of kin and any other previously designated person of the person.”

(2) Section 1503(f)(4) of such title is amended by adding at the end the following: “The primary next of kin of a missing person and any other previously designated person of the missing person shall have the right to submit information to the missing person’s counsel relative to the disappearance or status of the missing person.”

(e) SCOPE OF PREENACTMENT REVIEW.—(1) Section 1509 of such title is amended by striking out subsection (a) and inserting in lieu thereof the following:

“(a) REVIEW OF STATUS.—(1) If new information (as defined in paragraph (2)) is found or received that may be related to one or more unaccounted for persons described in subsection (b) (whether or not such information specifically relates (or may specifically relate) to any particular such unaccounted for person), that information shall be provided to the Secretary of Defense. Upon receipt of such information, the Secretary shall ensure that the information is treated under paragraphs (2) and (3) of section 1505(c) of this title and under section 1505(d) of this title in the same manner as information received under paragraph (1) of section 1505(c) of this title. For purposes of the applicability of other provisions of this chapter in such a case, each such unaccounted for person to whom the new information may be related shall be considered to be a missing person.

“(2) For purposes of this subsection, new information is information that is credible and that—

“(A) is found or received after the date of the enactment of the National Defense Authorization Act for Fiscal Year 1998 by a United States intelligence agency, by a Department of Defense agency, or by a person specified in section 1504(g) of this title; or

“(B) is identified after the date of the enactment of the National Defense Authorization Act for Fiscal Year 1998 in records of the United States as information that could be relevant to the case of one or more unaccounted for persons described in subsection (b).”

(2) Such section is further amended by adding at the end the following new subsection:

“(d) ESTABLISHMENT OF PERSONNEL FILES FOR KOREAN CONFLICT CASES.—The Secretary of Defense shall ensure that a personnel file is established for each unaccounted for person who is described in subsection (b)(1) if the Secretary possesses information relevant to that person’s status. In the case of a person described in subsection (b)(1) for whom a personnel file does not exist, the Secretary shall create a personnel file for such person upon receipt of new information as provided in subsection (a). Each such file

shall be handled in accordance with, and subject to the provisions of, section 1506 of this title in the same manner as applies to the file of a missing person.”.

(f) WITHHOLDING OF CLASSIFIED INFORMATION.—Section 1506(b) of such title is amended—

(1) by inserting “(1)” before “The Secretary”;

(2) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively; and

(3) by adding at the end the following:

“(2) If classified information withheld under this subsection refers to one or more unnamed missing persons, the Secretary shall ensure that notice of that withheld information, and notice of the date of the most recent review of the classification of that withheld information, is made reasonably accessible to the primary next of kin, members of the immediate family, and the previously designated person.”.

(g) WITHHOLDING OF PRIVILEGED INFORMATION.—Section 1506(d) of such title is amended—

(1) in paragraph (2)—

(A) by inserting “or about unnamed missing persons” in the first sentence after “the debriefing report”;

(B) by striking out “the missing person” in the second sentence and inserting in lieu thereof “each missing person named in the debriefing report”; and

(C) by adding at the end the following new sentence: “Any information contained in the extract of the debriefing report that pertains to unnamed missing persons shall be made reasonably accessible to the primary next of kin, members of the immediate family, and the previously designated person.”; and

(2) in paragraph (3), by inserting “, or part of a debriefing report,” after “a debriefing report”.

TITLE VI—COMPENSATION AND OTHER PERSONNEL BENEFITS

Subtitle A—Pay and Allowances

Sec. 601. Increase in basic pay for fiscal year 1998.

Sec. 602. Reform of basic allowance for subsistence.

Sec. 603. Consolidation of basic allowance for quarters, variable housing allowance, and overseas housing allowances.

Sec. 604. Revision of authority to adjust compensation necessitated by reform of subsistence and housing allowances.

Sec. 605. Protection of total compensation of members while performing certain duty.

Subtitle B—Bonuses and Special and Incentive Pays

Sec. 611. One-year extension of certain bonuses and special pay authorities for reserve forces.

Sec. 612. One-year extension of certain bonuses and special pay authorities for nurse officer candidates, registered nurses, and nurse anesthetists.

Sec. 613. One-year extension of authorities relating to payment of other bonuses and special pays.

Sec. 614. Increase in minimum monthly rate of hazardous duty incentive pay for certain members.

Sec. 615. Increase in aviation career incentive pay.

Sec. 616. Modification of aviation officer retention bonus.

Sec. 617. Availability of multiyear retention bonus for dental officers.

Sec. 618. Increase in variable and additional special pays for certain dental officers.

Sec. 619. Availability of special pay for duty at designated hardship duty locations.

- Sec. 620. Definition of sea duty for purposes of career sea pay.
- Sec. 621. Modification of Selected Reserve reenlistment bonus.
- Sec. 622. Modification of Selected Reserve enlistment bonus for former enlisted members.
- Sec. 623. Expansion of reserve affiliation bonus to include Coast Guard Reserve.
- Sec. 624. Increase in special pay and bonuses for nuclear-qualified officers.
- Sec. 625. Provision of bonuses in lieu of special pay for enlisted members extending tours of duty at designated locations overseas.
- Sec. 626. Increase in amount of family separation allowance.
- Sec. 627. Deadline for payment of Ready Reserve muster duty allowance.

Subtitle C—Travel and Transportation Allowances

- Sec. 631. Travel and transportation allowances for dependents before approval of member's court-martial sentence.
- Sec. 632. Dislocation allowance.

Subtitle D—Retired Pay, Survivor Benefits, and Related Matters

- Sec. 641. One-year opportunity to discontinue participation in Survivor Benefit Plan.
- Sec. 642. Time in which change in survivor benefit coverage from former spouse to spouse may be made.
- Sec. 643. Review of Federal former spouse protection laws.
- Sec. 644. Annuities for certain military surviving spouses.
- Sec. 645. Administration of benefits for so-called minimum income widows.

Subtitle E—Other Matters

- Sec. 651. Loan repayment program for commissioned officers in certain health professions.
- Sec. 652. Conformance of NOAA commissioned officers separation pay to separation pay for members of other uniformed services.
- Sec. 653. Eligibility of Public Health Service officers and NOAA commissioned corps officers for reimbursement of adoption expenses.
- Sec. 654. Payment of back quarters and subsistence allowances to World War II veterans who served as guerrilla fighters in the Philippines.
- Sec. 655. Subsistence of members of the Armed Forces above the poverty level.

Subtitle A—Pay and Allowances

SEC. 601. INCREASE IN BASIC PAY FOR FISCAL YEAR 1998.

37 USC 1009.

(a) **WAIVER OF SECTION 1009 ADJUSTMENT.**—The adjustment, to become effective during fiscal year 1998, required by section 1009 of title 37, United States Code (as amended by section 604), in the rate of monthly basic pay authorized members of the uniformed services by section 203(a) of such title shall not be made.

(b) **INCREASE IN BASIC PAY.**—Effective on January 1, 1998, the rates of basic pay of members of the uniformed services are increased by 2.8 percent.

Effective date.

SEC. 602. REFORM OF BASIC ALLOWANCE FOR SUBSISTENCE.

(a) **ENTITLEMENT TO ALLOWANCE.**—Section 402 of title 37, United States Code, is amended to read as follows:

“§ 402. Basic allowance for subsistence

“(a) **ENTITLEMENT TO ALLOWANCE.**—(1) Except as provided in paragraph (2) or otherwise provided by law, each member of a uniformed service who is entitled to basic pay is entitled to a basic allowance for subsistence as set forth in this section.

“(2) An enlisted member is not entitled to the basic allowance for subsistence during basic training.

“(b) **RATES OF ALLOWANCE BASED ON FOOD COSTS.**—(1) The monthly rate of basic allowance for subsistence to be in effect for an enlisted member for a year (beginning on January 1 of that year) shall be the amount that is halfway between the following

amounts, which are determined by the Secretary of Agriculture as of October 1 of the preceding year:

“(A) The amount equal to the monthly cost of a moderate-cost food plan for a male in the United States who is between 20 and 50 years of age.

“(B) The amount equal to the monthly cost of a liberal food plan for a male in the United States who is between 20 and 50 years of age.

“(2) The monthly rate of basic allowance for subsistence to be in effect for an officer for a year (beginning on January 1 of that year) shall be the amount equal to the monthly rate of basic allowance for subsistence in effect for officers for the preceding year, increased by the same percentage by which the rate of basic allowance for subsistence for enlisted members for the preceding year is increased effective on such January 1.

“(c) ADVANCE PAYMENT.—The allowance to an enlisted member may be paid in advance for a period of not more than three months.

“(d) SPECIAL RULE FOR MEMBERS AUTHORIZED TO MESS SEPARATELY.—(1) In areas prescribed by the Secretary of Defense, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, an enlisted member described in paragraph (2) is entitled to not more than the pro rata allowance established under subsection (b)(1) for each meal the member buys from a source other than a messing facility of the United States.

“(2) An enlisted member referred to in paragraph (1) is a member who is granted permission to mess separately and whose duties require the member to buy at least one meal from a source other than a messing facility of the United States.

“(e) POLICIES ON USE OF DINING AND MESSING FACILITIES.—The Secretary of Defense, in consultation with the Secretaries concerned, shall prescribe policies regarding use of dining and field messing facilities of the uniformed services.

“(f) REGULATIONS.—(1) The Secretary of Defense shall prescribe regulations for the administration of this section. Before prescribing the regulations, the Secretary shall consult with each Secretary concerned.

“(2) The regulations shall include the specific rates of basic allowance for subsistence required by subsection (b).”

(b) CONFORMING AMENDMENTS.—(1) Section 404 of title 37, United States Code, is amended—

(A) by striking out subsection (g); and

(B) by redesignating subsections (h), (i), (j), and (k) as subsections (g), (h), (i), and (j), respectively.

(2) Section 6081(a) of title 10, United States Code, is amended by striking out “Except” and all that follows through “subsistence, each” and inserting in lieu thereof “Each”.

37 USC 402 note.

(c) TRANSITIONAL AUTHORITY TO PROVIDE BASIC ALLOWANCE FOR SUBSISTENCE.—

(1) TRANSITIONAL AUTHORITY.—Notwithstanding section 402 of title 37, United States Code, as amended by subsection (a), during the period beginning on January 1, 1998, and ending on the date determined under paragraph (2)—

(A) the basic allowance for subsistence shall not be paid under such section 402;

(B) a member of the uniformed services is entitled to the basic allowance for subsistence only as provided in subsection (d);

(C) an enlisted member of the uniformed services may be paid a partial basic allowance for subsistence as provided in subsection (e); and

(D) the rates of the basic allowance for subsistence are those rates determined under subsection (f).

(2) TERMINATION OF TRANSITIONAL AUTHORITY.—The transitional authority provided under paragraph (1) shall terminate on the first day of the month immediately following the first month for which the monthly equivalent of the rate of basic allowance for subsistence payable to enlisted members of the uniformed services (when permission to mess separately is granted), as determined under subsection (f)(2), is equal to or is exceeded by the amount that, except for paragraph (1)(A), would otherwise be the monthly rate of basic allowance for subsistence for enlisted members under section 402(b)(1) of title 37, United States Code, as amended by subsection (a).

(d) TRANSITIONAL ENTITLEMENT TO ALLOWANCE.—

37 USC 402 note.

(1) ENLISTED MEMBERS.—

(A) TYPES OF ENTITLEMENT.—An enlisted member is entitled to the basic allowance for subsistence, on a daily basis, of under one or more of the following circumstances:

(i) When rations in kind are not available.

(ii) When permission to mess separately is granted.

(iii) When assigned to duty under emergency conditions where no messing facilities of the United States are available.

(B) OTHER ENTITLEMENT CIRCUMSTANCES.—An enlisted member is entitled to the allowance while on an authorized leave of absence, while confined in a hospital, or while performing travel under orders away from the member's designated post of duty other than field duty or sea duty (as defined in regulations prescribed by the Secretary of Defense). For purposes of the preceding sentence, a member shall not be considered to be performing travel under orders away from his designated post of duty if such member—

(i) is an enlisted member serving the member's first tour of active duty;

(ii) has not actually reported to a permanent duty station pursuant to orders directing such assignment; and

(iii) is not actually traveling between stations pursuant to orders directing a change of station.

(C) ADVANCE PAYMENT.—The allowance to an enlisted member, when authorized, may be paid in advance for a period of not more than three months.

(2) OFFICERS.—An officer of a uniformed service who is entitled to basic pay is, at all times, entitled to the basic allowances for subsistence. An aviation cadet of the Navy, Air Force, Marine Corps, or Coast Guard is entitled to the same basic allowance for subsistence as is provided for an officer of the Navy, Air Force, Marine Corps, or Coast Guard, respectively.

(e) TRANSITIONAL AUTHORITY FOR PARTIAL ALLOWANCE.—

37 USC 402 note.

(1) ENLISTED MEMBERS FURNISHED SUBSISTENCE IN KIND.—The Secretary of Defense may provide in regulations for an enlisted member of a uniformed service to be paid a partial basic allowance for subsistence when—

(A) rations in kind are available to the member;

(B) the member is not granted permission to mess separately; or

(C) the member is assigned to duty under emergency conditions where messing facilities of the United States are available.

(2) MONTHLY PAYMENT.—Any partial basic allowance for subsistence authorized under paragraph (1) shall be calculated on a daily basis and paid on a monthly basis.

37 USC 402 note.

(f) TRANSITIONAL RATES.—

(1) ALLOWANCE FOR OFFICERS.—The monthly rate of basic allowance for subsistence for a year (beginning on January 1 of that year) that is payable to officers of the uniformed services shall be the amount that is equal to 101 percent of the rate of basic allowance for subsistence that was payable to officers of the uniformed services for the preceding year.

(2) ALLOWANCE FOR ENLISTED MEMBER WITH PERMISSION TO MESS SEPARATELY.—The monthly rate of basic allowance for subsistence for a year (beginning on January 1 of that year) that is payable to an enlisted member of the uniformed services entitled to the allowance under subsection (d)(1) shall be the amount that is equal to 101 percent of the rate of basic allowance for subsistence that was in effect for similarly situated enlisted members of the uniformed services for the preceding year.

(3) PARTIAL ALLOWANCE FOR OTHER ENLISTED MEMBERS.—The monthly rate of any partial basic allowance for subsistence for a year (beginning on January 1 of that year) payable to an enlisted member of the uniformed services eligible for the allowance under the regulations prescribed under subsection (e)(1) shall be the amount equal to the lesser of the following:

(A) The sum of—

(i) the partial basic allowance for subsistence in effect for the preceding year; and

(ii) the amount equal to the difference, if any, between—

(I) the monthly equivalent of the rate of basic allowance for subsistence that was in effect for the preceding year for members of the uniformed services above grade E-1 (when permission to mess separately is granted), increased by the same percentage by which the rates of basic pay for members of the uniformed services is increased for the current year; and

(II) the amount equal to 101 percent of the monthly equivalent of the rate of basic allowance for subsistence that was in effect for the previous year for members of the uniformed services above grade E-1 (when permission to mess separately is granted),

with the amount so determined under this clause multiplied by the number of members estimated to be entitled to receive basic allowance for subsistence

under subsection (d) for the current year and then divided by the number of members estimated to be eligible for the partial allowance under the regulations prescribed under subsection (e)(1) for that year.

(B) The amount equal to the difference between—

(i) the amount that, except for subsection (c)(1)(A), would otherwise be the monthly rate of basic allowance for subsistence for enlisted members under section 402(b)(1) of title 37, United States Code; and

(ii) the amount equal to the monthly equivalent of the value of a daily ration, as determined by the Under Secretary of Defense (Comptroller) as of October 1 of the preceding year.

(g) **EFFECTIVE DATE.**—This section and the amendments made by this section shall take effect on January 1, 1998. 37 USC 402 note.

SEC. 603. CONSOLIDATION OF BASIC ALLOWANCE FOR QUARTERS, VARIABLE HOUSING ALLOWANCE, AND OVERSEAS HOUSING ALLOWANCES.

(a) **CONSOLIDATION OF ALLOWANCES.**—Section 403 of title 37, United States Code, is amended to read as follows:

“§ 403. Basic allowance for housing

“(a) **GENERAL ENTITLEMENT.**—(1) Except as otherwise provided by law, a member of a uniformed service who is entitled to basic pay is entitled to a basic allowance for housing at the monthly rates prescribed under this section or another provision of law with regard to the applicable component of the basic allowance for housing. The amount of the basic allowance for housing for a member will vary according to the pay grade in which the member is assigned or distributed for basic pay purposes, the dependency status of the member, and the geographic location of the member. The basic allowance for housing may be paid in advance.

“(2) A member of a uniformed service with dependents is not entitled to a basic allowance for housing as a member with dependents unless the member makes a certification to the Secretary concerned indicating the status of each dependent of the member. The certification shall be made in accordance with regulations prescribed by the Secretary of Defense.

“(b) **BASIC ALLOWANCE FOR HOUSING INSIDE THE UNITED STATES.**—(1) The Secretary of Defense shall determine the costs of adequate housing in a military housing area in the United States for all members of the uniformed services entitled to a basic allowance for housing in that area. The Secretary shall base the determination upon the costs of adequate housing for civilians with comparable income levels in the same area.

“(2) Subject to paragraph (3), the monthly amount of a basic allowance for housing for an area of the United States for a member of a uniformed service is equal to the difference between—

“(A) the monthly cost of adequate housing in that area, as determined by the Secretary of Defense, for members of the uniformed services serving in the same pay grade and with the same dependency status as the member; and

“(B) 15 percent of the national average monthly cost of adequate housing in the United States, as determined by the Secretary, for members of the uniformed services serving in

the same pay grade and with the same dependency status as the member.

“(3) The rates of basic allowance for housing shall be reduced as necessary to comply with this paragraph. The total amount that may be paid for a fiscal year for the basic allowance for housing under this subsection is the product of—

“(A) the total amount authorized to be paid for such allowance for the preceding fiscal year (as adjusted under paragraph (5)); and

“(B) a fraction—

“(i) the numerator of which is the index of the national average monthly cost of housing for June of the preceding fiscal year; and

“(ii) the denominator of which is the index of the national average monthly cost of housing for June of the fiscal year before the preceding fiscal year.

“(4) An adjustment in the rates of the basic allowance for housing under this subsection as a result of the Secretary's redetermination of housing costs in an area shall take effect on the same date as the effective date of the next increase in basic pay under section 1009 of this title or other provision of law.

“(5) In making a determination under paragraph (3) for a fiscal year, the amount authorized to be paid for the preceding fiscal year for the basic allowance for housing shall be adjusted to reflect changes during the year for which the determination is made in the number, grade distribution, geographic distribution in the United States, and dependency status of members of the uniformed services entitled to the allowance from the number of such members during the preceding fiscal year.

“(6) So long as a member of a uniformed service retains uninterrupted eligibility to receive a basic allowance for housing within an area of the United States, the monthly amount of the allowance for the member may not be reduced as a result of changes in housing costs in the area, changes in the national average monthly cost of housing, or the promotion of the member.

“(7) In the case of a member without dependents who is assigned to duty inside the United States, the location or the circumstances of which make it necessary that the member be reassigned under the conditions of low-cost or no-cost permanent change of station or permanent change of assignment, the member may be treated as if the member were not reassigned if the Secretary concerned determines that it would be inequitable to base the member's entitlement to, and amount of, a basic allowance for housing on the cost of housing in the area to which the member is reassigned.

“(c) BASIC ALLOWANCE FOR HOUSING OUTSIDE THE UNITED STATES.—(1) The Secretary of Defense may prescribe an overseas basic allowance for housing for a member of a uniformed service who is on duty outside of the United States. The Secretary shall establish the basic allowance for housing under this subsection on the basis of housing costs in the overseas area in which the member is assigned.

“(2) So long as a member of a uniformed service retains uninterrupted eligibility to receive a basic allowance for housing in an overseas area and the actual monthly cost of housing for the member is not reduced, the monthly amount of the allowance in an area outside the United States may not be reduced as a result

of changes in housing costs in the area or the promotion of the member. The monthly amount of the allowance may be adjusted to reflect changes in currency rates.

“(d) BASIC ALLOWANCE FOR HOUSING WHEN DEPENDENTS ARE UNABLE TO ACCOMPANY MEMBER.—(1) A member of a uniformed service with dependents who is on permanent duty at a location described in paragraph (2) is entitled to a family separation basic allowance for housing under this subsection at a monthly rate equal to the rate of the basic allowance for housing established under subsection (b) or the overseas basic allowance for housing established under subsection (c), whichever applies to that location, for members in the same grade at that location without dependents.

“(2) A permanent duty location referred to in paragraph (1) is a location—

“(A) to which the movement of the member’s dependents is not authorized at the expense of the United States under section 406 of this title, and the member’s dependents do not reside at or near the location; and

“(B) at which quarters of the United States are not available for assignment to the member.

“(3) In the case of a member with dependents who is assigned to duty at a location or under circumstances that, as determined by the Secretary concerned, require the member’s dependents to reside at a different location, the member shall receive a basic allowance for housing, as provided in subsection (a) or (b), as if the member were assigned to duty in the area in which the dependents reside, regardless of whether the member resides in quarters of the United States or is also entitled to a family separation basic allowance for housing by reason of paragraph (1).

“(4) The family separation basic allowance for housing under this subsection shall be in addition to any other allowance or per diem that the member is otherwise entitled to receive under this title. A member may receive a basic allowance for housing under both paragraphs (1) and (3).

“(e) EFFECT OF ASSIGNMENT TO QUARTERS.—(1) Except as otherwise provided by law, a member of a uniformed service who is assigned to quarters of the United States or a housing facility under the jurisdiction of a uniformed service appropriate to the grade, rank, or rating of the member and adequate for the member and dependents of the member, if with dependents, is not entitled to a basic allowance for housing.

“(2) A member without dependents who is in a pay grade above pay grade E-6 and who is assigned to quarters in the United States or a housing facility under the jurisdiction of a uniformed service, appropriate to the grade or rank of the member and adequate for the member, may elect not to occupy those quarters and instead to receive the basic allowance for housing prescribed for the member’s pay grade by this section.

“(3) A member without dependents who is in pay grade E-6 and who is assigned to quarters of the United States that do not meet the minimum adequacy standards established by the Secretary of Defense for members in such pay grade, or to a housing facility under the jurisdiction of a uniformed service that does not meet such standards, may elect not to occupy such quarters or facility and instead to receive the basic allowance for housing prescribed for the member’s pay grade under this section.

“(4) The Secretary concerned may deny the right to make an election under paragraph (2) or (3) if the Secretary determines that the exercise of such an election would adversely affect a training mission, military discipline, or military readiness.

“(5) A member with dependents who is assigned to quarters of the United States or a housing facility under the jurisdiction of a uniformed service may be paid the basic allowance for housing if, because of orders of competent authority, the dependents are prevented from occupying those quarters.

“(f) INELIGIBILITY DURING INITIAL FIELD DUTY OR SEA DUTY.—

(1) A member of a uniformed service without dependents who makes a permanent change of station for assignment to a unit conducting field operations is not entitled to a basic allowance for housing while on that initial field duty unless the commanding officer of the member certifies that the member was necessarily required to procure quarters at the member’s expense.

“(2)(A) Except as provided in subparagraphs (B) and (C), a member of a uniformed service without dependents who is in a pay grade below pay grade E-6 is not entitled to a basic allowance for housing while the member is on sea duty.

Regulations.

“(B) Under regulations prescribed by the Secretary concerned, the Secretary may authorize the payment of a basic allowance for housing to a member of a uniformed service without dependents who is serving in pay grade E-5 and is assigned to sea duty. In prescribing regulations under this subparagraph, the Secretary concerned shall consider the availability of quarters for members serving in pay grade E-5.

“(C) Notwithstanding section 421 of this title, two members of the uniformed services in a pay grade below pay grade E-6 who are married to each other, have no other dependents, and are simultaneously assigned to sea duty are jointly entitled to one basic allowance for housing during the period of such simultaneous sea duty. The amount of the allowance shall be based on the without dependents rate for the pay grade of the senior member of the couple. However, this subparagraph shall not apply to a couple if one or both of the members are entitled to a basic allowance for housing under subparagraph (B).

“(3) The Secretary of Defense, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Department of the Navy, shall prescribe regulation defining the terms ‘field duty’ and ‘sea duty’ for purposes of this section.

“(g) RESERVE MEMBERS.—(1) A member of a reserve component without dependents who is called or ordered to active duty in support of a contingency operation, or a retired member without dependents who is ordered to active duty under section 688(a) of title 10 in support of a contingency operation, may not be denied a basic allowance for housing if, because of that call or order, the member is unable to continue to occupy a residence—

“(A) which is maintained as the primary residence of the member at the time of the call or order; and

“(B) which is owned by the member or for which the member is responsible for rental payments.

“(2) Paragraph (1) shall not apply if the member is authorized transportation of household goods under section 406 of this title as part of the call or order to active duty described in such paragraph.

“(3) The Secretary of Defense shall establish a rate of basic allowance for housing to be paid to a member of a reserve component while the member serves on active duty under a call or order to active duty specifying a period of less than 140 days, unless the call or order to active duty is in support of a contingency operation.

“(h) RENTAL OF PUBLIC QUARTERS.—Notwithstanding any other law (including those restricting the occupancy of housing facilities under the jurisdiction of a department or agency of the United States by members, and their dependents, of the armed forces above specified grades, or by members, and their dependents, of the National Oceanic and Atmospheric Administration and the Public Health Service), a member of a uniformed service, and the dependents of the member, may be accepted as tenants in, and may occupy on a rental basis, any of those housing facilities, other than public quarters constructed or designated for assignment to an occupancy without charge by such a member and the dependents of the member, if any. Such a member may not, because of occupancy under this subsection, be deprived of any money allowance to which the member is otherwise entitled for the rental of quarters.

“(i) TEMPORARY HOUSING ALLOWANCE WHILE IN TRAVEL OR LEAVE STATUS.—A member of a uniformed service who is in a pay grade E-4 (4 or more years of service) or above is entitled to a temporary basic allowance for housing (at a rate determined by the Secretary of Defense) while the member is in a travel or leave status between permanent duty stations, including time granted as delay en route or proceed time, when the member is not assigned to quarters of the United States.

“(j) AVIATION CADETS.—The eligibility of an aviation cadet of the Navy, Air Force, Marine Corps, or Coast Guard for a basic allowance for housing shall be determined as if the aviation cadet were a member of the uniformed services in pay grade E-4.

“(k) ADMINISTRATION.—(1) The Secretary of Defense shall pre-

Regulations.

scribe regulations for the administration of this section.
“(2) The Secretary concerned may make such determinations as may be necessary to administer this section, including determinations of dependency and relationship. When warranted by the circumstances, the Secretary concerned may reconsider and change or modify any such determination. The authority of the Secretary concerned under this subsection may be delegated. Any determination made under this section with regard to a member of the uniformed services is final and is not subject to review by any accounting officer of the United States or a court, unless there is fraud or gross negligence.

“(3) Parking facilities (including utility connections) provided members of the uniformed services for house trailers and mobile homes not owned by the Government shall not be considered to be quarters for the purposes of this section or any other provision of law. Any fees established by the Government for the use of such a facility shall be established in an amount sufficient to cover the cost of maintenance, services, and utilities and to amortize the cost of construction of the facility over the 25-year period beginning with the completion of such construction.

“(l) TEMPORARY CONTINUATION OF ALLOWANCE FOR DEPENDENTS OF MEMBERS DYING ON ACTIVE DUTY.—(1) The Secretary of Defense, or the Secretary of Transportation in the case of the Coast Guard when not operating as a service in the Navy, may

allow the dependents of a member of the armed forces who dies on active duty and whose dependents are occupying family housing provided by the Department of Defense, or by the Department of Transportation in the case of the Coast Guard, other than on a rental basis on the date of the member's death to continue to occupy such housing without charge for a period of 180 days.

"(2) The Secretary concerned may pay a basic allowance for housing (at the rate that is payable for members of the same grade and dependency status as the deceased member for the area where the dependents are residing) to the dependents of a member of the uniformed services who dies while on active duty and whose dependents—

"(A) are not occupying a housing facility under the jurisdiction of a uniformed service on the date of the member's death;

"(B) are occupying such housing on a rental basis on such date; or

"(C) vacate such housing sooner than 180 days after the date of the member's death.

Termination
date.

"(3) The payment of the allowance under paragraph (2) shall terminate 180 days after the date of the member's death.

"(m) MEMBERS PAYING CHILD SUPPORT.—(1) A member of a uniformed service with dependents may not be paid a basic allowance for housing at the with dependents rate solely by reason of the payment of child support by the member if—

"(A) the member is assigned to a housing facility under the jurisdiction of a uniformed service; or

"(B) the member is assigned to sea duty, and elects not to occupy assigned quarters for unaccompanied personnel, unless the member is in a pay grade above E-4.

"(2) A member of a uniformed service assigned to quarters of the United States or a housing facility under the jurisdiction of a uniformed service who is not otherwise authorized a basic allowance for housing and who pays child support is entitled to the basic allowance for housing differential, except for months for which the amount payable for the child support is less than the rate of the differential. Payment of a basic allowance for housing differential does not affect any entitlement of the member to a partial allowance for quarters under subsection (n).

"(3) The basic allowance for housing differential to which a member is entitled under paragraph (2) is the amount equal to the difference between—

"(A) the rate of the basic allowance for quarters (with dependents) for the member's pay grade, as such rate was in effect on December 31, 1997, under this section (as in effect on that date); and

"(B) the rate of the basic allowance for quarters (without dependents) for the member's pay grade, as such rate was in effect on December 31, 1997, under this section (as in effect on that date).

"(4) Whenever the rates of basic pay for members of the uniformed services are increased, the monthly amount of the basic allowance for housing differential computed under paragraph (3) shall be increased by the average percentage increase in the rates of basic pay. The effective date of the increase shall be the same date as the effective date of the increase in the rates of basic pay.

“(5) In the case of two members, who have one or more common dependents (and no others), who are not married to each other, and one of whom pays child support to the other, the amount of the basic allowance for housing paid to each member under this section shall be reduced in accordance with regulations prescribed by the Secretary of Defense. The total amount of the basic allowances for housing paid to the two members may not exceed the sum of the amounts of the allowance to which each member would be otherwise entitled under this section.

“(n) **PARTIAL ALLOWANCE FOR MEMBERS WITHOUT DEPENDENTS.**—(1) A member of a uniformed service without dependents who is not entitled to receive a basic allowance for housing under subsection (b), (c), or (d) is entitled to a partial basic allowance for housing at a rate determined by the Secretary of Defense under paragraph (2).

“(2) The rate of the partial basic allowance for housing is the partial rate of the basic allowance for quarters for the member’s pay grade as such partial rate was in effect on December 31, 1997, under section 1009(c)(2) of this title (as such section was in effect on such date).”

(b) **TRANSITION TO BASIC ALLOWANCE FOR HOUSING.**—The Secretary of Defense shall develop and implement a plan to incrementally manage the rate of growth of the various components of the basic allowance for housing authorized by section 403 of title 37, United States Code (as amended by subsection (a)), during a transition period of not more than six years. During the transition period, the Secretary may continue to use the authorities provided under sections 403, 403a, 405(b), and 427(a) of title 37, United States Code (as in effect on the day before the date of the enactment of this Act), but subject to such modifications as the Secretary considers necessary, to provide allowances for members of the uniformed services.

37 USC 403 note.

(c) **REPEAL OF SUPERSEDED AUTHORITIES.**—(1) Section 403a of title 37, United States Code, is repealed.

(2) Section 405 of such title is amended—

(A) by striking out subsection (b); and

(B) by redesignating subsections (c) and (d) as subsections (b) and (c), respectively.

(3) Section 427 of such title is amended—

(A) by striking out subsection (a); and

(B) in subsection (b)—

(i) by striking out “(b) **ADDITIONAL SEPARATION ALLOWANCE.**—” and inserting in lieu thereof “(a) **ENTITLEMENT TO ALLOWANCE.**—”;

(ii) in paragraph (1)—

(I) by striking out “, including subsection (a),” in the matter preceding the subparagraphs;

(II) by inserting “or” at the end of subparagraph (B);

(III) by striking out “; or” at the end of subparagraph (C) and inserting in lieu thereof a period; and

(IV) by striking out subparagraph (D);

(iii) in paragraph (3)—

(I) by striking out “(3) **An allowance**” and inserting in lieu thereof “(b) **ENTITLEMENT WHEN NO RESIDENCE OR HOUSEHOLD MAINTAINED FOR DEPENDENTS.—An allowance**”; and

(II) by striking out “this subsection” and inserting in lieu thereof “subsection (a)”;

(iv) in paragraph (4)—

(I) by striking out “(4) A member” and inserting in lieu thereof “(c) EFFECT OF ELECTION TO SERVE UNACCOMPANIED TOUR OF DUTY.—A member”; and

(II) by striking out “paragraph (1)(A) of this subsection” and inserting in lieu thereof “subsection (a)(1)(A)”; and

(v) by striking out paragraph (5) and inserting in lieu thereof the following new subsection:

“(d) ENTITLEMENT WHILE SPOUSE ENTITLED TO BASIC PAY.—A member married to another member of the uniformed services becomes entitled, regardless of any other dependency status, to an allowance under subsection (a) by virtue of duty prescribed in subparagraph (A), (B), or (C) of paragraph (1) of such subsection if the members were residing together immediately before being separated by reasons of execution of military orders. Section 421 of this title does not apply to bar the entitlement to an allowance under this section. However, not more than one monthly allowance may be paid with respect to a married couple under this section.”.

(4) The table of sections at the beginning of chapter 7 of title 37, United States Code, is amended by striking out the items relating to sections 403 and 403a and inserting in lieu thereof the following new item:

“403. Basic allowance for housing.”.

(d) CONFORMING AMENDMENTS.—(1) Title 37, United States Code, is amended—

(A) in section 101(25), by striking out “basic allowance for quarters (including any variable housing allowance or station housing allowance)” and inserting in lieu thereof “basic allowance for housing”;

(B) in section 406(c), by striking out “sections 404 and 405” and inserting in lieu thereof “sections 403(c), 404, and 405”;

(C) in section 420(c), by striking out “quarters” and inserting in lieu thereof “housing”;

(D) in section 551(3)(D), by striking out “basic allowance for quarters” and inserting in lieu thereof “basic allowance for housing”; and

(E) in section 1014(a), by striking out “basic allowance for quarters” and inserting in lieu thereof “basic allowance for housing”.

(2) Title 10, United States Code, is amended—

(A) in section 708(c)(1), by striking out “basic allowance for quarters or basic allowance for subsistence” and inserting in lieu thereof “basic allowance for housing under section 403 of title 37, basic allowance for subsistence under section 402 of such title,”;

(B) in section 2830(a)—

(i) in paragraph (1), by striking out “basic allowance for quarters” and inserting in lieu thereof “basic allowance for housing under section 403 of title 37”; and

(ii) in paragraph (2), by striking out “basic allowance for quarters” and inserting in lieu thereof “basic allowance for housing”;

(C) in section 2882(b)—

(i) in paragraph (1), by striking out “section 403(b)” and inserting in lieu thereof “section 403”; and

(ii) in paragraph (2), by striking out “basic allowance for quarters” and all that follows through the end of the paragraph and inserting in lieu thereof “basic allowance for housing under section 403 of title 37.”;

(D) in section 7572(b)—

(i) in paragraph (1), by striking out “the total of—” and all that follows through the end of the paragraph and inserting in lieu thereof “the basic allowance for housing payable under section 403 of title 37 to a member of the same pay grade without dependents for the period during which the member is deprived of quarters on board ship.”; and

(ii) in paragraph (2), by striking out “basic allowance for quarters” and inserting in lieu thereof “basic allowance for housing”; and

(E) in section 7573, by striking out “basic allowance for quarters” and inserting in lieu thereof “basic allowance for housing under section 403 of title 37”.

(3) Section 5561(6)(D) of title 5, United States Code, is amended by striking out “basic allowance for quarters” and inserting in lieu thereof “basic allowance for housing”.

(4) Section 107(b) of title 32, United States Code, is amended by striking out “and quarters” and inserting in lieu thereof “and housing”.

(5) Section 4(k)(10) of the Military Selective Service Act (50 U.S.C. App. 454(k)(10)) is amended by striking out “as such terms” and all that follows through “extended or amended” and inserting in lieu thereof “shall be entitled to receive a dependency allowance equal to the basic allowance for housing provided for persons in pay grade E–1 under section 403 of title 37, United States Code,”.

(e) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on January 1, 1998.

5 USC 5561 note.

SEC. 604. REVISION OF AUTHORITY TO ADJUST COMPENSATION NECESSITATED BY REFORM OF SUBSISTENCE AND HOUSING ALLOWANCES.

(a) REMOVAL OF REFERENCES TO BAS AND BAQ.—(1) Section 1009 of title 37, United States Code, is amended to read as follows:

“§ 1009. Adjustments of monthly basic pay

President.

“(a) ADJUSTMENT REQUIRED.—Whenever the General Schedule of compensation for Federal classified employees, as contained in section 5332 of title 5, is adjusted upward as provided in section 5303 of such title, the President shall immediately make an upward adjustment in the monthly basic pay authorized members of the uniformed services by section 203(a) of this title.

“(b) EFFECTIVENESS OF ADJUSTMENT.—An adjustment under this section shall—

“(1) have the force and effect of law; and

“(2) carry the same effective date as that applying to the compensation adjustments provided General Schedule employees.

“(c) EQUAL PERCENTAGE INCREASE FOR ALL MEMBERS.—Subject to subsection (d), an adjustment under this section shall provide

all eligible members with an increase in the monthly basic pay which is of the same percentage as the overall average percentage increase in the General Schedule rates of both basic pay and locality pay for civilian employees.

“(d) ALLOCATION OF INCREASE AMONG PAY GRADES AND YEARS-OF-SERVICE.—(1) Subject to paragraph (2), whenever the President determines such action to be in the best interest of the Government, he may allocate the overall percentage increase in the monthly basic pay under subsection (a) among such pay grade and years-of-service categories as he considers appropriate.

“(2) In making any allocation of an overall percentage increase in basic pay under paragraph (1)—

“(A) the amount of the increase in basic pay for any given pay grade and years-of-service category after any allocation made under this subsection may not be less than 75 percent of the amount of the increase in the monthly basic pay that would otherwise have been effective with respect to such pay grade and years-of-service category under subsection (c); and

“(B) the percentage increase in the monthly basic pay in the case of any member of the uniformed services with four years or less service may not exceed the overall percentage increase in the General Schedule rates of basic pay for civilian employees.

“(e) NOTICE OF ALLOCATIONS.—Whenever the President plans to exercise the authority of the President under subsection (d) with respect to any anticipated increase in the monthly basic pay of members of the uniformed services, the President shall advise Congress, at the earliest practicable time prior to the effective date of such increase, regarding the proposed allocation of such increase.

“(f) QUADRENNIAL ASSESSMENT OF ALLOCATIONS.—The allocations of increases made under this section shall be assessed in conjunction with the quadrennial review of military compensation required by section 1008(b) of this title.”.

(2) The item relating to such section in the table of sections at the beginning of chapter 19 of such title is amended to read as follows:

“1009. Adjustments of monthly basic pay.”.

37 USC 109 note.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on January 1, 1998.

SEC. 605. PROTECTION OF TOTAL COMPENSATION OF MEMBERS WHILE PERFORMING CERTAIN DUTY.

Section 1009 of title 37, United States Code, as amended by section 604, is further amended—

(1) by redesignating subsection (f) as subsection (g); and

(2) by inserting after subsection (e) the following new subsection:

“(f) PROTECTION OF MEMBER’S TOTAL COMPENSATION WHILE PERFORMING CERTAIN DUTY.—(1) The total daily equivalent amount of the elements of compensation described in paragraph (3), together with other pay and allowances under this title, to be paid to a member of the uniformed services who is temporarily assigned to duty away from the member’s permanent duty station or to duty under field conditions at the member’s permanent duty station shall not be less, for any day during the assignment period, than the total amount, for the day immediately preceding the date of

the assignment, of the elements of compensation and other pay and allowances of the member.

“(2) Paragraph (1) shall not apply with respect to an element of compensation or other pay or allowance of a member during an assignment described in such paragraph to the extent that the element of compensation or other pay or allowance is reduced or terminated due to circumstances unrelated to the assignment.

“(3) The elements of compensation referred to in this subsection mean—

“(A) the monthly basic pay authorized members of the uniformed services by section 203(a) of this title;

“(B) the basic allowance for subsistence authorized members of the uniformed services by section 402 of this title; and

“(C) the basic allowance for housing authorized members of the uniformed services by section 403 of this title.”.

Subtitle B—Bonuses and Special and Incentive Pays

SEC. 611. ONE-YEAR EXTENSION OF CERTAIN BONUSES AND SPECIAL PAY AUTHORITIES FOR RESERVE FORCES.

(a) SPECIAL PAY FOR HEALTH PROFESSIONALS IN CRITICALLY SHORT WARTIME SPECIALTIES.—Section 302g(f) of title 37, United States Code, is amended by striking out “September 30, 1998” and inserting in lieu thereof “September 30, 1999”.

(b) SELECTED RESERVE REENLISTMENT BONUS.—Section 308b(f) of title 37, United States Code, is amended by striking out “September 30, 1998” and inserting in lieu thereof “September 30, 1999”.

(c) SELECTED RESERVE ENLISTMENT BONUS.—Section 308c(e) of title 37, United States Code, is amended by striking out “September 30, 1998” and inserting in lieu thereof “September 30, 1999”.

(d) SPECIAL PAY FOR ENLISTED MEMBERS ASSIGNED TO CERTAIN HIGH PRIORITY UNITS.—Section 308d(c) of title 37, United States Code, is amended by striking out “September 30, 1998” and inserting in lieu thereof “September 30, 1999”.

(e) SELECTED RESERVE AFFILIATION BONUS.—Section 308e(e) of title 37, United States Code, is amended by striking out “September 30, 1998” and inserting in lieu thereof “September 30, 1999”.

(f) READY RESERVE ENLISTMENT AND REENLISTMENT BONUS.—Section 308h(g) of title 37, United States Code, is amended by striking out “September 30, 1998” and inserting in lieu thereof “September 30, 1999”.

(g) PRIOR SERVICE ENLISTMENT BONUS.—Section 308i(f) of title 37, United States Code, as redesignated by section 622, is amended by striking out “September 30, 1998” and inserting in lieu thereof “September 30, 1999”.

(h) REPAYMENT OF EDUCATION LOANS FOR CERTAIN HEALTH PROFESSIONALS WHO SERVE IN THE SELECTED RESERVE.—Section 16302(d) of title 10, United States Code, is amended by striking out “October 1, 1998” and inserting in lieu thereof “October 1, 1999”.

SEC. 612. ONE-YEAR EXTENSION OF CERTAIN BONUSES AND SPECIAL PAY AUTHORITIES FOR NURSE OFFICER CANDIDATES, REGISTERED NURSES, AND NURSE ANESTHETISTS.

(a) NURSE OFFICER CANDIDATE ACCESSION PROGRAM.—Section 2130a(a)(1) of title 10, United States Code, is amended by striking out “September 30, 1998” and inserting in lieu thereof “September 30, 1999”.

(b) ACCESSION BONUS FOR REGISTERED NURSES.—Section 302d(a)(1) of title 37, United States Code, is amended by striking out “September 30, 1998” and inserting in lieu thereof “September 30, 1999”.

(c) INCENTIVE SPECIAL PAY FOR NURSE ANESTHETISTS.—Section 302e(a)(1) of title 37, United States Code, is amended by striking out “September 30, 1998” and inserting in lieu thereof “September 30, 1999”.

SEC. 613. ONE-YEAR EXTENSION OF AUTHORITIES RELATING TO PAYMENT OF OTHER BONUSES AND SPECIAL PAYS.

(a) AVIATION OFFICER RETENTION BONUS.—Section 301b(a) of title 37, United States Code, is amended by striking out “September 30, 1998,” and inserting in lieu thereof “September 30, 1999.”

(b) REENLISTMENT BONUS FOR ACTIVE MEMBERS.—Section 308(g) of title 37, United States Code, is amended by striking out “September 30, 1998” and inserting in lieu thereof “September 30, 1999”.

(c) ENLISTMENT BONUSES FOR MEMBERS WITH CRITICAL SKILLS.—Sections 308a(c) and 308f(c) of title 37, United States Code, are each amended by striking out “September 30, 1998” and inserting in lieu thereof “September 30, 1999”.

(d) SPECIAL PAY FOR NUCLEAR QUALIFIED OFFICERS EXTENDING PERIOD OF ACTIVE SERVICE.—Section 312(e) of title 37, United States Code, is amended by striking out “September 30, 1998” and inserting in lieu thereof “September 30, 1999”.

(e) NUCLEAR CAREER ACCESSION BONUS.—Section 312b(c) of title 37, United States Code, is amended by striking out “September 30, 1998” and inserting in lieu thereof “September 30, 1999”.

(f) NUCLEAR CAREER ANNUAL INCENTIVE BONUS.—Section 312c(d) of title 37, United States Code, is amended by striking out “October 1, 1998” and inserting in lieu thereof “October 1, 1999”.

SEC. 614. INCREASE IN MINIMUM MONTHLY RATE OF HAZARDOUS DUTY INCENTIVE PAY FOR CERTAIN MEMBERS.

(a) AERIAL FLIGHT CREWMEMBERS.—The table in subsection (b) of section 301 of title 37, United States Code, is amended—

(1) by striking out “110” each place it appears and inserting in lieu thereof “150”; and

(2) by striking out “125” each place it appears and inserting in lieu thereof “150”.

(b) AIR WEAPONS CONTROLLER AIRCREW.—The table in subsection (c)(2)(A) of such section is amended—

(1) by striking out “100” in the first column of amounts and inserting in lieu thereof “150”; and

(2) by striking out “110” in the last column of amounts and inserting in lieu thereof “150”; and

(3) by striking out “125” each place it appears and inserting in lieu thereof “150”.

(c) OTHER MEMBERS.—Subsection (c)(1) of such section is amended—

- (1) by striking out “\$110” and inserting in lieu thereof “\$150”; and
- (2) by striking out “\$165” and inserting in lieu thereof “\$225”.

SEC. 615. INCREASE IN AVIATION CAREER INCENTIVE PAY.

(a) AMOUNTS.—The table in subsection (b)(1) of section 301a of title 37, United States Code, is amended—

- (1) by inserting at the end of phase I of the table the following:

“Over 14 840”;

and

- (2) by striking out phase II of the table and inserting in lieu thereof the following:

“PHASE II

“Years of service as an officer:	“Monthly rate
“Over 22	\$585
“Over 23	495
“Over 24	385
“Over 25	250”.

(b) CONFORMING AMENDMENTS.—Such subsection is further amended in the matter after the table by striking out “18 years” both places it appears and inserting in lieu thereof “22 years”.

(c) EFFECTIVE DATE AND APPLICABILITY.—The amendments made by subsection (a) shall take effect on January 1, 1999, and shall apply with respect to months beginning on or after that date.

37 USC 301a
note.

SEC. 616. MODIFICATION OF AVIATION OFFICER RETENTION BONUS.

(a) INCREASE IN BONUS AMOUNTS.—Subsection (c) of section 301b of title 37, United States Code, is amended—

- (1) in paragraph (1), by striking out “\$12,000” and inserting in lieu thereof “\$25,000”; and
- (2) in paragraph (2), by striking out “\$6,000” and inserting in lieu thereof “\$12,000”.

(b) DURATION OF AGREEMENT.—Paragraph (2) of such subsection is further amended by striking out “one or two years” and inserting in lieu thereof “one, two, or three years”.

(c) CONTENT OF ANNUAL REPORT.—Subsection (i)(1) of such section is amended—

- (1) by inserting “and” at the end of subparagraph (A);
- (2) by striking out “; and” at the end of subparagraph (B) and inserting in lieu thereof a period; and
- (3) by striking out subparagraph (C).

(d) DEFINITION OF AVIATION SPECIALTY.—Subsection (j)(2) of such section is amended by inserting “specific” before “community” both places it appears.

(e) EFFECTIVE DATES AND APPLICABILITY.—The amendments made by this section shall take effect as of October 1, 1996, and shall apply with respect to agreements accepted under section 301b of title 37, United States Code, on or after that date.

37 USC 301b
note.

SEC. 617. AVAILABILITY OF MULTIYEAR RETENTION BONUS FOR DENTAL OFFICERS.

(a) **AVAILABILITY OF RETENTION BONUS.**—Chapter 5 of title 37, United States Code, is amended by inserting after section 301d the following new section:

“§ 301e. Multiyear retention bonus: dental officers of the armed forces

“(a) **BONUS AUTHORIZED.**—(1) A dental officer described in subsection (b) who executes a written agreement to remain on active duty for two, three, or four years after completion of any other active-duty service commitment may, upon acceptance of the written agreement by the Secretary of the military department concerned, be paid a retention bonus as provided in this section.

“(2) The amount of a retention bonus under paragraph (1) may not exceed \$14,000 for each year covered by a four-year agreement. The maximum yearly retention bonus for two-year and three-year agreements shall be reduced to reflect the shorter service commitment.

Applicability.

“(b) **OFFICERS AUTOMATICALLY ELIGIBLE.**—Subsection (a) applies to an officer of the armed forces who—

“(1) is an officer of the Dental Corps of the Army or the Navy or an officer of the Air Force designated as a dental officer;

“(2) has a dental specialty in oral and maxillofacial surgery;

“(3) is in a pay grade below pay grade O-7;

“(4) has at least eight years of creditable service (computed as described in section 302b(g) of this title) or has completed any active-duty service commitment incurred for dental education and training; and

“(5) has completed initial residency training (or will complete such training before September 30 of the fiscal year in which the officer enters into an agreement under subsection (a)).

“(c) **EXTENSION OF BONUS TO OTHER DENTAL OFFICERS.**—At the discretion of the Secretary of the military department concerned, the Secretary may enter into a written agreement described in subsection (a)(1) with a dental officer who does not have the dental specialty specified in subsection (b)(2), and pay a retention bonus to such an officer as provided in this section, if the officer otherwise satisfies the eligibility requirements specified in subsection (b). The Secretaries shall exercise the authority provided in this section in a manner consistent with regulations prescribed by the Secretary of Defense.

“(d) **REFUNDS.**—(1) Refunds shall be required, on a pro rata basis, of sums paid under this section if the officer who has received the payment fails to complete the total period of active duty specified in the agreement, as conditions and circumstances warrant.

“(2) An obligation to reimburse the United States imposed under paragraph (1) is for all purposes a debt owed to the United States.

“(3) A discharge in bankruptcy under title 11, United States Code, that is entered less than five years after the termination of an agreement under this section does not discharge the member signing such agreement from a debt arising under such agreement

or under paragraph (1). This paragraph applies to any case commenced under title 11 after the date of the enactment of the National Defense Authorization Act for Fiscal Year 1998.”.

Applicability.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 301d the following new item:

“301e. Multiyear retention bonus: dental officers of the armed forces.”.

SEC. 618. INCREASE IN VARIABLE AND ADDITIONAL SPECIAL PAYS FOR CERTAIN DENTAL OFFICERS.

(a) VARIABLE SPECIAL PAY FOR JUNIOR OFFICERS.—Paragraph (2) of section 302b(a) of title 37, United States Code, is amended by striking out subparagraphs (C), (D), (E), and (F) and inserting in lieu thereof the following new subparagraphs:

“(C) \$7,000 per year, if the officer has at least six but less than eight years of creditable service.

“(D) \$12,000 per year, if the officer has at least eight but less than 12 years of creditable service.

“(E) \$10,000 per year, if the officer has at least 12 but less than 14 years of creditable service.

“(F) \$9,000 per year, if the officer has at least 14 but less than 18 years of creditable service.

“(G) \$8,000 per year, if the officer has 18 or more years of creditable service.”.

(b) VARIABLE SPECIAL PAY FOR SENIOR OFFICERS.—Paragraph (3) of such section is amended by striking out “\$1,000” and inserting in lieu thereof “\$7,000”.

(c) ADDITIONAL SPECIAL PAY.—Paragraph (4) of such section is amended by striking out subparagraphs (B), (C), and (D) and inserting in lieu thereof the following new subparagraphs:

“(B) \$6,000 per year, if the officer has at least three but less than 10 years of creditable service.

“(C) \$15,000 per year, if the officer has 10 or more years of creditable service.”.

SEC. 619. AVAILABILITY OF SPECIAL PAY FOR DUTY AT DESIGNATED HARDSHIP DUTY LOCATIONS.

(a) SPECIAL PAY AUTHORIZED.—Subsection (a) of section 305 of title 37, United States Code, is amended to read as follows:

“(a) SPECIAL PAY AUTHORIZED.—A member of a uniformed service who is entitled to basic pay may be paid special pay under this section at a monthly rate not to exceed \$300 while the member is on duty at a location in the United States or outside the United States designated by the Secretary of Defense as a hardship duty location.”.

(b) CROSS REFERENCES AND REGULATIONS.—Such section is further amended—

(1) in subsection (b)—

(A) by inserting “EXCEPTION FOR CERTAIN MEMBERS SERVING IN CERTAIN LOCATIONS.—” after “(b)”; and

(B) by striking out “as foreign duty pay” and inserting in lieu thereof “as hardship duty location pay”;

(2) in subsection (c)—

(A) by inserting “EXCEPTION FOR MEMBERS RECEIVING CAREER SEA PAY.—” after “(c)”; and

(B) by striking out “special pay under this section” and inserting in lieu thereof “hardship duty location pay under subsection (a)”;

(3) by adding at the end the following new subsection:

“(d) REGULATIONS.—The Secretary of Defense shall prescribe regulations for the provision of hardship duty location pay under subsection (a), including the specific monthly rates at which the special pay will be available.”.

(c) CLERICAL AMENDMENTS.—(1) The heading of such section is amended to read as follows:

“§ 305. Special pay: hardship duty location pay”.

(2) The table of sections at the beginning of chapter 5 of title 37, United States Code, is amended by striking out the item relating to section 305 and inserting in lieu thereof the following new item:

“305. Special pay: hardship duty location pay.”.

(d) CONFORMING AMENDMENT.—Section 907(d) of title 37, United States Code, is amended by striking out “duty at certain places” and inserting in lieu thereof “duty at a hardship duty location”.

37 USC 305 note.

(e) TRANSITION.—Until such time as the Secretary of Defense prescribes regulations regarding the provision of hardship duty location pay under section 305 of title 37, United States Code, as amended by this section, the Secretary may continue to use the authority provided by such section 305, as in effect on the day before the date of the enactment of this Act, to provide special pay to enlisted members of the uniformed services on duty at certain places.

SEC. 620. DEFINITION OF SEA DUTY FOR PURPOSES OF CAREER SEA PAY.

Section 305a(d) of title 37, United States Code, is amended—

(1) in paragraph (1)(A), by striking out “, ship-based staff, or ship-based aviation unit”;

(2) in paragraph (1)(B), by striking out “or ship-based staff”;

(3) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

(4) by inserting after paragraph (1) the following new paragraph:

“(2) The Secretary concerned may designate duty performed by a member while serving on a ship the primary mission of which is accomplished either while under way or in port as ‘sea duty’ for purposes of this section, even though the duty is performed while the member is permanently or temporarily assigned to a ship-based staff or other unit not covered by paragraph (1).”.

SEC. 621. MODIFICATION OF SELECTED RESERVE REENLISTMENT BONUS.

(a) ELIGIBLE MEMBERS.—Subsection (a)(1) of section 308b of title 37, United States Code, is amended by striking out “ten years” and inserting in lieu thereof “14 years”.

(b) BONUS AMOUNTS; PAYMENT.—Subsection (b) of such section is amended to read as follows:

“(b) BONUS AMOUNTS; PAYMENT.—(1) The amount of a bonus under this section may not exceed—

“(A) \$5,000, in the case of a member who reenlists or extends an enlistment for a period of six years;

“(B) \$2,500, in the case of a member who, having never received a bonus under this section, reenlists or extends an enlistment for a period of three years; and

“(C) \$2,000, in the case of a member who, having received a bonus under this section for a previous three-year reenlistment or extension of an enlistment, reenlists or extends the enlistment for an additional period of three years.

“(2) Any bonus payable under this section shall be disbursed in one initial payment of an amount not to exceed one-half of the total amount of the bonus and subsequent periodic partial payments of the balance of the bonus. The Secretary concerned shall prescribe the amount of each partial payment and the schedule for making the partial payments.”.

(c) SPECIAL ELIGIBILITY REQUIREMENTS; NUMBER OF INDIVIDUAL BONUSES.—Subsection (c) of such section is amended to read as follows:

“(c) CONDITION ON ELIGIBILITY; LIMITATION ON NUMBER OF BONUSES.—(1) To be eligible for a second bonus under this section in the amount specified in subsection (b)(1)(C), a member must—

“(A) enter into the subsequent reenlistment or extension of an enlistment for a period of three years not later than the date on which the enlistment or extension for which the first bonus was paid would expire; and

“(B) still satisfy the designated skill or unit requirements required under subsection (a)(2).

“(2) A member may not be paid more than one six-year bonus or two three-year bonuses under this section.”.

(d) EFFECT OF FAILURE TO SERVE SATISFACTORILY.—Subsection (d) of such section is amended to read as follows:

“(d) REPAYMENT OF BONUS.—A member who receives a bonus under this section and who fails, during the period for which the bonus was paid, to serve satisfactorily in the element of the Selected Reserve of the Ready Reserve with respect to which the bonus was paid shall refund to the United States an amount that bears the same ratio to the amount of the bonus paid to the member as the period that the member failed to serve satisfactorily bears to the total period for which the bonus was paid.”.

(e) CLERICAL AMENDMENTS.—Such section is further amended—

(1) in subsection (a), by inserting “AUTHORITY AND ELIGIBILITY REQUIREMENTS.—” after “(a)”;

(2) in subsection (e), by inserting “REGULATIONS.—” after “(e)”;

(3) in subsection (f), by inserting “TERMINATION OF AUTHORITY.—” after “(f)”.

SEC. 622. MODIFICATION OF SELECTED RESERVE ENLISTMENT BONUS FOR FORMER ENLISTED MEMBERS.

(a) ELIGIBLE PERSONS.—Subsection (a)(2) of section 308i of title 37, United States Code, is amended—

(1) in subparagraph (A), by striking out “10 years” and inserting in lieu thereof “14 years”;

(2) in subparagraph (C), by striking out “and”;

(3) by redesignating subparagraph (D) as subparagraph (E);

(4) in subparagraph (E) (as so redesignated), by inserting “(except under this section)” after “bonus”; and

(5) by inserting after subparagraph (C) the following new subparagraph:

“(D) is projected to occupy a position as a member of the Selected Reserve in a specialty in which—

“(i) the person successfully served while a member on active duty; and

“(ii) the person attained a level of qualification while a member on active duty commensurate with the grade and years of service of the member; and”.

(b) BONUS AMOUNTS; PAYMENT.—Subsection (b) of such section is amended to read as follows:

“(b) BONUS AMOUNTS; PAYMENT.—(1) The amount of a bonus under this section may not exceed—

“(A) \$5,000, in the case of a person who enlists for a period of six years;

“(B) \$2,500, in the case of a person who, having never received a bonus under this section, enlists for a period of three years; and

“(C) \$2,000, in the case of a person who, having received a bonus under this section for a previous three-year enlistment, reenlists or extends the enlistment for an additional period of three years.

“(2) Any bonus payable under this section shall be disbursed in one initial payment of an amount not to exceed one-half of the total amount of the bonus and subsequent periodic partial payments of the balance of the bonus. The Secretary concerned shall prescribe the amount of each partial payment and the schedule for making the partial payments.”.

(c) SPECIAL ELIGIBILITY REQUIREMENTS; NUMBER OF INDIVIDUAL BONUS.—Subsection (c) of such section is amended to read as follows:

“(c) CONDITION ON ELIGIBILITY; LIMITATION ON NUMBER OF BONUS.—(1) To be eligible for a second bonus under this section in the amount specified in subsection (b)(1)(C), a person must—

“(A) enter into a reenlistment or extension of an enlistment for a period of three years not later than the date on which the enlistment for which the first bonus was paid would expire; and

“(B) still satisfy the eligibility requirements under subsection (a).

“(2) A person may not be paid more than one six-year bonus or two three-year bonuses under this section.”.

(d) REORGANIZATION OF SECTION.—Such section is further amended—

(1) by redesignating subsections (e), (f), and (g) as paragraphs (2), (3), and (4), respectively, of subsection (d); and

(2) by redesignating subsections (h) and (i) as subsections (e) and (f), respectively.

(e) CONFORMING AND CLERICAL AMENDMENTS.—Such section is further amended—

(1) in subsection (a), by inserting “AUTHORITY AND ELIGIBILITY REQUIREMENTS.—” after “(a)”;

(2) in subsection (d)—

(A) by inserting “REPAYMENT OF BONUS.—(1)” after “(d)”;

(B) in paragraphs (2) and (4), as redesignated by subsection (d)(1), by striking out “subsection (d)” and inserting in lieu thereof “paragraph (1)”; and

(C) in paragraph (3), as redesignated by subsection (d)(1)—

(i) by striking out “subsection (h)” and inserting in lieu thereof “subsection (e)”; and

(ii) by striking out “subsection (d)” and inserting in lieu thereof “paragraph (1)”; and

(3) in subsection (e), as redesignated by subsection (d)(2), by inserting “REGULATIONS.—” after “(e)”; and

(4) in subsection (f), as redesignated by subsection (d)(2), by inserting “TERMINATION OF AUTHORITY.—” after “(f)”.

SEC. 623. EXPANSION OF RESERVE AFFILIATION BONUS TO INCLUDE COAST GUARD RESERVE.

Section 308e of title 37, United States Code, is amended—

(1) in subsection (a), by striking out “Under regulations prescribed by the Secretary of Defense, the Secretary of a military department” and inserting in lieu thereof “The Secretary concerned”;

(2) in subsection (b)(3), by striking out “designated by the Secretary of Defense for the purposes of this section” and inserting in lieu thereof “designated for purposes of this section in the regulations prescribed under subsection (f)”; and

(3) in subsection (c)(3), by striking out “regulations prescribed by the Secretary of Defense” and inserting in lieu thereof “the regulations prescribed under subsection (f)”; and

(4) by adding at the end the following new subsections:

“(f) This section shall be administered under regulations prescribed by the Secretary of Defense for the armed forces under the jurisdiction of the Secretary of Defense and by the Secretary of Transportation for the Coast Guard when the Coast Guard is not operating as a service in the Navy.

Regulations.

“(g) The authority in subsection (a) does not apply to the Secretary of Commerce and the Secretary of Health and Human Services.”.

SEC. 624. INCREASE IN SPECIAL PAY AND BONUSES FOR NUCLEAR-QUALIFIED OFFICERS.

(a) SPECIAL PAY FOR OFFICERS EXTENDING PERIOD OF ACTIVE SERVICE.—Section 312(a) of title 37, United States Code, is amended by striking out “\$12,000” and inserting in lieu thereof “\$15,000”.

(b) NUCLEAR CAREER ACCESSION BONUS.—Section 312b(a)(1) of title 37, United States Code, is amended by striking out “\$8,000” and inserting in lieu thereof “\$10,000”.

(c) NUCLEAR CAREER ANNUAL INCENTIVE BONUSES.—Section 312c of title 37, United States Code, is amended—

(1) in subsection (a)(1), by striking out “\$10,000” and inserting in lieu thereof “\$12,000”; and

(2) in subsection (b)(1), by striking out “\$4,500” and inserting in lieu thereof “\$5,500”.

(d) EFFECTIVE DATE.—(1) The amendments made by this section shall take effect as of October 1, 1997.

37 USC 312 note.

(2) The amendments made by subsections (a) and (b) shall apply with respect to agreements accepted under sections 312(a) and 312b(a), respectively, of title 37, United States Code, on or after October 1, 1997.

Applicability.

SEC. 625. PROVISION OF BONUSES IN LIEU OF SPECIAL PAY FOR ENLISTED MEMBERS EXTENDING TOURS OF DUTY AT DESIGNATED LOCATIONS OVERSEAS.

(a) INCLUSION OF BONUS INCENTIVE.—(1) Section 314 of title 37, United States Code, is amended to read as follows:

“§ 314. Special pay or bonus: qualified enlisted members extending duty at designated locations overseas

Applicability.

“(a) COVERED MEMBERS.—This section applies with respect to an enlisted member of an armed force who—

“(1) is entitled to basic pay;

“(2) has a specialty that is designated by the Secretary concerned for the purposes of this section;

“(3) has completed a tour of duty (as defined in accordance with regulations prescribed by the Secretary concerned) at a location outside the 48 contiguous States and the District of Columbia that is designated by the Secretary concerned for the purposes of this section; and

“(4) at the end of that tour of duty executes an agreement to extend that tour for a period of not less than one year.

“(b) SPECIAL PAY OR BONUS AUTHORIZED.—Upon the acceptance by the Secretary concerned of the agreement providing for an extension of the tour of duty of an enlisted member described in subsection (a), the member is entitled, at the election of the Secretary concerned, to either—

“(1) special pay in monthly installments in an amount prescribed by the Secretary, but not to exceed \$80 per month; or

“(2) an annual bonus in an amount prescribed by the Secretary, but not to exceed \$2,000 per year.

Notification.

“(c) SELECTION AND PAYMENT OF SPECIAL PAY OR BONUS.—Not later than the date on which the Secretary concerned accepts an agreement described in subsection (a)(4) providing for the extension of a member’s tour of duty, the Secretary concerned shall notify the member regarding whether the member will receive special pay or a bonus under this section. The payment rate for the special pay or bonus shall be fixed at the time of the agreement and may not be changed during the period of the extended tour of duty. The Secretary concerned may pay a bonus under this section either in a lump sum or installments.

“(d) REPAYMENT OF BONUS.—(1) A member who, having entered into a written agreement to extend a tour of duty for a period under subsection (a), receives a bonus payment under subsection (b)(2) for a 12-month period covered by the agreement and ceases during that 12-month period to perform the agreed tour of duty shall refund to the United States the unearned portion of the bonus. The unearned portion of the bonus is the amount by which the amount of the bonus paid to the member exceeds the amount determined by multiplying the amount of the bonus paid by the percent determined by dividing 12 into the number of full months during which the member performed the duty in the 12-month period.

“(2) The Secretary concerned may waive the obligation of a member to reimburse the United States under paragraph (1) if the Secretary determines that conditions and circumstances warrant the waiver.

“(3) An obligation to repay the United States imposed under paragraph (1) is for all purposes a debt owed to the United States.

“(4) A discharge in bankruptcy under title 11 that is entered less than five years after the termination of the agreement does not discharge the member signing the agreement from a debt arising under the agreement or under paragraph (1). This paragraph applies to any case commenced under title 11 on or after the date of the enactment of the National Defense Authorization Act for Fiscal Year 1998.

Applicability.

“(e) EFFECT OF REST AND RECUPERATIVE ABSENCE.—A member who elects to receive one of the benefits specified in section 705(b) of title 10 as part of the extension of a tour of duty is not entitled to the special pay authorized by subsection (b)(1) for the period of the extension of duty for which the benefit under such section is provided.”.

(2) The item relating to section 314 in the table of sections at the beginning of chapter 5 of such title is amended to read as follows:

“314. Special pay or bonus: qualified enlisted members extending duty at designated locations overseas.”.

(b) APPLICATION OF AMENDMENT.—Section 314 of title 37, United States Code, as amended by subsection (a), shall apply with respect to an agreement to extend a tour of duty as provided in such section executed on or after October 1, 1997.

37 USC 314 note.

SEC. 626. INCREASE IN AMOUNT OF FAMILY SEPARATION ALLOWANCE.

Section 427 of title 37, United States Code (as amended by section 603), is further amended in subsection (a)(1) by striking out “\$75” and inserting in lieu thereof “\$100”.

SEC. 627. DEADLINE FOR PAYMENT OF READY RESERVE MUSTER DUTY ALLOWANCE.

Section 433(c) of title 37, United States Code, is amended—

(1) in the first sentence, by striking out “and shall be” and all that follows through “is performed”; and

(2) by inserting after the first sentence the following new sentence: “The allowance may be paid to the member before, on, or after the date on which the muster duty is performed, but not later than 30 days after that date.”.

Subtitle C—Travel and Transportation Allowances

SEC. 631. TRAVEL AND TRANSPORTATION ALLOWANCES FOR DEPENDENTS BEFORE APPROVAL OF MEMBER’S COURT-MARTIAL SENTENCE.

Section 406(h)(2)(C) of title 37, United States Code, is amended by striking out the comma at the end of clause (iii) and all that follows through “title 10.” and inserting in lieu thereof a period.

SEC. 632. DISLOCATION ALLOWANCE.

(a) IN GENERAL.—Section 407 of title 37, United States Code, is amended to read as follows:

“§ 407. Travel and transportation allowances: dislocation allowance

Regulations.

“(a) ELIGIBILITY FOR PRIMARY DISLOCATION ALLOWANCE.—(1) Under regulations prescribed by the Secretary concerned, a member of a uniformed service described in paragraph (2) is entitled to a primary dislocation allowance at the rate determined under subsection (c) for the member’s pay grade and dependency status.

“(2) A member of the uniformed services referred to in paragraph (1) is any of the following:

“(A) A member who makes a change of permanent station and the member’s dependents actually make an authorized move in connection with the change, including a move by the dependents—

“(i) to join the member at the member’s duty station after an unaccompanied tour of duty when the member’s next tour of duty is an accompanied tour at the same station; and

“(ii) to a location designated by the member after an accompanied tour of duty when the member’s next tour of duty is an unaccompanied tour at the same duty station.

“(B) A member whose dependents actually move pursuant to section 405a(a), 406(e), 406(h), or 554 of this title.

“(C) A member whose dependents actually move from their place of residence under circumstances described in section 406a of this title.

“(D) A member who is without dependents and—

“(i) actually moves to a new permanent station where the member is not assigned to quarters of the United States; or

“(ii) actually moves from a place of residence under circumstances described in section 406a of this title.

“(E) A member who is ordered to move in connection with the closure or realignment of a military installation and, as a result, the member’s dependents actually move or, in the case of a member without dependents, the member actually moves.

“(3) If a primary dislocation allowance is paid under this subsection to a member described in subparagraph (C) or (D)(ii) of paragraph (2), the member is not entitled to another dislocation allowance as a member described in subparagraph (A) or (E) of such paragraph in connection with the same move.

Regulations.

“(b) SECONDARY ALLOWANCE AUTHORIZED UNDER CERTAIN CIRCUMSTANCES.—(1) Under regulations prescribed by the Secretary concerned, whenever a member is entitled to a primary dislocation allowance under subsection (a) as a member described in paragraph (2)(C) or (2)(D)(ii) of such subsection, the member is also entitled to a secondary dislocation allowance at the rate determined under subsection (c) for the member’s pay grade and dependency status if, subsequent to the member or the member’s dependents actually moving from their place of residence under circumstances described in section 406a of this title, the member or member’s dependents complete that move to a new location and then actually move from that new location to another location also under circumstances described in section 406a of this title.

“(2) If a secondary dislocation allowance is paid under this subsection, the member is not entitled to a dislocation allowance

as a member described in paragraph (2)(A) or (2)(E) of subsection (a) in connection with those moves.

“(c) DISLOCATION ALLOWANCE RATES.—(1) The amount of the dislocation allowance to be paid under this section to a member shall be based on the member’s pay grade and dependency status at the time the member becomes entitled to the allowance.

“(2) The initial rate for the dislocation allowance, for each pay grade and dependency status, shall be equal to the rate in effect for that pay grade and dependency status on December 31, 1997, as adjusted by the average percentage increase in the rates of basic pay for calendar year 1998. Effective on the same date that the monthly rates of basic pay for members are increased for a subsequent calendar year, the Secretary of Defense shall adjust the rates for the dislocation allowance for that calendar year by the percentage equal to the average percentage increase in the rates of basic pay for that calendar year.

“(d) FISCAL YEAR LIMITATION; EXCEPTIONS.—(1) A member is not entitled to more than one dislocation allowance under this section during a fiscal year unless—

“(A) the Secretary concerned finds that the exigencies of the service require the member to make more than one change of permanent station during the fiscal year;

“(B) the member is ordered to a service school as a change of permanent station;

“(C) the member’s dependents are covered by section 405a(a), 406(e), 406(h), or 554 of this title; or

“(D) subparagraph (C) or (D)(ii) of subsection (a)(2) or subsection (b) apply with respect to the member or the member’s dependents.

Applicability.

“(2) This subsection does not apply in time of national emergency or in time of war.

“(e) FIRST OR LAST DUTY.—A member is not entitled to payment of a dislocation allowance under this section when the member is ordered from the member’s home to the member’s first duty station or from the member’s last duty station to the member’s home.

“(f) RULE OF CONSTRUCTION.—For purposes of this section, a member whose dependents may not make an authorized move in connection with a change of permanent station is considered a member without dependents.

“(g) ADVANCE PAYMENT.—A dislocation allowance payable under this section may be paid in advance.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 1998. 37 USC 407 note.

Subtitle D—Retired Pay, Survivor Benefits, and Related Matters

SEC. 641. ONE-YEAR OPPORTUNITY TO DISCONTINUE PARTICIPATION IN SURVIVOR BENEFIT PLAN.

(a) ELECTION TO DISCONTINUE WITHIN ONE YEAR AFTER SECOND ANNIVERSARY OF COMMENCEMENT OF PAYMENT OF RETIRED PAY.—(1) Subchapter II of chapter 73 of title 10, United States Code, is amended by inserting after section 1448 the following new section:

“§ 1448a. Election to discontinue participation: one-year opportunity after second anniversary of commencement of payment of retired pay

“(a) **AUTHORITY.**—A participant in the Plan may, subject to the provisions of this section, elect to discontinue participation in the Plan at any time during the one-year period beginning on the second anniversary of the date on which payment of retired pay to the participant commences.

“(b) **CONCURRENCE OF SPOUSE.**—

“(1) **CONCURRENCE REQUIRED.**—A married participant may not (except as provided in paragraph (2)) make an election under subsection (a) without the concurrence of the participant’s spouse.

“(2) **EXCEPTIONS.**—A participant may make such an election without the concurrence of the participant’s spouse by establishing to the satisfaction of the Secretary concerned that one of the conditions specified in section 1448(a)(3)(C) of this title exists.

“(3) **FORM OF CONCURRENCE.**—The concurrence of a spouse under paragraph (1) shall be made in such written form and shall contain such information as may be required under regulations prescribed by the Secretary of Defense.

“(c) **LIMITATION ON ELECTION WHEN FORMER SPOUSE COVERAGE IN EFFECT.**—The limitation set forth in section 1450(f)(2) of this title applies to an election to discontinue participation in the Plan under subsection (a).

“(d) **WITHDRAWAL OF ELECTION TO DISCONTINUE.**—Section 1448(b)(1)(D) of this title applies to an election under subsection (a).

“(e) **CONSEQUENCES OF DISCONTINUATION.**—Section 1448(b)(1)(E) of this title applies to an election under subsection (a).

“(f) **NOTICE TO AFFECTED BENEFICIARIES.**—The Secretary concerned shall notify any former spouse or other natural person previously designated under section 1448(b) of this title of an election to discontinue participation under subsection (a).

“(g) **EFFECTIVE DATE OF ELECTION.**—An election under subsection (a) is effective as of the first day of the first calendar month following the month in which the election is received by the Secretary concerned.

“(h) **INAPPLICABILITY OF IRREVOCABILITY PROVISIONS.**—Paragraphs (4)(B) and (5)(C) of section 1448(a) of this title do not apply to prevent an election under subsection (a).”.

(2) The table of sections at the beginning of such subchapter is amended by inserting after the item relating to section 1448 the following new item:

“1448a. Election to discontinue participation: one-year opportunity after second anniversary of commencement of payment of retired pay.”.

10 USC 1448a
note.

(b) **TRANSITION PROVISION FOR CURRENT PARTICIPANTS.**—Notwithstanding the limitation on the time for making an election under section 1448a of title 10, United States Code (as added by subsection (a)), that is specified in subsection (a) of such section, a participant in the Survivor Benefit Plan under subchapter II of chapter 73 of such title may make an election in accordance with that section within one year after the effective date of that section under subsection (c) if the second anniversary of the

commencement of payment of retired pay to the participant precedes that effective date.

(c) **EFFECTIVE DATE.**—Section 1448a of title 10, United States Code, as added by subsection (a), shall take effect 180 days after the date of the enactment of this Act. 10 USC 1448a note.

SEC. 642. TIME IN WHICH CHANGE IN SURVIVOR BENEFIT COVERAGE FROM FORMER SPOUSE TO SPOUSE MAY BE MADE.

(a) **EXTENSION OF TIME FOR CHANGE.**—Section 1450(f)(1)(C) of title 10, United States Code, is amended by adding at the end the following new sentence: “Notwithstanding the preceding sentence, a change of election under this subsection to provide an annuity to a spouse instead of a former spouse may (subject to paragraph (2)) be made at any time after the person providing the annuity remarries without regard to the time limitation in section 1448(a)(5)(B) of this title.”

(b) **APPLICABILITY.**—The amendment made by subsection (a) shall apply with respect to marriages occurring before, on, or after the date of the enactment of this Act. 10 USC 1450 note.

SEC. 643. REVIEW OF FEDERAL FORMER SPOUSE PROTECTION LAWS. 10 USC 1408 note.

(a) **REVIEW REQUIRED.**—The Secretary of Defense shall carry out a comprehensive review (including a comparison) of—

(1) the protections, benefits, and treatment afforded under Federal law to members and former members of the uniformed services and former spouses of such persons; and

(2) the protections, benefits, and treatment afforded under Federal law to employees and former employees of the Government and former spouses of such persons.

(b) **MILITARY PERSONNEL MATTERS TO BE REVIEWED.**—In the case of members and former members of the uniformed services and former spouses of such persons, the review under subsection (a) shall include the following:

(1) All provisions of law (principally those originally enacted in the Uniformed Services Former Spouses’ Protection Act (title X of Public Law 97–252)) that—

(A) establish, provide for the enforcement of, or otherwise protect interests of members and former members of the uniformed services and former spouses of such persons in retired or retainer pay of members and former members; or

(B) provide other benefits for members and former members of the uniformed services and former spouses of such persons.

(2) The experience of the uniformed services in administering those provisions of law, including the adequacy and effectiveness of the legal assistance provided by the Department of Defense in matters related to the Uniformed Services Former Spouses’ Protection Act.

(3) The experience of members and former members of the uniformed services and former spouses of such persons in the administration of those provisions of law.

(4) The experience of members and former members of the uniformed services and former spouses of such persons in the application of those provisions of law by State courts.

(5) The history of State statutes and State court interpretations of the Uniformed Services Former Spouses’ Protection Act and other provisions of Federal law described in paragraph

(1)(A) and the extent to which those interpretations follow those laws.

(c) **CIVILIAN PERSONNEL MATTERS TO BE REVIEWED.**—In the case of former spouses of employees and former employees of the Government, the review under subsection (a) shall include the following:

(1) All provisions of law that—

(A) establish, provide for the enforcement of, or otherwise protect interests of employees and former employees of the Government and former spouses of such persons in annuities of employees and former employees under Federal employees' retirement systems; or

(B) provide other benefits for employees and former employees of the Government and former spouses of such persons.

(2) The experience of the Office of Personnel Management and other agencies of the Government in administering those provisions of law.

(3) The experience of employees and former employees of the Government and former spouses of such persons in the administration of those provisions of law.

(4) The experience of employees and former employees of the Government and former spouses of such persons in the application of those provisions of law by State courts.

(d) **SAMPLING AUTHORIZED.**—The Secretary may use sampling in carrying out the review under this section.

(e) **REPORT.**—Not later than September 30, 1999, the Secretary shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report on the results of the review under subsection (a). The report shall include any recommendations for legislation that the Secretary considers appropriate.

10 USC 1448
note.

SEC. 644. ANNUITIES FOR CERTAIN MILITARY SURVIVING SPOUSES.

(a) **SURVIVOR ANNUITY.**—(1) The Secretary concerned shall pay an annuity to the qualified surviving spouse of each member of the uniformed services who—

(A) died before March 21, 1974, and was entitled to retired or retainer pay on the date of death; or

(B) was a member of a reserve component of the Armed Forces during the period beginning on September 21, 1972, and ending on October 1, 1978, and at the time of his death would have been entitled to retired pay under chapter 67 of title 10, United States Code (as in effect before December 1, 1994), but for the fact that he was under 60 years of age.

(2) A qualified surviving spouse for purposes of this section is a surviving spouse who has not remarried and who is not eligible for an annuity under section 4 of Public Law 92-425 (10 U.S.C. 1448 note).

(b) **AMOUNT OF ANNUITY.**—(1) An annuity under this section shall be paid at the rate of \$165 per month, as adjusted from time to time under paragraph (3).

(2) An annuity paid to a surviving spouse under this section shall be reduced by the amount of any dependency and indemnity compensation (DIC) to which the surviving spouse is entitled under section 1311(a) of title 38, United States Code.

(3) Whenever after the date of the enactment of this Act retired or retainer pay is increased under section 1401a(b)(2) of title 10, United States Code, each annuity that is payable under this section shall be increased at the same time and by the same total percent. The amount of the increase shall be based on the amount of the monthly annuity payable before any reduction under this section.

(c) APPLICATION REQUIRED.—No benefit shall be paid to any person under this section unless an application for such benefit is filed with the Secretary concerned by or on behalf of such person.

(d) DEFINITIONS.—For purposes of this section:

(1) The terms “uniformed services” and “Secretary concerned” have the meanings given such terms in section 101 of title 37, United States Code.

(2) The term “surviving spouse” has the meaning given the terms “widow” and “widower” in paragraphs (3) and (4) of section 1447 of title 10, United States Code.

(e) PROSPECTIVE APPLICABILITY.—(1) Annuities under this section shall be paid for months beginning after the month in which this Act is enacted.

(2) No benefit shall accrue to any person by reason of the enactment of this section for any period before the first month that begins after the month in which this Act is enacted.

(f) EXPIRATION OF AUTHORITY.—The authority to pay annuities under this section shall expire on September 30, 2001.

SEC. 645. ADMINISTRATION OF BENEFITS FOR SO-CALLED MINIMUM INCOME WIDOWS.

(a) PAYMENTS TO BE MADE BY SECRETARY OF VETERANS AFFAIRS.—Section 653(d) of the National Defense Authorization Act, Fiscal Year 1989 (10 U.S.C. 1448 note) is amended—

(1) by inserting “(1)” before “An annuity” the first place it appears; and

(2) by adding at the end the following new paragraph:
“(2) Payment of annuities under this section shall be made by the Secretary of Veterans Affairs. In making such payments, the Secretary shall combine the payment under this section with the payment of any amount due the same person under section 4 of Public Law 92–425 (10 U.S.C. 1448 note), as provided in subsection (e)(1) of that section. The Secretary concerned shall transfer amounts for payments under this section to the Secretary of Veterans Affairs in the same manner as is provided under subsection (e)(2) of section 4 of Public Law 92–425 for payments under that section.”.

(b) COMBINATION WITH OTHER BENEFITS.—Section 4(e)(1) of Public Law 92–425 (10 U.S.C. 1448 note) is amended—

(1) by inserting after the first sentence the following new sentence: “In making such payments, the Secretary shall combine with the payment under this section payment of any amount due the same person under section 653(d) of the National Defense Authorization Act, Fiscal Year 1989 (10 U.S.C. 1448 note).”; and

(2) by inserting “(and, if applicable, under section 653(d) of the National Defense Authorization Act, Fiscal Year 1989)” after “under this section”.

(c) EFFECTIVE DATE.—The amendments made by this section take effect on the first day of the first month beginning after the date of the enactment of this Act and shall apply with respect

Applicability.
10 USC 1448
note.

to payments of benefits for months beginning on or after that date, except that the Secretary of Veterans Affairs may provide, if necessary for administrative implementation, that such amendments shall apply beginning with a later month, not later than the first month beginning more than 180 days after the date of the enactment of this Act.

Subtitle E—Other Matters

SEC. 651. LOAN REPAYMENT PROGRAM FOR COMMISSIONED OFFICERS IN CERTAIN HEALTH PROFESSIONS.

(a) IN GENERAL.—Chapter 109 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 2173. Education loan repayment program: commissioned officers in specified health professions

“(a) AUTHORITY TO REPAY EDUCATION LOANS.—For the purpose of maintaining adequate numbers of commissioned officers of the armed forces on active duty who are qualified in the various health professions, the Secretary of a military department may repay, in the case of a person described in subsection (b), a loan that—

“(1) was used by the person to finance education regarding a health profession; and

“(2) was obtained from a governmental entity, private financial institution, school, or other authorized entity.

“(b) ELIGIBLE PERSONS.—To be eligible to obtain a loan repayment under this section, a person must—

“(1) satisfy one of the requirements specified in subsection (c);

“(2) be fully qualified for, or hold, an appointment as a commissioned officer in one of the health professions; and

“(3) sign a written agreement to serve on active duty, or, if on active duty, to remain on active duty for a period in addition to any other incurred active duty obligation.

“(c) ACADEMIC AND PROFESSIONAL REQUIREMENTS.—One of the following academic requirements must be satisfied for purposes of determining the eligibility of a person for a loan repayment under this section:

“(1) The person is fully qualified in a health care profession that the Secretary of the military department concerned has determined to be necessary to meet identified skill shortages.

“(2) The person is enrolled as a full-time student in the final year of a course of study at an accredited educational institution leading to a degree in a health profession other than medicine or osteopathic medicine.

“(3) The person is enrolled in the final year of an approved graduate program leading to specialty qualification in medicine, dentistry, osteopathic medicine, or other health profession.

“(d) CERTAIN PERSONS INELIGIBLE.—Participants of the Armed Forces Health Professions Scholarship and Financial Assistance program under subchapter I of chapter 105 of this title and students of the Uniformed Services University of the Health Sciences established under section 2112 of this title are not eligible for the repayment of an education loan under this section.

“(e) LOAN REPAYMENTS.—(1) Subject to the limits established by paragraph (2), a loan repayment under this section may consist

of payment of the principal, interest, and related expenses of a loan obtained by a person described in subsection (b) for—

“(A) all educational expenses, comparable to all educational expenses recognized under section 2127(a) of this title for participants in the Armed Forces Health Professions Scholarship and Financial Assistance program; and

“(B) reasonable living expenses, not to exceed expenses comparable to the stipend paid under section 2121(d) of this title for participants in the Armed Forces Health Professions Scholarship and Financial Assistance program.

“(2) For each year of obligated service that a person agrees to serve in an agreement described in subsection (b)(3), the Secretary of the military department concerned may pay not more than \$22,000 on behalf of the person. This maximum amount shall be increased annually by the Secretary of Defense effective October 1 of each year by the percentage equal to the percent increase in the average annual cost of educational expenses and stipend costs of a single scholarship under the Armed Forces Health Professions Scholarship and Financial Assistance program. The total amount that may be repaid on behalf of any person may not exceed an amount determined on the basis of a four-year active duty service obligation.

Effective date.

“(f) ACTIVE DUTY SERVICE OBLIGATION.—(1) A person entering into an agreement described in subsection (b)(3) incurs an active duty service obligation. The length of this obligation shall be determined under regulations prescribed by the Secretary of Defense, but those regulations may not provide for a period of obligation of less than one year for each maximum annual amount, or portion thereof, paid on behalf of the person for qualified loans.

Regulations.

“(2) For persons on active duty before entering into the agreement, the active duty service obligation shall be served consecutively to any other obligation incurred under the agreement.

“(g) EFFECT OF FAILURE TO COMPLETE OBLIGATION.—A commissioned officer who is relieved of the officer’s active duty obligation under this section before the completion of that obligation may be given, with or without the consent of the officer, any alternative obligation comparable to any of the alternative obligations authorized by section 2123(e) of this title for participants in the Armed Forces Health Professions Scholarship and Financial Assistance program.

“(h) REGULATIONS.—The Secretary of Defense shall prescribe regulations to carry out this section, including standards for qualified loans and authorized payees and other terms and conditions for the making of loan repayments.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“2173. Education loan repayment program: commissioned officers in specified health professions.”.

SEC. 652. CONFORMANCE OF NOAA COMMISSIONED OFFICERS SEPARATION PAY TO SEPARATION PAY FOR MEMBERS OF OTHER UNIFORMED SERVICES.

(a) ELIMINATION OF LIMITATIONS ON AMOUNT OF SEPARATION PAY.—Section 9 of the Coast and Geodetic Survey Commissioned Officers’ Act of 1948 (33 U.S.C. 853h) is amended—

(1) in subsection (b)(1), by striking out “, or \$30,000, whichever is less”;

(2) in subsection (b)(2), by striking out “, but in no event more than \$15,000”; and

(3) in subsection (d), by striking out “(1)”, and by striking out paragraph (2).

(b) **WAIVER OF RECOUPMENT OF AMOUNTS WITHHELD FOR TAX PURPOSES FROM CERTAIN SEPARATION PAY.**—Section 9(e)(2) of the Coast and Geodetic Survey Commissioned Officers’ Act of 1948 (33 U.S.C. 853h(e)(2)) is amended in the first sentence by inserting before the period at the end the following: “, less the amount of Federal income tax withheld from such pay (such withholding being at the flat withholding rate for Federal income tax withholding, as in effect pursuant to regulations prescribed under chapter 24 of the Internal Revenue Code of 1986)”.

33 USC 853h
note.

(c) **EFFECTIVE DATE AND APPLICATION.**—The amendments made by this section shall take effect as of October 1, 1997, and shall apply to payments of separation pay that are made after September 30, 1997.

SEC. 653. ELIGIBILITY OF PUBLIC HEALTH SERVICE OFFICERS AND NOAA COMMISSIONED CORPS OFFICERS FOR REIMBURSEMENT OF ADOPTION EXPENSES.

(a) **PUBLIC HEALTH SERVICE.**—Section 221(a) of the Public Health Service Act (42 U.S.C. 213a(a)) is amended by adding at the end the following new paragraph:

“(16) Section 1052, Reimbursement for adoption expenses.”.

(b) **NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION.**—Section 3(a) of the Act of August 10, 1956 (33 U.S.C. 857a(a)), is amended by adding at the end the following new paragraph:

“(16) Section 1052, Reimbursement for adoption expenses.”.

33 USC 857a
note.

(c) **PROSPECTIVE APPLICABILITY.**—The amendments made by this section shall apply only to adoptions that are completed on or after the date of the enactment of this Act.

SEC. 654. PAYMENT OF BACK QUARTERS AND SUBSISTENCE ALLOWANCES TO WORLD WAR II VETERANS WHO SERVED AS GUERRILLA FIGHTERS IN THE PHILIPPINES.

(a) **IN GENERAL.**—The Secretary of the military department concerned shall pay, upon request, to an individual described in subsection (b) the amount determined with respect to that individual under subsection (c).

(b) **COVERED INDIVIDUALS.**—A payment under subsection (a) shall be made to any individual who as a member of the Armed Forces during World War II—

(1) was captured within the territory of the Philippines by Japanese forces;

(2) escaped from captivity; and

(3) served as a guerrilla fighter in the Philippines during the period from January 1942 through February 1945.

(c) **AMOUNT TO BE PAID.**—The amount of a payment under subsection (a) shall be the amount of quarters and subsistence allowance which accrued to an individual described in subsection (b) during the period specified in paragraph (3) of subsection (b) and which was not paid to that individual. For the purposes of this subsection, the Secretary of War shall be deemed to have determined that conditions in the Philippines during the specified period justified payment under applicable regulations of quarters

and subsistence allowances at the maximum special rate for duty where emergency conditions existed. The Secretary shall apply interest compounded at the three-month Treasury bill rate.

(d) **PAYMENT TO SURVIVORS.**—In the case of any individual described in subsection (b) who is deceased, payment under this section with respect to that individual shall be made to that individual's nearest surviving relative, as determined by the Secretary concerned.

SEC. 655. SUBSISTENCE OF MEMBERS OF THE ARMED FORCES ABOVE THE POVERTY LEVEL.

(a) **STUDY AND REPORT.**—(1) The Secretary of Defense shall conduct a study of members of the Armed Forces and their families who subsist at, near, or below the poverty level. The study shall include the following:

(A) An analysis of potential solutions for ensuring that members of the Armed Forces and their families do not have to subsist at, near, or below the poverty level, including potential solutions involving changes in the system of allowances for members.

(B) Identification of the military populations most likely to need income support under Federal Government programs, including—

(i) the populations living in areas of the United States where housing costs are notably high;

(ii) the populations living outside the United States; and

(iii) the number of persons in each identified population.

(C) The desirability of increasing rates of basic pay and allowances for members over a defined period of years by a range of percentages that provides for higher percentage increases for lower ranking members than for higher ranking members.

(2) Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report containing the results of the study and such recommendations as the Secretary considers to be appropriate.

(b) **IMPLEMENTATION OF DEPARTMENT OF DEFENSE SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR PERSONNEL OUTSIDE THE UNITED STATES.**—(1) Subsection (b) of section 1060a of title 10, United States Code, is amended to read as follows:

“(b) **FEDERAL PAYMENTS AND COMMODITIES.**—For the purpose of obtaining Federal payments and commodities in order to carry out the program referred to in subsection (a), the Secretary of Agriculture shall make available to the Secretary of Defense the same payments and commodities as are made for the special supplemental food program in the United States under section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786). The Secretary of Defense may use funds available for the Department of Defense to carry out the program under subsection (a).”

(2) Not later than 90 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report regarding the intentions of the Secretary regarding implementation of the program authorized under section 1060a of title 10, United States Code, including any plans to implement the program.

10 USC 1060a
note.

TITLE VII—HEALTH CARE PROVISIONS

Subtitle A—Health Care Services

- Sec. 701. Expansion of retiree dental insurance plan to include surviving spouse and child dependents of certain deceased members.
- Sec. 702. Provision of prosthetic devices to covered beneficiaries.

Subtitle B—TRICARE Program

- Sec. 711. Addition of definition of TRICARE program to title 10.
- Sec. 712. Plan for expansion of managed care option of TRICARE program.

Subtitle C—Uniformed Services Treatment Facilities

- Sec. 721. Implementation of designated provider agreements for Uniformed Services Treatment Facilities.
- Sec. 722. Continued acquisition of reduced-cost drugs.
- Sec. 723. Limitation on total payments.

Subtitle D—Other Changes to Existing Laws Regarding Health Care Management

- Sec. 731. Improvements in health care coverage and access for members assigned to certain duty locations far from sources of care.
- Sec. 732. Waiver or reduction of copayments under overseas dental program.
- Sec. 733. Premium collection requirements for medical and dental insurance programs; extension of deadline for implementation of dental insurance program for military retirees.
- Sec. 734. Dental insurance plan coverage for retirees of the Public Health Service and NOAA.
- Sec. 735. Consistency between CHAMPUS and Medicare in payment rates for services.
- Sec. 736. Use of personal services contracts for provision of health care services and legal protection for providers.
- Sec. 737. Portability of State licenses for Department of Defense health care professionals.
- Sec. 738. Standard form and requirements regarding claims for payment for services.
- Sec. 739. Chiropractic health care demonstration program.

Subtitle E—Other Matters

- Sec. 741. Continued admission of civilians as students in physician assistant training program of Army Medical Department.
- Sec. 742. Payment for emergency health care overseas for military and civilian personnel of the On-Site Inspection Agency.
- Sec. 743. Authority for agreement for use of medical resource facility, Alamogordo, New Mexico.
- Sec. 744. Disclosures of cautionary information on prescription medications.
- Sec. 745. Competitive procurement of certain ophthalmic services.
- Sec. 746. Comptroller General study of adequacy and effect of maximum allowable charges for physicians under CHAMPUS.
- Sec. 747. Comptroller General study of Department of Defense pharmacy programs.
- Sec. 748. Comptroller General study of Navy graduate medical education program.
- Sec. 749. Study of expansion of pharmaceuticals by mail program to include additional Medicare-eligible covered beneficiaries.
- Sec. 750. Comptroller General study of requirement for military medical facilities in National Capital Region.
- Sec. 751. Report on policies and programs to promote healthy lifestyles for members of the Armed Forces and their dependents.
- Sec. 752. Sense of Congress regarding quality health care for retirees.

Subtitle F—Persian Gulf Illness

- Sec. 761. Definitions.
- Sec. 762. Plan for health care services for Persian Gulf veterans.
- Sec. 763. Comptroller General study of revised disability criteria for physical evaluation boards.
- Sec. 764. Medical care for certain reserves who served in Southwest Asia during the Persian Gulf War.
- Sec. 765. Improved medical tracking system for members deployed overseas in contingency or combat operations.

- Sec. 766. Notice of use of investigational new drugs or drugs unapproved for their applied use.
Sec. 767. Report on plans to track location of members in a theater of operations.
Sec. 768. Sense of Congress regarding the deployment of specialized units for detecting and monitoring chemical, biological, and similar hazards in a theater of operations.
Sec. 769. Report on effectiveness of research efforts regarding Gulf War illnesses.
Sec. 770. Persian Gulf illness clinical trials program.
Sec. 771. Sense of Congress concerning Gulf War illness.

Subtitle A—Health Care Services

SEC. 701. EXPANSION OF RETIREE DENTAL INSURANCE PLAN TO INCLUDE SURVIVING SPOUSE AND CHILD DEPENDENTS OF CERTAIN DECEASED MEMBERS.

Section 1076c(b)(4) of title 10, United States Code, is amended—
(1) in subparagraph (A)—

(A) by striking out “dies” and inserting in lieu thereof “died”; and

(B) by striking out “or” at the end of the subparagraph;

(2) by striking out the period at the end of subparagraph

(B) and inserting in lieu thereof “; or”; and

(3) by adding at the end the following new subparagraph:

“(C) who died while on active duty for a period of more than 30 days and whose eligible dependents are not eligible, or no longer eligible, for dental benefits under section 1076a of this title pursuant to subsection (i)(2) of such section.”.

SEC. 702. PROVISION OF PROSTHETIC DEVICES TO COVERED BENEFICIARIES.

(a) INCLUSION AMONG AUTHORIZED CARE.—Subsection (a) of section 1077 of title 10, United States Code, is amended by adding at the end the following new paragraph:

“(15) Prosthetic devices, as determined by the Secretary of Defense to be necessary because of significant conditions resulting from trauma, congenital anomalies, or disease.”.

(b) CONFORMING AMENDMENT.—Subsection (b) of such section is amended by striking out paragraph (2) and inserting in lieu thereof the following new paragraph:

“(2) Hearing aids, orthopedic footwear, and spectacles, except that, outside of the United States and at stations inside the United States where adequate civilian facilities are unavailable, such items may be sold to dependents at cost to the United States.”.

SEC. 703. STUDY CONCERNING THE PROVISION OF COMPARATIVE INFORMATION.

10 USC 1073
note.

(a) STUDY.—The Secretary of Defense shall conduct a study concerning the provision of the information described in subsection (b) to beneficiaries under the TRICARE program established under the authority of chapter 55 of title 10, United States Code, and prepare and submit to Congress a report concerning such study.

(b) PROVISION OF COMPARATIVE INFORMATION.—Information described in this subsection, with respect to a managed care entity that contracts with the Secretary of Defense to provide medical assistance under the program described in subsection (a), shall include the following:

(1) The benefits covered by the entity involved, including—

- (A) covered items and services beyond those provided under a traditional fee-for-service program;
- (B) any beneficiary cost sharing; and
- (C) any maximum limitations on out-of-pocket expenses.
- (2) The net monthly premium, if any, under the entity.
- (3) The service area of the entity.
- (4) To the extent available, quality and performance indicators for the benefits under the entity (and how they compare to such indicators under the traditional fee-for-service programs in the area involved), including—
 - (A) disenrollment rates for enrollees electing to receive benefits through the entity for the previous two years (excluding disenrollment due to death or moving outside the service area of the entity);
 - (B) information on enrollee satisfaction;
 - (C) information on health process and outcomes;
 - (D) grievance procedures;
 - (E) the extent to which an enrollee may select the health care provider of their choice, including health care providers within the network of the entity and out-of-network health care providers (if the entity covers out-of-network items and services); and
 - (F) an indication of enrollee exposure to balance billing and the restrictions on coverage of items and services provided to such enrollee by an out-of-network health care provider.
- (5) Whether the entity offers optional supplemental benefits and the terms and conditions (including premiums) for such coverage.
- (6) An overall summary description as to the method of compensation of participating physicians.

Subtitle B—TRICARE Program

SEC. 711. ADDITION OF DEFINITION OF TRICARE PROGRAM TO TITLE 10.

Section 1072 of title 10, United States Code, is amended by adding at the end the following new paragraph:

“(7) The term ‘TRICARE program’ means the managed health care program that is established by the Department of Defense under the authority of this chapter, principally section 1097 of this title, and includes the competitive selection of contractors to financially underwrite the delivery of health care services under the Civilian Health and Medical Program of the Uniformed Services.”.

SEC. 712. PLAN FOR EXPANSION OF MANAGED CARE OPTION OF TRICARE PROGRAM.

(a) **PLAN FOR EXPANSION OF TRICARE PRIME.**—The Secretary of Defense shall prepare a plan for the expansion of the managed care option of the TRICARE Program, known as TRICARE Prime, into areas of the United States located outside of the catchment areas of medical treatment facilities of the uniformed services, but in which the managed care option is a cost-effective alternative because of—

(1) the significant number of members of the uniformed services and covered beneficiaries under chapter 55 of title 10, United States Code (including retired members of the Armed Forces and their dependents), who reside in the areas; and

(2) the presence in the areas of sufficient nonmilitary health care provider networks.

(b) **ALTERNATIVES.**—As an alternative to expansion of TRICARE Prime to areas of the United States in which there are few or no nonmilitary health care provider networks, the Secretary shall include in the plan required under subsection (a) an evaluation of the feasibility and cost-effectiveness of providing a member of the Armed Forces on active duty who is stationed in such an area, or whose dependents reside in such an area, with one or both of the following:

(1) A monetary stipend to assist the member in obtaining health care services for the member or the member's dependents.

(2) A reduction in the cost-sharing requirements applicable to the TRICARE program options otherwise available to the member to match the reduced cost-sharing responsibilities of the managed care option of the TRICARE program.

(c) **SUBMISSION OF PLAN.**—Not later than March 1, 1998, the Secretary shall submit to Congress the plan required under subsection (a).

Subtitle C—Uniformed Services Treatment Facilities

SEC. 721. IMPLEMENTATION OF DESIGNATED PROVIDER AGREEMENTS FOR UNIFORMED SERVICES TREATMENT FACILITIES.

(a) **COMMENCEMENT OF HEALTH CARE SERVICES UNDER AGREEMENT.**—Subsection (c) of section 722 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201, 10 U.S.C. 1073 note) is amended—

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B);

(2) by inserting “(1)” before “Unless”; and

(3) by adding at the end the following new paragraph:

“(2) The Secretary may modify the effective date established under paragraph (1) for an agreement to permit a transition period of not more than six months between the date on which the agreement is executed by the parties and the date on which the designated provider commences the delivery of health care services under the agreement.”.

(b) **TEMPORARY CONTINUATION OF EXISTING PARTICIPATION AGREEMENTS.**—Subsection (d) of such section is amended by inserting before the period at the end the following: “, including any transitional period provided by the Secretary under paragraph (2) of such subsection”.

SEC. 722. CONTINUED ACQUISITION OF REDUCED-COST DRUGS.

Section 722 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 10 U.S.C. 1073 note) is amended by adding at the end the following new subsection:

“(g) CONTINUED ACQUISITION OF REDUCED-COST DRUGS.—A designated provider shall be treated as part of the Department of Defense for purposes of section 8126 of title 38, United States Code, in connection with the provision by the designated provider of health care services to covered beneficiaries pursuant to the participation agreement of the designated provider under section 718(c) of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101–510; 42 U.S.C. 248c note) or pursuant to the agreement entered into under subsection (b).”.

SEC. 723. LIMITATION ON TOTAL PAYMENTS.

Section 726(b) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 10 U.S.C. 1073 note) is amended by adding at the end the following new sentence: “In establishing the ceiling rate for enrollees with the designated providers who are also eligible for the Civilian Health and Medical Program of the Uniformed Services, the Secretary of Defense shall take into account the health status of the enrollees.”.

Subtitle D—Other Changes to Existing Laws Regarding Health Care Management

**SEC. 731. IMPROVEMENTS IN HEALTH CARE COVERAGE AND ACCESS
FOR MEMBERS ASSIGNED TO CERTAIN DUTY LOCATIONS
FAR FROM SOURCES OF CARE.**

(a) SUPPLEMENTAL CARE PROGRAM.—(1) Section 1074(c) of title 10, United States Code, is amended—

(A) by inserting “(1)” after “(c)”; and

(B) by adding at the end the following new paragraphs:

“(2)(A) Subject to such exceptions as the Secretary of Defense considers necessary, coverage for medical care for members of the armed forces under this subsection, and standards with respect to timely access to such care, shall be comparable to coverage for medical care and standards for timely access to such care under the managed care option of the TRICARE program known as TRICARE Prime.

Contracts.

“(B) The Secretary of Defense shall enter into arrangements with contractors under the TRICARE program or with other appropriate contractors for the timely and efficient processing of claims under this subsection.

“(3)(A) The Secretary of Defense may not require a member of the armed forces described in subparagraph (B) to receive routine primary medical care at a military medical treatment facility.

“(B) A member referred to in subparagraph (A) is a member of the armed forces on active duty who is entitled to medical care under this subsection and who—

“(i) receives a duty assignment described in subparagraph (C); and

“(ii) pursuant to the assignment of such duty, resides at a location that is more than 50 miles, or approximately one hour of driving time, from the nearest military medical treatment facility adequate to provide the needed care.

“(C) A duty assignment referred to in subparagraph (B) means any of the following:

“(i) Permanent duty as a recruiter.

“(ii) Permanent duty at an educational institution to instruct, administer a program of instruction, or provide administrative services in support of a program of instruction for the Reserve Officers’ Training Corps.

“(iii) Permanent duty as a full-time adviser to a unit of a reserve component.

“(iv) Any other permanent duty designated by the Secretary concerned for purposes of this paragraph.”.

(2) The amendments made by paragraph (1) shall apply with respect to coverage of medical care for, and the provision of such care to, a member of the Armed Forces under section 1074(c) of title 10, United States Code, on and after the later of the following:

Applicability.
10 USC 1074
note.

(A) April 1, 1998.

(B) The date on which the TRICARE program is in place in the service area of the member.

(b) TEMPORARY AUTHORITY FOR MANAGED CARE EXPANSION TO MEMBERS ON ACTIVE DUTY AT CERTAIN REMOTE LOCATIONS.—(1) A member of the Armed Forces described in subsection (c) is entitled to receive care under the Civilian Health and Medical Program of the Uniformed Services. In connection with such care, the Secretary of Defense shall waive the obligation of the member to pay a deductible, copayment, or annual fee that would otherwise be applicable under that program for care provided to the members under the program.

10 USC 1074
note.

(2) A member who is entitled under paragraph (1) to receive health care services under CHAMPUS shall receive such care from a network provider under the TRICARE program if such a provider is available in the service area of the member.

(3) Paragraph (1) shall take effect on the date of the enactment of this Act and shall expire with respect to a member upon the later of the following:

Effective date.
Expiration date.

(A) The date that is one year after the date of the enactment of this Act.

(B) The date on which the amendments made by subsection (a) apply with respect to the coverage of medical care for, and provision of such care to, the member.

(c) ELIGIBLE MEMBERS.—A member referred to in subsection (b) is a member of the Armed Forces on active duty who—

10 USC 1074
note.

(1) receives a duty assignment described in subsection (d); and

(2) pursuant to the assignment of such duty, resides at a location that is more than 50 miles, or approximately one hour of driving time, from—

(A) the nearest health care facility of the uniformed services adequate to provide the needed care under chapter 55 of title 10, United States Code; and

(B) the nearest source of the needed care that is available to the member under the TRICARE Prime plan.

(d) DUTY ASSIGNMENTS COVERED.—A duty assignment referred to in subsection (c)(1) means any of the following:

10 USC 1074
note.

(1) Permanent duty as a recruiter.

(2) Permanent duty at an educational institution to instruct, administer a program of instruction, or provide administrative services in support of a program of instruction for the Reserve Officers’ Training Corps.

(3) Permanent duty as a full-time adviser to a unit of a reserve component of the Armed Forces.

(4) Any other permanent duty designated by the Secretary concerned for purposes of this subsection.

10 USC 1074
note.

(e) PAYMENT OF COSTS.—Deductibles, copayments, and annual fees not payable by a member by reason of a waiver granted under the regulations prescribed pursuant to subsection (b) shall be paid out of funds available to the Department of Defense for the Defense Health Program.

10 USC 1074
note.

(f) DEFINITIONS.—In this section:

(1) The term “TRICARE program” has the meaning given that term in section 1072(7) of title 10, United States Code.

(2) The term “TRICARE Prime plan” means a plan under the TRICARE program that provides for the voluntary enrollment of persons for the receipt of health care services to be furnished in a manner similar to the manner in which health care services are furnished by health maintenance organizations.

SEC. 732. WAIVER OR REDUCTION OF COPAYMENTS UNDER OVERSEAS DENTAL PROGRAM.

Section 1076a(h) of title 10, United States Code, is amended—

(1) in the first sentence, by striking out “Secretary” and inserting in lieu thereof “Secretary of Defense”; and

(2) by adding at the end the following new sentence: “In the case of such an overseas dental plan, the Secretary may waive or reduce the copayments otherwise required by subsection (e) to the extent the Secretary determines appropriate for the effective and efficient operation of the plan.”.

Regulations.

SEC. 733. PREMIUM COLLECTION REQUIREMENTS FOR MEDICAL AND DENTAL INSURANCE PROGRAMS; EXTENSION OF DEADLINE FOR IMPLEMENTATION OF DENTAL INSURANCE PROGRAM FOR MILITARY RETIREES.

(a) PREMIUM COLLECTION FOR SELECTED RESERVE DENTAL INSURANCE.—Paragraph (3) of section 1076b(b) of title 10, United States Code, is amended to read as follows:

“(3) The Secretary of Defense shall establish procedures for the collection of the member’s share of the premium for coverage by the dental insurance plan. To the maximum extent practicable, a member’s share shall be deducted and withheld from the basic pay payable to the member for inactive duty training or basic pay payable to the member for active duty (if pay is available to the member). Such share shall be used to pay the premium for coverage by the dental insurance plan.”.

(b) PREMIUM COLLECTION FOR RETIREE DENTAL INSURANCE PLAN.—Paragraph (2) of section 1076c(c) of such title is amended to read as follows:

“(2) The Secretary of Defense shall establish procedures for the collection of the premiums charged for coverage by the dental insurance plan. To the maximum extent practicable, the premiums payable by a member entitled to retired pay shall be deducted and withheld from the retired pay of the member (if pay is available to the member).”.

10 USC 1076b
note.

(c) REPORT TO CONGRESS.—Not later than March 1, 1998, the Secretary of Defense shall submit to Congress a report on the premium collection procedures established pursuant to paragraph (3) of section 1076b(b) of title 10, United States Code, and paragraph

(2) of section 1076c(c) of such title. The report shall describe the extent to which premium collections are made under such paragraphs through deductions and withholding from pay.

(d) **LIMITATION ON IMPLEMENTATION OF ALTERNATIVE COLLECTION PROCEDURES.**—The Secretary of Defense may not implement procedures for collecting premiums under section 1076b(b)(3) of title 10, United States Code, or section 1076c(c)(2) of such title other than by deductions and withholding from pay until 120 days after the date that the Secretary submits a report to Congress describing the justifications for implementing such alternative procedures.

10 USC 1076b
note.

(e) **EXTENSION OF DEADLINE FOR IMPLEMENTATION OF DENTAL INSURANCE PLAN FOR MILITARY RETIREES.**—Section 703(b) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2590) is amended by striking “October 1, 1997” and inserting “April 1, 1998”.

10 USC 1076c
note.

SEC. 734. DENTAL INSURANCE PLAN COVERAGE FOR RETIREES OF THE PUBLIC HEALTH SERVICE AND NOAA.

(a) **ELIGIBILITY.**—(1) Subsection (a) of section 1076c of title 10, United States Code, is amended by striking out “military retirees” and inserting in lieu thereof “retirees of the uniformed services”.

(2) Subsection (b)(1) of such section is amended by striking out “Armed Forces” and inserting in lieu thereof “uniformed services”.

(b) **OFFICIALS RESPONSIBLE.**—(1) Subsection (a) of such section (as amended by subsection (a)) is further amended by inserting “, in consultation with the other administering Secretaries,” after “Secretary of Defense”.

(2) Subsection (h) of such section is amended by striking out “Secretary of Transportation” and inserting in lieu thereof “other administering Secretaries”.

SEC. 735. CONSISTENCY BETWEEN CHAMPUS AND MEDICARE IN PAYMENT RATES FOR SERVICES.

(a) **CONFORMITY BETWEEN RATES.**—Section 1079(h) of title 10, United States Code, is amended by striking out paragraphs (1), (2), and (3) and inserting in lieu thereof the following new paragraph:

“(1) Except as provided in paragraphs (2) and (3), payment for a charge for services by an individual health care professional (or other noninstitutional health care provider) for which a claim is submitted under a plan contracted for under subsection (a) shall be equal to an amount determined to be appropriate, to the extent practicable, in accordance with the same reimbursement rules as apply to payments for similar services under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.). The Secretary of Defense shall determine the appropriate payment amount under this paragraph in consultation with the other administering Secretaries.”

(b) **REDUCED RATES AUTHORIZED.**—Paragraph (5) of such section is amended by adding at the end the following new sentence: “With the consent of the health care provider, the Secretary is also authorized to reduce the authorized payment for certain health care services below the amount otherwise required by the payment limitations under paragraph (1).”.

(c) CONFORMING AMENDMENTS.—Such section is further amended—

(1) in paragraph (5), by striking out “paragraph (4), the Secretary” and inserting in lieu thereof “paragraph (2), the Secretary of Defense”; and

(2) by redesignating paragraphs (4), (5), and (6) as paragraphs (2), (3), and (4), respectively.

SEC. 736. USE OF PERSONAL SERVICES CONTRACTS FOR PROVISION OF HEALTH CARE SERVICES AND LEGAL PROTECTION FOR PROVIDERS.

(a) USE OF CONTRACTS OUTSIDE MEDICAL TREATMENT FACILITIES.—Section 1091(a) of title 10, United States Code, is amended—

(1) by inserting “(1)” before “The Secretary of Defense”; and

(2) by adding at the end the following new paragraph:

“(2) The Secretary of Defense, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, may also enter into personal services contracts to carry out other health care responsibilities of the Secretary (such as the provision of medical screening examinations at Military Entrance Processing Stations) at locations outside medical treatment facilities, as determined necessary pursuant to regulations prescribed by the Secretary. The Secretary may not enter into a contract under this paragraph after the end of the one-year period beginning on the date of the enactment of this paragraph.”.

(b) DEFENSE OF SUITS.—Section 1089 of such title is amended—

(1) in subsection (a), by adding at the end the following new sentence: “This subsection shall also apply if the physician, dentist, nurse, pharmacist, or paramedical or other supporting personnel (or the estate of such person) involved is serving under a personal services contract entered into under section 1091 of this title.”; and

(2) in subsection (f)—

(A) by inserting “(1)” after “(f)”; and

(B) by adding at the end the following new paragraph:

“(2) With respect to the Secretary of Defense and the Armed Forces Retirement Home Board, the authority provided by paragraph (1) also includes the authority to provide for reasonable attorney’s fees for persons described in subsection (a), as determined necessary pursuant to regulations prescribed by the head of the agency concerned.”.

(c) REPORT.—Not later than March 31, 1998, the Secretary of Defense shall submit to Congress a report on the feasible alternative means for performing the medical screening examinations that are routinely performed at Military Entrance Processing Stations. The report shall contain a discussion of the feasibility and cost of the use of—

(1) the TRICARE system for the performance of the examinations; and

(2) each other alternative identified in the report.

SEC. 737. PORTABILITY OF STATE LICENSES FOR DEPARTMENT OF DEFENSE HEALTH CARE PROFESSIONALS.

Section 1094 of title 10, United States Code, is amended—

(1) by redesignating subsection (d) as subsection (e); and

Applicability.

(2) by inserting after subsection (c) the following new subsection:

“(d)(1) Notwithstanding any law regarding the licensure of health care providers, a health-care professional described in paragraph (2) may practice the health profession or professions of the health-care professional in any State, the District of Columbia, or a Commonwealth, territory, or possession of the United States, regardless of whether the practice occurs in a health care facility of the Department of Defense, a civilian facility affiliated with the Department of Defense, or any other location authorized by the Secretary of Defense.

“(2) A health-care professional referred to in paragraph (1) is a member of the armed forces who—

“(A) has a current license to practice medicine, osteopathic medicine, dentistry, or another health profession; and

“(B) is performing authorized duties for the Department of Defense.”.

SEC. 738. STANDARD FORM AND REQUIREMENTS REGARDING CLAIMS FOR PAYMENT FOR SERVICES.

Regulations.

(a) CLARIFICATION OF EXISTING REQUIREMENTS.—Section 1106 of title 10, United States Code, is amended to read as follows:

“§ 1106. Submittal of claims: standard form; time limits

“(a) STANDARD FORM.—The Secretary of Defense, after consultation with the other administering Secretaries, shall prescribe by regulation a standard form for the submission of claims for the payment of health care services provided under this chapter.

“(b) TIME FOR SUBMISSION.—A claim for payment for services provided under this chapter shall be submitted as provided in such regulations not later than one year after the services are provided.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 55 of title 10, United States Code, is amended by striking out the item relating to section 1106 and inserting in lieu thereof the following new item:

“1106. Submittal of claims: standard form; time limits.”.

SEC. 739. CHIROPRACTIC HEALTH CARE DEMONSTRATION PROGRAM.

(a) TWO-YEAR EXTENSION.—Subsection (b) of section 731 of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103–337; 10 U.S.C. 1092 note) is amended by striking out “1997” and inserting in lieu thereof “1999”.

(b) EXPANSION TO AT LEAST THREE ADDITIONAL TREATMENT FACILITIES.—Subsection (a)(2)(A) of such section is amended by striking out “not less than 10” and inserting in lieu thereof “the National Naval Medical Center, the Walter Reed Army Medical Center, and not less than 11 other”.

(c) REPORTS.—Subsection (c) of such section is amended—

(1) by striking paragraph (3); and

(2) by adding at the end the following new paragraphs:

“(3) Not later than January 30, 1998, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report that identifies the additional treatment facilities designated to furnish chiropractic care under the program that were not so designated before the report required by paragraph

(1) was prepared, together with the plan for the conduct of the program at the additional treatment facilities.

“(4) Not later than May 1, 1998, the Secretary of Defense shall modify the plan for evaluating the program submitted pursuant to paragraph (2) in order to provide for the evaluation of the program at all of the designated treatment facilities under the program, including the treatment facilities referred to in paragraph (3).

“(5) Not later than May 1, 2000, the Secretary shall submit to the committees referred to in paragraph (3) a final report in accordance with the plan submitted pursuant to paragraph (2).”.

Subtitle E—Other Matters

SEC. 741. CONTINUED ADMISSION OF CIVILIANS AS STUDENTS IN PHYSICIAN ASSISTANT TRAINING PROGRAM OF ARMY MEDICAL DEPARTMENT.

(a) CIVILIAN ATTENDANCE.—(1) Chapter 407 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 4416. Academy of Health Sciences: admission of civilians in physician assistant training program

“(a) IN GENERAL.—The Secretary of the Army may, pursuant to an agreement entered into with an accredited institution of higher education—

“(1) permit students of the institution to attend the didactic portion of the physician assistant training program conducted by the Army Medical Department at the Academy of Health Sciences at Fort Sam Houston, Texas; and

“(2) accept from the institution academic services to support the physician assistant training program at the Academy.

“(b) AGREEMENT FOR EXCHANGE OF SERVICES.—An agreement entered into with an institution of higher education under this section shall require the institution, in exchange for services provided under paragraph (1) of subsection (a), to provide academic services described in paragraph (2) of such subsection that the Secretary and authorized representatives of the institution consider appropriate.

Regulations.

“(c) SELECTION OF STUDENTS.—In consultation with the authorized representatives of the institution of higher education concerned, the Secretary shall prescribe the qualifications and methods of selection for students of the institution to receive instruction at the Academy under this section. The qualifications shall be comparable to those generally required for admission to the physician assistant training program at the Academy.

“(d) RULES OF ATTENDANCE.—Except as the Secretary determines necessary, a student who receives instruction at the Academy under this section shall be subject to the same regulations governing attendance, discipline, discharge, and dismissal as apply to other persons attending the Academy.

“(e) LIMITATIONS.—The Secretary shall ensure the following:

“(1) That the Army Medical Department, in carrying out an agreement under this section, does not incur costs in excess of the costs that the department would incur to obtain, by means other than the agreement, academic services that are

comparable to those provided by the institution pursuant to the agreement.

“(2) That attendance of civilian students at the Academy under this section does not cause a decrease in the number of members of the armed forces enrolled in the physician assistant training program at the Academy.

“(f) ANNUAL REPORT.—(1) Each year, the Secretary shall submit to Congress a report on the exchange of services under this section during the year. The report shall contain the following:

“(A) The number of civilian students who receive instruction at the Academy under this section.

“(B) An assessment of the benefits derived by the United States.

“(2) Reports are required under paragraph (1) only for years during which an agreement is in effect under this section.”.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“4416. Academy of Health Sciences: admission of civilians in physician assistant training program.”.

(b) EFFECT ON EXISTING DEMONSTRATION PROGRAM.—An agreement entered into under the demonstration program for the admission of civilians as physician assistant students at the Academy of Health Sciences, Fort Sam Houston, Texas, established pursuant to section 732 of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103–337; 108 Stat. 2810) shall be treated as an agreement entered into under section 4416 of title 10, United States Code (as added by subsection (a)). The agreement may be extended in such manner and for such period as the parties to the agreement consider appropriate consistent with section 4416.

SEC. 742. PAYMENT FOR EMERGENCY HEALTH CARE OVERSEAS FOR MILITARY AND CIVILIAN PERSONNEL OF THE ON-SITE INSPECTION AGENCY.

(a) PAYMENT OF COSTS.—The Secretary of Defense may pay the costs of any emergency health care that—

(1) is needed by a member of the Armed Forces, civilian employee of the Department of Defense, or civilian employee of a contractor operating under a contract with the Department of Defense while the member or employee is performing temporary or permanent duty with the On-Site Inspection Agency outside the United States; and

(2) is furnished to such person during fiscal year 1998 by a source outside the United States.

(b) FUNDING.—Funds authorized to be appropriated for the expenses of the On-Site Inspection Agency for fiscal year 1998 by this Act shall be available to cover payments for emergency health care provided under subsection (a).

SEC. 743. AUTHORITY FOR AGREEMENT FOR USE OF MEDICAL RESOURCE FACILITY, ALAMOGORDO, NEW MEXICO.

(a) AUTHORITY.—(1) The Secretary of the Air Force may enter into an agreement with Gerald Champion Hospital, Alamogordo, New Mexico, under which the Secretary may furnish health care services to eligible individuals in a medical resource facility in Alamogordo, New Mexico, that is constructed and equipped, in part, using funds provided by the Secretary under the agreement.

(2) For purposes of this section:

(A) The term “eligible individual” means any individual eligible for medical and dental care under chapter 55 of title 10, United States Code, including any member of the uniformed services entitled to such care under section 1074(a) of that title.

(B) The terms “medical resource facility” and “facility” mean the medical resource facility to be constructed and equipped pursuant to the agreement authorized by paragraph (1).

(C) The term “Hospital” means Gerald Champion Hospital, Alamogordo, New Mexico.

(b) CONTENT OF AGREEMENT.—Any agreement entered into under subsection (a) shall specify, at a minimum, the following:

(1) The relationship between the Hospital and the Secretary of the Air Force in the provision of health care services to eligible individuals in the medical resource facility, including—

(A) whether or not the Secretary and the Hospital are to use and administer the facility jointly or independently; and

(B) under what circumstances the Hospital is to act as a provider of health care services under the managed care option of the TRICARE program known as TRICARE Prime.

(2) Matters relating to the administration of the agreement, including—

(A) the duration of the agreement;

(B) the rights and obligations of the Secretary and the Hospital under the agreement, including any contracting or grievance procedures applicable under the agreement;

(C) the types of care to be provided to eligible individuals under the agreement, including the cost to the Department of the Air Force of providing the care to eligible individuals during the term of the agreement;

(D) the access of Air Force medical personnel to the facility under the agreement;

(E) the rights and responsibilities of the Secretary and the Hospital upon termination of the agreement; and

(F) any other matters jointly identified by the Secretary and the Hospital.

(3) The nature of the arrangement between the Secretary and the Hospital with respect to the ownership of the facility and any property under the agreement, including—

(A) the nature of that arrangement while the agreement is in force;

(B) the nature of that arrangement upon termination of the agreement; and

(C) any requirement for reimbursement of the Secretary by the Hospital as a result of the arrangement upon termination of the agreement.

(4) The amount of the funds made available under subsection (c) that the Secretary will contribute for the construction and equipping of the facility.

(5) Any conditions or restrictions relating to the construction, equipping, or use of the facility.

(c) AVAILABILITY OF FUNDS FOR CONSTRUCTION AND EQUIPPING OF FACILITY.—(1) Of the amount authorized to be appropriated

pursuant to section 301(4) for operation and maintenance for the Air Force, not more than \$7,000,000 may be used by the Secretary of the Air Force to make a contribution toward the construction and equipping of the medical resource facility in the event that the Secretary enters into the agreement authorized by subsection (a). Notwithstanding any other provision of law, the Secretary may not use other sources of funds to make a contribution toward the construction or equipping of the facility.

(2) Notwithstanding subsection (b)(3) regarding the ownership and reimbursement issues to be addressed in the agreement authorized by subsection (a), the Secretary may not contribute funds made available under paragraph (1) toward the construction and equipping of the facility unless the agreement requires, in exchange for the contribution, that the Hospital provide health care services to eligible individuals without charge to the Secretary or at a reduced rate. The value of the services provided by the Hospital shall be at least equal to the amount of the contribution made by the Secretary, and the Hospital shall complete the provision of services equal in value to the Secretary's contribution within seven years after the facility becomes operational. The provision of additional discounted services to be provided by the Hospital shall be included in the agreement. The value and types of services to be provided by the Hospital shall be negotiated in accordance with principles of resource-sharing agreements under the TRICARE program.

(d) NOTICE AND WAIT.—The Secretary of the Air Force may not enter into the agreement authorized by subsection (a) until 90 days after the Secretary of Defense submits to the congressional defense committees the report required by subsection (e).

(e) REPORT ON PROPOSED AGREEMENT.—The Secretary of Defense shall submit to Congress a report containing an analysis of, and recommendations regarding, the agreement proposed to be entered into under subsection (a), in particular, the implications of the agreement on regional health care costs and its effect on implementation of the TRICARE program in the region. The report shall also include a copy of the agreement, the results of a cost-benefit analysis conducted by the Secretary of the Air Force with respect to the agreement, and such other information with respect to the agreement as the Secretary of Defense and the Secretary of the Air Force considers appropriate. The cost-benefit analysis shall consider the effects of the agreement on operation and maintenance and military construction requirements at Holloman Air Force Base, New Mexico.

(f) SUBSEQUENT REPORTS.—If the Secretary of the Air Force enters into the agreement authorized by subsection (a), the Secretary shall submit to Congress an annual report containing a revised cost-benefit analysis of the consequences of the agreement as in effect during the year covered by the report, including a full accounting of any cost savings realized by the Department of the Air Force as a result of the agreement. A report shall be submitted for each year in which the agreement is in effect or until the Hospital provides the full value of health care services required under subsection (c)(2), whichever occurs first.

10 USC 1073
note.

SEC. 744. DISCLOSURES OF CAUTIONARY INFORMATION ON PRESCRIPTION MEDICATIONS.

(a) **REGULATIONS REQUIRED.**—Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense, in consultation with the administering Secretaries referred to in section 1073 of title 10, United States Code, shall prescribe regulations to require each source described in subsection (d) that dispenses a prescription medication to a beneficiary under chapter 55 of such title to include with the medication the written cautionary information required by subsection (b).

(b) **INFORMATION TO BE DISCLOSED.**—Information required to be disclosed about a medication under the regulations shall include appropriate cautions about usage of the medication, including possible side effects and potentially hazardous interactions with foods.

(c) **FORM OF INFORMATION.**—The regulations shall require that information be furnished in a form that, to the maximum extent practicable, is easily read and understood.

(d) **COVERED SOURCES.**—The regulations shall apply to the following:

(1) Pharmacies and any other dispensers of prescription medications in medical facilities of the uniformed services.

(2) Sources of prescription medications under any mail order pharmaceuticals program provided by any of the administering Secretaries under chapter 55 of title 10, United States Code.

(3) Pharmacies paid under the Civilian Health and Medical Program of the Uniformed Services (including the TRICARE program).

(4) Pharmacies, and any other pharmaceutical dispensers, of designated providers referred to in section 721(5) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2593; 10 U.S.C. 1073 note).

10 USC 1073
note.

SEC. 745. COMPETITIVE PROCUREMENT OF CERTAIN OPHTHALMIC SERVICES.

(a) **COMPETITIVE PROCUREMENT REQUIRED.**—Beginning not later than October 1, 1998, the Secretary of Defense shall competitively procure from private-sector sources, or other sources outside of the Department of Defense, all ophthalmic services related to the provision of single vision and multivision eyewear for members of the Armed Forces, retired members, and certain covered beneficiaries under chapter 55 of title 10, United States Code, who would otherwise receive such ophthalmic services through the Department of Defense.

(b) **EXCEPTION.**—Subsection (a) shall not apply to the extent that the Secretary of Defense determines that the use of sources within the Department of Defense to provide such ophthalmic services—

(1) is necessary to meet the readiness requirements of the Armed Forces; or

(2) is more cost effective.

(c) **COMPLETION OF EXISTING ORDERS.**—Subsection (a) shall not apply to orders for ophthalmic services received on or before September 30, 1998.

SEC. 746. COMPTROLLER GENERAL STUDY OF ADEQUACY AND EFFECT OF MAXIMUM ALLOWABLE CHARGES FOR PHYSICIANS UNDER CHAMPUS.

(a) **STUDY REQUIRED.**—The Comptroller General shall conduct a study regarding the adequacy of the maximum allowable charges for physicians established under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) and the effect of such charges on the participation of physicians in CHAMPUS. The study shall include an evaluation of the following:

(1) The methodology used by the Secretary of Defense to establish maximum allowable charges for physicians under CHAMPUS, and whether such methodology conforms to the requirements of section 1079(h) of title 10, United States Code.

(2) The differences between the established charges under CHAMPUS and reimbursement rates for similar services under title XVIII of the Social Security Act and other health care programs.

(3) The basis for physician complaints that the CHAMPUS established charges are too low.

(4) The difficulty of CHAMPUS in ensuring physician compliance with the CHAMPUS established charges in the absence of legal mechanisms to enforce compliance, and the effect of noncompliance on patient out-of-pocket expenses.

(5) The effect of the established charges under CHAMPUS on the participation of physicians in CHAMPUS, and the extent and success of Department of Defense efforts to increase physician participation in areas with low participation rates.

(b) **SUBMISSION OF REPORT.**—Not later than March 1, 1998, the Comptroller General shall submit to Congress a report containing the results of the study required by subsection (a).

SEC. 747. COMPTROLLER GENERAL STUDY OF DEPARTMENT OF DEFENSE PHARMACY PROGRAMS.

(a) **STUDY.**—Not later than March 31, 1998, the Comptroller General shall submit to Congress a study evaluating the pharmacy programs of the Department of Defense. The study shall examine the impact of such pharmacy programs on the aggregate cost, quality, and accessibility of health care provided to covered beneficiaries under chapter 55 of title 10, United States Code, and shall include an examination of the following:

(1) The merits and feasibility of establishing a uniform formulary for military treatment facility pharmacies and civilian contractor pharmacy benefit administrators.

(2) The reasons that military treatment facilities deny covered beneficiaries access to pharmacy care and shift such beneficiaries to other sources of pharmacy care.

(3) The merits and feasibility of using private sector cost control mechanisms implemented by authorized civilian contractors in the Department of Defense medical programs, and the existence of any barriers to the use of such mechanisms, including factors that may undermine the incentives of such contractors to optimize treatment outcomes in managing the care of covered beneficiaries without exceeding budgeted resources.

(4) The cost impacts, if any, of the use of commercial managed care methods of furnishing pharmaceuticals to covered beneficiaries by TRICARE program contractors instead of

procuring pharmaceuticals at discounted prices pursuant to section 8126 of title 38, United States Code.

(5) The existence of options for increasing the discounts available to TRICARE program contractors without undermining controls for preventing diversion of items procured by the Department of Defense to nonmilitary populations.

Reports.

(b) **RESPONSE TO STUDY.**—Not later than 90 days after the Comptroller General submits to Congress the study required by subsection (a), the Secretary of Defense shall submit to Congress a report on the feasibility and advisability of implementing changes to the pharmacy programs of the Department of Defense based on the findings and conclusions of the study.

SEC. 748. COMPTROLLER GENERAL STUDY OF NAVY GRADUATE MEDICAL EDUCATION PROGRAM.

(a) **STUDY REQUIRED.**—The Comptroller General shall conduct a study to evaluate the validity of the recommendations made by the Medical Education Policy Council of the Bureau of Medicine and Surgery of the Navy regarding restructuring the graduate medical education program of the Department of the Navy. The study shall specifically address the Council's recommendations relating to residency training conducted at the Naval Medical Center, Portsmouth, Virginia, and the National Naval Medical Center, Bethesda, Maryland.

(b) **SUBMISSION OF REPORT.**—Not later than March 1, 1998, the Comptroller General shall submit to Congress and the Secretary of the Navy a report containing the results of the study required by subsection (a).

(c) **MORATORIUM ON RESTRUCTURING.**—Until the report required by subsection (b) is submitted to Congress, the Secretary of the Navy may not make any change in the types of residency programs conducted under the Navy graduate medical education program or the locations at which such residency programs are conducted or otherwise restructure the Navy graduate medical education program.

Reports.

SEC. 749. STUDY OF EXPANSION OF PHARMACEUTICALS BY MAIL PROGRAM TO INCLUDE ADDITIONAL MEDICARE-ELIGIBLE COVERED BENEFICIARIES.

Not later than six months after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report regarding the feasibility and advisability of expanding the category of persons eligible to participate in the demonstration project for the purchase of prescription pharmaceuticals by mail, as required by section 702(a) of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484; 10 U.S.C. 1079 note), to include persons referred to in subsection (c) of section 1086 of title 10, United States Code, who are covered by subsection (d)(1) of such section and reside in the United States outside of the catchment area of a medical treatment facility of the uniformed services.

SEC. 750. COMPTROLLER GENERAL STUDY OF REQUIREMENT FOR MILITARY MEDICAL FACILITIES IN NATIONAL CAPITAL REGION.

(a) **STUDY REQUIRED.**—The Comptroller General shall conduct a study to evaluate the requirements for Army, Navy, and Air Force medical facilities in the National Capital Region (as defined

in section 2674(f)(2) of title 10, United States Code). The study shall—

(1) specifically address requirements with respect to geography, facilities, integrated residencies, and medical environments; and

(2) provide specific recommendations with respect to how medical and health care provided by these facilities may be better coordinated to more efficiently serve, throughout the National Capital Region, members of the Armed Forces on active duty and covered beneficiaries under chapter 55 of title 10, United States Code.

(b) SUBMISSION OF REPORT.—Not later than six months after the date of the enactment of this Act, the Comptroller General shall submit to Congress and the Secretary of Defense a report containing the results of the study required by subsection (a).

SEC. 751. REPORT ON POLICIES AND PROGRAMS TO PROMOTE HEALTHY LIFESTYLES FOR MEMBERS OF THE ARMED FORCES AND THEIR DEPENDENTS.

(a) REPORT.—Not later than March 30, 1998, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report on the effectiveness of the policies and programs of the Department of Defense intended to promote healthy lifestyles for members of the Armed Forces and their dependents.

(b) POLICIES AND PROGRAMS TO BE ASSESSED.—The report under subsection (a) shall include an assessment of the effectiveness of the following:

(1) Programs intended to educate members of the Armed Forces and their dependents about the potential health consequences of the use of alcohol and tobacco.

(2) Policies of the commissaries, post exchanges, and service clubs, and for entertainment activities of the Department of Defense, relating to the sale and use of alcohol and tobacco.

(3) Programs intended to provide support to members of the Armed Forces and their dependents who choose to reduce or eliminate their use of alcohol or tobacco.

(4) Any other policies or programs intended to promote healthy lifestyles for members of the Armed Forces and their dependents.

SEC. 752. SENSE OF CONGRESS REGARDING QUALITY HEALTH CARE FOR RETIREES.

(a) FINDINGS.—Congress makes the following findings:

(1) Many retired military personnel believe that they were promised lifetime health care in exchange for 20 or more years of service.

(2) Military retirees are the only Federal Government personnel who have been prevented from using their employer-provided health care at or after 65 years of age.

(3) Military health care has become increasingly difficult to obtain for military retirees as the Department of Defense reduces its health care infrastructure.

(4) Military retirees deserve to have a health care program that is at least comparable with that of retirees from civilian employment by the Federal Government.

(5) The availability of quality, lifetime health care is a critical recruiting incentive for the Armed Forces.

(6) Quality health care is a critical aspect of the quality of life of the men and women serving in the Armed Forces.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) the United States has incurred a moral obligation to provide health care to members and former members of the Armed Forces who are entitled to retired or retainer pay (or its equivalent);

(2) it is, therefore, necessary to provide quality, affordable health care to such retirees; and

(3) Congress and the President should take steps to address the problems associated with the availability of health care for such retirees within two years after the date of the enactment of this Act.

Subtitle F—Persian Gulf Illness

10 USC 1074
note.

SEC. 761. DEFINITIONS.

For purposes of this subtitle:

(1) The term “Gulf War illness” means any one of the complex of illnesses and symptoms that might have been contracted by members of the Armed Forces as a result of service in the Southwest Asia theater of operations during the Persian Gulf War.

(2) The term “Persian Gulf War” has the meaning given that term in section 101 of title 38, United States Code.

(3) The term “Persian Gulf veteran” means an individual who served on active duty in the Armed Forces in the Southwest Asia theater of operations during the Persian Gulf War.

(4) The term “contingency operation” has the meaning given that term in section 101(a) of title 10, United States Code, and includes a humanitarian operation, peacekeeping operation, or similar operation.

10 USC 1074
note.

SEC. 762. PLAN FOR HEALTH CARE SERVICES FOR PERSIAN GULF VETERANS.

(a) PLAN REQUIRED.—The Secretary of Defense and the Secretary of Veterans Affairs, acting jointly, shall prepare a plan to provide appropriate health care to Persian Gulf veterans (and dependents eligible by law) who suffer from a Gulf War illness.

(b) CONTENTS OF PLAN.—In preparing the plan, the Secretaries shall—

(1) use the presumptions of service connection and illness specified in paragraphs (1) and (2) of section 721(d) of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103–337; 10 U.S.C. 1074 note) to determine the Persian Gulf veterans (and dependents eligible by law) who should be covered by the plan;

(2) consider the need and methods available to provide health care services to Persian Gulf veterans who are no longer on active duty in the Armed Forces, such as Persian Gulf veterans who are members of the reserve components and Persian Gulf veterans who have been separated from the Armed Forces; and

(3) estimate the costs to the Government of providing full or partial health care services under the plan to covered Persian Gulf veterans (and covered dependents eligible by law).

(c) FOLLOW-UP TREATMENT.—The plan required by subsection (a) shall specifically address the measures to be used to monitor the quality, appropriateness, and effectiveness of, and patient satisfaction with, health care services provided to Persian Gulf veterans after their initial medical examination as part of registration in the Persian Gulf War Veterans Health Registry or the Comprehensive Clinical Evaluation Program.

(d) SUBMISSION OF PLAN.—Not later than March 1, 1998, the Secretaries shall submit to Congress the plan required by subsection (a).

SEC. 763. COMPTROLLER GENERAL STUDY OF REVISED DISABILITY CRITERIA FOR PHYSICAL EVALUATION BOARDS.

Not later than March 1, 1998, the Comptroller General shall submit to Congress a study evaluating the revisions made by the Secretary of Defense (as required by section 721(e) of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103–337; 10 U.S.C. 1074 note)) to the Physical Evaluation Board criteria used to set disability ratings for members of the Armed Forces who are no longer medically qualified for continuation on active duty so as to ensure accurate disability ratings related to a diagnosis of a Gulf War illness.

SEC. 764. MEDICAL CARE FOR CERTAIN RESERVES WHO SERVED IN SOUTHWEST ASIA DURING THE PERSIAN GULF WAR.

(a) IN GENERAL.—Chapter 55 of title 10, United States Code, is amended by inserting after section 1074d the following new section:

“§ 1074e. Medical care: certain Reserves who served in Southwest Asia during the Persian Gulf Conflict

“(a) ENTITLEMENT TO MEDICAL CARE.—A member of the armed forces described in subsection (b) is entitled to medical care for a qualifying Persian Gulf symptom or illness to the same extent and under the same conditions (other than the requirement that the member be on active duty) as a member of a uniformed service who is entitled to such care under section 1074(a) of this title.

“(b) COVERED MEMBERS.—Subsection (a) applies to a member of a reserve component who—

“(1) is a Persian Gulf veteran;

“(2) has a qualifying Persian Gulf symptom or illness; and

“(3) is not otherwise entitled to medical care for such symptom or illness under this chapter and is not otherwise eligible for hospital care and medical services for such symptom or illness under section 1710 of title 38.

“(c) DEFINITIONS.—In this section:

“(1) The term ‘Persian Gulf veteran’ means a member of the armed forces who served on active duty in the Southwest Asia theater of operations during the Persian Gulf Conflict.

“(2) The term ‘qualifying Persian Gulf symptom or illness’ means, with respect to a member described in subsection (b), a symptom or illness—

“(A) that the member registered before September 1, 1997, in the Comprehensive Clinical Evaluation Program

of the Department of Defense and that is presumed under section 721(d) of the National Defense Authorization Act for Fiscal Year 1995 (10 U.S.C. 1074 note) to be a result of service in the Southwest Asia theater of operations during the Persian Gulf Conflict; or

“(B) that the member registered before September 1, 1997, in the Persian Gulf War Veterans Health Registry maintained by the Department of Veterans Affairs pursuant to section 702 of the Persian Gulf War Veterans’ Health Status Act (38 U.S.C. 527 note).”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1074d the following new item:

“1074e. Medical care: certain Reserves who served in Southwest Asia during the Persian Gulf Conflict.”.

SEC. 765. IMPROVED MEDICAL TRACKING SYSTEM FOR MEMBERS DEPLOYED OVERSEAS IN CONTINGENCY OR COMBAT OPERATIONS.

(a) SYSTEM REQUIRED.—(1) Chapter 55 of title 10, United States Code, is amended by inserting after section 1074e (as added by section 764) the following new section:

“§ 1074f. Medical tracking system for members deployed overseas

“(a) SYSTEM REQUIRED.—The Secretary of Defense shall establish a system to assess the medical condition of members of the armed forces (including members of the reserve components) who are deployed outside the United States or its territories or possessions as part of a contingency operation (including a humanitarian operation, peacekeeping operation, or similar operation) or combat operation.

“(b) ELEMENTS OF SYSTEM.—The system described in subsection (a) shall include the use of predeployment medical examinations and postdeployment medical examinations (including an assessment of mental health and the drawing of blood samples) to accurately record the medical condition of members before their deployment and any changes in their medical condition during the course of their deployment. The postdeployment examination shall be conducted when the member is redeployed or otherwise leaves an area in which the system is in operation (or as soon as possible thereafter).

“(c) RECORDKEEPING.—The results of all medical examinations conducted under the system, records of all health care services (including immunizations) received by members described in subsection (a) in anticipation of their deployment or during the course of their deployment, and records of events occurring in the deployment area that may affect the health of such members shall be retained and maintained in a centralized location to improve future access to the records.

“(d) QUALITY ASSURANCE.—The Secretary of Defense shall establish a quality assurance program to evaluate the success of the system in ensuring that members described in subsection (a) receive predeployment medical examinations and postdeployment medical examinations and that the recordkeeping requirements with respect to the system are met.”.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1074e (as added by section 764) the following new item:

“1074f. Medical tracking system for members deployed overseas.”.

(b) REPORT.—Not later than March 1, 1998, the Secretary of Defense shall submit to Congress an analysis of the administrative implications of establishing and administering the medical tracking system required by section 1074f of title 10, United States Code, as added by subsection (a). The report shall include, for fiscal year 1999 and the 5 successive fiscal years, a separate analysis and specification of the projected costs and operational considerations for each of the following required aspects of the system:

- (1) Predeployment medical examinations.
- (2) Postdeployment medical examinations.
- (3) Recordkeeping.

SEC. 766. NOTICE OF USE OF INVESTIGATIONAL NEW DRUGS OR DRUGS UNAPPROVED FOR THEIR APPLIED USE.

(a) NOTICE REQUIREMENTS.—Chapter 55 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 1107. Notice of use of an investigational new drug or a drug unapproved for its applied use

“(a) NOTICE REQUIRED.—(1) Whenever the Secretary of Defense requests or requires a member of the armed forces to receive an investigational new drug or a drug unapproved for its applied use, the Secretary shall provide the member with notice containing the information specified in subsection (d).

“(2) The Secretary shall also ensure that health care providers who administer an investigational new drug or a drug unapproved for its applied use, or who are likely to treat members who receive such a drug, receive the information required to be provided under paragraphs (3) and (4) of subsection (d).

“(b) TIME OF NOTICE.—The notice required to be provided to a member under subsection (a)(1) shall be provided before the investigational new drug or drug unapproved for its applied use is first administered to the member, if practicable, but in no case later than 30 days after the drug is first administered to the member.

“(c) FORM OF NOTICE.—The notice required under subsection (a)(1) shall be provided in writing unless the Secretary of Defense determines that the use of written notice is impractical because of the number of members receiving the investigational new drug or drug unapproved for its applied use, time constraints, or similar reasons. If the Secretary provides notice under subsection (a)(1) in a form other than in writing, the Secretary shall submit to Congress a report describing the notification method used and the reasons for the use of the alternative method.

“(d) CONTENT OF NOTICE.—The notice required under subsection (a)(1) shall include the following:

“(1) Clear notice that the drug being administered is an investigational new drug or a drug unapproved for its applied use.

“(2) The reasons why the investigational new drug or drug unapproved for its applied use is being administered.

“(3) Information regarding the possible side effects of the investigational new drug or drug unapproved for its applied use, including any known side effects possible as a result of the interaction of such drug with other drugs or treatments being administered to the members receiving such drug.

“(4) Such other information that, as a condition of authorizing the use of the investigational new drug or drug unapproved for its applied use, the Secretary of Health and Human Services may require to be disclosed.

“(e) RECORDS OF USE.—The Secretary of Defense shall ensure that the medical records of members accurately document—

“(1) the receipt by members of any investigational new drug or drug unapproved for its applied use; and

“(2) the notice required by subsection (a)(1).

“(f) DEFINITIONS.—In this section:

“(1) The term ‘investigational new drug’ means a drug covered by section 505(i) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355(i)).

“(2) The term ‘drug unapproved for its applied use’ means a drug administered for a use not described in the approved labeling of the drug under section 505 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355).”

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“1107. Notice of use of an investigational new drug or a drug unapproved for its applied use.”.

SEC. 767. REPORT ON PLANS TO TRACK LOCATION OF MEMBERS IN A THEATER OF OPERATIONS.

Not later than March 1, 1998, the Secretary of Defense shall submit to Congress a report containing a plan for collecting and maintaining information regarding the daily location of units of the Armed Forces, and to the extent practicable individual members of such units, serving in a theater of operations during a contingency operation or combat operation.

SEC. 768. SENSE OF CONGRESS REGARDING THE DEPLOYMENT OF SPECIALIZED UNITS FOR DETECTING AND MONITORING CHEMICAL, BIOLOGICAL, AND SIMILAR HAZARDS IN A THEATER OF OPERATIONS.

It is the sense of Congress that the Secretary of Defense, in conjunction with the Chairman of the Joint Chiefs of Staff, should take such actions as are necessary to ensure that the units of the Armed Forces deployed in the theater of operations for each contingency operation or combat operation include specialized units with sufficient capability (including personnel with the appropriate training and expertise, and the appropriate equipment) to detect and monitor the presence of chemical, biological, and similar hazards to which members of the Armed Forces could be exposed in that theater during the operation.

SEC. 769. REPORT ON EFFECTIVENESS OF RESEARCH EFFORTS REGARDING GULF WAR ILLNESSES.

Not later than March 1, 1998, the Secretary of Defense shall submit to Congress a report evaluating the effectiveness of medical research initiatives regarding Gulf War illnesses. The report shall address the following:

(1) The type and effectiveness of previous research efforts, including the activities undertaken pursuant to section 743 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 10 U.S.C. 1074 note), section 722 of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103–337; 10 U.S.C. 1074 note), and sections 270 and 271 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103–160; 107 Stat. 1613).

(2) Recommendations regarding additional research regarding Gulf War illnesses, including research regarding the nature and causes of Gulf War illnesses and appropriate treatments for such illnesses.

(3) The adequacy of Federal funding and the need for additional funding for medical research initiatives regarding Gulf War illnesses.

SEC. 770. PERSIAN GULF ILLNESS CLINICAL TRIALS PROGRAM.

10 USC 1074
note.

(a) FINDINGS.—Congress finds the following:

(1) There are many ongoing studies that investigate risk factors which may be associated with the health problems experienced by Persian Gulf veterans; however, there have been no studies that examine health outcomes and the effectiveness of the treatment received by such veterans.

(2) The medical literature and testimony presented in hearings on Gulf War illnesses indicate that there are therapies, such as cognitive behavioral therapy, that have been effective in treating patients with symptoms similar to those seen in many Persian Gulf veterans.

(b) ESTABLISHMENT OF PROGRAM.—The Secretary of Defense and the Secretary of Veterans Affairs, acting jointly, shall establish a program of cooperative clinical trials at multiple sites to assess the effectiveness of protocols for treating Persian Gulf veterans who suffer from ill-defined or undiagnosed conditions. Such protocols shall include a multidisciplinary treatment model, of which cognitive behavioral therapy is a component.

(c) FUNDING.—Of the funds authorized to be appropriated in section 201(1) for research, development, test, and evaluation for the Army, the sum of \$4,500,000 shall be available for program element 62787A (medical technology) in the budget of the Department of Defense for fiscal year 1998 to carry out the clinical trials program established pursuant to subsection (b).

SEC. 771. SENSE OF CONGRESS CONCERNING GULF WAR ILLNESS.

(a) FINDINGS.—Congress makes the following findings:

(1) Americans served in the Persian Gulf Conflict of 1991 in defense of vital national security interests of the United States.

(2) It was known to United States intelligence and military commanders that biological and chemical agents were in theater throughout the conflict.

(3) An undetermined amount of these agents were released into theater.

(4) A large number of United States military veterans and allied veterans who served in the Southwest Asia theater of operations have been stricken with a variety of severe illnesses.

(5) Previous efforts to discern the causes of those illnesses have been inadequate, and those illnesses are affecting the health of both veterans and their families.

(b) SENSE OF CONGRESS.—It is the sense of Congress that all promising technology and treatments relating to Gulf War illnesses should be fully explored and tested to facilitate treatment for members of the Armed Forces and veterans who served the United States in the Persian Gulf conflict and are stricken with unexplainable illness.

TITLE VIII—ACQUISITION POLICY, ACQUISITION MANAGEMENT, AND RELATED MATTERS

Subtitle A—Amendments to General Contracting Authorities, Procedures, and Limitations

- Sec. 801. Expansion of authority to enter into contracts crossing fiscal years to all severable service contracts not exceeding a year.
- Sec. 802. Vesting of title in the United States under contracts paid under progress payment arrangements or similar arrangements.
- Sec. 803. Restriction on undefinitized contract actions.
- Sec. 804. Limitation and report on payment of restructuring costs under defense contracts.
- Sec. 805. Increased price limitation on purchases of right-hand drive vehicles.
- Sec. 806. Multiyear procurement contracts.
- Sec. 807. Audit of procurement of military clothing and clothing-related items by military installations in the United States.
- Sec. 808. Limitation on allowability of compensation for certain contractor personnel.
- Sec. 809. Elimination of certification requirement for grants.
- Sec. 810. Repeal of limitation on adjustment of shipbuilding contracts.
- Sec. 811. Item-by-item and country-by-country waivers of domestic source limitations.

Subtitle B—Acquisition Assistance Programs

- Sec. 821. One-year extension of pilot mentor-protege program.
- Sec. 822. Test program for negotiation of comprehensive subcontracting plans.

Subtitle C—Administrative Provisions

- Sec. 831. Retention of expired funds during the pendency of contract litigation.
- Sec. 832. Protection of certain information from disclosure.
- Sec. 833. Unit cost reports.
- Sec. 834. Plan for providing contracting information to general public and small businesses.
- Sec. 835. Two-year extension of crediting of certain purchases toward meeting subcontracting goals.

Subtitle D—Other Matters

- Sec. 841. Repeal of certain acquisition requirements and reports
- Sec. 842. Use of major range and test facility installations by commercial entities.
- Sec. 843. Requirement to develop and maintain list of firms not eligible for defense contracts.
- Sec. 844. Sense of Congress regarding allowability of costs of employee stock ownership plans.
- Sec. 845. Expansion of personnel eligible to participate in demonstration project relating to acquisition workforce.
- Sec. 846. Time for submission of annual report relating to Buy American Act.
- Sec. 847. Repeal of requirement for contractor guarantees on major weapon systems.
- Sec. 848. Requirements relating to micro-purchases.
- Sec. 849. Promotion rate for officers in an acquisition corps.
- Sec. 850. Use of electronic commerce in Federal procurement.
- Sec. 851. Conformance of policy on performance based management of civilian acquisition programs with policy established for defense acquisition programs.

- Sec. 852. Modification of process requirements for the solutions-based contracting pilot program.
- Sec. 853. Guidance and standards for defense acquisition workforce training requirements.
- Sec. 854. Study and report to Congress assessing dependence on foreign sources for resistors and capacitors.
- Sec. 855. Department of Defense and Federal Prison Industries joint study.

Subtitle A—Amendments to General Contracting Authorities, Procedures, and Limitations

SEC. 801. EXPANSION OF AUTHORITY TO ENTER INTO CONTRACTS CROSSING FISCAL YEARS TO ALL SEVERABLE SERVICE CONTRACTS NOT EXCEEDING A YEAR.

(a) **EXPANDED AUTHORITY.**—Section 2410a of title 10, United States Code, is amended to read as follows:

“§ 2410a. Severable service contracts for periods crossing fiscal years

“(a) **AUTHORITY.**—The Secretary of Defense, the Secretary of a military department, or the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, may enter into a contract for procurement of severable services for a period that begins in one fiscal year and ends in the next fiscal year if (without regard to any option to extend the period of the contract) the contract period does not exceed one year.

“(b) **OBLIGATION OF FUNDS.**—Funds made available for a fiscal year may be obligated for the total amount of a contract entered into under the authority of subsection (a).”.

(b) **CLERICAL AMENDMENT.**—The item relating to such section in the table of sections at the beginning of chapter 141 of such title is amended to read as follows:

“2410a. Severable service contracts for periods crossing fiscal years.”.

SEC. 802. VESTING OF TITLE IN THE UNITED STATES UNDER CONTRACTS PAID UNDER PROGRESS PAYMENT ARRANGEMENTS OR SIMILAR ARRANGEMENTS.

Section 2307 of title 10, United States Code, is amended—

- (1) by redesignating subsection (h) as subsection (i); and
- (2) by inserting after subsection (g) the following new subsection (h):

“(h) **VESTING OF TITLE IN THE UNITED STATES.**—If a contract paid by a method authorized under subsection (a)(1) provides for title to property to vest in the United States, the title to the property shall vest in accordance with the terms of the contract, regardless of any security interest in the property that is asserted before or after the contract is entered into.”.

SEC. 803. RESTRICTION ON UNDEFINITIZED CONTRACT ACTIONS.

(a) **APPLICABILITY OF WAIVER AUTHORITY TO HUMANITARIAN OR PEACEKEEPING OPERATIONS.**—Section 2326(b)(4) of title 10, United States Code, is amended to read as follows:

“(4) The head of an agency may waive the provisions of this subsection with respect to a contract of that agency if that head

of an agency determines that the waiver is necessary in order to support any of the following operations:

“(A) A contingency operation.

“(B) A humanitarian or peacekeeping operation.”.

(b) HUMANITARIAN OR PEACEKEEPING OPERATION DEFINED.—Section 2302(7) of such title is amended—

(1) by striking out “(7)(A)” and inserting in lieu thereof “(7)”; and

(2) by striking out “(B) In subparagraph (A), the” and inserting in lieu thereof “(8) The”.

SEC. 804. LIMITATION AND REPORT ON PAYMENT OF RESTRUCTURING COSTS UNDER DEFENSE CONTRACTS.

(a) IN GENERAL.—(1) Chapter 137 of title 10, United States Code, is amended by inserting after section 2324 the following new section:

“§ 2325. Restructuring costs

“(a) LIMITATION ON PAYMENT OF RESTRUCTURING COSTS.—(1) The Secretary of Defense may not pay, under section 2324 of this title, a defense contractor for restructuring costs associated with a business combination of the contractor unless the Secretary determines in writing either—

“(A) that the amount of projected savings for the Department of Defense associated with the restructuring will be at least twice the amount of the costs allowed; or

“(B) that the amount of projected savings for the Department of Defense associated with the restructuring will exceed the amount of the costs allowed and that the business combination will result in the preservation of a critical capability that otherwise might be lost to the Department.

“(2) The Secretary may not delegate the authority to make a determination under paragraph (1) to an official of the Department of Defense below the level of an Assistant Secretary of Defense.

“(b) REPORT.—Not later than March 1 in each of 1998, 1999, 2000, 2001, and 2002, the Secretary of Defense shall submit to Congress a report that contains, with respect to business combinations occurring on or after August 15, 1994, the following:

“(1) For each defense contractor to which the Secretary has paid, under section 2324 of this title, restructuring costs associated with a business combination, a summary of the following:

“(A) An estimate of the amount of savings for the Department of Defense associated with the restructuring that has been realized as of the end of the preceding calendar year.

“(B) An estimate of the amount of savings for the Department of Defense associated with the restructuring that is expected to be achieved on defense contracts.

“(2) An identification of any business combination for which the Secretary has paid restructuring costs under section 2324 of this title during the preceding calendar year and, for each such business combination—

“(A) the supporting rationale for allowing such costs;

“(B) factual information associated with the determination made under subsection (a) with respect to such costs; and

“(C) a discussion of whether the business combination would have proceeded without the payment of restructuring costs by the Secretary.

“(3) For business combinations of major defense contractors that took place during the year preceding the year of the report—

“(A) an assessment of any potentially adverse effects that the business combinations could have on competition for Department of Defense contracts (including potential horizontal effects, vertical effects, and organizational conflicts of interest), the national technology and industrial base, or innovation in the defense industry; and

“(B) the actions taken to mitigate the potentially adverse effects.

“(c) DEFINITION.—In this section, the term ‘business combination’ includes a merger or acquisition.”.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2324 the following new item:

“2325. Restructuring costs.”.

(b) GAO REPORTS.—(1) Not later than April 1, 1998, the Comptroller General shall—

10 USC 2325
note.

(A) in consultation with appropriate officials in the Department of Defense—

(i) identify major market areas affected by business combinations of defense contractors since January 1, 1990; and

(ii) develop a methodology for determining the savings from business combinations of defense contractors on the prices paid on particular defense contracts; and

(B) submit to the congressional defense committees a report describing, for each major market area identified pursuant to subparagraph (A)(i), the changes in numbers of businesses competing for major defense contracts since January 1, 1990.

(2) Not later than December 1, 1998, the Comptroller General shall submit to the congressional defense committees a report containing the following:

(A) Updated information on—

(i) restructuring costs of business combinations paid by the Department of Defense pursuant to certifications under section 818 of the National Defense Authorization Act for Fiscal Year 1995, and

(ii) savings realized by the Department of Defense as a result of the business combinations for which the payment of restructuring costs was so certified.

(B) An assessment of the savings from business combinations of defense contractors on the prices paid on a meaningful sample of defense contracts, determined in accordance with the methodology developed pursuant to paragraph (1)(A)(ii), as well as a description of the methodology.

(C) Any recommendations that the Comptroller General considers appropriate.

(3) In this subsection, the term “business combination” has the meaning given that term in section 2325(c) of title 10, United States Code, as added by subsection (a).

10 USC 2325
note.

(c) EFFECTIVE DATE.—Section 2325(a) of title 10, United States Code, as added by subsection (a), shall apply with respect to business combinations that occur after the date of the enactment of this Act.

(d) REPEAL OF SUPERSEDED PROVISIONS.—Subsections (a) and (g)(3) of section 818 of the National Defense Authorization Act for Fiscal Year 1995 (10 U.S.C. 2324 note) are repealed.

SEC. 805. INCREASED PRICE LIMITATION ON PURCHASES OF RIGHT-HAND DRIVE VEHICLES.

Section 2253(a)(2) of title 10, United States Code, is amended by striking out “\$12,000” and inserting in lieu thereof “\$30,000”.

SEC. 806. MULTIYEAR PROCUREMENT CONTRACTS.

(a) REQUIREMENT FOR AUTHORIZATION BY LAW IN ACTS OTHER THAN APPROPRIATIONS ACTS.—(1) Subsection (i) of section 2306b of title 10, United States Code, is amended by adding at the end the following new paragraph:

“(3) In the case of the Department of Defense, a multiyear contract in an amount equal to or greater than \$500,000,000 may not be entered into for any fiscal year under this section unless the contract is specifically authorized by law in an Act other than an appropriations Act.”.

10 USC 2306b
note.

(2) Paragraph (3) of section 2306b(i) of title 10, United States Code, as added by paragraph (1), shall not apply with respect to a contract authorized by law before the date of the enactment of this Act.

(b) CODIFICATION OF ANNUAL RECURRING MULTIYEAR PROCUREMENT REQUIREMENTS.—(1) Such section is further amended by adding at the end the following new subsection:

“(1) VARIOUS ADDITIONAL REQUIREMENTS WITH RESPECT TO MULTIYEAR DEFENSE CONTRACTS.—(1)(A) The head of an agency may not initiate a contract described in subparagraph (B) unless the congressional defense committees are notified of the proposed contract at least 30 days in advance of the award of the proposed contract.

“(B) Subparagraph (A) applies to the following contracts:

“(i) A multiyear contract—

“(I) that employs economic order quantity procurement in excess of \$20,000,000 in any one year of the contract; or

“(II) that includes an unfunded contingent liability in excess of \$20,000,000.

“(ii) Any contract for advance procurement leading to a multiyear contract that employs economic order quantity procurement in excess of \$20,000,000 in any one year.

“(2) The head of an agency may not initiate a multiyear contract for which the economic order quantity advance procurement is not funded at least to the limits of the Government’s liability.

“(3) The head of an agency may not initiate a multiyear procurement contract for any system (or component thereof) if the value of the multiyear contract would exceed \$500,000,000 unless authority for the contract is specifically provided in an appropriations Act.

“(4) The head of an agency may not terminate a multiyear procurement contract until 10 days after the date on which notice of the proposed termination is provided to the congressional defense committees.

“(5) The execution of multiyear contracting authority shall require the use of a present value analysis to determine lowest cost compared to an annual procurement.

“(6) This subsection does not apply to the National Aeronautics and Space Administration or to the Coast Guard.

“(7) In this subsection, the term ‘congressional defense committees’ means the following:

“(A) The Committee on Armed Services of the Senate and the Subcommittee on Defense of the Committee on Appropriations of the Senate.

“(B) The Committee on National Security of the House of Representatives and the Subcommittee on National Security of the Committee on Appropriations of the House of Representatives.”

(2) The amendment made by paragraph (1) shall take effect on October 1, 1998.

Effective date.
10 USC 2306b
note.

(c) TECHNICAL AND CONFORMING AMENDMENTS.—Such section is further amended as follows:

(1) Subsection (a) is amended—

(A) by striking out “finds—” in the matter preceding paragraph (1) and inserting in lieu thereof “finds each of the following:”;

(B) by capitalizing the initial letter of the first word in each of paragraphs (1) through (6);

(C) by striking out the semicolon at the end of paragraphs (1) through (4) and inserting in lieu thereof a period; and

(D) by striking out “; and” at the end of paragraph (5) and inserting in lieu thereof a period.

(2) Subsection (d)(1) is amended by striking out “paragraph (1)” and inserting in lieu thereof “subsection (a)”.

(3) Subsection (i)(1) is amended by striking “five-year” and inserting in lieu thereof “future-years”.

SEC. 807. AUDIT OF PROCUREMENT OF MILITARY CLOTHING AND CLOTHING-RELATED ITEMS BY MILITARY INSTALLATIONS IN THE UNITED STATES.

(a) AUDIT REQUIREMENT.—Not later than September 30, 1998, the Inspector General of the Department of Defense shall perform an audit of purchases of military clothing and clothing-related items in excess of the micro-purchase threshold by military installations during fiscal years 1996 and 1997 to determine the extent to which such installations procured military clothing and clothing-related items in violation of the Buy American Act (41 U.S.C. 10a et seq.) during those fiscal years.

(b) INSTALLATIONS TO BE AUDITED.—The audit under subsection (a)—

(1) shall include an audit of the procurement of military clothing and clothing-related items by a military installation of each of the Army, Navy, Air Force, and Marine Corps; and

(2) shall not cover procurements of clothing and clothing-related items by the Defense Logistics Agency.

(c) **DEFINITION.**—The term “micro-purchase threshold” has the meaning provided by section 32(f) of the Office of Federal Procurement Policy Act (41 U.S.C. 428(f)).

(d) **REPORT.**—Not later than October 31, 1998, the Inspector General of the Department of Defense shall submit to Congress a report on the results of the audit performed under subsection (a).

SEC. 808. LIMITATION ON ALLOWABILITY OF COMPENSATION FOR CERTAIN CONTRACTOR PERSONNEL.

(a) **CERTAIN COMPENSATION NOT ALLOWABLE AS COSTS UNDER DEFENSE CONTRACTS.**—(1) Subsection (e)(1) of section 2324 of title 10, United States Code, is amended by adding at the end the following:

“(P) Costs of compensation of senior executives of contractors for a fiscal year, regardless of the contract funding source, to the extent that such compensation exceeds the benchmark compensation amount determined applicable for the fiscal year by the Administrator for Federal Procurement Policy under section 39 of the Office of Federal Procurement Policy Act (41 U.S.C. 435).”.

(2) Subsection (1) of such section is amended by adding at the end the following:

“(4) The term ‘compensation’, for a year, means the total amount of wages, salary, bonuses and deferred compensation for the year, whether paid, earned, or otherwise accruing, as recorded in an employer’s cost accounting records for the year.

“(5) The term ‘senior executive’, with respect to a contractor, means—

“(A) the chief executive officer of the contractor or any individual acting in a similar capacity for the contractor;

“(B) the four most highly compensated employees in management positions of the contractor other than the chief executive officer; and

“(C) in the case of a contractor that has components which report directly to the contractor’s headquarters, the five most highly compensated employees in management positions at each such component.

“(6) The term ‘fiscal year’ means a fiscal year established by a contractor for accounting purposes.”.

(b) **CERTAIN COMPENSATION NOT ALLOWABLE AS COSTS UNDER NON-DEFENSE CONTRACTS.**—(1) Subsection (e)(1) of section 306 of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 256) is amended by adding at the end the following:

“(P) Costs of compensation of senior executives of contractors for a fiscal year, regardless of the contract funding source, to the extent that such compensation exceeds the benchmark compensation amount determined applicable for the fiscal year by the Administrator for Federal Procurement Policy under section 39 of the Office of Federal Procurement Policy Act (41 U.S.C. 435).”.

(2) Such section is further amended by adding at the end the following:

“(m) **OTHER DEFINITIONS.**—In this section:

“(1) The term ‘compensation’, for a fiscal year, means the total amount of wages, salary, bonuses and deferred compensation for the fiscal year, whether paid, earned, or otherwise accruing, as recorded in an employer’s cost accounting records for the fiscal year.

“(2) The term ‘senior executive’, with respect to a contractor, means—

“(A) the chief executive officer of the contractor or any individual acting in a similar capacity for the contractor;

“(B) the four most highly compensated employees in management positions of the contractor other than the chief executive officer; and

“(C) in the case of a contractor that has components which report directly to the contractor’s headquarters, the five most highly compensated individuals in management positions at each such component.

“(3) The term ‘fiscal year’ means a fiscal year established by a contractor for accounting purposes.”.

(c) LEVELS OF COMPENSATION NOT ALLOWABLE.—(1) The Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.) is amended by adding at the end the following:

“SEC. 39. LEVELS OF COMPENSATION OF CERTAIN CONTRACTOR PERSONNEL NOT ALLOWABLE AS COSTS UNDER CERTAIN CONTRACTS.

41 USC 435.

“(a) DETERMINATION REQUIRED.—For purposes of section 2324(e)(1)(P) of title 10, United States Code, and section 306(e)(1)(P) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 256(e)(1)(P)), the Administrator shall review commercially available surveys of executive compensation and, on the basis of the results of the review, determine a benchmark compensation amount to apply for each fiscal year. In making determinations under this subsection the Administrator shall consult with the Director of the Defense Contract Audit Agency and such other officials of executive agencies as the Administrator considers appropriate.

“(b) BENCHMARK COMPENSATION AMOUNT.—The benchmark compensation amount applicable for a fiscal year is the median amount of the compensation provided for all senior executives of all benchmark corporations for the most recent year for which data is available at the time the determination under subsection (a) is made.

“(c) DEFINITIONS.—In this section:

“(1) The term ‘compensation’, for a fiscal year, means the total amount of wages, salary, bonuses and deferred compensation for the fiscal year, whether paid, earned, or otherwise accruing, as recorded in an employer’s cost accounting records for the fiscal year.

“(2) The term ‘senior executive’, with respect to a corporation, means—

“(A) the chief executive officer of the corporation or any individual acting in a similar capacity for the corporation;

“(B) the four most highly compensated employees in management positions of the corporation other than the chief executive officer; and

“(C) in the case of a corporation that has components which report directly to the corporate headquarters, the five most highly compensated individuals in management positions at each such component.

“(3) The term ‘benchmark corporation’, with respect to a fiscal year, means a publicly-owned United States corporation that has annual sales in excess of \$50,000,000 for the fiscal year.

“(4) The term ‘publicly-owned United States corporation’ means a corporation organized under the laws of a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or a possession of the United States the voting stock of which is publicly traded.

“(5) The term ‘fiscal year’ means a fiscal year established by a contractor for accounting purposes.”.

(2) The table of sections in section 1(b) of such Act is amended by adding at the end the following:

“Sec. 39. Levels of compensation of certain contractor personnel not allowable as costs under certain contracts.”.

41 USC 435 note. (d) REGULATIONS.—Regulations implementing the amendments made by this section shall be published in the Federal Register not later than the effective date of the amendments under subsection (e).

41 USC 435 note. (e) EFFECTIVE DATE.—The amendments made by this section shall—

(1) take effect on the date that is 90 days after the date of the enactment of this Act; and

Applicability. (2) apply with respect to costs of compensation incurred after January 1, 1998, under covered contracts entered into before, on, or after the date of the enactment of this Act.

41 USC 435 note. (f) EXCLUSIVE APPLICABILITY.—Notwithstanding any other provision of law, no other limitation in law on the allowability of costs of compensation of senior executives under covered contracts shall apply to such costs of compensation incurred after January 1, 1998.

41 USC 435 note. (g) DEFINITIONS.—In this section:

(1) The term “covered contract” has the meaning given such term in section 2324(l) of title 10, United States Code, and section 306(l) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 256(l)).

(2) The terms “compensation” and “senior executive” have the meanings given such terms in section 2324(l) of title 10, United States Code, and section 306(m) of the Federal Property and Administrative Services Act of 1949.

SEC. 809. ELIMINATION OF CERTIFICATION REQUIREMENT FOR GRANTS.

Section 5153 of the Drug-Free Workplace Act of 1988 (Public Law 100–690; 102 Stat. 4306; 41 U.S.C. 702) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking out “has certified to the granting agency that it will” and inserting in lieu thereof “agrees to”; and

(B) in paragraph (2), by striking out “certifies to the agency” and inserting in lieu thereof “agrees”; and

(2) in subsection (b)(1)—

(A) by striking out subparagraph (A);

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively; and

(C) in subparagraph (A), as so redesignated, by striking out “such certification by failing to carry out”.

SEC. 810. REPEAL OF LIMITATION ON ADJUSTMENT OF SHIPBUILDING CONTRACTS.

(a) REPEAL.—(1) Section 2405 of title 10, United States Code, is repealed.

(2) The table of sections at the beginning of chapter 141 of such title is amended by striking out the item relating to section 2405.

(b) APPLICABILITY.—(1) Except as provided in paragraph (2), the repeal made by subsection (a) shall be effective with respect to claims, requests for equitable adjustment, and demands for payment under shipbuilding contracts that have been or are submitted before, on, or after the date of the enactment of this Act.

10 USC 2405
note.

(2) Section 2405 of title 10, United States Code, as in effect immediately before the date of the enactment of this Act, shall continue to apply to a contractor’s claim, request for equitable adjustment, or demand for payment under a shipbuilding contract that was submitted before such date if—

(A) a contracting officer denied the claim, request, or demand, and the period for appealing the decision to a court or board under the Contract Disputes Act of 1978 expired before such date;

(B) a court or board of contract appeals considering the claim, request, or demand (including any appeal of a decision of a contracting officer to deny the claim, request, or demand) denied or dismissed the claim, request, or demand (or the appeal), and the action of the court or board became final and unappealable before such date; or

(C) the contractor released or releases the claim, request, or demand.

SEC. 811. ITEM-BY-ITEM AND COUNTRY-BY-COUNTRY WAIVERS OF DOMESTIC SOURCE LIMITATIONS.

(a) ITEM-BY-ITEM AND COUNTRY-BY-COUNTRY IMPLEMENTATION OF CERTAIN WAIVER AUTHORITY.—Section 2534 of title 10, United States Code, is amended by adding at the end the following new subsection:

“(i) IMPLEMENTATION OF CERTAIN WAIVER AUTHORITY.—(1) The Secretary of Defense may exercise the waiver authority described in paragraph (2) only if the waiver is made for a particular item listed in subsection (a) and for a particular foreign country.

“(2) This subsection applies to the waiver authority provided by subsection (d) on the basis of the applicability of paragraph (2) or (3) of that subsection.

Applicability.

“(3) The waiver authority described in paragraph (2) may not be delegated below the Under Secretary of Defense for Acquisition and Technology.

“(4) At least 15 days before the effective date of any waiver made under the waiver authority described in paragraph (2), the Secretary shall publish in the Federal Register and submit to the congressional defense committees a notice of the determination to exercise the waiver authority.

Federal Register,
publication.
Notice.

Applicability.
10 USC 2534
note.

“(5) Any waiver made by the Secretary under the waiver authority described in paragraph (2) shall be in effect for a period not greater than one year, as determined by the Secretary.”.

(b) EFFECTIVE DATE.—Subsection (i) of section 2534 of such title, as added by subsection (a), shall apply with respect to—

(1) contracts and subcontracts entered into on or after the date of the enactment of this Act; and

(2) options for the procurement of items that are exercised after such date under contracts that are entered into before such date if the option prices are adjusted for any reason other than the application of a waiver granted under subsection (d) of such section 2534, on the basis of the applicability of paragraph (2) or (3) of that subsection.

Subtitle B—Acquisition Assistance Programs

SEC. 821. ONE-YEAR EXTENSION OF PILOT MENTOR-PROTEGE PROGRAM.

(a) ONE-YEAR EXTENSION OF PILOT MENTOR-PROTEGE PROGRAM.—Section 831(j) of the National Defense Authorization Act for Fiscal Year 1991 (10 U.S.C. 2302 note) is amended—

(1) in paragraph (1), by striking out “1998” and inserting in lieu thereof “1999”;

(2) in paragraph (2), by striking out “1999” and inserting in lieu thereof “2000”; and

(3) in paragraph (3), by striking out “1999” and inserting in lieu thereof “2000”.

(b) STUDY ON IMPLEMENTATION OF PILOT MENTOR-PROTEGE PROGRAM.—(1) The Comptroller General shall conduct a study on the implementation of the Mentor-Protege Program established under section 831 of the National Defense Authorization Act for Fiscal Year 1991 (10 U.S.C. 2302 note) and the extent to which the program is achieving the purposes established under that section.

(2) The study also shall include the following:

(A) A review of the manner in which funds for the program have been obligated.

(B) An identification and assessment of the average amount spent by the Department of Defense on individual mentor-protege agreements and the correlation between levels of funding and the business development of the protege firms.

(C) An evaluation of the effectiveness of the incentives provided to mentor firms to participate in the program.

(D) An assessment of the success of the Mentor-Protege Program in enhancing the business competitiveness and financial independence of protege firms.

(3) The Comptroller General shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report on the results of the study not later than March 31, 1998.

SEC. 822. TEST PROGRAM FOR NEGOTIATION OF COMPREHENSIVE SUBCONTRACTING PLANS.

(a) CONTENT OF SUBCONTRACTING PLANS.—Subsection (b)(2) of section 834 of the National Defense Authorization Act for Fiscal

Reports.

Years 1990 and 1991 (Public Law 101–189; 15 U.S.C. 637 note) is amended—

(1) by striking out “plan—” and inserting in lieu thereof “plan of a contractor—”;

(2) by striking out subparagraph (A);

(3) by redesignating subparagraph (B) as subparagraph (A) and by striking out the period at the end of such subparagraph and inserting in lieu thereof “; and”; and

(4) by adding at the end the following:

“(B) shall cover each Department of Defense contract that is entered into by the contractor and each subcontract that is entered into by the contractor as the subcontractor under a Department of Defense contract.”.

(b) EXTENSION OF PROGRAM.—Subsection (e) of such section is amended by striking out “September 30, 1998” in the second sentence and inserting in lieu thereof “September 30, 2000.”.

Subtitle C—Administrative Provisions

SEC. 831. RETENTION OF EXPIRED FUNDS DURING THE PENDENCY OF CONTRACT LITIGATION.

(a) IN GENERAL.—Chapter 141 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 2410m. Retention of amounts collected from contractor during the pendency of contract dispute

“(a) RETENTION OF FUNDS.—Notwithstanding sections 1552(a) and 3302(b) of title 31, any amount, including interest, collected from a contractor as a result of a claim made by a military department or Defense Agency under the Contract Disputes Act of 1978 (41 U.S.C. 601 et seq.), shall remain available in accordance with this section to pay—

“(1) any settlement of the claim by the parties;

“(2) any judgment rendered in the contractor’s favor on an appeal of the decision on that claim to the Armed Services Board of Contract Appeals under section 7 of such Act (41 U.S.C. 606); or

“(3) any judgment rendered in the contractor’s favor in an action on that claim in a court of the United States.

“(b) PERIOD OF AVAILABILITY.—(1) The period of availability of an amount under subsection (a), in connection with a claim—

“(A) expires 180 days after the expiration of the period for bringing an action on that claim in the United States Court of Federal Claims under section 10(a) of the Contract Disputes Act of 1978 (41 U.S.C. 609(a)) if, within that 180-day period—

“(i) no appeal on the claim is commenced at the Armed Services Board of Contract Appeals under section 7 of such Act; and

“(ii) no action on the claim is commenced in a court of the United States; or

“(B) if not expiring under subparagraph (A), expires—

“(i) in the case of a settlement of the claim, 180 days after the date of the settlement; or

“(ii) in the case of a judgment rendered on the claim in an appeal to the Armed Services Board of Contract

Appeals under section 7 of the Contract Disputes Act of 1978 or an action in a court of the United States, 180 days after the date on which the judgment becomes final and not appealable.

“(2) While available under this section, an amount may be obligated or expended only for a purpose described in subsection (a).

“(3) Upon the expiration of the period of availability of an amount under paragraph (1), the amount shall be covered into the Treasury as miscellaneous receipts.

“(c) REPORTING REQUIREMENT.—Each year, the Under Secretary of Defense (Comptroller) shall submit to Congress a report on the amounts, if any, that are available for obligation pursuant to this section. The report shall include, at a minimum, the following:

“(1) The total amount available for obligation.

“(2) The total amount collected from contractors during the year preceding the year in which the report is submitted.

“(3) The total amount disbursed in such preceding year and a description of the purpose for each disbursement.

“(4) The total amount returned to the Treasury in such preceding year.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 141 of title 10, United States Code, is amended by adding at the end the following new item:

“2410m. Retention of amounts collected from contractor during the pendency of contract dispute.”.

SEC. 832. PROTECTION OF CERTAIN INFORMATION FROM DISCLOSURE.

Section 2371 of title 10, United States Code, is amended by adding at the end the following new subsection:

“(i) PROTECTION OF CERTAIN INFORMATION FROM DISCLOSURE.—

(1) Disclosure of information described in paragraph (2) is not required, and may not be compelled, under section 552 of title 5 for five years after the date on which the information is received by the Department of Defense.

“(2)(A) Paragraph (1) applies to information described in subparagraph (B) that is in the records of the Department of Defense if the information was submitted to the Department in a competitive or noncompetitive process having the potential for resulting in an award, to the party submitting the information, of a cooperative agreement that includes a clause described in subsection (d) or another transaction authorized by subsection (a).

“(B) The information referred to in subparagraph (A) is the following:

“(i) A proposal, proposal abstract, and supporting documents.

“(ii) A business plan submitted on a confidential basis.

“(iii) Technical information submitted on a confidential basis.”.

SEC. 833. UNIT COST REPORTS.

(a) IMMEDIATE REPORT REQUIRED ONLY FOR PREVIOUSLY UNREPORTED INCREASED COSTS.—Subsection (c) of section 2433 of title 10, United States Code, is amended by striking out “during the current fiscal year (other than the last quarterly unit cost report

under subsection (b) for the preceding fiscal year” in the matter following paragraph (3).

(b) IMMEDIATE REPORT NOT REQUIRED FOR COST VARIANCES OR SCHEDULE VARIANCES OF MAJOR CONTRACTS.—Subsection (c) of such section is further amended—

- (1) by inserting “or” at the end of paragraph (1);
- (2) by striking out “or” at the end of paragraph (2); and
- (3) by striking out paragraph (3).

(c) CONGRESSIONAL NOTIFICATION OF INCREASED COST NOT CONDITIONED ON DISCOVERY SINCE BEGINNING OF FISCAL YEAR.—Subsection (d)(3) of such section is amended by striking out “(for the first time since the beginning of the current fiscal year)” in the first sentence.

SEC. 834. PLAN FOR PROVIDING CONTRACTING INFORMATION TO GENERAL PUBLIC AND SMALL BUSINESSES.

(a) REQUIREMENT FOR PLAN.—The Secretary of Defense shall develop a plan for improving the responsiveness of the Department of Defense to persons from the general public and small businesses seeking information on how to pursue contracting and technology development opportunities with the department. The plan shall include an assessment and recommendation on the designation of a central point of contact in the department to provide such information.

(b) SUBMISSION.—Not later than March 31, 1998, the Secretary shall submit the plan developed under subsection (a) to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives.

SEC. 835. TWO-YEAR EXTENSION OF CREDITING OF CERTAIN PURCHASES TOWARD MEETING SUBCONTRACTING GOALS.

Section 2410d(c) of title 10, United States Code, is amended, effective as of September 30, 1997, by striking out “September 30, 1997” and inserting in lieu thereof “September 30, 1999”.

Subtitle D—Other Matters

SEC. 841. REPEAL OF CERTAIN ACQUISITION REQUIREMENTS AND REPORTS

(a) REPEAL OF REPORTING REQUIREMENT FOR NONMAJOR ACQUISITION PROGRAMS.—Section 2220(b) of title 10, United States Code, is amended by striking out “and nonmajor” in the first sentence.

(b) REPEAL OF ADDITIONAL APPROVAL REQUIREMENT UNDER COMPETITION EXCEPTION FOR INTERNATIONAL AGREEMENTS.—Section 2304(f)(2)(E) of title 10, United States Code, is amended by striking out “and such document is approved by the competition advocate for the procuring activity”.

(c) CONTENT OF LIMITED SELECTED ACQUISITION REPORTS.—Section 2432(h)(2) of title 10, United States Code, is amended—

- (1) by striking out subparagraph (D); and
- (2) by redesignating subparagraphs (E) and (F) as subparagraphs (D) and (E), respectively.

(d) REPEAL OF REPORT RELATING TO PROCUREMENT REGULATIONS.—Section 25 of the Office of Federal Procurement Policy Act (41 U.S.C. 421) is amended by striking out subsection (g).

SEC. 842. USE OF MAJOR RANGE AND TEST FACILITY INSTALLATIONS BY COMMERCIAL ENTITIES.

(a) **EXTENSION OF AUTHORITY.**—Subsection (g) of section 2681 of title 10, United States Code, is amended by striking out “1998” and inserting in lieu thereof “2002”.

(b) **REVISED REPORTING REQUIREMENT.**—Subsection (h) of such section is amended to read as follows:

“(h) **REPORT.**—Not later than March 1, 1998, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report identifying existing and proposed procedures to ensure that the use of Major Range and Test Facility Installations by commercial entities does not compete with private sector test and evaluation services.”.

SEC. 843. REQUIREMENT TO DEVELOP AND MAINTAIN LIST OF FIRMS NOT ELIGIBLE FOR DEFENSE CONTRACTS.

Section 2327 of title 10, United States Code, is amended—

(1) by redesignating subsections (d) and (e) as subsections (f) and (g), respectively; and

(2) by inserting after subsection (c) the following new subsections:

“(d) **LIST OF FIRMS SUBJECT TO PROHIBITION.**—(1) The Secretary of Defense shall develop and maintain a list of all firms and subsidiaries of firms that the Secretary has identified as being subject to the prohibition in subsection (b).

“(2)(A) A person may request the Secretary to include on the list maintained under paragraph (1) any firm or subsidiary of a firm that the person believes to be owned or controlled by a foreign government described in subsection (b)(2). Upon receipt of such a request, the Secretary shall determine whether the conditions in paragraphs (1) and (2) of subsection (b) exist in the case of that firm or subsidiary. If the Secretary determines that such conditions do exist, the Secretary shall include the firm or subsidiary on the list.

“(B) A firm or subsidiary of a firm included on the list may request the Secretary to remove such firm or subsidiary from the list on the basis that it has been erroneously included on the list or its ownership circumstances have significantly changed. Upon receipt of such a request, the Secretary shall determine whether the conditions in paragraphs (1) and (2) of subsection (b) exist in the case of that firm or subsidiary. If the Secretary determines that such conditions do not exist, the Secretary shall remove the firm or subsidiary from the list.

“(C) The Secretary shall establish procedures to carry out this paragraph.

“(3) The head of an agency shall prohibit each firm or subsidiary of a firm awarded a contract by the agency from entering into a subcontract under that contract in an amount in excess of \$25,000 with a firm or subsidiary included on the list maintained under paragraph (1) unless there is a compelling reason to do so. In the case of any subcontract requiring consent by the head of an agency, the head of the agency shall not consent to the award of the subcontract to a firm or subsidiary included on such list unless there is a compelling reason for such approval.

“(e) **DISTRIBUTION OF LIST.**—The Administrator of General Services shall ensure that the list developed and maintained under

Regulations.

subsection (d) is made available to Federal agencies and the public in the same manner and to the same extent as the list of suspended and debarred contractors compiled pursuant to subpart 9.4 of the Federal Acquisition Regulation.”.

SEC. 844. SENSE OF CONGRESS REGARDING ALLOWABILITY OF COSTS OF EMPLOYEE STOCK OWNERSHIP PLANS.

It is the sense of Congress that the Secretary of Defense should not disallow, under Department of Defense contracts, the following costs:

(1) Interest costs associated with deferred compensation employee stock ownership plans that were incurred before January 1, 1994.

(2) Costs related to employee stock ownership plan (ESOP) debt, control premiums, or marketability discounts associated with the valuation of ESOP stock of closely held companies that were incurred before January 1, 1995.

SEC. 845. EXPANSION OF PERSONNEL ELIGIBLE TO PARTICIPATE IN DEMONSTRATION PROJECT RELATING TO ACQUISITION WORKFORCE.

(a) COVERED PERSONNEL.—(1) Subsection (a) of section 4308 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106; 10 U.S.C. 1701 note) is amended by adding before the period at the end the following: “and supporting personnel assigned to work directly with the acquisition workforce”.

(2) Subsection (b)(3)(A) of such section is amended by inserting before the semicolon the following: “or involves a team of personnel more than half of which consists of members of the acquisition workforce and the remainder of which consists of supporting personnel assigned to work directly with the acquisition workforce”.

(b) COMMENCEMENT OF PROJECT.—Subsection (b)(3)(B) of such section is amended by striking out “this Act” and inserting in lieu thereof “the National Defense Authorization Act for Fiscal Year 1998”.

(c) LIMITATION ON NUMBER OF PARTICIPANTS.—Such section is further amended by adding at the end the following:

“(d) LIMITATION ON NUMBER OF PARTICIPANTS.—The total number of persons who may participate in the demonstration project under this section may not exceed 95,000.”.

SEC. 846. TIME FOR SUBMISSION OF ANNUAL REPORT RELATING TO BUY AMERICAN ACT.

Section 827 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2611; 41 U.S.C. 10b–3) is amended by striking out “120 days” and inserting in lieu thereof “90 days”.

SEC. 847. REPEAL OF REQUIREMENT FOR CONTRACTOR GUARANTEES ON MAJOR WEAPON SYSTEMS.

(a) REPEAL.—Section 2403 of title 10, United States Code, is repealed.

(b) CLERICAL AND CONFORMING AMENDMENTS.—(1) The table of sections at the beginning of chapter 141 of such title is amended by striking out the item relating to section 2403.

(2) Section 803 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2604; 10 U.S.C. 2430 note) is amended—

- (A) in subsection (a), by striking out “2403,”;
- (B) by striking out subsection (c); and
- (C) by redesignating subsection (d) as subsection (c).

10 USC 2304
note.

SEC. 848. REQUIREMENTS RELATING TO MICRO-PURCHASES.

(a) **REQUIREMENT.**—(1) Not later than October 1, 1998, at least 60 percent of all eligible purchases made by the Department of Defense for an amount less than the micro-purchase threshold shall be made through streamlined micro-purchase procedures.

(2) Not later than October 1, 2000, at least 90 percent of all eligible purchases made by the Department of Defense for an amount less than the micro-purchase threshold shall be made through streamlined micro-purchase procedures.

(b) **ELIGIBLE PURCHASES.**—The Secretary of Defense shall establish which purchases are eligible for purposes of subsection (a). In establishing which purchases are eligible, the Secretary may exclude those categories of purchases determined not to be appropriate or practicable for streamlined micro-purchase procedures.

(c) **PLAN.**—Not later than March 1, 1998, the Secretary of Defense shall provide to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a plan to implement this section.

(d) **REPORT.**—Not later than March 1 in each of the years 1999, 2000, and 2001, the Secretary of Defense shall submit to the congressional defense committees a report on the implementation of this section. Each report shall include—

(A) the total dollar amount of all Department of Defense purchases for an amount less than the micro-purchase threshold in the fiscal year preceding the year in which the report is submitted;

(B) the total dollar amount of such purchases that were considered to be eligible purchases;

(C) the total amount of such eligible purchases that were made through a streamlined micro-purchase method; and

(D) a description of the categories of purchases excluded from the definition of eligible purchases established under subsection (b).

(e) **DEFINITIONS.**—In this section:

(1) The term “micro-purchase threshold” has the meaning provided in section 32 of the Office of Federal Procurement Policy Act (41 U.S.C. 428).

(2) The term “streamlined micro-purchase procedures” means procedures providing for the use of the Government-wide commercial purchase card or any other method for carrying out micro-purchases that the Secretary of Defense prescribes in the regulations implementing this subsection.

10 USC 1731
note.

SEC. 849. PROMOTION RATE FOR OFFICERS IN AN ACQUISITION CORPS.

(a) **REVIEW OF ACQUISITION CORPS PROMOTION SELECTIONS.**—Upon the approval of the President or his designee of the report of a selection board convened under section 611(a) of title 10, United States Code, which considered members of an Acquisition Corps of a military department for promotion to a grade above O–4, the Secretary of the military department shall submit a copy of the report to the Under Secretary of Defense for Acquisition and Technology for review.

(b) **REPORTING REQUIREMENT.**—Not later than January 31 of each year, the Under Secretary of Defense for Acquisition and Technology shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report containing the Under Secretary's assessment of the extent to which each military department is complying with the requirement set forth in section 1731(b) of title 10, United States Code.

(c) **TERMINATION OF REQUIREMENTS.**—This section shall cease to be effective on October 1, 2000.

SEC. 850. USE OF ELECTRONIC COMMERCE IN FEDERAL PROCUREMENT.

(a) **POLICY.**—Section 30 of the Office of Federal Procurement Policy Act (41 U.S.C. 426) is amended to read as follows:

“SEC. 30. USE OF ELECTRONIC COMMERCE IN FEDERAL PROCUREMENT.

“(a) **IN GENERAL.**—The head of each executive agency, after consulting with the Administrator, shall establish, maintain, and use, to the maximum extent that is practicable and cost-effective, procedures and processes that employ electronic commerce in the conduct and administration of its procurement system.

“(b) **APPLICABLE STANDARDS.**—In conducting electronic commerce, the head of an agency shall apply nationally and internationally recognized standards that broaden interoperability and ease the electronic interchange of information.

“(c) **AGENCY PROCEDURES.**—The head of each executive agency shall ensure that systems, technologies, procedures, and processes established pursuant to this section—

“(1) are implemented with uniformity throughout the agency, to the extent practicable;

“(2) are implemented only after granting due consideration to the use or partial use, as appropriate, of existing electronic commerce and electronic data interchange systems and infrastructures such the Federal acquisition computer network architecture known as FACNET;

“(3) facilitate access to Federal Government procurement opportunities, including opportunities for small business concerns, socially and economically disadvantaged small business concerns, and business concerns owned predominantly by women; and

“(4) ensure that any notice of agency requirements or agency solicitation for contract opportunities is provided in a form that allows convenient and universal user access through a single, Government-wide point of entry.

“(d) **IMPLEMENTATION.**—The Administrator shall, in carrying out the requirements of this section—

“(1) issue policies to promote, to the maximum extent practicable, uniform implementation of this section by executive agencies, with due regard for differences in program requirements among agencies that may require departures from uniform procedures and processes in appropriate cases, when warranted because of the agency mission;

“(2) ensure that the head of each executive agency complies with the requirements of subsection (c) with respect to the agency systems, technologies, procedures, and processes established pursuant to this section; and

“(3) consult with the heads of appropriate Federal agencies with applicable technical and functional expertise, including the Office of Information and Regulatory Affairs, the National Institute of Standards and Technology, the General Services Administration, and the Department of Defense.

“(e) REPORT.—Not later than March 1, 1998, and every year afterward through 2003, the Administrator shall submit to Congress a report setting forth in detail the progress made in implementing the requirements of this section. The report shall include the following:

“(1) A strategic plan for the implementation of a Government-wide electronic commerce capability.

“(2) An agency-by-agency summary of implementation of the requirements of subsection (c), including timetables, as appropriate, addressing when individual agencies will come into full compliance.

“(3) A specific assessment of compliance with the requirement in subsection (c) to provide universal public access through a single, Government-wide point of entry.

“(4) Beginning with the report submitted on March 1, 1999, an agency-by-agency summary of the volume and dollar value of transactions that were conducted using electronic commerce methods during the previous calendar year.

“(5) A discussion of possible incremental changes to the electronic commerce capability referred to in subsection (c)(4) to increase the level of government contract information available to the private sector, including an assessment of the advisability of including contract award information in the electronic commerce functional standard.

“(f) ELECTRONIC COMMERCE DEFINED.—For the purposes of this section, the term ‘electronic commerce’ means electronic techniques for accomplishing business transactions, including electronic mail or messaging, World Wide Web technology, electronic bulletin boards, purchase cards, electronic funds transfers, and electronic data interchange.”

(b) REPEAL OF REQUIREMENTS FOR IMPLEMENTATION OF FACNET CAPABILITY.—Section 30A of the Office of Federal Procurement Policy Act (41 U.S.C. 426a) is repealed.

(c) REPEAL OF REQUIREMENT FOR GAO REPORT.—Section 9004 of the Federal Acquisition Streamlining Act of 1994 (41 U.S.C. 426a note) is repealed.

(d) REPEAL OF CONDITION FOR USE OF SIMPLIFIED ACQUISITION PROCEDURES.—Section 31 of the Office of Federal Procurement Policy Act (41 U.S.C. 427) is amended—

(1) by striking out subsection (e); and

(2) by redesignating subsections (f) and (g) as subsections (e) and (f), respectively.

(e) AMENDMENTS TO PROCUREMENT NOTICE REQUIREMENTS.—

(1) Section 8(g)(1) of the Small Business Act (15 U.S.C. 637(g)(1)) is amended—

(A) by striking out subparagraphs (A) and (B);

(B) by redesignating subparagraphs (C), (D), (E), (F), (G), and (H) as subparagraphs (B), (C), (D), (E), (F), and (G), respectively; and

(C) by inserting before subparagraph (B), as so redesignated, the following new subparagraph (A):

“(A) the proposed procurement is for an amount not greater than the simplified acquisition threshold and is to be conducted by—

“(i) using widespread electronic public notice of the solicitation in a form that allows convenient and universal user access through a single, Government-wide point of entry; and

“(ii) permitting the public to respond to the solicitation electronically.”.

(2) Section 18(c)(1) of the Office of Federal Procurement Policy Act (41 U.S.C. 416(c)(1)) is amended—

(A) by striking out subparagraphs (A) and (B);

(B) by redesignating subparagraphs (C), (D), (E), (F), (G), and (H) as subparagraphs (B), (C), (D), (E), (F), and (G), respectively; and

(C) by inserting before subparagraph (B), as so redesignated, the following new subparagraph (A):

“(A) the proposed procurement is for an amount not greater than the simplified acquisition threshold and is to be conducted by—

“(i) using widespread electronic public notice of the solicitation in a form that allows convenient and universal user access through a single, Government-wide point of entry; and

“(ii) permitting the public to respond to the solicitation electronically.”.

(3) The amendments made by paragraphs (1) and (2) shall be implemented in a manner consistent with any applicable international agreements.

15 USC 637 note.

(f) CONFORMING AND TECHNICAL AMENDMENTS.—(1) Section 5061 of the Federal Acquisition Streamlining Act of 1994 (41 U.S.C. 413 note) is amended—

(A) in subsection (c)(4)—

(i) by striking out “the Federal acquisition computer network (‘FACNET’)” and inserting in lieu thereof “the electronic commerce”; and

(ii) by striking out “(as added by section 9001)”; and

(B) in subsection (e)(9)(A), by striking out “, or by dissemination through FACNET,”.

(2) Section 5401 of the Clinger-Cohen Act of 1996 (divisions D and E of Public Law 104–106; 40 U.S.C. 1501) is amended—

(A) in subsection (a)—

(i) by striking out “through the Federal Acquisition Computer Network (in this section referred to as ‘FACNET’)”; and

(ii) by striking out the last sentence;

(B) in subsection (b)—

(i) by striking out “ADDITIONAL FACNET FUNCTIONS.—” and all that follows through “(41 U.S.C. 426(b)), the FACNET architecture” and inserting in lieu thereof “FUNCTIONS.—(1) The system for providing on-line computer access”; and

(ii) in paragraph (2), by striking out “The FACNET architecture” and inserting in lieu thereof “The system for providing on-line computer access”;

(C) in subsection (c)(1), by striking out “the FACNET architecture” and inserting in lieu thereof “the system for providing on-line computer access”; and

(D) by striking out subsection (d).

(3)(A) Section 2302c of title 10, United States Code, is amended to read as follows:

“§ 2302c. Implementation of electronic commerce capability

“(a) IMPLEMENTATION OF ELECTRONIC COMMERCE CAPABILITY.—

(1) The head of each agency named in paragraphs (1), (5), and (6) shall implement the electronic commerce capability required by section 30 of the Office of Federal Procurement Policy Act (41 U.S.C. 426).

“(2) The Secretary of Defense shall act through the Under Secretary of Defense for Acquisition and Technology to implement the capability within the Department of Defense.

“(3) In implementing the electronic commerce capability pursuant to paragraph (1), the head of an agency referred to in paragraph (1) shall consult with the Administrator for Federal Procurement Policy.

“(b) DESIGNATION OF AGENCY OFFICIAL.—The head of each agency named in paragraph (5) or (6) of section 2303 of this title shall designate a program manager to implement the electronic commerce capability for that agency. The program manager shall report directly to an official at a level not lower than the senior procurement executive designated for the agency under section 16(3) of the Office of Federal Procurement Policy Act (41 U.S.C. 414(3)).”.

(B) Section 2304(g)(4) of such title is amended by striking out “31(g)” and inserting in lieu thereof “31(f)”.

(4)(A) Section 302C of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 252c) is amended to read as follows:

“SEC. 302C. IMPLEMENTATION OF ELECTRONIC COMMERCE CAPABILITY.

“(a) IMPLEMENTATION OF ELECTRONIC COMMERCE CAPABILITY.—

(1) The head of each executive agency shall implement the electronic commerce capability required by section 30 of the Office of Federal Procurement Policy Act (41 U.S.C. 426).

“(2) In implementing the electronic commerce capability pursuant to paragraph (1), the head of an executive agency shall consult with the Administrator for Federal Procurement Policy.

“(b) DESIGNATION OF AGENCY OFFICIAL.—The head of each executive agency shall designate a program manager to implement the electronic commerce capability for that agency. The program manager shall report directly to an official at a level not lower than the senior procurement executive designated for the executive agency under section 16(3) of the Office of Federal Procurement Policy Act (41 U.S.C. 414(3)).”.

(B) Section 303(g)(5) of the Federal Property and Administrative Services Act (41 U.S.C. 253(g)(5)) is amended by striking out “31(g)” and inserting in lieu thereof “31(f)”.

(g) EFFECTIVE DATE.—(1) Except as provided in paragraph (2), the amendments made by this section shall take effect 180 days after the date of the enactment of this Act.

(2) The repeal made by subsection (c) of this section shall take effect on the date of the enactment of this Act.

SEC. 851. CONFORMANCE OF POLICY ON PERFORMANCE BASED MANAGEMENT OF CIVILIAN ACQUISITION PROGRAMS WITH POLICY ESTABLISHED FOR DEFENSE ACQUISITION PROGRAMS.

(a) **PERFORMANCE GOALS.**—Section 313(a) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 263(a)) is amended to read as follows:

“(a) **CONGRESSIONAL POLICY.**—It is the policy of Congress that the head of each executive agency should achieve, on average, 90 percent of the cost, performance, and schedule goals established for major acquisition programs of the agency.”.

(b) **CONFORMING AMENDMENT TO REPORTING REQUIREMENT.**—Section 6(k) of the Office of Federal Procurement Policy Act (41 U.S.C. 405(k)) is amended by inserting “regarding major acquisitions that is” in the first sentence after “policy”.

SEC. 852. MODIFICATION OF PROCESS REQUIREMENTS FOR THE SOLUTIONS-BASED CONTRACTING PILOT PROGRAM.

(a) **SOURCE SELECTION.**—Paragraph (9) of section 5312(c) of the Clinger-Cohen Act of 1996 (divisions D and E of Public Law 104–106; 40 U.S.C. 1492(c)) is amended—

(1) in subparagraph (A), by striking out “, and ranking of alternative sources,” and inserting in lieu thereof “or sources,”;

(2) in subparagraph (B)—

(A) in the matter preceding clause (i), by inserting “(or a longer period, if approved by the Administrator)” after “30 to 60 days”;

(B) in clause (i), by inserting “or sources” after “source”; and

(C) in clause (ii), by striking out “that source” and inserting in lieu thereof “the source whose offer is determined to be most advantageous to the Government”; and

(3) in subparagraph (C), by striking out “with alternative sources (in the order ranked)”.

(b) **TIME MANAGEMENT DISCIPLINE.**—Paragraph (12) of such section is amended by inserting before the period at the end the following: “, except that the Administrator may approve the application of a longer standard period”.

SEC. 853. GUIDANCE AND STANDARDS FOR DEFENSE ACQUISITION WORKFORCE TRAINING REQUIREMENTS.

10 USC 1723
note.

The Secretary of Defense shall develop appropriate guidance and standards to ensure that the Department of Defense will continue, where appropriate and cost-effective, to enter into contracts for the training requirements of sections 1723, 1724, and 1735 of title 10, United States Code, while maintaining appropriate control over the content and quality of such training.

SEC. 854. STUDY AND REPORT TO CONGRESS ASSESSING DEPENDENCE ON FOREIGN SOURCES FOR RESISTORS AND CAPACITORS.

(a) **STUDY.**—The Secretary of Defense shall conduct a study of the capacitor and resistor industries in the United States and the degree of United States dependence on foreign sources for resistors and capacitors.

(b) **REPORT.**—Not later than May 1, 1998, the Secretary shall submit to Congress a report on the results of the study under subsection (a). The report shall include the following:

(1) An assessment of the industrial base for the production of resistors and capacitors within the United States and a projection of any changes in that base that are likely to occur after the implementation of relevant tariff reductions required by the Information Technology Agreement entered into at the World Trade Organization Ministerial in Singapore in December 1996.

(2) An assessment of the level of dependence on foreign sources for procurement of resistors and capacitors and a projection of the level of dependence on foreign sources that is likely to occur after the implementation of relevant tariff reductions required by the Information Technology Agreement.

(3) The implications for the national security of the United States of the projections reported under paragraphs (1) and (2).

(4) Recommendations for appropriate changes, if any, in defense procurement policies or other Federal policies based on such implications.

SEC. 855. DEPARTMENT OF DEFENSE AND FEDERAL PRISON INDUSTRIES JOINT STUDY.

(a) **STUDY OF EXISTING PROCUREMENT PROCEDURES.**—The Secretary of Defense and the Director of Federal Prison Industries shall jointly conduct a study of the procurement procedures, regulations, and statutes that govern procurement transactions between the Department of Defense and Federal Prison Industries.

(b) **REPORT.**—(1) The Secretary and the Director shall, not later than 180 days after the date of the enactment of this Act, submit to the committees listed in paragraph (2) a report containing the findings of the study and recommendations on the means to improve the efficiency and reduce the cost of transactions described in subsection (a).

(2) The committees referred to in paragraph (1) are the following:

(A) The Committee on Armed Services and the Committee on the Judiciary of the Senate.

(B) The Committee on National Security and the Committee on the Judiciary of the House of Representatives.

TITLE IX—DEPARTMENT OF DEFENSE ORGANIZATION AND MANAGEMENT

**Subtitle A—Department of Defense Positions and Organizations and Other
General Matters**

Sec. 902. Use of CINC Initiative Fund for force protection.

Sec. 903. Revision to required frequency for provision of policy guidance for contingency plans.

Sec. 904. Annual justification for Department of Defense advisory committees.

Sec. 905. Airborne reconnaissance management.

Sec. 906. Termination of the Armed Services Patent Advisory Board.

Sec. 907. Coordination of Department of Defense criminal investigations and audits.

Subtitle B—Department of Defense Personnel Management

- Sec. 911. Reduction in personnel assigned to management headquarters and headquarters support activities.
Sec. 912. Defense acquisition workforce.

Subtitle C—Department of Defense Schools and Centers

- Sec. 921. Professional military education schools.
Sec. 922. Center for Hemispheric Defense Studies.
Sec. 923. Correction to reference to George C. Marshall European Center for Security Studies.

Subtitle D—Department of Defense Intelligence-Related Matters

- Sec. 931. Transfer of certain military department programs from TIARA budget aggregation.
Sec. 932. Report on coordination of access of commanders and deployed units to intelligence collected and analyzed by the intelligence community.
Sec. 933. Protection of imagery, imagery intelligence, and geospatial information and data.
Sec. 934. POW/MIA intelligence analysis.

Subtitle A—Department of Defense Positions and Organizations and Other General Matters

SEC. 901. ASSISTANTS TO THE CHAIRMAN OF THE JOINT CHIEFS OF STAFF FOR NATIONAL GUARD MATTERS AND FOR RESERVE MATTERS. 10 USC 155 note.

(a) ESTABLISHMENT OF POSITIONS.—The Secretary of Defense shall establish the following positions within the Joint Staff:

(1) Assistant to the Chairman of the Joint Chiefs of Staff for National Guard Matters.

(2) Assistant to the Chairman of the Joint Chiefs of Staff for Reserve Matters.

(b) SELECTION.—(1) The Assistant to the Chairman of the Joint Chiefs of Staff for National Guard Matters shall be selected by the Chairman from officers of the Army National Guard of the United States or the Air Guard of the United States who—

(A) are recommended for such selection by their respective Governors or, in the case of the District of Columbia, the commanding general of the District of Columbia National Guard;

(B) have had at least 10 years of federally recognized commissioned service in the National Guard; and

(C) are in a grade above the grade of colonel.

(2) The Assistant to the Chairman of the Joint Chiefs of Staff for Reserve Matters shall be selected by the Chairman from officers of the Army Reserve, the Naval Reserve, the Marine Corps Reserve, or the Air Force Reserve who—

(A) are recommended for such selection by the Secretary of the military department concerned;

(B) have had at least 10 years of commissioned service in their reserve component; and

(C) are in a grade above the grade of colonel or, in the case of the Naval Reserve, captain.

(c) TERM OF OFFICE.—Each Assistant to the Chairman under subsection (a) serves at the pleasure of the Chairman for a term of two years and may be continued in that assignment in the same manner for one additional term. However, in time of war there is no limit on the number of terms.

(d) **GRADE.**—Each Assistant to the Chairman, while so serving, holds the grade of major general or, in the case of the Naval Reserve, rear admiral. Each such officer shall be considered to be serving in a position external to that officer's Armed Force for purposes of section 721 of title 10, United States Code, as added by section 501(a).

(e) **DUTIES.**—The Assistant to the Chairman for National Guard Matters is an adviser to the Chairman on matters relating to the National Guard and performs the duties prescribed for that position by the Chairman. The Assistant to the Chairman for Reserve Matters is an adviser to the Chairman on matters relating to the reserves and performs the duties prescribed for that position by the Chairman.

(f) **OTHER RESERVE COMPONENT REPRESENTATION ON JOINT STAFF.**—(1) The Secretary of Defense, in consultation with the Chairman of the Joint Chiefs, shall develop appropriate policy guidance to ensure that, to the maximum extent practicable, the level of reserve component officer representation within the Joint Staff is commensurate with the significant role of the reserve components within the Total Force.

Reports.

(2) Not later than March 1, 1998, the Secretary shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report describing the steps taken and being taken to implement this subsection.

(g) **EFFECTIVE DATE.**—The positions specified in subsection (a) shall be established by the Secretary of Defense not later than 60 days after the date of the enactment of this Act.

SEC. 902. USE OF CINC INITIATIVE FUND FOR FORCE PROTECTION.

Section 166a(b) of title 10, United States Code, is amended by adding at the end the following:

“(9) Force protection.”.

SEC. 903. REVISION TO REQUIRED FREQUENCY FOR PROVISION OF POLICY GUIDANCE FOR CONTINGENCY PLANS.

Section 113(g)(2) of title 10, United States Code, is amended—

- (1) in the first sentence, by striking out “annually”; and
- (2) in the second sentence, by inserting “be provided every two years or more frequently as needed and shall” after “Such guidance shall”.

SEC. 904. ANNUAL JUSTIFICATION FOR DEPARTMENT OF DEFENSE ADVISORY COMMITTEES.

(a) **ANNUAL JUSTIFICATION REQUIRED.**—Chapter 7 of title 10, United States Code, is amended by adding after section 182, as added by section 382(a)(1), the following new section:

“§ 183. Advisory committees: annual justification required

“(a) **ANNUAL REPORT.**—The Secretary of Defense shall include in the annual report of the Secretary under section 113(c) of this title a report on advisory committees of the Department of Defense. In each such report, the Secretary shall—

- “(1) identify each advisory committee that the Secretary proposes to support, or that the Secretary is required by law or direction from the President to support, during the next fiscal year; and

“(2) for each committee identified under paragraph (1), set forth—

“(A) the justification or requirement for that committee;

and

“(B) the projected cost to the Department of Defense to support that committee during the next fiscal year.

“(b) **ADVISORY COMMITTEE DEFINED.**—In this section, the term ‘advisory committee’ means an entity that is subject to the provisions of the Federal Advisory Committee Act (5 U.S.C. App.).”.

(b) **CLERICAL AMENDMENT.**—The table of sections at the beginning of such chapter is amended by adding after the item relating to section 182, as added by section 382(a)(2), the following new item:

“183. Advisory committees: annual justification required.”.

SEC. 905. AIRBORNE RECONNAISSANCE MANAGEMENT.

(a) **REORGANIZATION OF DEFENSE AIRBORNE RECONNAISSANCE MANAGEMENT.**—Not later than September 30, 1998, the Secretary of Defense shall reorganize the management of defense airborne reconnaissance within the Department of Defense in accordance with the plan developed under subsection (b).

(b) **PLAN AND REPORT.**—(1) The Secretary of Defense shall develop a plan to reorganize the following organizations by transferring functions as required under subsections (c) and (d):

(A) The organization within the Department of Defense that is subordinate to the Under Secretary of Defense for Acquisition and Technology and known as the Defense Airborne Reconnaissance Office.

(B) The organization within the Department of Defense that is subordinate to the Secretary of the Navy and known as the Unmanned Aerial Vehicle Joint Program Office.

(2) The Secretary shall submit to the congressional defense committees a report containing—

(A) the plan developed under paragraph (1); and

(B) an explanation of how the plan addresses the findings and recommendations in the final report of the Task Force on Defense Reform (established by the Secretary of Defense on May 14, 1997, and headed by the Deputy Secretary of Defense).

(3) The plan under paragraph (1) shall be developed, and the report under paragraph (2) shall be submitted, not later than March 1, 1998.

(c) **TRANSFER OF CERTAIN FUNCTIONS TO SECRETARIES OF MILITARY DEPARTMENTS.**—(1) Not later than September 30, 1998, the Secretary of Defense shall transfer to the Secretaries of the military departments those functions specified in paragraph (2) that were performed on the day before the date of the enactment of this Act by the Defense Airborne Reconnaissance Office and the Unmanned Aerial Vehicle Joint Program Office.

(2) The functions referred to in paragraph (1) are the functions of the Defense Airborne Reconnaissance Office and the Unmanned Aerial Vehicle Joint Program Office relating to their responsibilities for acquisition of systems, budgeting, program management (for research, development, test, and evaluation, for procurement, for life-cycle support, and for operations), and related responsibilities for individual airborne reconnaissance programs.

(d) **TRANSFER OF CERTAIN FUNCTIONS TO DEFENSE AIRBORNE RECONNAISSANCE OFFICE.**—(1) Not later than September 30, 1998, the Secretary of Defense shall transfer to the Defense Airborne Reconnaissance Office those functions specified in paragraph (2) that were performed on the day before the date of the enactment of this Act by the Unmanned Aerial Vehicle Joint Program Office.

(2) The functions referred to in paragraph (1) are the functions of the Unmanned Aerial Vehicle Joint Program Office relating to its responsibilities for management and oversight of defense airborne reconnaissance architecture, requirements, and system interfaces (other than the responsibilities specified in subsection (c)(2)).

SEC. 906. TERMINATION OF THE ARMED SERVICES PATENT ADVISORY BOARD.

(a) **TERMINATION OF BOARD.**—The organization within the Department of Defense known as the Armed Services Patent Advisory Board is terminated. No funds available for the Department of Defense may be used for the operation of that Board after the effective date specified in subsection (c).

(b) **TRANSFER OF FUNCTIONS.**—All functions performed on the day before the date of the enactment of this Act by the Armed Services Patent Advisory Board (including performance of the responsibilities of the Department of Defense for security review of patent applications under chapter 17 of title 35, United States Code) shall be transferred to the Defense Technology Security Administration.

(c) **EFFECTIVE DATE.**—Subsection (a) shall take effect at the end of the 120-day period beginning on the date of the enactment of this Act.

10 USC 113 note.

SEC. 907. COORDINATION OF DEPARTMENT OF DEFENSE CRIMINAL INVESTIGATIONS AND AUDITS.

(a) **MILITARY DEPARTMENT CRIMINAL INVESTIGATIVE ORGANIZATIONS.**—(1) The heads of the military department criminal investigative organizations shall take such action as may be practicable to conserve the limited resources available to the military department criminal investigative organizations by sharing personnel, expertise, infrastructure, training, equipment, software, and other resources.

(2) The heads of the military department criminal investigative organizations shall meet on a regular basis to determine the manner in which and the extent to which the military department criminal investigative organizations will be able to share resources.

(b) **DEFENSE AUDITING ORGANIZATIONS.**—(1) The heads of the defense auditing organizations shall take such action as may be practicable to conserve the limited resources available to the defense auditing organizations by sharing personnel, expertise, infrastructure, training, equipment, software, and other resources.

(2) The heads of the defense auditing organizations shall meet on a regular basis to determine the manner in which and the extent to which the defense auditing organizations will be able to share resources.

(c) **IMPLEMENTATION PLAN.**—Not later than December 31, 1997, the Secretary of Defense shall submit to Congress a plan designed to maximize the resources available to the military department criminal investigative organizations and the defense auditing organizations, as required by this section.

(d) DEFINITIONS.—For purposes of this section:

(1) The term “military department criminal investigative organizations” means—

- (A) the Army Criminal Investigation Command;
- (B) the Naval Criminal Investigative Service; and
- (C) the Air Force Office of Special Investigations.

(2) The term “defense auditing organizations” means—

- (A) the Office of the Inspector General of the Department of Defense;
- (B) the Defense Contract Audit Agency;
- (C) the Army Audit Agency;
- (D) the Naval Audit Service; and
- (E) the Air Force Audit Agency.

Subtitle B—Department of Defense Personnel Management

SEC. 911. REDUCTION IN PERSONNEL ASSIGNED TO MANAGEMENT HEADQUARTERS AND HEADQUARTERS SUPPORT ACTIVITIES.

(a) IN GENERAL.—(1) Chapter 3 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 130a. Management headquarters and headquarters support activities personnel: limitation

“(a) LIMITATION.—Effective October 1, 2002, the number of management headquarters and headquarters support activities personnel in the Department of Defense may not exceed 75 percent of the baseline number.

Effective date.

“(b) PHASED REDUCTION.—The number of management headquarters and headquarters support activities personnel in the Department of Defense—

“(1) as of October 1, 1998, may not exceed 95 percent of the baseline number;

“(2) as of October 1, 1999, may not exceed 90 percent of the baseline number;

“(3) as of October 1, 2000, may not exceed 85 percent of the baseline number; and

“(4) as of October 1, 2001, may not exceed 80 percent of the baseline number.

“(c) BASELINE NUMBER.—In this section, the term ‘baseline number’ means the number of management headquarters and headquarters support activities personnel in the Department of Defense as of October 1, 1997.

“(d) LIMITATION ON MANAGEMENT HEADQUARTERS AND HEADQUARTERS SUPPORT PERSONNEL ASSIGNED TO THE UNITED STATES TRANSPORTATION COMMAND.—(1) Effective October 1, 1998, the number of management headquarters activities and management headquarters support activities personnel assigned to, or employed in, the United States Transportation Command may not exceed the number equal to 95 percent of the number of such personnel as of October 1, 1997.

Effective date.

“(2) For purposes of paragraph (1), the United States Transportation Command shall be considered to include the following:

“(A) The United States Transportation Command Headquarters.

“(B) The Air Mobility Command of the Air Force.

“(C) The Military Sealift Command of the Navy.

“(D) The Military Traffic Management Command of the Army.

“(E) The Defense Courier Service.

“(F) Any other element of the Department of Defense assigned to the United States Transportation Command.

“(3) The Secretary of Defense may waive or suspend operation of paragraph (1) in the event of a war or national emergency.

“(e) MANAGEMENT HEADQUARTERS AND HEADQUARTERS SUPPORT ACTIVITIES PERSONNEL DEFINED.—In this section:

“(1) The term ‘management headquarters and headquarters support activities personnel’ means military and civilian personnel of the Department of Defense who are assigned to, or employed in, functions in management headquarters activities or in management headquarters support activities.

“(2) The terms ‘management headquarters activities’ and ‘management headquarters support activities’ have the meanings given those terms in Department of Defense Directive 5100.73, entitled ‘Department of Defense Management Headquarters and Headquarters Support Activities’, as in effect on November 12, 1996.

“(f) LIMITATION ON REASSIGNMENT OF FUNCTIONS.—In carrying out reductions in the number of personnel assigned to, or employed in, management headquarters and headquarters support activities in order to comply with this section, the Secretary of Defense and the Secretaries of the military departments may not reassign functions in order to evade the requirements of this section.

“(g) FLEXIBILITY.—If the Secretary of Defense determines, and certifies to Congress, that the limitation in subsection (b) with respect to any fiscal year would adversely affect United States national security, the Secretary may waive the limitation under that subsection with respect to that fiscal year. If the Secretary of Defense determines, and certifies to Congress, that the limitation in subsection (a) during fiscal year 2001 would adversely affect United States national security, the Secretary may waive the limitation under that subsection with respect to that fiscal year. The authority under this subsection may be used only once, with respect to a single fiscal year.”.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“130a. Management headquarters and headquarters support activities personnel: limitation.”.

10 USC 130a
note.

(b) IMPLEMENTATION REPORT.—Not later than January 15, 1998, the Secretary of Defense shall submit to Congress a report—

(1) containing a plan to achieve the personnel reductions required by section 130a of title 10, United States Code, as added by subsection (a); and

(2) including the recommendations of the Secretary regarding—

(A) the revision, replacement, or augmentation of Department of Defense Directive 5100.73, entitled “Department of Defense Management Headquarters and Headquarters Support Activities”, as in effect on November 12, 1996; and

(B) the revision of the definitions of the terms “management headquarters activities” and “management headquarters support activities” under that Directive so that those terms apply uniformly throughout the Department of Defense.

(c) DUTIES OF TASK FORCE ON DEFENSE REFORM TO INCLUDE CONSIDERATION OF MANAGEMENT HEADQUARTERS ACTIVITIES.—(1) The Secretary of Defense shall require that the areas of study of the Task Force on Defense Reform (established by the Secretary of Defense on May 14, 1997, and headed by the Deputy Secretary of Defense) include an examination of the missions, functions, and responsibilities of the various management headquarters activities and management headquarters support activities of the Department of Defense. In carrying out that examination of those activities, the Task Force shall identify areas of duplication in those activities and recommend to the Secretary options to streamline, reduce, and eliminate redundancies.

(2) The examination of the missions, functions, and responsibilities of the various management headquarters activities and management headquarters support activities of the Department of Defense under paragraph (1) shall include the following:

(A) An assessment of benefits of consolidation or selected elimination of Department of Defense management headquarters activities and management headquarters support activities.

(B) An assessment of the opportunities to streamline the management headquarters and management headquarters support infrastructure that were realized as a result of the enactment of the Federal Acquisition Streamlining Act of 1994 (Public Law 103–355) and the Clinger-Cohen Act of 1996 (divisions D and E of Public Law 104–106) or as result of other management reform initiatives implemented administratively during the period from 1993 through 1997.

(C) An assessment of such other options for streamlining or restructuring the management headquarters and management headquarters support infrastructure as the Task Force considers appropriate and as can be carried out under existing provisions of law.

(3) Not later than March 1, 1998, the Secretary of Defense shall submit to Congress a report on the results of the examination by the Task Force under this subsection. The Secretary shall include in the report any report to the Secretary from the Task Force with respect to the matters described in paragraphs (1) and (2). Reports.

(d) CODIFICATION OF PRIOR PERMANENT LIMITATION ON OSD PERSONNEL.—(1) Chapter 4 of title 10, United States Code, is amended by adding at the end a new section 143 consisting of—

(A) a heading as follows:

“§ 143. Office of the Secretary of Defense personnel: limitation”;

and

(B) a text consisting of the text of subsections (a) through (f) of section 903 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2617).

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“143. Office of the Secretary of Defense personnel: limitation.”.

(3) Section 903 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201; 110 Stat. 2617) is repealed.

10 USC 131 note.

SEC. 912. DEFENSE ACQUISITION WORKFORCE.

(a) **REDUCTION OF DEFENSE ACQUISITION WORKFORCE.**—(1) The Secretary of Defense shall accomplish reductions in defense acquisition personnel positions during fiscal year 1998 so that the total number of such personnel as of October 1, 1998, is less than the total number of such personnel as of October 1, 1997, by at least the applicable number determined under paragraph (2).

(2)(A) The applicable number for purposes of paragraph (1) is 25,000. However, the Secretary of Defense may specify a lower number, which may not be less than 10,000, as the applicable number for purposes of paragraph (1) if the Secretary determines, and certifies to Congress not later than June 1, 1998, that an applicable number greater than the number specified by the Secretary would be inconsistent with the cost-effective management of the defense acquisition system to obtain best value equipment and would adversely affect military readiness.

(B) The Secretary shall include with such a certification a detailed explanation of each of the matters certified.

(C) The authority of the Secretary under subparagraph (A) may only be delegated to the Deputy Secretary of Defense.

(3) For purposes of this subsection, the term “defense acquisition personnel” means military and civilian personnel (other than civilian personnel who are employed at a maintenance depot) who are assigned to, or employed in, acquisition organizations of the Department of Defense (as specified in Department of Defense Instruction numbered 5000.58 dated January 14, 1992).

(b) **REPORT ON SPECIFIC ACQUISITION POSITIONS PREVIOUSLY ELIMINATED.**—Not later than 30 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report on reductions in the defense acquisition workforce made since fiscal year 1989. The report shall show aggregate reductions by fiscal year and shall show for each fiscal year reductions identified by specific job title, classification, or position. The report shall also identify those reductions carried out pursuant to law (and how the Secretary implemented any statutory requirement for such reductions, including definition of the workforce subject to the reduction) and those reductions carried out as a result of base closures and realignments under the so-called BRAC process. The Secretary shall include in the report a definition of the term “defense acquisition workforce” that is to be applied uniformly throughout the Department of Defense.

Reports.

(c) **IMPLEMENTATION PLAN TO STREAMLINE AND IMPROVE ACQUISITION ORGANIZATIONS.**—(1) Not later than April 1, 1998, the Secretary of Defense shall submit to Congress a report containing a plan to streamline the acquisition organizations, workforce, and infrastructure of the Department of Defense. The Secretary shall include with the report a detailed discussion of the recommendations of the Secretary based on the review under subsection (d) and the assessment of the Task Force on Defense Reform pursuant to subsection (e), together with a request for the enactment of any legislative changes necessary for implementation of the plan. The Secretary shall include in the report the results of the review under subsection (d) and the independent assessment of the Task Force on Defense Reform pursuant to subsection (e).

(2) In carrying out this subsection and subsection (d), the Secretary of Defense shall formally consult with the Chairman of the Joint Chiefs of Staff, the Director of Program Analysis and Evaluation, the Under Secretary of Defense (Comptroller), and the Under Secretary for Acquisition and Technology.

(d) REVIEW OF ACQUISITION ORGANIZATIONS AND FUNCTIONS.—The Secretary of Defense shall conduct a review of the organizations and functions of the Department of Defense acquisition activities and of the personnel required to carry out those functions. The review shall identify the following:

(1) Opportunities for cross-service, cross-functional arrangements within the military services and defense agencies.

(2) Specific areas of overlap, duplication, and redundancy among the various acquisition organizations.

(3) Opportunities to further streamline acquisition processes.

(4) Benefits of an enhanced Joint Requirements Oversight Council in the acquisition process.

(5) Alternative consolidation options for acquisition organizations.

(6) Alternative methods for performing industry oversight and quality assurance.

(7) Alternative options to shorten the procurement cycle.

(8) Alternative acquisition infrastructure reduction options within current authorities.

(9) Alternative organizational arrangements that capitalize on core acquisition competencies among the military services and defense agencies.

(10) Future acquisition personnel requirements of the Department.

(11) Adequacy of the Program, Plans, and Budgeting System in fulfilling current and future acquisition needs of the Department.

(12) Effect of technology and advanced management tools in the future acquisition system.

(13) Applicability of more flexible alternative approaches to the current civil service system for the acquisition workforce.

(14) Adequacy of Department of Defense Instruction numbered 5000.58 dated January 14, 1992.

(e) DUTIES OF TASK FORCE ON DEFENSE REFORM TO INCLUDE CONSIDERATION OF ACQUISITION ORGANIZATIONS.—(1) The Secretary of Defense shall require that the areas of study of the Task Force on Defense Reform (established by the Secretary of Defense on May 14, 1997, and headed by the Deputy Secretary of Defense) include an examination of the missions, functions, and responsibilities of the various acquisition organizations of the Department of Defense, including the acquisition workforce of the Department. In carrying out that examination of those organizations and that workforce, the Task Force shall identify areas of duplication in defense acquisition organization and recommend to the Secretary options to streamline, reduce, and eliminate redundancies.

(2) The examination of the missions, functions, and responsibilities of the various acquisition organizations of the Department of Defense under paragraph (1) shall include the following:

(A) An assessment of benefits of consolidation or selected elimination of Department of Defense acquisition organizations.

(B) An assessment of the opportunities to streamline the defense acquisition infrastructure that were realized as a result of the enactment of the Federal Acquisition Streamlining Act of 1994 (Public Law 103–355) and the Clinger-Cohen Act of 1996 (divisions D and E of Public Law 104–106) or as result of other acquisition reform initiatives implemented administratively during the period from 1993 through 1997.

(C) An assessment of such other options for streamlining or restructuring the defense acquisition infrastructure as the Task Force considers appropriate and as can be carried out under existing provisions of law.

Reports.

(3) Not later than March 1, 1998, the Task Force shall submit to the Secretary a report on the results of its review of the acquisition organizations of the Department of Defense, including any recommendations of the Task Force for improvements to those organizations.

(f) TECHNICAL REFERENCE CORRECTION.—Section 1721(c) of title 10, United States Code, is amended by striking out “November 25, 1988” and inserting in lieu thereof “November 12, 1996”.

Subtitle C—Department of Defense Schools and Centers

SEC. 921. PROFESSIONAL MILITARY EDUCATION SCHOOLS.

(a) COMPONENT INSTITUTIONS OF THE NATIONAL DEFENSE UNIVERSITY.—(1) Chapter 108 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 2165. National Defense University: component institutions

“(a) IN GENERAL.—There is a National Defense University in the Department of Defense.

“(b) COMPONENT INSTITUTIONS.—The National Defense University consists of the following institutions:

- “(1) The National War College.
- “(2) The Industrial College of the Armed Forces.
- “(3) The Armed Forces Staff College.
- “(4) The Institute for National Strategic Studies.
- “(5) The Information Resources Management College.”.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“2165. National Defense University: component institutions.”.

(b) MARINE CORPS UNIVERSITY AS PROFESSIONAL MILITARY EDUCATION SCHOOL.—Subsection (d) of section 2162 of such title is amended to read as follows:

“(d) PROFESSIONAL MILITARY EDUCATION SCHOOLS.—This section applies to each of the following professional military education schools:

- “(1) The National Defense University.
- “(2) The Army War College.
- “(3) The College of Naval Warfare.
- “(4) The Air War College.
- “(5) The United States Army Command and General Staff College.
- “(6) The College of Naval Command and Staff.
- “(7) The Air Command and Staff College.

“(8) The Marine Corps University.”.

(c) REPEAL OF DUPLICATIVE DEFINITION.—Section 1595(d) of such title is amended—

- (1) by striking out “(1)” before “In the case of”; and
- (2) by striking out paragraph (2).

SEC. 922. CENTER FOR HEMISPHERIC DEFENSE STUDIES.

(a) INSTITUTION OF THE NATIONAL DEFENSE UNIVERSITY.—Subsection (b) of section 2165 of title 10, United States Code, as added by section 921(a)(1), is amended by adding at the end the following new paragraph:

“(6) The Center for Hemispheric Defense Studies.”.

(b) CIVILIAN FACULTY MEMBERS.—Section 1595 of title 10, United States Code, is amended by striking out subsections (e) and (f) and inserting in lieu thereof the following:

“(e) APPLICABILITY TO DIRECTOR AND DEPUTY DIRECTOR AT CERTAIN INSTITUTIONS.—In addition to the persons specified in subsection (a), this section also applies with respect to the Director and the Deputy Director of the following:

“(1) The George C. Marshall European Center for Security Studies.

“(2) The Asia-Pacific Center for Security Studies.

“(3) The Center for Hemispheric Defense Studies.”.

SEC. 923. CORRECTION TO REFERENCE TO GEORGE C. MARSHALL EUROPEAN CENTER FOR SECURITY STUDIES.

(a) CORRECTION TO REFERENCE TO NAME OF CENTER.—Subsection (a) of section 506 of the Intelligence Authorization Act, Fiscal Year 1990 (Public Law 101–193; 8 U.S.C. 1430 note), is amended by striking out “the United States Army Russian Institute” and inserting in lieu thereof “the George C. Marshall European Center for Security Studies”.

(b) SECTION HEADING.—The heading of such section is amended to read as follows:

“REQUIREMENTS FOR CITIZENSHIP FOR STAFF OF GEORGE C. MARSHALL EUROPEAN CENTER FOR SECURITY STUDIES”.

Subtitle D—Department of Defense Intelligence Matters

SEC. 931. TRANSFER OF CERTAIN MILITARY DEPARTMENT PROGRAMS FROM TIARA BUDGET AGGREGATION.

(a) TRANSFER.—Effective March 1, 1998, the Secretary of Defense shall, for each program identified by the Secretary under subsection (c)(2), transfer the management and budgeting of funds for that program from the TIARA budget aggregation to a nonintelligence budget activity of the military department responsible for that program. Effective date.

(b) ASSESSMENT.—The Secretary of Defense shall conduct an assessment of the policy of the Department of Defense that is used for determining the programs of the Department that are included within the TIARA budget aggregation. In conducting the assessment, the Secretary—

(1) shall consider whether the current policy is in need of revision to reflect changes in technology and battlefield use of TIARA systems;

(2) shall specifically consider the appropriateness of the continued inclusion in the TIARA budget aggregation of each of the programs described in subsection (e); and

(3) may consider the appropriateness of the continued inclusion in the TIARA budget aggregation of any other program (in addition to the programs described to in subsection (e)) that as of the date of the enactment of this Act is managed and budgeted as part of the TIARA budget aggregation.

(c) REPORT.—Not later than March 1, 1998, the Secretary of Defense shall submit to Congress a report on the assessment carried out under section (b). The Secretary shall include in the report—

(1) a description of any proposed changes to Department of Defense policies for determining which programs are included in the TIARA budget aggregation; and

(2) identification of each program (among the programs considered pursuant to paragraphs (2) and (3) of subsection (b)) for which the management and budgeting of funds is to be transferred under subsection (a).

(d) IDENTIFICATION OF PROGRAMS.—(1) In specifying the programs to be included on the list under subsection (c)(2), the Secretary—

(A) shall (except as otherwise provided pursuant to a waiver under paragraph (2)) include each program described in subsection (e); and

(B) may include such additional programs considered in the assessment pursuant to subsection (b)(3) as the Secretary determines appropriate.

(2) The Secretary, after considering the results of the assessment under subsection (c), may waive the applicability of paragraph (1)(A) to any program described in subsection (e). The Secretary shall include in the report under subsection (c) identification of each such program for which the Secretary has granted such a waiver and supporting rationale for each waiver.

(e) COVERED PROGRAMS.—The programs described in this subsection are the following (each of which, as of the date of the enactment of this Act, is managed and budgeted as part of the TIARA budget aggregation):

(1) Each targeting or target acquisition program of the Department of Defense, including the Joint Surveillance and Target Attack Radar System (JSTARS) and the Advanced Deployable System.

(2) Each Tactical Warning and Attack Assessment program of the Department of Defense, including the Defense Support Program, the Space-Based Infrared Program, and early warning radars.

(3) Each tactical communications system of the Department of Defense, including the Joint Tactical Terminal.

(f) TIARA BUDGET AGGREGATION DEFINED.—For purposes of this section, the term “TIARA budget aggregation” means the aggregation of programs of the Department of Defense for which funds are managed and budgeted through a common designation as Tactical Intelligence and Related Activities (TIARA) of the Department of Defense.

**SEC. 932. REPORT ON COORDINATION OF ACCESS OF COMMANDERS
AND DEPLOYED UNITS TO INTELLIGENCE COLLECTED
AND ANALYZED BY THE INTELLIGENCE COMMUNITY.**

(a) FINDINGS.—Congress makes the following findings:

(1) Coordination of operational intelligence support for the commanders of the combatant commands and deployed units of the Armed Forces has proven to be inadequate.

(2) Procedures used to reconcile information among various intelligence community and Department of Defense data bases have proven to be inadequate and, being inadequate, have diminished the usefulness of that information and have precluded commanders and planners within the Armed Forces from fully benefiting from key information that should have been available to them.

(3) Excessive compartmentalization of responsibilities and information within the Department of Defense and the other elements of the intelligence community has resulted in inaccurate analysis of important intelligence material.

(4) Excessive restrictions on the distribution of information within the executive branch have disadvantaged units of the Armed Forces that would have benefited most from the information.

(5) Procedures used in the Department of Defense to ensure that critical intelligence information is provided to the right combat units in a timely manner failed during the Persian Gulf War and, as a result, information about potential chemical weapons storage locations did not reach the units that eventually destroyed those storage areas.

(6) A recent, detailed review of the events leading to and following the destruction of chemical weapons by members of the Armed Forces at Khamisiyah, Iraq, during the Persian Gulf War has revealed a number of inadequacies in the way the Department of Defense and the other elements of the intelligence community handled, distributed, recorded, and stored intelligence information about the threat of exposure of United States forces to chemical weapons and the toxic agents in those weapons.

(7) The inadequacy of procedures for recording the receipt of, and reaction to, intelligence reports provided by the intelligence community to combat units of the Armed Forces during the Persian Gulf War has caused it to be impossible to analyze the failures in transmission of intelligence-related information on the location of chemical weapons at Khamisiyah, Iraq, that resulted in the demolition of chemical weapons by members of the Armed Forces unaware of the hazards to which they were exposed.

(b) REPORT REQUIREMENT.—Not later than March 1, 1998, the Secretary of Defense shall submit to Congress a report that identifies the specific actions that have been taken or are being taken to ensure that there is adequate coordination of access of commanders of the combatant commands and deployed units of the Armed Forces to intelligence collected and analyzed by the intelligence community.

SEC. 933. PROTECTION OF IMAGERY, IMAGERY INTELLIGENCE, AND GEOSPATIAL INFORMATION AND DATA.

(a) PROTECTION OF INFORMATION ON CAPABILITIES.—Paragraph (1)(B) of section 455(b) of title 10, United States Code, is amended by inserting “, or capabilities,” after “methods”.

(b) PRODUCTS PROTECTED.—(1) Paragraph (2) of such section is amended to read as follows:

“(2) In this subsection, the term ‘geodetic product’ means imagery, imagery intelligence, or geospatial information.”

(2) Section 467(4) of title 10, United States Code, is amended—

(A) by inserting “and” at the end of subparagraph (A);

(B) in subparagraph (B), by striking out “and geodetic data; and” and inserting in lieu thereof “geodetic data, and related products.”; and

(C) by striking out subparagraph (C).

10 USC 1501
note.

SEC. 934. POW/MIA INTELLIGENCE ANALYSIS.

(a) INTELLIGENCE ANALYSIS.—The Director of Central Intelligence, in consultation with the Secretary of Defense, shall provide intelligence analysis on matters concerning prisoners of war and missing persons (as defined in chapter 76 of title 10, United States Code) to all departments and agencies of the Federal Government involved in such matters.

(b) USE OF INTELLIGENCE IN ANALYSIS OF POW/MIA CASES IN DEPARTMENT OF DEFENSE.—The Secretary of Defense shall ensure that the Defense Prisoner of War/Missing Personnel Office of the Department of Defense takes into full account all intelligence regarding matters concerning of prisoners of war and missing persons (as defined in chapter 76 of title 10, United States Code) in analyzing cases involving such persons.

TITLE X—GENERAL PROVISIONS

Subtitle A—Financial Matters

Sec. 1001. Transfer authority.

Sec. 1002. Incorporation of classified annex.

Sec. 1003. Authority for obligation of unauthorized fiscal year 1997 defense appropriations.

Sec. 1004. Authorization of prior emergency supplemental appropriations for fiscal year 1997.

Sec. 1005. Increase in fiscal year 1996 transfer authority.

Sec. 1006. Revision of authority for Fisher House trust funds.

Sec. 1007. Flexibility in financing closure of certain outstanding contracts for which a small final payment is due.

Sec. 1008. Biennial financial management improvement plan.

Sec. 1009. Estimates and requests for procurement and military construction for the reserve components.

Sec. 1010. Sense of Congress regarding funding for reserve component modernization not requested in President's budget.

Sec. 1011. Management of working-capital funds.

Sec. 1012. Authority of Secretary of Defense to settle claims relating to pay, allowances, and other benefits.

Sec. 1013. Payment of claims by members for loss of personal property due to flooding in Red River Basin.

Sec. 1014. Advances for payment of public services.

Sec. 1015. United States Man and the Biosphere Program limitation.

Subtitle B—Naval Vessels and Shipyards

Sec. 1021. Procedures for sale of vessels stricken from the Naval Vessel Register.

Sec. 1022. Authority to enter into a long-term charter for a vessel in support of the Surveillance Towed-Array Sensor (SURTASS) program.

Sec. 1023. Transfer of two specified obsolete tugboats of the Army.

- Sec. 1024. Congressional review period with respect to transfer of ex-U.S.S. Hornet (CV–12) and ex-U.S.S. Midway (CV–41).
- Sec. 1025. Transfers of naval vessels to certain foreign countries.
- Sec. 1026. Reports relating to export of vessels that may contain polychlorinated biphenyls.
- Sec. 1027. Conversion of defense capability preservation authority to Navy ship-building capability preservation authority.

Subtitle C—Counter-Drug Activities

- Sec. 1031. Use of National Guard for State drug interdiction and counter-drug activities.
- Sec. 1032. Authority to provide additional support for counter-drug activities of Mexico.
- Sec. 1033. Authority to provide additional support for counter-drug activities of Peru and Colombia.
- Sec. 1034. Annual report on development and deployment of narcotics detection technologies.

Subtitle D—Miscellaneous Report Requirements and Repeals

- Sec. 1041. Repeal of miscellaneous reporting requirements.
- Sec. 1042. Study of transfer of modular airborne fire fighting system.
- Sec. 1043. Overseas infrastructure requirements.
- Sec. 1044. Additional matters for annual report on activities of the General Accounting Office.
- Sec. 1045. Eye safety at small arms firing ranges.
- Sec. 1046. Reports on Department of Defense procedures for investigating military aviation accidents and for notifying and assisting families of victims.

Subtitle E—Matters Relating to Terrorism

- Sec. 1051. Oversight of counterterrorism and antiterrorism activities; report.
- Sec. 1052. Provision of adequate troop protection equipment for Armed Forces personnel engaged in peace operations; report on antiterrorism activities and protection of personnel.

Subtitle F—Matters Relating to Defense Property

- Sec. 1061. Lease of nonexcess personal property of military departments.
- Sec. 1062. Lease of nonexcess property of Defense Agencies.
- Sec. 1063. Donation of excess chapel property to churches damaged or destroyed by arson or other acts of terrorism.
- Sec. 1064. Authority of the Secretary of Defense concerning disposal of assets under cooperative agreements on air defense in Central Europe.
- Sec. 1065. Sale of excess, obsolete, or unserviceable ammunition and ammunition components.
- Sec. 1066. Transfer of B–17 aircraft to museum.
- Sec. 1067. Report on disposal of excess and surplus materials.

Subtitle G—Other Matters

- Sec. 1071. Authority for special agents of the Defense Criminal Investigative Service to execute warrants and make arrests.
- Sec. 1072. Study of investigative practices of military criminal investigative organizations relating to sex crimes.
- Sec. 1073. Technical and clerical amendments.
- Sec. 1074. Sustainment and operation of the Global Positioning System.
- Sec. 1075. Protection of safety-related information voluntarily provided by air carriers.
- Sec. 1076. National Guard Challenge Program to create opportunities for civilian youth.
- Sec. 1077. Disqualification from certain burial-related benefits for persons convicted of capital crimes.
- Sec. 1078. Restrictions on the use of human subjects for testing of chemical or biological agents.
- Sec. 1079. Treatment of military flight operations.
- Sec. 1080. Naturalization of certain foreign nationals who serve honorably in the Armed Forces during a period of conflict.
- Sec. 1081. Applicability of certain pay authorities to members of specified independent study organizations.
- Sec. 1082. Display of POW/MIA flag.
- Sec. 1083. Program to commemorate 50th anniversary of the Korean conflict.
- Sec. 1084. Commendation of members of the Armed Forces and Government civilian personnel who served during the Cold War; certificate of recognition.

Sec. 1085. Sense of Congress on granting of statutory Federal charters.

Sec. 1086. Sense of Congress regarding military voting rights.

Sec. 1087. Designation of Bob Hope as an honorary veteran of the Armed Forces of the United States.

Sec. 1088. Five-year extension of aviation insurance program.

Subtitle A—Financial Matters

SEC. 1001. TRANSFER AUTHORITY.

(a) **AUTHORITY TO TRANSFER AUTHORIZATIONS.**—(1) Upon determination by the Secretary of Defense that such action is necessary in the national interest, the Secretary may transfer amounts of authorizations made available to the Department of Defense in this division for fiscal year 1998 between any such authorizations for that fiscal year (or any subdivisions thereof). Amounts of authorizations so transferred shall be merged with and be available for the same purposes as the authorization to which transferred.

(2) The total amount of authorizations that the Secretary of Defense may transfer under the authority of this section may not exceed \$2,000,000,000.

(b) **LIMITATIONS.**—The authority provided by this section to transfer authorizations—

(1) may only be used to provide authority for items that have a higher priority than the items from which authority is transferred; and

(2) may not be used to provide authority for an item that has been denied authorization by Congress.

(c) **EFFECT ON AUTHORIZATION AMOUNTS.**—A transfer made from one account to another under the authority of this section shall be deemed to increase the amount authorized for the account to which the amount is transferred by an amount equal to the amount transferred.

(d) **NOTICE TO CONGRESS.**—The Secretary shall promptly notify Congress of each transfer made under subsection (a).

10 USC 114 note.

SEC. 1002. INCORPORATION OF CLASSIFIED ANNEX.

(a) **STATUS OF CLASSIFIED ANNEX.**—The Classified Annex prepared by the committee of conference to accompany the conference report on the bill H.R. 1119 of the One Hundred Fifth Congress and transmitted to the President is hereby incorporated into this Act.

(b) **CONSTRUCTION WITH OTHER PROVISIONS OF ACT.**—The amounts specified in the Classified Annex are not in addition to amounts authorized to be appropriated by other provisions of this Act.

(c) **LIMITATION ON USE OF FUNDS.**—Funds appropriated pursuant to an authorization contained in this Act that are made available for a program, project, or activity referred to in the Classified Annex may only be expended for such program, project, or activity in accordance with such terms, conditions, limitations, restrictions, and requirements as are set out for that program, project, or activity in the Classified Annex.

(d) **DISTRIBUTION OF CLASSIFIED ANNEX.**—The President shall provide for appropriate distribution of the Classified Annex, or of appropriate portions of the annex, within the executive branch of the Government.

SEC. 1003. AUTHORITY FOR OBLIGATION OF UNAUTHORIZED FISCAL YEAR 1997 DEFENSE APPROPRIATIONS.

(a) **AUTHORITY.**—The amounts described in subsection (b) may be obligated and expended for programs, projects, and activities of the Department of Defense in accordance with fiscal year 1997 defense appropriations.

(b) **COVERED AMOUNTS.**—The amounts referred to in subsection (a) are the amounts provided for programs, projects, and activities of the Department of Defense in fiscal year 1997 defense appropriations that are in excess of the amounts provided for such programs, projects, and activities in fiscal year 1997 defense authorizations.

(c) **DEFINITIONS.**—For the purposes of this section:

(1) **FISCAL YEAR 1997 DEFENSE APPROPRIATIONS.**—The term “fiscal year 1997 defense appropriations” means amounts appropriated or otherwise made available to the Department of Defense for fiscal year 1997 in the Department of Defense Appropriations Act, 1997 (as contained in section 101(b) of Public Law 104–208).

(2) **FISCAL YEAR 1997 DEFENSE AUTHORIZATIONS.**—The term “fiscal year 1997 defense authorizations” means amounts authorized to be appropriated for the Department of Defense for fiscal year 1997 in the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201).

SEC. 1004. AUTHORIZATION OF PRIOR EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 1997.

Amounts authorized to be appropriated to the Department of Defense for fiscal year 1997 in the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201) are hereby adjusted, with respect to any such authorized amount, by the amount by which appropriations pursuant to such authorization were increased (by a supplemental appropriation) or decreased (by a rescission), or both, in the 1997 Emergency Supplemental Appropriations Act for Recovery from Natural Disasters, and for Overseas Peacekeeping Efforts, Including Those in Bosnia (Public Law 105–18).

SEC. 1005. INCREASE IN FISCAL YEAR 1996 TRANSFER AUTHORITY.

Section 1001(a)(2) of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106; 100 Stat. 414) is amended by striking out “\$2,000,000,000” and inserting in lieu thereof “\$3,100,000,000”.

SEC. 1006. REVISION OF AUTHORITY FOR FISHER HOUSE TRUST FUNDS.

(a) **CORRECTION TO ELIMINATE USE OF TERM ASSOCIATED WITH FUNDING AUTHORITIES.**—Section 2221(c) of title 10, United States Code, is amended by striking out “or maintenance” each place it appears.

(b) **CORPUS OF AIR FORCE TRUST FUND.**—The Secretary of the Air Force shall deposit in the Fisher House Trust Fund, Department of the Air Force, an amount that the Secretary determines appropriate to establish the corpus of the fund.

10 USC 2221
note.

SEC. 1007. FLEXIBILITY IN FINANCING CLOSURE OF CERTAIN OUTSTANDING CONTRACTS FOR WHICH A SMALL FINAL PAYMENT IS DUE.

(a) **CLOSURE OF OUTSTANDING CONTRACTS.**—The Secretary of Defense may make the final payment on a contract to which this

Applicability.

Applicability.

section applies from the account established pursuant to subsection (d).

(b) COVERED CONTRACTS.—This section applies to any contract of the Department of Defense—

(1) that was entered into before December 5, 1990; and

(2) for which an unobligated balance of an appropriation that had been initially applied to the contract was canceled before December 5, 1990, pursuant to section 1552 of title 31, United States Code, as in effect before that date.

(c) AUTHORITY LIMITED TO SMALL FINAL PAYMENTS.—The Secretary may use the authority provided by this section only for a contract for which the amount of the final payment due is not greater than the micro-purchase threshold (as defined in section 32 of the Office of Federal Procurement Policy Act (41 U.S.C. 428)).

(d) ACCOUNT.—The Secretary may establish an account for the purposes of this section. The Secretary may from time to time transfer into the account, from funds made available to the Department of Defense for procurement or for research, development, test, and evaluation, such amounts as the Secretary determines to be needed for the purposes of the account, except that the total of such transfers may not exceed \$1,000,000. Amounts in the account may be used only for the purposes of this section.

(e) CLOSURE OF ACCOUNT.—When the Secretary determines that all contracts to which this section applies have been closed and there is no further need for the account established under subsection (d), the Secretary shall close the account. Any amounts remaining in the account shall be covered into the Treasury as miscellaneous receipts.

SEC. 1008. BIENNIAL FINANCIAL MANAGEMENT IMPROVEMENT PLAN.

(a) BIENNIAL PLAN.—(1) Chapter 131 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 2222. Biennial financial management improvement plan

“(a) BIENNIAL PLAN REQUIRED.—The Secretary of Defense shall submit to Congress a biennial strategic plan for the improvement of financial management within the Department of Defense. The plan shall be submitted not later than September 30 of each even-numbered year.

“(b) CONCEPT OF OPERATIONS.—Each plan under subsection (a) shall include a statement of the Secretary of Defense’s concept of operations for the financial management of the Department of Defense. Each such statement shall be a clear description of the manner in which the Department’s financial management operations are carried out or will be carried out under the improvements set forth in the plan under subsection (a), including identification of operations that must be performed.

“(c) MATTERS TO BE ADDRESSED IN PLAN.—(1) Each plan under subsection (a) shall address all aspects of financial management within the Department of Defense, including the finance systems, accounting systems, and data feeder systems of the Department that support financial functions of the Department.

“(2) For the purposes of paragraph (1), a data feeder system is an automated or manual system from which information is derived for a financial management system or an accounting system.”.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“2222. Biennial financial management improvement plan.”.

(b) ADDITIONAL CONTENT OF FIRST PLAN.—The first financial management improvement plan submitted under section 2222 of title 10, United States Code (as added by subsection (a)), shall include the following:

10 USC 2222
note.

(1) A description of the costs and benefits of integrating the various finance and accounting systems of the Department of Defense and reducing the total number of such systems, together with the Secretary’s assessment of the feasibility of implementing such an integration.

(2) Identification of problems with the accuracy of data included in the finance systems, accounting systems, and data feeder systems that support financial functions of the Department of Defense, together with a description of the actions that the Secretary can take to address those problems.

(3) Identification of weaknesses in the internal controls of the systems referred to in paragraph (2), together with a description of the actions that the Secretary can take to address those weaknesses.

(4) A description of actions that the Secretary can take to eliminate negative unliquidated obligations, unmatched disbursements, and in-transit disbursements and to avoid such obligations and disbursements in the future.

(5) A description of the status of the efforts being undertaken in the Department to consolidate and eliminate—

(A) redundant or unneeded finance systems; and

(B) redundant or unneeded accounting systems.

(6) A description of efforts being undertaken to consolidate or eliminate redundant personnel data systems, acquisition data systems, asset accounting systems, time and attendance systems, and other data feeder systems of the Department.

(7) A description of efforts being undertaken to integrate the data feeder systems of the Department with the finance and accounting systems of the Department.

(8) A description of problems with the organization or performance of the Operating Locations and Service Centers of the Defense Finance and Accounting Service, together with a description of the actions the Secretary can take to address those problems.

(9) A description of the costs and benefits of reorganizing the Operating Locations and Service Centers of the Defense Finance and Accounting Service according to function, together with the Secretary’s assessment of the feasibility of carrying out such a reorganization.

(10) A description of the costs and benefits of contracting for private-sector performance of specific functions currently performed by the Defense Finance and Accounting Service, together with the Secretary’s assessment of the feasibility of contracting for such performance.

(11) A description of actions that can be taken to ensure that each comptroller position (and comparable position) in the Department of Defense, whether filled by a member of the Armed Forces or by a civilian employee, is held by a person who, by reason of education, technical competence, and

experience, has the core competencies for financial management.

(12) A description of any other change in the financial management structure of the Department or revision of the financial processes and business practices of the Department that the Secretary considers necessary to improve financial management in the Department.

10 USC 2222
note.

(c) **ADDITIONAL MATTERS.**—For each of the problems and actions identified pursuant to paragraphs (1) through (12) of subsection (b) or in any other part of the plan covered by that subsection, the Secretary shall include statements of objectives, performance measures, and schedules and shall specify the individual and organizational responsibilities.

10 USC 2222
note.

(d) **DEFINITION.**—In subsection (b), the term “data feeder system” has the meaning given that term in subsection (c)(2) of section 2222 of title 10, United States Code, as added by subsection (a).

SEC. 1009. ESTIMATES AND REQUESTS FOR PROCUREMENT AND MILITARY CONSTRUCTION FOR THE RESERVE COMPONENTS.

(a) **DETAILED PRESENTATION IN FUTURE-YEARS DEFENSE PROGRAM.**—Section 10543 of title 10, United States Code, is amended—

(1) by inserting “(a) **IN GENERAL.**—” before “The Secretary of Defense”; and

(2) by adding at the end the following:

“(b) **ASSOCIATED ANNEXES.**—The associated annexes of the future-years defense program shall specify, at the same level of detail as is set forth in the annexes for the active components, the amount requested for—

“(1) procurement of each item of equipment to be procured for each reserve component; and

“(2) each military construction project to be carried out for each reserve component, together with the location of the project.

“(c) **REPORT.**—(1) If the aggregate of the amounts specified in paragraphs (1) and (2) of subsection (b) for a fiscal year is less than the amount equal to 90 percent of the average authorized amount applicable for that fiscal year under paragraph (2), the Secretary of Defense shall submit to Congress a report specifying for each reserve component the additional items of equipment that would be procured, and the additional military construction projects that would be carried out, if that aggregate amount were an amount equal to such average authorized amount. The report shall be at the same level of detail as is required by subsection (b).

“(2) In this subsection, the term ‘average authorized amount’, with respect to a fiscal year, means the average of—

“(A) the aggregate of the amounts authorized to be appropriated for the preceding fiscal year for the procurement of items of equipment, and for military construction, for the reserve components; and

“(B) the aggregate of the amounts authorized to be appropriated for the fiscal year preceding the fiscal year referred to in subparagraph (A) for the procurement of items of equipment, and for military construction, for the reserve components.”.

10 USC 10543
note.

(b) **PROHIBITION.**—The level of detail provided for procurement and military construction in the future-years defense programs for fiscal years after fiscal year 1998 may not be less than the

level of detail provided for procurement and military construction in the future-years defense program for fiscal year 1998.

SEC. 1010. SENSE OF CONGRESS REGARDING FUNDING FOR RESERVE COMPONENT MODERNIZATION NOT REQUESTED IN PRESIDENT'S BUDGET.

(a) **CRITERIA.**—It is the sense of Congress that, to the maximum extent practicable, Congress should authorize appropriations for procurement of reserve component modernization equipment for a fiscal year for equipment that is not included in the budget of the President for that fiscal year only if—

(1) there is a requirement for that equipment that has been validated by the Joint Requirements Oversight Council;

(2) procurement of that equipment is included for reserve component modernization in the modernization plan of the military department concerned and is incorporated into the current future-years defense program;

(3) procurement of that equipment is consistent with planned use of reserve component forces under Department of Defense war plans; and

(4) funds for that procurement, if authorized and appropriated for that fiscal year, could be obligated during that fiscal year.

(b) **CONSIDERATION OF VIEWS OF CHAIRMAN OF JOINT CHIEFS OF STAFF.**—It is further the sense of Congress that, in applying the criteria set forth in subsection (a) with respect to procurement of reserve component modernization equipment, Congress should obtain the views of the Chairman of the Joint Chiefs of Staff on whether, under Department of Defense war plans, that equipment is appropriate for procurement for, and assignment to, reserve component forces.

SEC. 1011. MANAGEMENT OF WORKING-CAPITAL FUNDS.

(a) **CONTRACTING FOR CAPITAL ASSETS PROCUREMENT IN ADVANCE OF FUNDS.**—Section 2208 of title 10, United States Code, is amended by striking out subsection (k) and inserting in lieu thereof the following new subsection:

“(k)(1) Subject to paragraph (2), a contract for the procurement of a capital asset financed by a working-capital fund may be awarded in advance of the availability of funds in the working-capital fund for the procurement.

“(2) Paragraph (1) applies to any of the following capital assets that have a development or acquisition cost of not less than \$100,000:

“(A) An unspecified minor military construction project under section 2805(c)(1) of this title.

“(B) Automatic data processing equipment or software.

“(C) Any other equipment.

“(D) Any other capital improvement.”.

(b) **USE OF ADVANCE BILLING.**—Such section is further amended by adding at the end the following new subsection:

“(1)(1) An advance billing of a customer of a working-capital fund may be made if the Secretary of the military department concerned submits to Congress written notification of the advance billing within 30 days after the end of the month in which the advanced billing was made. The notification shall include the following:

“(A) The reasons for the advance billing.

“(B) An analysis of the effects of the advance billing on military readiness.

“(C) An analysis of the effects of the advance billing on the customer.

“(2) The Secretary of Defense may waive the notification requirements of paragraph (1)—

“(A) during a period war or national emergency; or

“(B) to the extent that the Secretary determines necessary to support a contingency operation.

“(3) In this subsection:

“(A) The term ‘advance billing’, with respect to a working-capital fund, means a billing of a customer by the fund, or a requirement for a customer to reimburse or otherwise credit the fund, for the cost of goods or services provided (or for other expenses incurred) on behalf of the customer that is rendered or imposed before the customer receives the goods or before the services have been performed.

“(B) The term ‘customer’ means a requisitioning component or agency.”

(c) FISCAL YEAR LIMITATIONS.—(1) The total amount of advance billings for Department of the Navy working-capital funds and the Defense Business Operations Fund may not exceed—

(A) \$1,000,000,000 for fiscal year 1998; and

(B) \$800,000,000 for fiscal year 1999.

(2) For purposes of paragraph (1), the term “advance billing” has the meaning given such term in section 2208(l)(3) of title 10, United States Code, as added by subsection (b).

SEC. 1012. AUTHORITY OF SECRETARY OF DEFENSE TO SETTLE CLAIMS RELATING TO PAY, ALLOWANCES, AND OTHER BENEFITS.

Section 3702(e) of title 31, United States Code, is amended—

(1) in paragraph (1), by striking out “Comptroller General” and inserting in lieu thereof “Secretary of Defense”; and

(2) by striking out paragraph (2) and inserting in lieu thereof the following new paragraph:

“(2) Payment of a claim settled under paragraph (1) shall be made from an appropriation that is available, for the fiscal year in which the payment is made, for the same purpose as the appropriation to which the obligation claimed would have been charged if the obligation had been timely paid.”

SEC. 1013. PAYMENT OF CLAIMS BY MEMBERS FOR LOSS OF PERSONAL PROPERTY DUE TO FLOODING IN RED RIVER BASIN.

(a) PAYMENT AUTHORIZED.—Notwithstanding section 3721(e) of title 31, United States Code, the Secretary of a military department may pay the claim of a member of the Armed Forces who resided (or whose dependents resided) in the vicinity of Grand Forks Air Force Base, North Dakota, during April and May 1997 for loss and damage to personal property incurred by the member as a direct result of the flooding in the Red River Basin during such months.

(b) REPORT ON DEPARTMENT POLICY.—The Secretary of Defense shall submit to Congress a report describing the Department of Defense policy regarding the payment of a claim by a member of the Armed Forces who is not assigned to quarters of the United States for losses and damage to personal property of the member incurred at the member’s residence as a result of a natural disaster. The report shall include a description of the number of such claims

received over the past 10 years, the number of claims paid, and the number of claims rejected. If the Secretary determines the Department of Defense should modify its policy in order to accept additional claims by members who are not assigned to quarters of the United States for losses and damage to personal property, the Secretary shall also include in the report any legislative changes that the Secretary considers necessary to enable the Secretary to implement the policy change.

SEC. 1014. ADVANCES FOR PAYMENT OF PUBLIC SERVICES.

(a) IN GENERAL.—Subsection (a) of section 2396 of title 10, United States Code, is amended—

- (1) by striking out “and” at the end of paragraph (2);
- (2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof “; and”; and
- (3) by adding at the end the following new paragraph:
“(4) public service utilities.”.

(b) CLERICAL AMENDMENTS.—(1) The heading of such section is amended to read as follows:

“§ 2396. Advances for payments for compliance with foreign laws, rent in foreign countries, tuition, public utility services, and pay and supplies of armed forces of friendly foreign countries”.

(2) The item relating to such section in the table of sections at the beginning of chapter 141 of such title is amended to read as follows:

“2396. Advances for payments for compliance with foreign laws, rent in foreign countries, tuition, public utility services, and pay and supplies of armed forces of friendly foreign countries.”.

SEC. 1015. UNITED STATES MAN AND THE BIOSPHERE PROGRAM LIMITATION.

During fiscal year 1998, the Secretary of Defense may not take any steps to carry out or support the United States Man and the Biosphere Program or any related project.

Subtitle B—Naval Vessels and Shipyards

SEC. 1021. PROCEDURES FOR SALE OF VESSELS STRICKEN FROM THE NAVAL VESSEL REGISTER.

Section 7305(c) of title 10, United States Code, is amended to read as follows:

“(c) PROCEDURES FOR SALE.—(1) A vessel stricken from the Naval Vessel Register and not subject to disposal under any other law may be sold under this section.

“(2) In such a case, the Secretary may—

“(A) sell the vessel to the highest acceptable bidder, regardless of the appraised value of the vessel, after publicly advertising the sale of the vessel for a period of not less than 30 days; or

“(B) subject to paragraph (3), sell the vessel by competitive negotiation to the acceptable offeror who submits the offer that is most advantageous to the United States (taking into account price and such other factors as the Secretary determines appropriate).

Publication.

“(3) Before entering into negotiations to sell a vessel under paragraph (2)(B), the Secretary shall publish notice of the intention to do so in the Commerce Business Daily sufficiently in advance of initiating the negotiations that all interested parties are given a reasonable opportunity to prepare and submit proposals. The Secretary shall afford an opportunity to participate in the negotiations to all acceptable offerors submitting proposals that the Secretary considers as having the potential to be the most advantageous to the United States (taking into account price and such other factors as the Secretary determines appropriate).”.

SEC. 1022. AUTHORITY TO ENTER INTO A LONG-TERM CHARTER FOR A VESSEL IN SUPPORT OF THE SURVEILLANCE TOWED-ARRAY SENSOR (SURTASS) PROGRAM.

The Secretary of the Navy is authorized to enter into a contract in accordance with section 2401 of title 10, United States Code, for the charter, for a period through fiscal year 2003, of the vessel RV CORY CHOUEST (United States official number 933435) in support of the Surveillance Towed-Array Sensor (SURTASS) program.

SEC. 1023. TRANSFER OF TWO SPECIFIED OBSOLETE TUGBOATS OF THE ARMY.

(a) **AUTHORITY TO TRANSFER VESSELS.**—The Secretary of the Army may transfer the two obsolete tugboats of the Army described in subsection (b) to the Brownsville Navigation District, Brownsville, Texas.

(b) **VESSELS COVERED.**—Subsection (a) applies to the following two decommissioned tugboats of the Army, each of which is listed as of the date of the enactment of this Act as being surplus to the needs of the Army: the Normandy (LT-1971) and the Salerno (LT-1953).

(c) **TRANSFERS TO BE AT NO COST TO UNITED STATES.**—A transfer authorized by this section shall be made at no cost to the United States.

(d) **TERMS AND CONDITIONS.**—The Secretary may require such additional terms and conditions in connection with the transfers authorized by this section as the Secretary considers appropriate.

SEC. 1024. CONGRESSIONAL REVIEW PERIOD WITH RESPECT TO TRANSFER OF EX-U.S.S. HORNET (CV-12) AND EX-U.S.S. MIDWAY (CV-41).

(a) **REDUCTION IN CONGRESSIONAL REVIEW PERIOD.**—In applying section 7306 of title 10, United States Code, with respect to the transfer of a vessel specified in subsection (c), subsection (d)(1)(B) of that section shall be applied by substituting “30 days” for “60 days”.

(b) **WAIVER IF ONLY ONE QUALIFIED ENTITY APPLIES FOR TRANSFER OF VESSEL.**—If in the case of a vessel specified in subsection (c) only a single qualified entity, as determined by the Secretary of the Navy, applies for transfer of the vessel, the Secretary may carry out the transfer of the vessel under section 7306 of title 10, United States Code, without regard to subsection (d)(1)(B) of that section. In such a case, the transfer may be made only after 10 days of continuous session of Congress (determined in the manner specified in section 7306(d)(2) of title 10, United States Code) have expired following the date on which the Secretary submits

to Congress a certification that only a single qualified entity applied for transfer of the vessel.

(c) COVERED VESSELS.—This section applies to the following vessels (each of which is a decommissioned aircraft carrier):

- (1) Ex-U.S.S. HORNET (CV–12).
- (2) Ex-U.S.S. MIDWAY (CV–41).

SEC. 1025. TRANSFER OF NAVAL VESSELS TO CERTAIN FOREIGN COUNTRIES.

(a) AUTHORITY.—The Secretary of the Navy is authorized to transfer vessels to foreign countries on a sales basis under section 21 of the Arms Export Control Act (22 U.S.C. 2761) as follows:

(1) To the Government of Brazil, the HUNLEY class submarine tender HOLLAND (AS 32).

(2) To the Government of Chile, the KAISER class oiler ISHERWOOD (T–AO 191).

(3) To the Government of Egypt:

(A) The following frigates of the KNOX class:

- (i) The PAUL (FF 1080).
- (ii) The MILLER (FF 1091).
- (iii) The JESSE L. BROWN (FFT 1089).
- (iv) The MOINESTER (FFT 1097).

(B) The following frigates of the OLIVER HAZARD PERRY class:

- (i) The FAHRION (FFG 22).
- (ii) The LEWIS B. PULLER (FFG 23).

(4) To the Government of Israel, the NEWPORT class tank landing ship PEORIA (LST 1183).

(5) To the Government of Malaysia, the NEWPORT class tank landing ship BARBOUR COUNTY (LST 1195).

(6) To the Government of Mexico, the KNOX class frigate ROARK (FF 1053).

(7) To the Taipei Economic and Cultural Representative Office in the United States (the Taiwan instrumentality that is designated pursuant to section 10(a) of the Taiwan Relations Act), the following frigates of the KNOX class:

- (A) The WHIPPLE (FF 1062).
- (B) The DOWNES (FF 1070).

(8) To the Government of Thailand, the NEWPORT class tank landing ship SCHENECTADY (LST 1185).

(b) COSTS OF TRANSFERS.—Any expense incurred by the United States in connection with a transfer authorized by subsection (a) shall be charged to the recipient.

(c) REPAIR AND REFURBISHMENT IN UNITED STATES SHIPYARDS.—To the maximum extent practicable, the Secretary of the Navy shall require, as a condition of the transfer of a vessel under this section, that the country to which the vessel is transferred have such repair or refurbishment of the vessel as is needed, before the vessel joins the naval forces of that country, performed at a shipyard located in the United States, including a United States Navy shipyard.

(d) EXPIRATION OF AUTHORITY.—The authority to transfer a vessel under subsection (a) shall expire at the end of the two-year period beginning on the date of the enactment of this Act.

SEC. 1026. REPORTS RELATING TO EXPORT OF VESSELS THAT MAY CONTAIN POLYCHLORINATED BIPHENYLS.

(a) **REPORTS REQUIRED.**—Not later than March 1, 1998, the Secretary of the Navy (with respect to the Navy), the Administrator of the Maritime Administration (with respect to the Maritime Administration), and the Administrator of the Environmental Protection Agency (with respect to the Environmental Protection Agency) shall each submit to Congress a report on the implementation of the agreement between the Department of the Navy and the Environmental Protection Agency that became effective August 6, 1997, and that is titled “Export of Naval Vessels that May Contain Polychlorinated Biphenyls for Scrapping Outside the United States”.

(b) **CONTENTS OF REPORTS.**—The reports required by subsection (a) shall address, at a minimum, the following:

(1) An assessment of the effects of the notification requirements regarding the export of vessels for scrapping, any impediments that those requirements may create for the export of vessels, and any changes to the agreement that may be required to address those impediments.

(2) An explanation of the process by which it is determined which solid items containing polychlorinated biphenyls are readily removable and must be removed before the export of a vessel for scrapping, what types of polychlorinated biphenyls have been determined to be readily removable pursuant to this process, any impediments that such determinations may create for the export of vessels, and any changes to the agreement that may be required to address those impediments or to ensure protection of human health and the environment.

(c) **AMENDMENTS RELATING TO DISPOSAL OF OBSOLETE VESSELS FROM THE NATIONAL DEFENSE RESERVE FLEET.**—Section 6 of the National Maritime Heritage Act of 1994 (Public Law 103–451; 108 Stat. 4776; 16 U.S.C. 5405) is amended—

(1) in subsections (a)(1) and (b)(2)—

(A) by inserting “or 510(i)” after “508”; and

(B) by inserting “or 1160(i)” after “1158”;

(2) in subsection (b)(2), by striking out “first 6” and inserting in lieu thereof “first 8”; and

(3) in subsection (c)(1)(A), by striking out “1999” and inserting in lieu thereof “2001”.

SEC. 1027. CONVERSION OF DEFENSE CAPABILITY PRESERVATION AUTHORITY TO NAVY SHIPBUILDING CAPABILITY PRESERVATION AUTHORITY.

(a) **IN GENERAL.**—(1) Chapter 633 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 7315. Preservation of Navy shipbuilding capability

“(a) **SHIPBUILDING CAPABILITY PRESERVATION AGREEMENTS.**—The Secretary of the Navy may enter into an agreement, to be known as a ‘shipbuilding capability preservation agreement’, with a shipbuilder under which the cost reimbursement rules described in subsection (b) shall be applied to the shipbuilder under a Navy contract for the construction of a ship. Such an agreement may be entered into in any case in which the Secretary determines

that the application of such cost reimbursement rules would facilitate the achievement of the policy objectives set forth in section 2501(b) of this title.

“(b) COST REIMBURSEMENT RULES.—The cost reimbursement rules applicable under an agreement entered into under subsection (a) are as follows:

“(1) The Secretary of the Navy shall, in determining the reimbursement due a shipbuilder for its indirect costs of performing a contract for the construction of a ship for the Navy, allow the shipbuilder to allocate indirect costs to its private sector work only to the extent of the shipbuilder’s allocable indirect private sector costs, subject to paragraph (3).

“(2) For purposes of paragraph (1), the allocable indirect private sector costs of a shipbuilder are those costs of the shipbuilder that are equal to the sum of the following:

“(A) The incremental indirect costs attributable to such work.

“(B) The amount by which the revenue attributable to such private sector work exceeds the sum of—

“(i) the direct costs attributable to such private sector work; and

“(ii) the incremental indirect costs attributable to such private sector work.

“(3) The total amount of allocable indirect private sector costs for a contract covered by the agreement may not exceed the amount of indirect costs that a shipbuilder would have allocated to its private sector work during the period covered by the agreement in accordance with the shipbuilder’s established accounting practices.

“(c) AUTHORITY TO MODIFY COST REIMBURSEMENT RULES.—The cost reimbursement rules set forth in subsection (b) may be modified by the Secretary of the Navy for a particular agreement if the Secretary determines that modifications are appropriate to the particular situation to facilitate achievement of the policy set forth in section 2501(b) of this title.

“(d) APPLICABILITY.—(1) An agreement entered into with a shipbuilder under subsection (a) shall apply to each of the following Navy contracts with the shipbuilder:

“(A) A contract that is in effect on the date on which the agreement is entered into.

“(B) A contract that is awarded during the term of the agreement.

“(2) In a shipbuilding capability preservation agreement applicable to a shipbuilder, the Secretary may agree to apply the cost reimbursement rules set forth in subsection (b) to allocations of indirect costs to private sector work performed by the shipbuilder only with respect to costs that the shipbuilder incurred on or after the date of the enactment of the National Defense Authorization Act for Fiscal Year 1998 under a contract between the shipbuilder and a private sector customer of the shipbuilder that became effective on or after January 26, 1996.”.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“7315. Preservation of Navy shipbuilding capability.”.

Regulations.
10 USC 7315
note.

(b) **IMPLEMENTATION.**—Not later than 30 days after the date of the enactment of this Act, the Secretary of the Navy shall establish application procedures and procedures for expeditious consideration of shipbuilding capability preservation agreements as authorized by section 7315 of title 10, United States Code, as added by subsection (a).

(c) **REPORT.**—Not later than February 15, 1998, the Secretary of the Navy shall submit to Congress a report on applications for shipbuilding capability preservation agreements under section 7315 of title 10, United States Code, as added by subsection (a). The report shall specify the number of the applications received, the number of the applications approved, and a discussion of the reasons for disapproval of any application disapproved.

(d) **REPEAL OF SUPERSEDED PROVISION.**—Section 808 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106; 110 Stat. 393; 10 U.S.C. 2501 note) is repealed.

Subtitle C—Counter-Drug Activities

SEC. 1031. USE OF NATIONAL GUARD FOR STATE DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES.

(a) **RELATIONSHIP TO TRAINING AND READINESS.**—Subsection (b) of section 112 of title 32, United States Code, is amended—

(1) by inserting “(1)” before “Under regulations”; and

(2) by adding at the end the following new paragraphs:

“(2) To ensure that the use of units and personnel of the National Guard of a State pursuant to a State drug interdiction and counter-drug activities plan is not detrimental to the training and readiness of such units and personnel, the requirements of section 2012(d) of title 10 shall apply in determining the drug interdiction and counter-drug activities that units and personnel of the National Guard of a State may perform.

“(3) Section 508 of this title, regarding the provision of assistance to certain specified youth and charitable organizations, shall apply in any case in which a unit or member of the National Guard of a State is proposed to be used pursuant to a State drug interdiction and counter-drug activities plan to provide to an organization specified in subsection (d) of such section any of the services described in subsection (b) of such section or services regarding counter-drug education.”.

(b) **ENGINEER-TYPE ACTIVITIES.**—Subsection (c) of such section is amended—

(1) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

(2) by inserting after paragraph (3) the following new paragraph:

“(4) certify that any engineer-type activities (as defined by the Secretary of Defense) under the plan will be performed only by units and members of the National Guard;”.

(c) **ANNUAL REPORT.**—Such section is further amended—

(1) by redesignating subsections (g) and (h) as subsections (h) and (i), respectively; and

(2) by inserting after subsection (f) the following new subsection:

“(g) **ANNUAL REPORT.**—The Secretary of Defense shall submit to Congress an annual report regarding assistance provided and

activities carried out under this section during the preceding fiscal year. The report shall include the following:

“(1) The number of members of the National Guard excluded under subsection (e) from the computation of end strengths.

“(2) A description of the drug interdiction and counter-drug activities conducted under State drug interdiction and counter-drug activities plans referred to in subsection (c) with funds provided under this section.

“(3) An accounting of the amount of funds provided to each State.

“(4) A description of the effect on military training and readiness of using units and personnel of the National Guard to perform activities under the State drug interdiction and counter-drug activities plans.”.

(d) CONFORMING AMENDMENTS.—Subsection (e) of such section is amended—

(1) by striking out “(1)” before “Members”; and

(2) by striking out paragraph (2).

SEC. 1032. AUTHORITY TO PROVIDE ADDITIONAL SUPPORT FOR COUNTER-DRUG ACTIVITIES OF MEXICO.

(a) EXTENSION OF AUTHORITY; CONSULTATION OF SECRETARY OF STATE.—Subsection (a) of section 1031 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2637), is amended—

(1) by striking out “fiscal year 1997” and inserting in lieu thereof “fiscal years 1997 and 1998”; and

(2) by inserting after the first sentence the following new sentence: “In providing support to the Government of Mexico under this section, the Secretary of Defense shall consult with the Secretary of State.”.

(b) EXTENSION OF AVAILABILITY OF FUNDS.—Subsection (d) of such section is amended—

(1) by striking out “not more than” and inserting in lieu thereof “an amount not to exceed”; and

(2) by adding at the end the following new sentences: “Funds made available for fiscal year 1997 under this subsection and unobligated by September 30, 1997, may be obligated during fiscal year 1998. No funds are authorized to be appropriated for fiscal year 1998 for the provision of support under this section.”.

SEC. 1033. AUTHORITY TO PROVIDE ADDITIONAL SUPPORT FOR COUNTER-DRUG ACTIVITIES OF PERU AND COLOMBIA.

(a) AUTHORITY TO PROVIDE SUPPORT.—Subject to subsection (f), during fiscal years 1998 through 2002, the Secretary of Defense may provide either or both of the foreign governments named in subsection (b) with the support described in subsection (c) for the counter-drug activities of that government. In providing support to a government under this section, the Secretary of Defense shall consult with the Secretary of State. The support provided under the authority of this section shall be in addition to support provided to the governments under any other provision of law.

(b) GOVERNMENTS ELIGIBLE TO RECEIVE SUPPORT.—The foreign governments eligible to receive counter-drug support under this section are as follows:

(1) The Government of Peru.

(2) The Government of Colombia.

(c) TYPES OF SUPPORT.—The authority under subsection (a) is limited to the provision of the following types of support to a government named in subsection (b):

(1) The types of support specified in paragraphs (1), (2), and (3) of section 1031(b) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201; 110 Stat. 2637).

(2) The transfer of riverine patrol boats.

(3) The maintenance and repair of equipment of the government that is used for counter-drug activities.

(d) APPLICABILITY OF OTHER SUPPORT AUTHORITIES.—Except as otherwise provided in this section, the provisions of section 1004 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510; 10 U.S.C. 374 note) shall apply to the provision of support under this section.

(e) FISCAL YEAR 1998 FUNDING; LIMITATION ON OBLIGATIONS.—

(1) Of the amount authorized to be appropriated under section 301(20) for drug interdiction and counter-drug activities, an amount not to exceed \$9,000,000 shall be available for the provision of support under this section.

(2) Amounts made available to carry out this section shall remain available until expended, except that the total amount obligated and expended under this section may not exceed \$20,000,000 during any of the fiscal years 1999 through 2002.

(f) CONDITION ON PROVISION OF SUPPORT.—(1) The Secretary of Defense may not obligate or expend funds during a fiscal year to provide support under this section to a government named in subsection (b) until the end of the 15-day period beginning on the date on which the Secretary submits to the congressional committees the written certification described in subsection (g) for that fiscal year.

(2) In the case of the first fiscal year in which support is to be provided under this section to a government named in subsection (b), the obligation or expenditure of funds under this section to provide support to that government shall also be subject to the condition that—

(A) the Secretary submit to the congressional committees the riverine counter-drug plan described in subsection (h); and

(B) a period of 60 days expires after the date on which the report is submitted.

(3) In the case of subsequent fiscal years in which support is to be provided under this section to a government named in subsection (b), the obligation or expenditure of funds under this section to provide support to that government shall also be subject to the condition that the Secretary submit to the congressional committees any revision of the counter-drug plan described in subsection (h) applicable to that government.

(4) For purposes of this subsection, the term “congressional committees” means the following:

(A) The Committee on Armed Services and the Committee on Foreign Relations of the Senate.

(B) The Committee on National Security and the Committee on International Relations of the House of Representatives.

(g) REQUIRED CERTIFICATION.—The written certification required by subsection (f)(1) for a fiscal year is a certification of the following with respect to each government to receive support under this section:

(1) That the provision of the support to the government will not adversely affect the military preparedness of the United States Armed Forces.

(2) That the equipment and materiel provided as support will be used only by officials and employees of the government who have undergone background investigations by that government and have been approved by that government to perform counter-drug activities on the basis of the background investigations.

(3) That the government has certified to the Secretary of Defense that—

(A) the equipment and materiel provided as support will be used only by the officials and employees referred to in paragraph (2);

(B) none of the equipment or materiel will be transferred (by sale, gift, or otherwise) to any person or entity not authorized by the United States to receive the equipment or materiel; and

(C) the equipment and materiel will be used only for the purposes intended by the United States Government.

(4) That the government has implemented, to the satisfaction of the Secretary of Defense, a system that will provide an accounting and inventory of the equipment and materiel provided as support.

(5) That the departments, agencies, and instrumentalities of the government will grant United States Government personnel access to any of the equipment or materiel provided as support, or to any of the records relating to such equipment or materiel, under terms and conditions similar to the terms and conditions imposed with respect to such access under section 505(a)(3) of the Foreign Assistance Act of 1961 (22 U.S.C. 2314(a)(3)).

(6) That the government will provide security with respect to the equipment and materiel provided as support that is substantially the same degree of security that the United States Government would provide with respect to such equipment and materiel.

(7) That the government will permit continuous observation and review by United States Government personnel of the use of the equipment and materiel provided as support under terms and conditions similar to the terms and conditions imposed with respect to such observation and review under section 505(a)(3) of the Foreign Assistance Act of 1961 (22 U.S.C. 2314(a)(3)).

(h) RIVERINE COUNTER-DRUG PLAN.—The Secretary of Defense, in consultation with the Secretary of State, shall prepare for fiscal year 1998 (and revise as necessary for subsequent fiscal years) a riverine counter-drug plan involving the governments named in subsection (b) to which support will be provided under this section. The plan for a fiscal year shall include the following with respect to each government to receive support under this section:

(1) A detailed security assessment, including a discussion of the threat posed by illicit drug traffickers in the foreign country.

(2) An evaluation of previous and ongoing riverine counter-drug operations by the government.

(3) An assessment of the monitoring of past and current assistance provided by the United States under this section to the government to ensure the appropriate use of such assistance.

(4) A description of the centralized management and coordination among Federal agencies involved in the development and implementation of the plan.

(5) A description of the roles and missions and coordination among agencies of the government involved in the development and implementation of the plan.

(6) A description of the resources to be contributed by the Department of Defense and the Department of State for the fiscal year or years covered by the plan and the manner in which such resources will be utilized under the plan.

(7) For the first fiscal year in which support is to be provided under this section, a schedule for establishing a riverine counter-drug program that can be sustained by the government within five years, and for subsequent fiscal years, a description of the progress made in establishing and carrying out the program.

(8) A reporting system to measure the effectiveness of the riverine counter-drug program.

(9) A detailed discussion of how the riverine counter-drug program supports the national drug control strategy of the United States.

21 USC 1505a.

SEC. 1034. ANNUAL REPORT ON DEVELOPMENT AND DEPLOYMENT OF NARCOTICS DETECTION TECHNOLOGIES.

(a) **REPORT REQUIREMENT.**—Not later than December 1st of each year, the Director of the Office of National Drug Control Policy shall submit to Congress and the President a report on the development and deployment of narcotics detection technologies by Federal agencies. Each such report shall be prepared in consultation with the Secretary of Defense, the Secretary of State, the Secretary of Transportation, and the Secretary of the Treasury.

(b) **MATTERS TO BE INCLUDED.**—Each report under subsection (a) shall include—

(1) a description of each project implemented by a Federal agency relating to the development or deployment of narcotics detection technology;

(2) the agency responsible for each project described in paragraph (1);

(3) the amount of funds obligated or expended to carry out each project described in paragraph (1) during the fiscal year in which the report is submitted or during any fiscal year preceding the fiscal year in which the report is submitted;

(4) the amount of funds estimated to be obligated or expended for each project described in paragraph (1) during any fiscal year after the fiscal year in which the report is submitted to Congress; and

(5) a detailed timeline for implementation of each project described in paragraph (1).

Subtitle D—Miscellaneous Report Requirements and Repeals

SEC. 1041. REPEAL OF MISCELLANEOUS REPORTING REQUIREMENTS.

(a) REQUIREMENT FOR NOTICE OF CONVERSION OF CERTAIN HEATING SYSTEMS AT INSTALLATIONS IN EUROPE.—Section 2690(b) of title 10, United States Code, is amended by striking out “unless the Secretary—” and all that follows and inserting in lieu thereof the following: “unless the Secretary determines that the conversion—

“(1) is required by the government of the country in which the facility is located; or

“(2) is cost-effective over the life cycle of the facility.”.

(b) REPORT ON AVAILABILITY OF SUITABLE ALTERNATIVE HOUSING.—Section 2823 of title 10, United States Code, is amended—

(1) by striking out subsection (b); and

(2) by redesignating subsections (c) and (d) as subsections

(b) and (c), respectively.

(c) REPORT ON STRETCHOUT OF MAJOR DEFENSE ACQUISITION PROGRAMS.—Section 117 of the National Defense Authorization Act, Fiscal Year 1989 (Public Law 100–456; 102 Stat. 1933; 10 U.S.C. 2431 note), is repealed.

(d) ELIMINATION OF REQUIREMENT FOR QUARTERLY REPORT CONCERNING TRAVEL FUNDING FOR CHEMICAL DEMILITARIZATION CITIZENS’ ADVISORY COMMISSIONERS.—(1) Section 1412(g) of the National Defense Authorization Act for Fiscal Year 1986 (50 U.S.C. 1521(g)) is amended—

(A) by striking out paragraph (3);

(B) by striking out the last sentence of paragraph (4);

and

(C) by redesignating paragraph (4) (as so amended) as paragraph (3).

(2) Section 153(b) of the National Defense Authorization Act for Fiscal Year 1996 (50 U.S.C. 1521 note) is amended—

(A) by striking out “QUARTERLY” in the heading; and

(B) by striking out paragraphs (4) and (5).

50 USC 1521.

SEC. 1042. STUDY OF TRANSFER OF MODULAR AIRBORNE FIRE FIGHTING SYSTEM.

Not later than six months after the date of the enactment of this Act, the Secretary of Defense, in consultation with the Secretary of Agriculture, shall submit to Congress a report evaluating the feasibility of transferring jurisdiction over units of the Modular Airborne Fire Fighting System from the Department of Agriculture to the Department of Defense.

SEC. 1043. OVERSEAS INFRASTRUCTURE REQUIREMENTS.

(a) FINDINGS.—Congress makes the following findings:

(1) United States military forces have been withdrawn from the Philippines.

(2) United States military forces are to be withdrawn from Panama by 2000.

(3) There continues to be local opposition to the continued presence of United States military forces in Okinawa.

(4) The Quadrennial Defense Review lists “the loss of U.S. access to critical facilities and lines of communication in key regions” as one of the so-called “wild card” scenarios covered in the review.

(5) The National Defense Panel states that “U.S. forces’ long-term access to forward bases, to include air bases, ports, and logistics facilities, cannot be assumed”.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) the President should develop alternatives to the current arrangement for forward basing of the Armed Forces outside the United States, including alternatives to the existing infrastructure for forward basing of forces and alternatives to the existing international agreements that provide for basing of United States forces in foreign countries; and

(2) because the Pacific Rim continues to emerge as a region of significant economic and military importance to the United States, a continued presence of the Armed Forces in that region is vital to the capability of the United States to timely protect its interests in the region.

(c) REPORT REQUIRED.—Not later than March 31, 1998, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report on the overseas infrastructure requirements of the Armed Forces.

(d) CONTENT.—The report shall contain the following:

(1) The quantity and types of forces that the United States must station in each region of the world in order to support the current national military strategy of the United States.

(2) The quantity and types of forces that the United States will need to station in each region of the world in order to meet the expected or potential future threats to the national security interests of the United States.

(3) The requirements for access to, and use of, air space and ground maneuver areas in each such region for training for the quantity and types of forces identified for the region pursuant to paragraphs (1) and (2).

(4) A list of the international agreements, currently in force, that the United States has entered into with foreign countries regarding the basing of United States forces in those countries and the dates on which the agreements expire.

(5) A discussion of any anticipated political opposition or other opposition to the renewal of any of those international agreements.

(6) A discussion of future overseas basing requirements for United States forces, taking into account expected changes in national security strategy, national security environment, and weapons systems.

(7) The expected costs of maintaining the overseas infrastructure for foreign based forces of the United States, including the costs of constructing any new facilities that will be necessary overseas to meet emerging requirements relating to the national security interests of the United States.

(e) FORM OF REPORT.—The report may be submitted in a classified or unclassified form.

SEC. 1044. ADDITIONAL MATTERS FOR ANNUAL REPORT ON ACTIVITIES OF THE GENERAL ACCOUNTING OFFICE.

Section 719(b) of title 31, United States Code, is amended by adding at the end the following:

“(3) The report under subsection (a) shall also include a statement of the staff hours and estimated cost of work performed on audits, evaluations, investigations, and related work during each of the three fiscal years preceding the fiscal year in which the report is submitted, stated separately for each division of the General Accounting Office by category as follows:

“(A) A category for work requested by the chairman of a committee of Congress, the chairman of a subcommittee of such a committee, or any other Member of Congress.

“(B) A category for work required by law to be performed by the Comptroller General.

“(C) A category for work initiated by the Comptroller General in the performance of the Comptroller General’s general responsibilities.”.

SEC. 1045. EYE SAFETY AT SMALL ARMS FIRING RANGES.

(a) **ACTIONS REQUIRED.**—The Secretary of the Defense shall—

(1) conduct a study of eye safety at small arms firing ranges of the Armed Forces; and

(2) develop for the use of the Armed Forces a protocol for reporting eye injuries incurred in small arms firing activities at the ranges.

(b) **AGENCY TASKING.**—The Secretary may delegate authority to carry out the responsibilities set forth in subsection (a) to the United States Army Center for Health Promotion and Preventive Medicine or any other element of the Department of Defense that the Secretary considers well qualified to carry out those responsibilities.

(c) **CONTENT OF STUDY.**—The study under subsection (a)(1) shall include the following:

(1) An evaluation of the existing policies, procedures, and practices of the Armed Forces regarding medical surveillance of eye injuries resulting from weapons fire at the small arms ranges.

(2) An examination of the existing policies, procedures, and practices of the Armed Forces regarding reporting on vision safety issues resulting from weapons fire at the small arms ranges.

(3) Determination of rates of eye injuries, and trends in eye injuries, resulting from weapons fire at the small arms ranges.

(4) An evaluation of the costs and benefits of a requirement for use of eye protection devices by all personnel firing small arms at the ranges.

(d) **REPORT.**—The Secretary shall submit a report on the activities required under this section to the Committees on Armed Services and on Veterans’ Affairs of the Senate and the Committees on National Security and on Veterans’ Affairs of the House of Representatives. The report shall include—

(1) the findings resulting from the study under paragraph (1) of subsection (a); and

(2) the protocol developed under paragraph (2) of such subsection.

(e) SCHEDULE.—(1) The Secretary shall ensure that the study is commenced not later than January 1, 1998, and is completed not later than six months after the date on which it is commenced.

(2) The Secretary shall submit the report required under subsection (d) not later than 30 days after the completion of the study.

SEC. 1046. REPORTS ON DEPARTMENT OF DEFENSE PROCEDURES FOR INVESTIGATING MILITARY AVIATION ACCIDENTS AND FOR NOTIFYING AND ASSISTING FAMILIES OF VICTIMS.

(a) REPORT ON AVIATION ACCIDENT INVESTIGATION PROCEDURES.—Not later than February 1, 1998, the Secretary of Defense shall submit to Congress a report on the advisability of establishing a process for investigating Department of Defense aviation accidents that combines accident investigation with safety investigation into a single, public investigation process, similar to the accident investigation process of the National Transportation Safety Board. The report shall include a discussion of the advantages and disadvantages of adopting such an investigation process.

(b) REPORT ON FAMILY ASSISTANCE.—Not later than April 2, 1998, the Secretary of Defense shall submit to Congress a report on assistance provided by the Department of Defense to families of casualties among military and civilian personnel of the department in the case of aviation accidents involving such personnel. The report shall include—

(1) a discussion of the adequacy and effectiveness of the family notification procedures of the Department of Defense, including the procedures of the military departments; and

(2) a description of the assistance provided to members of the families of such personnel.

(c) REPORT BY DEPARTMENT OF DEFENSE INSPECTOR GENERAL.—Not later than December 1, 1997, the Inspector General of the Department of Defense shall review the procedures of the Federal Aviation Administration and the National Transportation Safety Board for providing information and assistance to members of families of casualties of nonmilitary aviation accidents and shall submit to Congress a report on the review. The report shall include a discussion of the following:

(1) Designation of an experienced non-profit organization to provide assistance in meeting the needs of families of accident casualties.

(2) An assessment of the system and procedures for providing families with information on accidents and accident investigations.

(3) Protection of members of families from unwanted solicitations relating to the accident.

(4) A recommendation regarding whether the procedures reviewed (including the matters discussed under paragraphs (1), (2), and (3)) or similar procedures should be adopted by the Department of Defense for use by the Department in providing information and assistance to members of families of casualties of military aviation accidents and, if the recommendation is not to adopt such procedures, a detailed justification for the recommendation.

(d) UNCLASSIFIED FORM OF REPORTS.—The reports under this section shall be submitted in unclassified form.

Subtitle E—Matters Relating to Terrorism

SEC. 1051. OVERSIGHT OF COUNTERTERRORISM AND ANTITERRORISM ACTIVITIES; REPORT.

31 USC 1113
note.

(a) OVERSIGHT OF COUNTERTERRORISM AND ANTITERRORISM ACTIVITIES.—Not later than 120 days after the date of the enactment of this Act, the Director of the Office of Management and Budget shall—

(1) establish a reporting system for executive agencies with respect to the budget and expenditure of funds by such agencies for the purpose of carrying out counterterrorism and antiterrorism programs and activities; and

(2) using such reporting system, collect information on—

(A) the budget and expenditure of funds by executive agencies during the current fiscal year for purposes of carrying out counterterrorism and antiterrorism programs and activities; and

(B) the specific programs and activities for which such funds were expended.

(b) REPORT.—Not later than March 1 of each year, the President shall submit to Congress a report in classified and unclassified form (using the information described in subsection (a)(2)) describing, for each executive agency and for the executive branch as a whole, the following:

President.

(1) The amounts proposed to be expended for counterterrorism and antiterrorism programs and activities for the fiscal year beginning in the calendar year in which the report is submitted.

(2) The amounts proposed to be expended for counterterrorism and antiterrorism programs and activities for the fiscal year in which the report is submitted and the amounts that have already been expended for such programs and activities for that fiscal year.

(3) The specific counterterrorism and antiterrorism programs and activities being implemented, any priorities with respect to such programs and activities, and whether there has been any duplication of efforts in implementing such programs and activities.

SEC. 1052. PROVISION OF ADEQUATE TROOP PROTECTION EQUIPMENT FOR ARMED FORCES PERSONNEL ENGAGED IN PEACE OPERATIONS; REPORT ON ANTITERRORISM ACTIVITIES AND PROTECTION OF PERSONNEL.

10 USC 113 note.

(a) PROTECTION OF PERSONNEL.—The Secretary of Defense shall take appropriate actions to ensure that units of the Armed Forces engaged in a peace operation are provided adequate troop protection equipment for that operation.

(b) SPECIFIC ACTIONS.—In taking actions under subsection (a), the Secretary shall—

(1) identify the additional troop protection equipment, if any, required to equip a division (or the equivalent of a division) with adequate troop protection equipment for peace operations; and

(2) establish procedures to facilitate the exchange or transfer of troop protection equipment among units of the Armed Forces.

Regulations.

(c) DESIGNATION OF RESPONSIBLE OFFICIAL.—The Secretary of Defense shall designate an official within the Department of Defense to be responsible for—

(1) ensuring the appropriate allocation of troop protection equipment among the units of the Armed Forces engaged in peace operations; and

(2) monitoring the availability, status or condition, and location of such equipment.

(d) TROOP PROTECTION EQUIPMENT DEFINED.—In this section, the term “troop protection equipment” means the equipment required by units of the Armed Forces to defend against any hostile threat that is likely during a peace operation, including an attack by a hostile crowd, small arms fire, mines, and a terrorist bombing attack.

(e) REPORT ON ANTITERRORISM ACTIVITIES OF THE DEPARTMENT OF DEFENSE AND PROTECTION OF PERSONNEL.—Not later than 120 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report, in classified and unclassified form, on antiterrorism activities of the Department of Defense and the actions taken by the Secretary under subsections (a), (b), and (c). The report shall include the following:

(1) A description of the programs designed to carry out antiterrorism activities of the Department of Defense, any deficiencies in those programs, and any actions taken by the Secretary to improve implementation of such programs.

(2) An assessment of the current policies and practices of the Department of Defense with respect to the protection of members of the Armed Forces overseas against terrorist attack, including any modifications to such policies or practices that are proposed or implemented as a result of the assessment.

(3) An assessment of the procedures of the Department of Defense for determining accountability, if any, in the command structure of the Armed Forces in instances in which a terrorist attack results in the loss of life at an overseas military installation or facility.

(4) A detailed description of the roles of the Office of the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, the Secretaries of the military departments, and the combatant commanders in providing guidance and support with respect to the protection of members of the Armed Forces deployed overseas against terrorist attack (both before and after the November 1995 bombing in Riyadh, Saudi Arabia) and how these roles have changed since the June 25, 1996, terrorist bombing at Khobar Towers in Dhahran, Saudi Arabia.

(5) A description of the actions taken by the Secretary of Defense under subsections (a), (b), and (c) to provide adequate troop protection equipment for units of the Armed Forces engaged in a peace operation.

Subtitle F—Matters Relating to Defense Property

SEC. 1061. LEASE OF NON-EXCESS PERSONAL PROPERTY OF MILITARY DEPARTMENTS.

(a) RECEIPT OF FAIR MARKET VALUE.—Subsection (b)(4) of section 2667 of title 10, United States Code, is amended by striking out “, in the case of the lease of real property,”.

(b) COMPETITIVE SELECTION.—Such section is further amended—

(1) by redesignating subsection (g) as subsection (h); and

(2) by inserting after subsection (f) the following new subsection:

“(g)(1) If a proposed lease under subsection (a) involves only personal property, the lease term exceeds one year, and the fair market value of the lease interest exceeds \$100,000, as determined by the Secretary concerned, the Secretary shall use competitive procedures to select the lessee.

“(2) Not later than 45 days before entering into a lease described in paragraph (1), the Secretary concerned shall submit to Congress written notice describing the terms of the proposed lease and the competitive procedures used to select the lessee.”. Notice.

(c) CLERICAL AMENDMENTS.—(1) The heading of such section is amended to read as follows:

“§ 2667. Leases: non-excess property of military departments”.

(2) The table of sections at the beginning of chapter 159 of title 10, United States Code, is amended by striking out the item relating to section 2667 and inserting in lieu thereof the following new item:

“2667. Leases: non-excess property of military departments.”.

(d) CONFORMING AMENDMENT.—Section 2490a(f)(2) of title 10, United States Code, is amended by striking out “section 2667(g)” and inserting in lieu thereof “section 2667(h)”.

SEC. 1062. LEASE OF NON-EXCESS PROPERTY OF DEFENSE AGENCIES.

(a) LEASE AUTHORITY.—Chapter 159 of title 10, United States Code, is amended by inserting after section 2667 the following new section:

“§ 2667a. Leases: non-excess property of Defense agencies

“(a) LEASE AUTHORITY.—Whenever the Secretary of Defense considers it advantageous to the United States, the Secretary may lease to such lessee and upon such terms as the Secretary considers will promote the national defense or to be in the public interest, personal property that is—

“(1) under the control of a Defense agency;

“(2) not for the time needed for public use; and

“(3) not excess property, as defined by section 3 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 472).

“(b) LIMITATION, TERMS, AND CONDITIONS.—A lease under subsection (a)—

“(1) may not be for more than five years unless the Secretary of Defense determines that a lease for a longer period will promote the national defense or be in the public interest;

“(2) may give the lessee the first right to buy the property if the lease is revoked to allow the United States to sell the property under any other provision of law;

“(3) shall permit the Secretary to revoke the lease at any time, unless the Secretary determines that the omission of such a provision will promote the national defense or be in the public interest;

“(4) shall provide for the payment (in cash or in kind) by the lessee of consideration in an amount that is not less than the fair market value of the lease interest, as determined by the Secretary; and

“(5) may provide, notwithstanding any other provision of law, for the improvement, maintenance, protection, repair, restoration, or replacement by the lessee, of the property leased as the payment of part or all of the consideration for the lease.

“(c) COMPETITIVE SELECTION.—(1) If the term of a proposed lease under subsection (a) exceeds one year and the fair market value of the lease interest exceeds \$100,000, as determined by the Secretary of Defense, the Secretary shall use competitive procedures to select the lessee.

Notice.

“(2) Not later than 45 days before entering into a lease described in paragraph (1), the Secretary shall submit to Congress a written notice describing the terms of the proposed lease and the competitive procedures used to select the lessee.

“(d) DISPOSITION OF MONEY RENT.—Money rentals received pursuant to a lease entered into by the Secretary of Defense under subsection (a) shall be deposited in a special account in the Treasury established for the Defense agency whose property is subject to the lease. Amounts in a Defense agency’s special account shall be available, to the extent provided in appropriations Acts, solely for the maintenance, repair, restoration, or replacement of the leased property.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2667 the following new item:

“2667a. Leases: non-excess property of Defense agencies.”.

SEC. 1063. DONATION OF EXCESS CHAPEL PROPERTY TO CHURCHES DAMAGED OR DESTROYED BY ARSON OR OTHER ACTS OF TERRORISM.

(a) AUTHORITY TO DONATE.—Chapter 153 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 2580. Donation of excess chapel property

“(a) AUTHORITY TO DONATE.—The Secretary of a military department may donate personal property specified in subsection (b) to an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 that is a religious organization in order to assist the organization in restoring or replacing property of the organization that has been damaged or destroyed as a result of an act of arson or terrorism, as determined pursuant to procedures prescribed by the Secretary of Defense.

“(b) PROPERTY COVERED.—(1) The property authorized to be donated under subsection (a) is furniture and other personal property that—

“(A) is in, or was formerly in, a chapel under the jurisdiction of the Secretary of a military department and closed or being closed; and

“(B) is determined by the Secretary to be excess to the requirements of the armed forces.

“(2) No real property may be donated under this section.

“(c) DONEES NOT TO BE CHARGED.—No charge may be imposed by the Secretary of a military department on a donee of property under this section in connection with the donation. However, the donee shall agree to defray any expense for shipping or other transportation of property donated under this section from the location of the property when donated to any other location.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“2580. Donation of excess chapel property.”.

SEC. 1064. AUTHORITY OF THE SECRETARY OF DEFENSE CONCERNING DISPOSAL OF ASSETS UNDER COOPERATIVE AGREEMENTS ON AIR DEFENSE IN CENTRAL EUROPE.

(a) GENERAL AUTHORITIES.—The Secretary of Defense, pursuant to an amendment or amendments to the European air defense agreements, may dispose of any defense articles owned by the United States and acquired to carry out such agreements by providing such articles to the Federal Republic of Germany. In carrying out such disposal, the Secretary—

(1) may provide without monetary charge to the Federal Republic of Germany articles specified in the agreements; and

(2) may accept from the Federal Republic of Germany (in exchange for the articles provided under paragraph (1)) articles, services, or any other consideration, as determined appropriate by the Secretary.

(b) DEFINITION OF EUROPEAN AIR DEFENSE AGREEMENTS.—For the purposes of this section, the term “European air defense agreements” means—

(1) the agreement entitled “Agreement between the Secretary of Defense of the United States of America and the Minister of Defense of the Federal Republic of Germany on Cooperative Measures for Enhancing Air Defense for Central Europe”, signed on December 6, 1983; and

(2) the agreement entitled “Agreement between the Secretary of Defense of the United States of America and the Minister of Defense of the Federal Republic of Germany in implementation of the 6 December 1983 Agreement on Cooperative Measures for Enhancing Air Defense for Central Europe”, signed on July 12, 1984.

SEC. 1065. SALE OF EXCESS, OBSOLETE, OR UNSERVICEABLE AMMUNITION AND AMMUNITION COMPONENTS.

(a) AUTHORITY.—(1) Chapter 443 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 4687. Sale of excess, obsolete, or unserviceable ammunition and ammunition components

“(a) **AUTHORITY TO SELL OUTSIDE DoD.**—The Secretary of the Army may sell to an eligible purchaser described in subsection (c) ammunition or ammunition components that are excess, obsolete, or unserviceable and have not been demilitarized if—

“(1) the purchaser enters into an agreement, in advance, with the Secretary—

“(A) to demilitarize the ammunition or components; and

“(B) to reclaim, recycle, or reuse the component parts or materials; or

“(2) the Secretary, or an official of the Department of the Army designated by the Secretary, approves the use of the ammunition or components proposed by the purchaser as being consistent with the public interest.

“(b) **METHOD OF SALE.**—The Secretary shall use competitive procedures to sell ammunition and ammunition components under this section, except that the Secretary may use procedures other than competitive procedures in any case in which the Secretary determines that there is only one potential buyer of the items being offered for sale.

“(c) **ELIGIBLE PURCHASERS.**—To be eligible to purchase excess, obsolete, or unserviceable ammunition or ammunition components under this section, the purchaser shall be a licensed manufacturer (as defined in section 921(10) of title 18) that, as determined by the Secretary, has a capability to modify, reclaim, transport, and either store or sell the ammunition or ammunition components sought to be purchased.

“(d) **HOLD HARMLESS AGREEMENT.**—The Secretary shall require a purchaser of ammunition or ammunition components under this section to agree to hold harmless and indemnify the United States from any claim for damages for death, injury, or other loss resulting from a use of the ammunition or ammunition components, except in a case of willful misconduct or gross negligence of a representative of the United States.

Regulations.

“(e) **VERIFICATION OF DEMILITARIZATION.**—The Secretary shall establish procedures for ensuring that a purchaser of ammunition or ammunition components under this section demilitarizes the ammunition or ammunition components in accordance with any agreement to do so under subsection (a)(1). The procedures shall include onsite verification of demilitarization activities.

“(f) **CONSIDERATION.**—The Secretary may accept ammunition, ammunition components, or ammunition demilitarization services as consideration for ammunition or ammunition components sold under this section. The fair market value of any such consideration shall be equal to or exceed the fair market value or, if higher, the sale price of the ammunition or ammunition components sold.

“(g) **RELATIONSHIP TO ARMS EXPORT CONTROL ACT.**—Nothing in this section shall be construed to affect the applicability of section 38 of the Arms Export Control Act (22 U.S.C. 2778) to sales of ammunition or ammunition components on the United States Munitions List.

“(h) **DEFINITIONS.**—In this section:

“(1) The term ‘excess, obsolete, or unserviceable’, with respect to ammunition or ammunition components, means that

the ammunition or ammunition components are no longer necessary for war reserves or for support of training of the Army or production of ammunition or ammunition components.

“(2) The term ‘demilitarize’, with respect to ammunition or ammunition components—

“(A) means to destroy the military offensive or defensive advantages inherent in the ammunition or ammunition components; and

“(B) includes any mutilation, scrapping, melting, burning, or alteration that prevents the use of the ammunition or ammunition components for the military purposes for which the ammunition or ammunition components was designed or for a lethal purpose.”.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“4687. Sale of excess, obsolete, or unserviceable ammunition and ammunition components.”.

(b) REVIEW OF INITIAL SALES.—(1) For each of the first three fiscal years during which the Secretary of the Army sells ammunition or ammunition components under the authority of section 4687 of title 10, United States Code, as added by subsection (a), the Director of the Army Audit Agency shall conduct a review of sales under such section to ensure that—

10 USC 4687
note.

(A) purchasers that enter into an agreement under subsection (a)(1) of such section to demilitarize the purchased ammunition or ammunition components fully comply with the agreement; and

(B) purchasers that are authorized under subsection (a)(2) of such section to use the purchased ammunition or ammunition components actually use the ammunition or ammunition components in the manner proposed.

(2) Not later than 180 days after the end of each fiscal year in which the review is conducted, the Secretary of the Army shall submit to Congress a report containing the results of the review for the fiscal year covered by the report.

Reports.

SEC. 1066. TRANSFER OF B–17 AIRCRAFT TO MUSEUM.

California.

(a) AUTHORITY.—The Secretary of the Air Force may convey, without consideration to the Planes of Fame Museum, Chino, California (in this section referred to as the “museum”), all right, title, and interest of the United States in and to the B–17 aircraft known as the “Picadilly Lilly”, an aircraft that has been in the possession of the museum since 1959. Such a conveyance shall be made by means of a conditional deed of gift.

(b) CONDITION OF AIRCRAFT.—The Secretary may not convey ownership of the aircraft under subsection (a) until the Secretary determines that the museum has altered the aircraft in such manner as the Secretary determines necessary to ensure that the aircraft does not have any capability for use as a platform for launching or releasing munitions or any other combat capability that it was designed to have. The Secretary is not required to repair or alter the condition of the aircraft before conveying ownership of the aircraft.

(c) REVERTER UPON TRANSFER OF OWNERSHIP OR POSSESSION.—The Secretary shall include in the instrument of conveyance of the aircraft—

(1) a condition that the museum not convey any ownership interest in, or transfer possession of, the aircraft to any other party without the prior approval of the Secretary of the Air Force; and

(2) a condition that if the Secretary of the Air Force determines at any time that the museum has conveyed an ownership interest in, or transferred possession of, the aircraft to any other party without the prior approval of the Secretary, all right, title, and interest in and to the aircraft, including any repair or alteration of the aircraft, shall revert to the United States, and the United States shall have the right of immediate possession of the aircraft.

(d) **CONVEYANCE AT NO COST TO THE UNITED STATES.**—The conveyance authorized by this section shall be made at no cost to the United States. Any costs associated with such conveyance, including costs of determining compliance with subsection (b), shall be borne by the museum.

(e) **ADDITIONAL TERMS AND CONDITIONS.**—The Secretary of the Air Force may require such additional terms and conditions in connection with the conveyance under this section as the Secretary considers appropriate to protect the interests of the United States.

(f) **CLARIFICATION OF LIABILITY.**—Notwithstanding any other provision of law, upon conveyance of ownership of the B-17 aircraft specified in subsection (a) to the museum, the United States shall not be liable for any death, injury, loss, or damage that results from any use of that aircraft by any person other than the United States.

SEC. 1067. REPORT ON DISPOSAL OF EXCESS AND SURPLUS MATERIALS.

(a) **REPORT REQUIRED.**—Not later than January 31, 1998, the Secretary of Defense shall submit to Congress a report on the actions that have been taken or are planned to be taken within the Department of Defense to address problems with the sale or other disposal of materials that are excess or surplus to the needs of the Department of Defense.

(b) **REQUIRED CONTENT.**—At a minimum, the report shall address the following issues:

(1) The effort to standardize the coding of military equipment for demilitarization at all stages of the process, from initial acquisition through disposal.

(2) The changes underway to improve the methods used for the demilitarization of military equipment.

(3) Recent efforts to improve the accuracy of coding performed by Government employees and contractor employees.

(4) Recent efforts to improve the enforcement of the penalties that are applicable to Government employees and contractor employees who fail to comply with rules or procedures applicable to the demilitarization of military equipment.

(5) The methods of oversight and enforcement used by the Department of Defense to review the demilitarization of military equipment by the purchasers of the equipment.

(6) The current and planned controls designed to prevent the inappropriate transfer of excess military equipment outside the United States.

(7) The current procedures used by the Department, including repurchase, to recover military equipment that is sold or

otherwise disposed of without appropriate action having been taken to demilitarize the equipment or to provide for demilitarization of the equipment.

(8) The legislative changes, if any, that would be necessary to improve the recovery rate under the procedures identified under paragraph (7).

(c) IDENTIFICATION OF FREQUENT ERRORS AND MISUSE.—Based on fiscal year 1997 findings, the Secretary of Defense shall identify in the report—

(1) the 50 categories of military equipment that most frequently received an erroneous demilitarization code; and

(2) the categories of military equipment that are particularly vulnerable to improper use after disposal.

Subtitle G—Other Matters

SEC. 1071. AUTHORITY FOR SPECIAL AGENTS OF THE DEFENSE CRIMINAL INVESTIGATIVE SERVICE TO EXECUTE WARRANTS AND MAKE ARRESTS.

(a) AUTHORITY.—Chapter 81 of title 10, United States Code, is amended by inserting after section 1585 the following new section:

“§ 1585a. Special agents of the Defense Criminal Investigative Service: authority to execute warrants and make arrests

“(a) AUTHORITY.—The Secretary of Defense may authorize any DCIS special agent described in subsection (b)—

“(1) to execute and serve any warrant or other process issued under the authority of the United States; and

“(2) to make arrests without a warrant—

“(A) for any offense against the United States committed in the presence of that agent; and

“(B) for any felony cognizable under the laws of the United States if the agent has probable cause to believe that the person to be arrested has committed or is committing the felony.

“(b) AGENTS TO HAVE AUTHORITY.—Subsection (a) applies to any DCIS special agent whose duties include conducting, supervising, or coordinating investigations of criminal activity in programs and operations of the Department of Defense.

Applicability.

“(c) GUIDELINES ON EXERCISE OF AUTHORITY.—The authority provided under subsection (a) shall be exercised in accordance with guidelines prescribed by the Inspector General of the Department of Defense and approved by the Attorney General and any other applicable guidelines prescribed by the Secretary of Defense or the Attorney General.

“(d) DCIS SPECIAL AGENT DEFINED.—In this section, the term ‘DCIS special agent’ means an employee of the Department of Defense who is a special agent of the Defense Criminal Investigative Service (or any successor to that service).”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1585 the following new item:

“1585a. Special agents of the Defense Criminal Investigative Service: authority to execute warrants and make arrests.”.

10 USC 113 note. **SEC. 1072. STUDY OF INVESTIGATIVE PRACTICES OF MILITARY CRIMINAL INVESTIGATIVE ORGANIZATIONS RELATING TO SEX CRIMES.**

(a) INDEPENDENT STUDY REQUIRED.—(1) The Secretary of Defense shall provide for an independent study of the policies, procedures, and practices of the military criminal investigative organizations for the conduct of investigations of complaints of sex crimes and other criminal sexual misconduct arising in the Armed Forces.

(2) The Secretary shall provide for the study to be conducted by the National Academy of Public Administration. The amount of a contract for the study may not exceed \$2,000,000.

(3) The Secretary shall require that all components of the Department of Defense cooperate fully with the organization carrying out the study.

(b) MATTERS TO BE INCLUDED IN STUDY.—The Secretary shall require that the organization conducting the study under this section specifically consider each of the following matters:

(1) The need (if any) for greater organizational independence and autonomy for the military criminal investigative organizations than exists under current chain-of-command structures within the military departments.

(2) The authority of each of the military criminal investigative organizations to investigate allegations of sex crimes and other criminal sexual misconduct and the policies of those organizations for carrying out such investigations.

(3) The training (including training in skills and techniques related to the conduct of interviews) provided by each of those organizations to agents or prospective agents responsible for conducting or providing support to investigations of alleged sex crimes and other criminal sexual misconduct, including—

(A) the extent to which that training is comparable to the training provided by the Federal Bureau of Investigation and other civilian law enforcement agencies; and

(B) the coordination of training and investigative policies related to alleged sex crimes and other criminal sexual misconduct of each of those organizations with the Federal Bureau of Investigation and other civilian Federal law enforcement agencies.

(4) The procedures and relevant professional standards of each military criminal investigative organization with regard to recruitment and hiring of agents, including an evaluation of the extent to which those procedures and standards provide for—

(A) sufficient screening of prospective agents based on background investigations; and

(B) obtaining sufficient information about the qualifications and relevant experience of prospective agents.

(5) The advantages and disadvantages of establishing, within each of the military criminal investigative organizations or within the Defense Criminal Investigative Service only, a

special unit for the investigation of alleged sex crimes and other criminal sexual misconduct.

(6) The clarity of guidance for, and consistency of investigative tactics used by, each of the military criminal investigative organizations for the investigation of alleged sex crimes and other criminal sexual misconduct, together with a comparison with the guidance and tactics used by the Federal Bureau of Investigation and other civilian law enforcement agencies for such investigations.

(7) The number of allegations of agent misconduct in the investigation of sex crimes and other criminal sexual misconduct for each of those organizations, together with a comparison with the number of such allegations concerning agents of the Federal Bureau of Investigation and other civilian law enforcement agencies for such investigations.

(8) The procedures of each of the military criminal investigative organizations for administrative identification (known as “titling”) of persons suspected of committing sex crimes or other criminal sexual misconduct, together with a comparison with the comparable procedures of the Federal Bureau of Investigation and other civilian Federal law enforcement agencies for such investigations.

(9) The accuracy, timeliness, and completeness of reporting of sex crimes and other criminal sexual misconduct by each of the military criminal investigative organizations to the National Crime Information Center maintained by the Department of Justice.

(10) Any recommendation for legislation or administrative action to revise the organizational or operational arrangements of the military criminal investigative organizations or to alter recruitment, training, or operational procedures, as they pertain to the investigation of sex crimes and other criminal sexual misconduct.

(c) REPORT.—(1) The Secretary of Defense shall require the organization conducting the study under this section to submit to the Secretary a report on the study not later than one year after the date of the enactment of this Act. The organization shall include in the report its findings and conclusions concerning each of the matters specified in subsection (b).

(2) The Secretary shall submit the report under paragraph (1), together with the Secretary’s comments on the report, to Congress not later than 30 days after the date on which the report is submitted to the Secretary under paragraph (1).

(d) MILITARY CRIMINAL INVESTIGATIVE ORGANIZATION DEFINED.—For the purposes of this section, the term “military criminal investigative organization” means any of the following:

- (1) The Army Criminal Investigation Command.
- (2) The Naval Criminal Investigative Service.
- (3) The Air Force Office of Special Investigations.
- (4) The Defense Criminal Investigative Service.

(e) CRIMINAL SEXUAL MISCONDUCT DEFINED.—For the purposes of this section, the term “criminal sexual misconduct” means conduct by a member of the Armed Forces involving sexual abuse, sexual harassment, or other sexual misconduct that constitutes an offense under the Uniform Code of Military Justice.

SEC. 1073. TECHNICAL AND CLERICAL AMENDMENTS.

(a) TITLE 10, UNITED STATES CODE.—Title 10, United States Code, is amended as follows:

(1) The tables of chapters at the beginning of subtitle A, and at the beginning of part I of subtitle A, are each amended by striking out “471” in the item relating to chapter 23 and inserting in lieu thereof “481”.

(2) The tables of chapters at the beginning of subtitle A, and at the beginning of part IV of subtitle A, are each amended by striking out “2540” in the item relating to chapter 152 and inserting in lieu thereof “2541”.

(3) Section 116(b)(2) is amended by striking out “such subsection” and inserting in lieu thereof “subsection (a)”.

(4) Section 129c(e)(1) is amended by striking out “section 115a(g)(2)” and inserting in lieu thereof “section 115a(e)(2)”.

(5) Section 193(d)(1) is amended by striking out “performs” and inserting in lieu thereof “perform”.

(6) Section 382(g) is amended by striking out “the date of the enactment of the National Defense Authorization Act for Fiscal Year 1997” and inserting in lieu thereof “September 23, 1996”.

(7) Section 443(b)(1) is amended by striking out the period at the end and inserting in lieu thereof a semicolon.

(8) Section 445 is amended—

(A) by striking “(1)” before “Except with”;

(B) by redesignating subparagraphs (A), (B), and (C) as paragraphs (1), (2), and (3), respectively;

(C) by striking “(2)” before “Whenever it appears” and inserting “(b) INJUNCTIVE RELIEF.—”; and

(D) by striking out “paragraph (1)” and inserting in lieu thereof “subsection (a)”.

(9) Section 858b(a)(1) is amended in the first sentence by striking out “forfeiture” and all that follows through “due that member” and inserting in lieu thereof “forfeiture of pay, or of pay and allowances, due that member”.

(10) The item relating to section 895 (article 95) in the table of sections at the beginning of subchapter X of chapter 47 is amended by striking out “Art.”.

(11) Section 943(c) is amended—

(A) by capitalizing the initial letter of the third word of the subsection heading;

(B) in the second sentence, by striking out “Court” and inserting in lieu thereof “court”; and

(C) in the third sentence, by striking out “such positions” and inserting in lieu thereof “positions referred to in the preceding sentences”.

(12) Section 954 is amended by striking out “this” and inserting in lieu thereof “his”.

(13) Section 971(b)(4) is amended by capitalizing the first letter of the fifth and sixth words.

(14) Section 972(b) is amended by striking out “the date of the enactment of the National Defense Authorization Act for Fiscal Year 1996” in the matter preceding paragraph (1) and inserting in lieu thereof “February 10, 1996”.

(15) Section 976(f) is amended by striking out “shall,” and all that follows and inserting in lieu thereof “shall be fined under title 18 or imprisoned not more than 5 years, or both,

except that, in the case of an organization (as defined in section 18 of such title), the fine shall not be less than \$25,000.”.

(16) Section 977 is amended—

(A) in subsection (c), by striking out “Beginning on October 1, 1996, not more than” and inserting in lieu thereof “Not more than”; and

(B) in subsection (d)(2), by striking out “before October 1, 1996,” and all that follows through “so assigned” the second place it appears.

(17) Section 1078a(g)(4)(B)(iii)(II) is amended by striking out “section 1447(8)” and inserting in lieu thereof “section 1447(13)”.

(18) Section 1129(c) is amended—

(A) by striking out “the date of the enactment of this section,” and inserting in lieu thereof “November 30, 1993,”; and

(B) by striking out “before the date of the enactment of this section or” and inserting in lieu thereof “before such date or”.

(19) Section 1151(b) is amended by capitalizing the first letter of the second word in the subsection heading.

(20) Section 1152(g) is amended by inserting “(1)” before “The Secretary may”.

(21) Section 1143(d) is amended by striking out “section 806(a)(2) of the Military Family Act of 1985” and inserting in lieu thereof “section 1784(a)(2) of this title”.

(22) Section 1174(a)(1) is amended by striking out “, 1177,”.

(23) Section 1406 is amended—

(A) by striking out “3962(b)” in footnote number 3 in the table in subsection (b)(1) and in footnote number 1 in the table in subsection (c)(1) and inserting in lieu thereof “3962”; and

(B) by striking out “8962(b)” in footnote number 3 in the table in subsection (b)(1) and in footnote number 1 in the table in subsection (e)(1) and inserting in lieu thereof “8962”.

(24) Section 1408(d) is amended—

(A) by decapitalizing the first letter of the fifth word in the subsection heading;

(B) by redesignating the second paragraph (6) as paragraph (7); and

(C) in paragraph (7), as so redesignated, by striking out “out-of State” in subparagraph (A) and inserting in lieu thereof “out-of-State”.

(25) Section 1408(g) is amended by decapitalizing the first letter of the second and ninth words in the subsection heading.

(26) Section 1444a(b) is amended by striking out “section 1455(c)” and inserting in lieu thereof “section 1455(d)(2)”.

(27) Section 1448 is amended by capitalizing the first letter of the third word of the section heading.

(28) Section 1451(a)(2) is amended by inserting a period in the paragraph heading before the one-em dash.

(29) Section 1452 is amended—

(A) in subsection (a)(1)(A), by striking out “providing” in the matter preceding clause (i) and inserting in lieu thereof “provided”; and

(B) in subsection (e), by striking out “section 8339(i)” and “section 8331(b)” and inserting in lieu thereof “section 8339(j)” and “section 8341(b)”, respectively.

(30) Section 1504(i)(1) is amended by striking out “this subsection” and inserting in lieu thereof “this section”.

(31) Section 1599c(c)(1)(F) is amended by striking out “Sections 106(f)” and inserting in lieu thereof “Sections 106(e)”.

(32) Section 1613(a) is amended by striking out “1604” and inserting in lieu thereof “1603”.

(33) Section 1763 is amended—

(A) by striking out “On and after October 1, 1993, the Secretary of Defense” and inserting in lieu thereof “The Secretary of Defense”; and

(B) by striking out “secretaries” and inserting in lieu thereof “Secretaries”.

(34) Section 1792 is amended—

(A) in subsection (a)(1), by striking out the comma after “implementing”; and

(B) in subsection (d)(2), by striking out “section 1794” and inserting in lieu thereof “section 1784”.

(35) Section 2010(e) is repealed.

(36) Section 2107a(g) is amended by inserting “the” after “August 1, 1979, as a member of”.

(37) Section 2109(c)(1)(A) is amended by striking out “section 2106(b)(6)” and inserting in lieu thereof “section 2104(b)(6)”.

(38) Section 2114(h) is amended by striking out “section 2123(e)(1)” and inserting in lieu thereof “section 2123(e)”.

(39) Section 2198(c) is amended by striking out “identified in” and all that follows through the period at the end and inserting in lieu thereof “that is identified under section 2505 of this title as critical for attaining the national security objectives set forth in section 2501(a) of this title.”

(40) Section 2249a(a)(1) is amended by striking out “50 App. 2405(j)” and inserting in lieu thereof “50 U.S.C. App. 2405(j)(1)(A)”.

(41) Section 2302d(a)(2) is amended by striking out “procurement of” and inserting in lieu thereof “procurement for the system is estimated to be”.

(42) Section 2304(c)(5) is amended by striking out “subsection (j)” and inserting in lieu thereof “subsection (k)”.

(43) Section 2304(f) is amended—

(A) in paragraph (1)(B)(iii), by striking out “(6)(C)” and inserting in lieu thereof “(6)(B)”; and

(B) in paragraph (6)—

(i) by striking out subparagraph (B); and

(ii) by redesignating subparagraph (C) as subparagraph (B) and in that subparagraph by striking out “paragraph (1)(B)(iv)” and inserting in lieu thereof “paragraph (1)(B)(iii)”.

(44) Section 2305a(a) is amended by striking out “(41 U.S.C.)” and inserting in lieu thereof “(40 U.S.C.)”.

(45) Section 2306(h) is amended by inserting “for the purchase of property” after “Multiyear contracting authority”.

(46) Section 2306a(a)(5) is amended by striking out “subsection (b)(1)(B)” and inserting in lieu thereof “subsection (b)(1)(C)”.

(47) Section 2306b is amended by striking out “this subsection” in the first sentence of subsection (k) and inserting in lieu thereof “this section”.

(48)(A) The heading of section 2306b is amended to read as follows:

“§ 2306b. Multiyear contracts: acquisition of property”.

(B) The item relating to such section in the table of sections at the beginning of chapter 137 is amended to read as follows:

“2306b. Multiyear contracts: acquisition of property.”.

(49) Section 2315(a) is amended by striking out “the Information Technology Management Reform Act of 1996” and inserting in lieu thereof “division E of the Clinger-Cohen Act of 1996 (40 U.S.C. 1401 et seq.)”.

(50) Section 2371a is amended by inserting “Defense” before “Advanced Research Projects Agency”.

(51) Section 2375(c) is amended—

(A) by striking out “provisions relating to exceptions” and inserting in lieu thereof “a provision relating to an exception”; and

(B) by striking out “section 2306a(d)” and inserting in lieu thereof “section 2306a(b)”.

(52) Section 2401a(a) is amended by striking out “leasing of such vehicles” and inserting in lieu thereof “such leasing”.

(53) Section 2491(8) is amended by striking out “that appears” and all that follows through the period at the end and inserting in lieu thereof “that is identified under section 2505 of this title as critical for attaining the national security objectives set forth in section 2501(a) of this title.”.

(54) Section 2533(a) is amended by striking out the first closing parenthesis after “41 U.S.C. 10a”.

(55) Section 2534(b)(3) is amended by striking out “(a)(3)(A)(ii)” and inserting in lieu thereof “(a)(3)(A)(iii)”.

(56) Section 2554(c)(1) is amended by striking out “the date of the enactment of this Act” and inserting in lieu thereof “September 23, 1996”.

(57) Section 2645(a)(1)(B) is amended by striking out “on which” after “the date on which”.

(58) Section 2684(b) is amended by striking out “, United States Code,”.

(59) Section 2694(b)(1)(D) is amended by striking out “executive agency” and inserting in lieu thereof “executive agency”.

(60) Section 2878(d)(4) is amended by striking out “11401” and inserting in lieu thereof “11411”.

(61) Section 2885 is amended by striking out “five years after the date of the enactment of the National Defense Authorization Act for Fiscal Year 1996” and inserting in lieu thereof “on February 10, 2001”.

(62) Sections 4342(a)(10), 6954(a)(10), and 9342(a)(10) are amended by striking out “Marianas” and inserting in lieu thereof “Mariana”.

(63) Section 7606(e) is amended by striking out “sections” and inserting in lieu thereof “section”.

(64) Section 7902(b)(8) is amended by inserting “United States” before “Geological Survey”.

(65) Section 8038(e) is amended by striking out “(1)”.

(66) The item relating to section 8069 in the table of sections at the beginning of chapter 807 is amended by striking out “Nurse Corps” and inserting in lieu thereof “nurses”.

(67) Section 12733(3) is amended—

(A) by inserting a comma after “(B)”;

(B) by striking out “in which the date of the enactment of the National Defense Authorization Act for Fiscal Year 1997 occurs” and inserting in lieu thereof “that includes September 23, 1996.”.

(68) Section 14317(d) is amended by striking out “section 14314” in the first sentence and inserting in lieu thereof “section 14315”.

(b) TITLE 37, UNITED STATES CODE.—Section 205(d) of title 37, United States Code, is amended by striking out the period after “August 1, 1979” and inserting in lieu thereof a comma.

(c) PUBLIC LAW 104-201.—Effective as of September 23, 1996, and as if included therein as enacted, the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201) is amended as follows:

(1) Section 324(b)(2) (110 Stat. 2480) is amended by inserting after “In this subsection” the following: “and subsection (c)”.

(2) Section 367 (110 Stat. 2496) is amended—

(A) in subsection (a), by striking out “Subchapter II of chapter” and inserting in lieu thereof “Chapter”;

(B) in subsection (b), by striking out “subchapter” and inserting in lieu thereof “chapter”.

(3) Section 371(a) (110 Stat. 2499) is amended by striking out “Section 559(a)(1)” and inserting in lieu thereof “Section 559”.

(4) Section 531(a) (110 Stat. 2517) is amended by inserting “of title 10, United States Code,” before “is amended”.

(5) Section 614(b)(2)(B) (110 Stat. 2544) is amended by striking out “the period” and inserting in lieu thereof “the semicolon”.

(6) Section 802(1) (110 Stat. 2604) is amended by striking out “1995” in the first quoted matter therein and inserting in lieu thereof “1996”.

(7) Section 829(c) (110 Stat. 2612) is amended—

(A) in paragraph (2), by striking out “Section 2502(b)” and inserting in lieu thereof “Section 2502(c)”;

(B) by redesignating paragraph (3) as subparagraph (C) of paragraph (2).

(8) Section 1116(b) (110 Stat. 2686) is amended by striking out “section 1122” and inserting in lieu thereof “section 1111”.

(9) Section 1606 (110 Stat. 2737) is amended—

(A) in subsection (a)(1)—

(i) by striking out the comma before “or are”;

(ii) by inserting a semicolon after “Secretary of Defense”;

(B) in subsection (b)(1)(A), by striking out “Secretary of each” and inserting in lieu thereof “secretary of each”;

and

(C) in subsection (b)(2)(B), by inserting a semicolon after “Defense”.

(d) OTHER ANNUAL DEFENSE AUTHORIZATION ACTS.—

10 USC 2502
note.
Effective date.

10 USC 2706
note.

10 USC 2554.

10 USC 4411
note.

10 USC 12733.

10 USC 302c.

10 USC 2302
note.

10 USC 2502.

10 USC 441 note.

20 USC 901.

20 USC 903.

20 USC 903.

- (1) Effective as of February 10, 1996, and as if included therein as enacted, the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106) is amended as follows:
- (A) Section 321(a)(2)(A) (110 Stat. 251) is amended by striking out “2710(d)” and inserting in lieu thereof “2701(d)”. 10 USC 2701 note.
- (B) Section 356(d)(3) (110 Stat. 271) is amended by striking out “or” after “to any provision” and inserting in lieu thereof “of”. 10 USC 2461 note.
- (C) Section 533(b) (110 Stat. 315) is amended by inserting before the period at the end the following: “and the amendments made by subsection (b), effective as of October 5, 1994”. 10 USC 6975, 6975 note.
- (D) Section 703(b) (110 Stat. 372) is amended by striking out “Such paragraph” and inserting in lieu thereof “Such section”. 10 USC 1076.
- (E) Section 1501 (110 Stat. 500) is amended—
- (i) in subsection (d)(1), by striking out “337(b)” and “2717” and inserting in lieu thereof “377(b)” and “2737”, respectively; and 10 USC 10154.
- (ii) in subsection (f)(2), by inserting “of the Reserve Officer Personnel Management Act” before “shall take”. 10 USC 10001 note.
- (2) The National Defense Authorization Act for Fiscal Year 1993 (Public Law 102–484) is amended as follows:
- (A) Section 812(c) (10 U.S.C. 1723 note) is amended by inserting “and Technology” after “for Acquisition”.
- (B) Section 1091(l)(3) (32 U.S.C. 501 note) is amended by striking out “the day preceding the date of the enactment of this Act” and inserting in lieu thereof “October 19, 1994”.
- (C) Section 4471 (10 U.S.C. 2501 note) is amended by realigning subsection (e) so as to be flush to the left margin.
- (3) Section 807(b)(2)(A) of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102–190; 10 U.S.C. 2320 note) is amended by inserting before the period the following: “and Technology”.
- (4) The National Defense Authorization Act for Fiscal Year 1991 (Public Law 101–510) is amended as follows:
- (A) Section 1205 (10 U.S.C. 1746 note) is amended by striking out “Under Secretary of Defense for Acquisition” each place it appears and inserting in lieu thereof “Under Secretary of Defense for Acquisition and Technology”.
- (B) Section 2905 (10 U.S.C. 2687 note) is amended—
- (i) in subsection (b)(7), by striking out “4331” in subparagraphs (K)(iii) and (L)(iv)(III) and inserting in lieu thereof “4321”; and
- (ii) in subsection (f)(3), by striking out “section 2873(a)” and inserting in lieu thereof “section 2883(a)”.
- (C) Section 2921 (10 U.S.C. 2687 note) is amended—
- (i) in subsection (e)(3)(B), by striking out “Defense Subcommittees” and inserting in lieu thereof “Subcommittee on Defense”; and
- (ii) in subsection (f)(2), by striking out “the Committees on Armed Services of the Senate and House of Representatives” and inserting in lieu thereof

“the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives”.

(5) Section 1121(c) of the National Defense Authorization Act for Fiscal Years 1988 and 1989 (Public Law 100-180; 10 U.S.C. 113 note) is amended by striking out “under this section—” and all that follow through “fiscal year 1990” and inserting in lieu thereof “under this section may not exceed 5,000 during any fiscal year”.

(6) Section 204(e)(3) of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100-526; 10 U.S.C. 2687 note) is amended by striking out “section 2873(a)” and inserting in lieu thereof “section 2883(a)”.

(e) TITLE 5, UNITED STATES CODE.—Title 5, United States Code, is amended as follows:

(1) Section 5315 is amended—

(A) in the item relating to the Chief Information Officer of the Department of the Interior, by inserting “the” before “Interior”; and

(B) in the item relating to the Chief Information Officer of the Department of the Treasury, by inserting “the” before “Treasury”.

(2) Section 5316 is amended by striking out “Atomic Energy” after “Assistant to the Secretary of Defense for” and inserting in lieu thereof “Nuclear and Chemical and Biological Defense Programs”.

(f) ACT OF AUGUST 10, 1956.—Section 3(a)(3) of the Act of August 10, 1956 (33 U.S.C. 857a) is amended by striking out “1374,”.

(g) ACQUISITION POLICY STATUTES.—

(1) Section 309 of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 259) is amended by striking out “and” at the end of subsection (b)(2).

(2) The Office of Federal Procurement Policy Act is amended as follows:

(A) The item relating to section 27 in the table of contents in section 1(b) is amended to read as follows:

“Sec. 27. Restrictions on disclosing and obtaining contractor bid or proposal information or source selection information.”.

(B) Section 6(d) (41 U.S.C. 405(d)) is amended—

(i) by striking out the period at the end of paragraph (5)(J) and inserting in lieu thereof a semicolon;

(ii) by moving paragraph (6) two ems to the left; and

(iii) in paragraph (12), by striking out “small business” and inserting in lieu thereof “small businesses”.

(C) Section 35(b)(2) (41 U.S.C. 431(b)(2)) is amended by striking out “commercial” and inserting in lieu thereof “commercially available”.

(3) Section 6 of the Contract Disputes Act of 1978 (41 U.S.C. 605) is amended in subsections (d) and (e) by striking out “(as in effect on September 30, 1995)” each place it appears.

(4) Subsections (d)(1) and (e) of section 16 of the Small Business Act (15 U.S.C. 645) are each amended by striking out “concerns” and inserting in lieu thereof “concern”.

(h) AMENDMENTS TO CONFORM CHANGE IN SHORT TITLE OF INFORMATION TECHNOLOGY MANAGEMENT REFORM ACT OF 1996.—

(1) Section 20 of the National Institute of Standards and Technology Act (15 U.S.C. 278g–3) is amended in subsections (a)(4) and (b)(2) by striking out “Information Technology Management Reform Act of 1996” and inserting in lieu thereof “Clinger-Cohen Act of 1996 (40 U.S.C. 1441)”.

(2) Section 612(f) of title 28, United States Code, is amended by striking out “the Information Technology Management Reform Act of 1996” and inserting in lieu thereof “division E of the Clinger-Cohen Act of 1996 (40 U.S.C. 1401 et seq.)”.

(3) Section 310(b) of title 38, United States Code, is amended by striking out “the Information Technology Management Reform Act of 1996” and inserting in lieu thereof “division E of the Clinger-Cohen Act of 1996 (40 U.S.C. 1401 et seq.)”.

(4) Section 6(b) of the Computer Security Act of 1987 (40 U.S.C. 1441 note) is amended by striking out “Information Technology Management Reform Act of 1996” and inserting in lieu thereof “Clinger-Cohen Act of 1996 (40 U.S.C. 1441)”.

(5) Chapter 35 of title 44, United States Code, is amended—
(A) in section 3502(9)—

(i) by striking out “the Information Technology Management Reform Act of 1996” and inserting in lieu thereof “the Clinger-Cohen Act of 1996 (40 U.S.C. 1401)”; and

(ii) by inserting “(40 U.S.C. 1452)” after “that Act”;

(B) in section 3504(h)(2), by striking out “the Information Technology Management Reform Act of 1996” and inserting in lieu thereof “division E of the Clinger-Cohen Act of 1996 (40 U.S.C. 1401 et seq.)”; and

(C) in sections 3504(g)(2), 3504(g)(3), 3504(h)(1)(B), and 3518(d) by striking out “Information Technology Management Reform Act of 1996” and inserting in lieu thereof “Clinger-Cohen Act of 1996 (40 U.S.C. 1441)”.

(i) COORDINATION WITH OTHER AMENDMENTS.—For purposes of applying amendments made by provisions of this Act other than provisions of this section, this section shall be treated as having been enacted immediately before the other provisions of this Act. 10 USC 101 note.

SEC. 1074. SUSTAINMENT AND OPERATION OF THE GLOBAL POSITIONING SYSTEM.

(a) FINDINGS.—Congress makes the following findings:

(1) The Global Positioning System (consisting of a constellation of satellites and associated facilities capable of providing users on earth with a highly precise statement of their location on earth) makes significant contributions to the attainment of the national security and foreign policy goals of the United States, the safety and efficiency of international transportation, and the economic growth, trade, and productivity of the United States.

(2) The infrastructure for the Global Positioning System (including both space and ground segments of the infrastructure) is vital to the effectiveness of United States and allied military forces and to the protection of the national security interests of the United States.

(3) In addition to having military uses, the Global Positioning System has essential civil, commercial, and scientific uses.

(4) As a result of the increasing demand of civil, commercial, and scientific users of the Global Positioning System—

10 USC 2281
note.

(A) there has emerged in the United States a new commercial industry to provide Global Positioning System equipment and related services to the many and varied users of the system; and

(B) there have been rapid technical advancements in Global Positioning System equipment and services that have contributed significantly to reductions in the cost of the Global Positioning System and increases in the technical capabilities and availability of the system for military uses.

(5) It is in the national interest of the United States for the United States—

(A) to support continuation of the multiple-use character of the Global Positioning System;

(B) to promote broader acceptance and use of the Global Positioning System and the technological standards that facilitate expanded use of the system for civil purposes;

(C) to coordinate with other countries to ensure (i) efficient management of the electromagnetic spectrum used by the Global Positioning System, and (ii) protection of that spectrum in order to prevent disruption of signals from the system and interference with that portion of the electromagnetic spectrum used by the system; and

(D) to encourage open access in all international markets to the Global Positioning System and supporting equipment, services, and techniques.

10 USC 2281
note.

(b) INTERNATIONAL COOPERATION.—Congress urges the President to promote the security of the United States and its allies, the public safety, and commercial interests by taking the following steps:

(1) Undertaking a coordinated effort within the executive branch to seek to establish the Global Positioning System, and augmentations to the system, as a worldwide resource.

(2) Seeking to enter into international agreements to establish signal and service standards that protect the Global Positioning System from disruption and interference.

(3) Undertaking efforts to eliminate any barriers to, and other restrictions of foreign governments on, peaceful uses of the Global Positioning System.

(4) Requiring that any proposed international agreement involving nonmilitary use of the Global Positioning System or any augmentation to the system not be agreed to by the United States unless the proposed agreement has been reviewed by the Secretary of State, the Secretary of Defense, the Secretary of Transportation, and the Secretary of Commerce (acting as the Interagency Global Positioning System Executive Board established by Presidential Decision Directive NSTC–6, dated March 28, 1996).

(c) FISCAL YEAR 1998 PROHIBITION OF SUPPORT OF FOREIGN SYSTEM.—None of the funds authorized to be appropriated under this Act may be used to support the operation and maintenance or enhancement of a satellite navigation system operated by a foreign country.

(d) IN GENERAL.—(1) Part IV of subtitle A of title 10, United States Code, is amended by inserting after chapter 134 the following new chapter:

“CHAPTER 136—PROVISIONS RELATING TO SPECIFIC PROGRAMS

“Sec.

“2281. Global Positioning System.

“§ 2281. Global Positioning System

“(a) SUSTAINMENT AND OPERATION FOR MILITARY PURPOSES.—The Secretary of Defense shall provide for the sustainment of the capabilities of the Global Positioning System (hereinafter in this section referred to as the ‘GPS’), and the operation of basic GPS services, that are beneficial for the national security interests of the United States. In doing so, the Secretary shall—

“(1) develop appropriate measures for preventing hostile use of the GPS so as to make it unnecessary for the Secretary to use the selective availability feature of the system continuously while not hindering the use of the GPS by the United States and its allies for military purposes; and

“(2) ensure that United States armed forces have the capability to use the GPS effectively despite hostile attempts to prevent the use of the system by such forces.

“(b) SUSTAINMENT AND OPERATION FOR CIVILIAN PURPOSES.—The Secretary of Defense shall provide for the sustainment and operation of the GPS Standard Positioning Service for peaceful civil, commercial, and scientific uses on a continuous worldwide basis free of direct user fees. In doing so, the Secretary—

“(1) shall provide for the sustainment and operation of the GPS Standard Positioning Service in order to meet the performance requirements of the Federal Radionavigation Plan prepared jointly by the Secretary of Defense and the Secretary of Transportation pursuant to subsection (c);

“(2) shall coordinate with the Secretary of Transportation regarding the development and implementation by the Government of augmentations to the basic GPS that achieve or enhance uses of the system in support of transportation;

“(3) shall coordinate with the Secretary of Commerce, the United States Trade Representative, and other appropriate officials to facilitate the development of new and expanded civil and commercial uses for the GPS;

“(4) shall develop measures for preventing hostile use of the GPS in a particular area without hindering peaceful civil use of the system elsewhere; and

“(5) may not agree to any restriction on the Global Positioning System proposed by the head of a department or agency of the United States outside the Department of Defense in the exercise of that official’s regulatory authority that would adversely affect the military potential of the Global Positioning System.

“(c) FEDERAL RADIONAVIGATION PLAN.—The Secretary of Defense and the Secretary of Transportation shall jointly prepare the Federal Radionavigation Plan. The plan shall be revised and updated not less often than every two years. The plan shall be prepared in accordance with the requirements applicable to such plan as first prepared pursuant to section 507 of the International Maritime Satellite Telecommunications Act (47 U.S.C. 756). The plan, and any amendment to the plan, shall be published in the Federal Register.

Federal Register,
publication.

“(d) BIENNIAL REPORT.—(1) Not later than 30 days after the end of each even-numbered fiscal year, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report on the Global Positioning System. The report shall include a discussion of the following matters:

“(A) The operational status of the system.

“(B) The capability of the system to satisfy effectively (i) the military requirements for the system that are current as of the date of the report, and (ii) the performance requirements of the Federal Radionavigation Plan.

“(C) The most recent determination by the President regarding continued use of the selective availability feature of the system and the expected date of any change or elimination of the use of that feature.

“(D) The status of cooperative activities undertaken by the United States with the governments of other countries concerning the capability of the system or any augmentation of the system to satisfy civil, commercial, scientific, and military requirements, including a discussion of the status and results of activities undertaken under any regional international agreement.

“(E) Any progress made toward establishing GPS as an international standard for consistency of navigational service.

“(F) Any progress made toward protecting GPS from disruption and interference.

“(G) The effects of use of the system on national security, regional security, and the economic competitiveness of United States industry, including the Global Positioning System equipment and service industry and user industries.

“(2) In preparing the parts of each such report required under subparagraphs (D), (E), (F), and (G) of paragraph (1), the Secretary of Defense shall consult with the Secretary of State, the Secretary of Commerce, and the Secretary of Transportation.

“(e) DEFINITIONS.—In this section:

“(1) The term ‘basic GPS services’ means the following components of the Global Positioning System that are operated and maintained by the Department of Defense:

“(A) The constellation of satellites.

“(B) The navigation payloads that produce the Global Positioning System signals.

“(C) The ground stations, data links, and associated command and control facilities.

“(2) The term ‘GPS Standard Positioning Service’ means the civil and commercial service provided by the basic Global Positioning System as defined in the 1996 Federal Radionavigation Plan (published jointly by the Secretary of Defense and the Secretary of Transportation in July 1997).”.

(2) The tables of chapters at the beginning of subtitle A, and at the beginning of part IV of subtitle A, of such title are amended by inserting after the item relating to chapter 134 the following new item:

“136. Provisions Relating to Specific Programs 2281”.

SEC. 1075. PROTECTION OF SAFETY-RELATED INFORMATION VOLUNTARILY PROVIDED BY AIR CARRIERS.

(a) **AUTHORITY TO PROTECT INFORMATION.**—Section 2640 of title 10, United States Code, is amended—

(1) by redesignating subsections (h) and (i) as subsections (i) and (j), respectively; and

(2) by inserting after subsection (g) the following new subsection (h):

“(h) **AUTHORITY TO PROTECT SAFETY-RELATED INFORMATION VOLUNTARILY PROVIDED BY AN AIR CARRIER.**—(1) Subject to paragraph (2), the Secretary of Defense may (notwithstanding any other provision of law) withhold from public disclosure safety-related information that is provided to the Secretary voluntarily by an air carrier for the purposes of this section.

“(2) Information may be withheld under paragraph (1) from public disclosure only if the Secretary determines that—

“(A) the disclosure of the information would inhibit an air carrier from voluntarily providing, in the future, safety-related information for the purposes of this section or for other air safety purposes involving the Department of Defense or another Federal agency; and

“(B) the receipt of such information generally enhances the fulfillment of responsibilities under this section or other air safety responsibilities involving the Department of Defense or another Federal agency.

“(3) If the Secretary provides to the head of another agency safety-related information described in paragraph (1) with respect to which the Secretary has made a determination described in paragraph (2), the head of that agency shall (notwithstanding any other provision of law) withhold the information from public disclosure unless the disclosure is specifically authorized by the Secretary.”.

(b) **APPLICABILITY.**—Subsection (h) of section 2640 of title 10, United States Code, as added by subsection (a), shall apply with respect to requests for information made on or after the date of the enactment of this Act.

10 USC 2640
note.

SEC. 1076. NATIONAL GUARD CHALLENGE PROGRAM TO CREATE OPPORTUNITIES FOR CIVILIAN YOUTH.

(a) **PROGRAM AUTHORITY.**—Chapter 5 of title 32, United States Code, is amended by adding at the end the following new section:

“§ 509. National Guard Challenge Program of opportunities for civilian youth

“(a) **PROGRAM AUTHORITY AND PURPOSE.**—The Secretary of Defense, acting through the Chief of the National Guard Bureau, may conduct a National Guard civilian youth opportunities program (to be known as the ‘National Guard Challenge Program’) to use the National Guard to provide military-based training, including supervised work experience in community service and conservation projects, to civilian youth who cease to attend secondary school before graduating so as to improve the life skills and employment potential of such youth.

“(b) **CONDUCT OF THE PROGRAM.**—The Secretary of Defense shall provide for the conduct of the National Guard Challenge Program in such States as the Secretary considers to be appropriate,

except that Federal expenditures under the program may not exceed \$50,000,000 for any fiscal year.

“(c) PROGRAM AGREEMENTS.—(1) To carry out the National Guard Challenge Program in a State, the Secretary of Defense shall enter into an agreement with the Governor of the State or, in the case of the District of Columbia, with the commanding general of the District of Columbia National Guard, under which the Governor or the commanding general will establish, organize, and administer the National Guard Challenge Program in the State.

“(2) The agreement may provide for the Secretary to provide funds to the State for civilian personnel costs attributable to the use of civilian employees of the National Guard in the conduct of the National Guard Challenge Program.

“(d) MATCHING FUNDS REQUIRED.—The amount of assistance provided under this section to a State program of the National Guard Challenge Program may not exceed—

“(1) for fiscal year 1998, 75 percent of the costs of operating the State program during that year;

“(2) for fiscal year 1999, 70 percent of the costs of operating the State program during that year;

“(3) for fiscal year 2000, 65 percent of the costs of operating the State program during that year; and

“(4) for fiscal year 2001 and each subsequent fiscal year, 60 percent of the costs of operating the State program during that year.

“(e) PERSONS ELIGIBLE TO PARTICIPATE IN PROGRAM.—A school dropout from secondary school shall be eligible to participate in the National Guard Challenge Program. The Secretary of Defense shall prescribe the standards and procedures for selecting participants from among school dropouts.

“(f) AUTHORIZED BENEFITS FOR PARTICIPANTS.—(1) To the extent provided in an agreement entered into in accordance with subsection (c) and subject to the approval of the Secretary of Defense, a person selected for training in the National Guard Challenge Program may receive the following benefits in connection with that training:

“(A) Allowances for travel expenses, personal expenses, and other expenses.

“(B) Quarters.

“(C) Subsistence.

“(D) Transportation.

“(E) Equipment.

“(F) Clothing.

“(G) Recreational services and supplies.

“(H) Other services.

“(I) Subject to paragraph (2), a temporary stipend upon the successful completion of the training, as characterized in accordance with procedures provided in the agreement.

“(2) In the case of a person selected for training in the National Guard Challenge Program who afterwards becomes a member of the Civilian Community Corps under subtitle E of title I of the National and Community Service Act of 1990 (42 U.S.C. 12611 et seq.), the person may not receive a temporary stipend under paragraph (1)(I) while the person is a member of that Corps. The person may receive the temporary stipend after completing service in the Corps unless the person elects to receive benefits provided

Regulations.

under subsection (f) or (g) of section 158 of such Act (42 U.S.C. 12618).

“(g) PROGRAM PERSONNEL.—(1) Personnel of the National Guard of a State in which the National Guard Challenge Program is conducted may serve on full-time National Guard duty for the purpose of providing command, administrative, training, or supporting services for the program. For the performance of those services, any such personnel may be ordered to duty under section 502(f) of this title for not longer than the period of the program.

“(2) A Governor participating in the National Guard Challenge Program and the commanding general of the District of Columbia National Guard (if the District of Columbia National Guard is participating in the program) may procure by contract the temporary full time services of such civilian personnel as may be necessary to augment National Guard personnel in carrying out the National Guard Challenge Program in that State.

“(3) Civilian employees of the National Guard performing services for the National Guard Challenge Program and contractor personnel performing such services may be required, when appropriate to achieve the purposes of the program, to be members of the National Guard and to wear the military uniform.

“(h) EQUIPMENT AND FACILITIES.—(1) Equipment and facilities of the National Guard, including military property of the United States issued to the National Guard, may be used in carrying out the National Guard Challenge Program.

“(2) Activities under the National Guard Challenge Program shall be considered noncombat activities of the National Guard for purposes of section 710 of this title.

“(i) STATUS OF PARTICIPANTS.—(1) A person receiving training under the National Guard Challenge Program shall be considered an employee of the United States for the purposes of the following provisions of law:

“(A) Subchapter I of chapter 81 of title 5 (relating to compensation of Federal employees for work injuries).

“(B) Section 1346(b) and chapter 171 of title 28 and any other provision of law relating to the liability of the United States for tortious conduct of employees of the United States.

“(2) In the application of the provisions of law referred to in paragraph (1)(A) to a person referred to in paragraph (1)—

“(A) the person shall not be considered to be in the performance of duty while the person is not at the assigned location of training or other activity or duty authorized in accordance with a program agreement referred to in subsection (c), except when the person is traveling to or from that location or is on pass from that training or other activity or duty;

“(B) the person’s monthly rate of pay shall be deemed to be the minimum rate of pay provided for grade GS-2 of the General Schedule under section 5332 of title 5; and

“(C) the entitlement of a person to receive compensation for a disability shall begin on the day following the date on which the person’s participation in the National Guard Challenge Program is terminated.

“(3) A person referred to in paragraph (1) may not be considered an employee of the United States for any purpose other than a purpose set forth in that paragraph.

“(j) SUPPLEMENTAL RESOURCES.—To carry out the National Guard Challenge Program in a State, the Governor of the State

or, in the case of the District of Columbia, the commanding general of the District of Columbia National Guard may supplement funds made available under the program out of other resources (including gifts) available to the Governor or the commanding general. The Governor or the commanding general may accept, use, and dispose of gifts or donations of money, other property, or services for the National Guard Challenge Program.

“(k) REPORT.—Within 90 days after the end of each fiscal year, the Secretary of Defense shall submit to Congress a report on the design, conduct, and effectiveness of the National Guard Challenge Program during the preceding fiscal year. In preparing the report, the Secretary shall coordinate with the Governor of each State in which the National Guard Challenge Program is carried out and, if the program is carried out in the District of Columbia, with the commanding general of the District of Columbia National Guard.

“(l) DEFINITIONS.—In this section:

“(1) The term ‘State’ includes the Commonwealth of Puerto Rico, the territories, and the District of Columbia.

“(2) The term ‘school dropout’ means an individual who is no longer attending any school and who has not received a secondary school diploma or a certificate from a program of equivalency for such a diploma.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“509. National Guard Challenge Program of opportunities for civilian youth.”.

SEC. 1077. DISQUALIFICATION FROM CERTAIN BURIAL-RELATED BENEFITS FOR PERSONS CONVICTED OF CAPITAL CRIMES.

(a) IN GENERAL.—(1) Chapter 49 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 985. Persons convicted of capital crimes: denial of certain burial-related benefits

“(a) PROHIBITION OF PERFORMANCE OF MILITARY HONORS.—The Secretary of a military department and the Secretary of Transportation, with respect to the Coast Guard when it is not operating as a service in the Navy, may not provide military honors at the funeral or burial of a person who has been convicted of a capital offense under Federal or State law for which the person was sentenced to death or life imprisonment without parole.

“(b) DISQUALIFICATION FROM BURIAL IN MILITARY CEMETERIES.—A person convicted of a capital offense under Federal law is not entitled to or eligible for, and may not be provided, burial in—

“(1) Arlington National Cemetery;

“(2) the Soldiers’ and Airmen’s National Cemetery; or

“(3) any other cemetery administered by the Secretary of a military department or the Secretary of Defense.

“(c) DEFINITIONS.—In this section:

“(1) The term ‘capital offense’ means an offense for which the death penalty may be imposed.

“(2) The term ‘burial’ includes inurnment.

“(3) The term ‘State’ includes the District of Columbia and any commonwealth or territory of the United States.”.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“985. Persons convicted of capital crimes: denial of certain burial-related benefits.”.

(b) **APPLICABILITY.**—Section 985 of title 10, United States Code, as added by subsection (a), applies with respect to persons dying after January 1, 1997. 10 USC 985 note.

SEC. 1078. RESTRICTIONS ON THE USE OF HUMAN SUBJECTS FOR TESTING OF CHEMICAL OR BIOLOGICAL AGENTS. 50 USC 1520a.

(a) **PROHIBITED ACTIVITIES.**—The Secretary of Defense may not conduct (directly or by contract)—

(1) any test or experiment involving the use of a chemical agent or biological agent on a civilian population; or

(2) any other testing of a chemical agent or biological agent on human subjects.

(b) **EXCEPTIONS.**—Subject to subsections (c), (d), and (e), the prohibition in subsection (a) does not apply to a test or experiment carried out for any of the following purposes:

(1) Any peaceful purpose that is related to a medical, therapeutic, pharmaceutical, agricultural, industrial, or research activity.

(2) Any purpose that is directly related to protection against toxic chemicals or biological weapons and agents.

(3) Any law enforcement purpose, including any purpose related to riot control.

(c) **INFORMED CONSENT REQUIRED.**—The Secretary of Defense may conduct a test or experiment described in subsection (b) only if informed consent to the testing was obtained from each human subject in advance of the testing on that subject.

(d) **PRIOR NOTICE TO CONGRESS.**—Not later than 30 days after the date of final approval within the Department of Defense of plans for any experiment or study to be conducted by the Department of Defense (whether directly or under contract) involving the use of human subjects for the testing of a chemical agent or a biological agent, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report setting forth a full accounting of those plans, and the experiment or study may then be conducted only after the end of the 30-day period beginning on the date such report is received by those committees. Reports.

(e) **BIOLOGICAL AGENT DEFINED.**—In this section, the term “biological agent” means any micro-organism (including bacteria, viruses, fungi, rickettsiac, or protozoa), pathogen, or infectious substance, and any naturally occurring, bioengineered, or synthesized component of any such micro-organism, pathogen, or infectious substance, whatever its origin or method of production, that is capable of causing—

(1) death, disease, or other biological malfunction in a human, an animal, a plant, or another living organism;

(2) deterioration of food, water, equipment, supplies, or materials of any kind; or

(3) deleterious alteration of the environment.

(f) **REPORT AND CERTIFICATION.**—Section 1703(b) of the National Defense Authorization Act for Fiscal Year 1994 (50 U.S.C. 1523(b)) is amended by adding at the end the following new paragraph:

“(9) A description of any program involving the testing of biological or chemical agents on human subjects that was carried out by the Department of Defense during the period covered by the report, together with—

“(A) a detailed justification for the testing;

“(B) a detailed explanation of the purposes of the testing;

“(C) a description of each chemical or biological agent tested; and

“(D) the Secretary’s certification that informed consent to the testing was obtained from each human subject in advance of the testing on that subject.”.

(g) **REPEAL OF SUPERSEDED PROVISION OF LAW.**—Section 808 of the Department of Defense Appropriation Authorization Act, 1978 (50 U.S.C. 1520), is repealed.

49 USC 303 note.

SEC. 1079. TREATMENT OF MILITARY FLIGHT OPERATIONS.

No military flight operation (including a military training flight), or designation of airspace for such an operation, may be treated as a transportation program or project for purposes of section 303(c) of title 49, United States Code.

SEC. 1080. NATURALIZATION OF CERTAIN FOREIGN NATIONALS WHO SERVE HONORABLY IN THE ARMED FORCES DURING A PERIOD OF CONFLICT.

(a) **IN GENERAL.**—Section 329(a)(1) of the Immigration and Nationality Act (8 U.S.C. 1440(a)(1)) is amended—

(1) by inserting “, reenlistment, extension of enlistment,” after “at the time of enlistment”; and

(2) by inserting “or on board a public vessel owned or operated by the United States for noncommercial service,” after “United States, the Canal Zone, American Samoa, or Swains Island,”.

Applicability.

8 USC 1440 note.

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall apply with respect to enlistments, reenlistments, extensions of enlistment, and inductions of persons occurring on or after the date of the enactment of this Act.

10 USC 111 note.

SEC. 1081. APPLICABILITY OF CERTAIN PAY AUTHORITIES TO MEMBERS OF SPECIFIED INDEPENDENT STUDY ORGANIZATIONS.

(a) **APPLICABILITY OF CERTAIN PAY AUTHORITIES.**—(1) An individual who is a member of a commission or panel specified in subsection (b) and is an annuitant otherwise covered by section 8344 or 8468 of title 5, United States Code, by reason of membership on the commission or panel is not subject to the provisions of that section with respect to such membership.

(2) An individual who is a member of a commission or panel specified in subsection (b) and is a member or former member of a uniformed service is not subject to the provisions of subsections (b) and (c) of section 5532 of such title with respect to membership on the commission or panel.

(b) **SPECIFIED ENTITIES.**—Subsection (a) applies—

Effective date.

(1) effective as of September 23, 1996, to members of the National Defense Panel established by section 924 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2626); and

(2) effective as of October 9, 1996, to members of the Commission on Servicemembers and Veterans Transition Assistance established by section 701 of the Veterans' Benefits Improvements Act of 1996 (Public Law 104–275; 110 Stat. 3346; 38 U.S.C. 545 note).

Effective date.

SEC. 1082. DISPLAY OF POW/MIA FLAG.

36 USC 189a.

(a) **REQUIRED DISPLAY.**—The POW/MIA flag shall be displayed at the locations specified in subsection (c) on POW/MIA flag display days. Such display shall serve (1) as the symbol of the Nation's concern and commitment to achieving the fullest possible accounting of Americans who, having been prisoners of war or missing in action, still remain unaccounted for, and (2) as the symbol of the Nation's commitment to achieving the fullest possible accounting for Americans who in the future may become prisoners of war, missing in action, or otherwise unaccounted for as a result of hostile action.

(b) **DAYS FOR FLAG DISPLAY.**—(1) For purposes of this section, POW/MIA flag display days are the following:

- (A) Armed Forces Day, the third Saturday in May.
- (B) Memorial Day, the last Monday in May.
- (C) Flag Day, June 14.
- (D) Independence Day, July 4.
- (E) National POW/MIA Recognition Day.
- (F) Veterans Day, November 11.

(2) In addition to the days specified in paragraph (1), POW/MIA flag display days include—

- (A) in the case of display at medical centers of the Department of Veterans Affairs (required by subsection (c)(7)), any day on which the flag of the United States is displayed; and
- (B) in the case of display at United States Postal Service post offices (required by subsection (c)(8)), the last business day before a day specified in paragraph (1) that in any year is not itself a business day.

(c) **LOCATIONS FOR FLAG DISPLAY.**—The locations for the display of the POW/MIA flag under subsection (a) are the following:

- (1) The Capitol.
- (2) The White House.
- (3) The Korean War Veterans Memorial and the Vietnam Veterans Memorial.
- (4) Each national cemetery.
- (5) The buildings containing the official office of—
 - (A) the Secretary of State;
 - (B) the Secretary of Defense;
 - (C) the Secretary of Veterans Affairs; and
 - (D) the Director of the Selective Service System.
- (6) Each major military installation, as designated by the Secretary of Defense.
- (7) Each medical center of the Department of Veterans Affairs.
- (8) Each United States Postal Service post office.

(d) **COORDINATION WITH OTHER DISPLAY REQUIREMENT.**—Display of the POW/MIA flag at the Capitol pursuant to paragraph (1) of subsection (c) is in addition to the display of that flag in the Rotunda of the Capitol pursuant to Senate Concurrent Resolution 5 of the 101st Congress, agreed to on February 22, 1989 (103 Stat. 2533).

(e) **DISPLAY TO BE IN A MANNER VISIBLE TO THE PUBLIC.**—Display of the POW/MIA flag pursuant to this section shall be in a manner designed to ensure visibility to the public.

(f) **LIMITATION.**—This section may not be construed or applied so as to require any employee to report to work solely for the purpose of providing for the display of the POW/MIA flag.

(g) **POW/MIA FLAG DEFINED.**—As used in this section, the term “POW/MIA flag” means the National League of Families POW/MIA flag recognized officially and designated by section 2 of Public Law 101-355 (36 U.S.C. 189).

(h) **REGULATIONS FOR IMPLEMENTATION.**—Not later than 180 days after the date of the enactment of this Act, the head of each department, agency, or other establishment responsible for a location specified in subsection (c) (other than the Capitol) shall prescribe such regulations as necessary to carry out this section.

(i) **PROCUREMENT AND DISTRIBUTION OF FLAGS.**—Not later than 30 days after the date of the enactment of this Act, the Administrator of General Services shall procure POW/MIA flags and distribute them as necessary to carry out this section.

(j) **REPEAL OF SUPERSEDED LAW.**—Section 1084 of Public Law 102-190 (36 U.S.C. 189 note) is repealed.

10 USC 113 note.

SEC. 1083. PROGRAM TO COMMEMORATE 50TH ANNIVERSARY OF THE KOREAN CONFLICT.

(a) **COMMEMORATIVE PROGRAM.**—The Secretary of Defense may conduct a program to commemorate the 50th anniversary of the Korean conflict. In conducting the commemorative program, the Secretary may coordinate, support, and facilitate other programs and activities of the Federal Government, State and local governments, and other persons in commemoration of the Korean conflict.

(b) **COMMEMORATIVE ACTIVITIES.**—The commemorative program may include activities and ceremonies—

(1) to provide the people of the United States with a clear understanding and appreciation of the lessons and history of the Korean conflict;

(2) to thank and honor veterans of the Korean conflict and their families;

(3) to pay tribute to the sacrifices and contributions made on the home front by the people of the United States during the Korean conflict;

(4) to highlight advances in technology, science, and medicine related to military research conducted during the Korean conflict;

(5) to recognize the contributions and sacrifices made by the allies of the United States in the Korean conflict; and

(6) to highlight the role of the Armed Forces of the United States, then and now, in maintaining world peace through strength.

(c) **NAMES AND SYMBOLS.**—The Secretary of Defense shall have the sole and exclusive right to use the names “The Department of Defense Korean Conflict Commemoration”, and such seal, emblems, and badges incorporating such name as the Secretary may lawfully adopt. Nothing in this section may be construed to supersede rights that are established or vested before the date of the enactment of this Act.

(d) **COMMEMORATIVE ACCOUNT.**—(1) There is established in the Treasury an account to be known as the “Department of Defense

Korean Conflict Commemoration Account”, which shall be administered by the Secretary of Defense. There shall be deposited into the account all proceeds derived from the Secretary’s use of the exclusive rights described in subsection (c). The Secretary may use funds in the account only for the purpose of conducting the commemorative program.

(2) Not later than 60 days after completion of all activities and ceremonies conducted as part of the commemorative program, the Secretary shall submit to Congress a report containing an accounting of all of the funds deposited into and expended from the account or otherwise expended under this section, and of any funds remaining in the account. Unobligated funds remaining in the account on that date shall be held in the account until transferred by law.

Reports.

(e) ACCEPTANCE OF VOLUNTARY SERVICES.—(1) Notwithstanding section 1342 of title 31, United States Code, the Secretary of Defense may accept from any person voluntary services to be provided in furtherance of the commemorative program.

(2) A person providing voluntary services under this subsection shall be considered to be a Federal employee for purposes of chapter 81 of title 5, United States Code, relating to compensation for work-related injuries. The person shall also be considered a special governmental employee for purposes of standards of conduct and sections 202, 203, 205, 207, 208, and 209 of title 18, United States Code. A person who is not otherwise employed by the Federal Government shall not be considered to be a Federal employee for any other purpose by reason of the provision of voluntary services under this subsection.

(3) The Secretary may provide for reimbursement of incidental expenses incurred by a person providing voluntary services under this subsection. The Secretary shall determine which expenses are eligible for reimbursement under this paragraph.

(f) LIMITATION ON EXPENDITURES.—Total expenditures to carry out the commemorative program may not exceed \$100,000.

**SEC. 1084. COMMENDATION OF MEMBERS OF THE ARMED FORCES
AND GOVERNMENT CIVILIAN PERSONNEL WHO SERVED
DURING THE COLD WAR; CERTIFICATE OF RECOGNITION.**

10 USC note
prec. 1121.

(a) FINDINGS.—The Congress finds the following:

(1) During the period of the Cold War, from the end of World War II until the collapse of the Soviet Union in 1991, the United States and the Soviet Union engaged in a global military rivalry.

(2) This rivalry, potentially the most dangerous military confrontation in the history of mankind, has come to a close without a direct superpower military conflict.

(3) Military and civilian personnel of the Department of Defense, personnel in the intelligence community, members of the foreign service, and other officers and employees of the United States faithfully performed their duties during the Cold War.

(4) Many such personnel performed their duties while isolated from family and friends and served overseas under frequently arduous conditions in order to protect the United States and achieve a lasting peace.

(5) The discipline and dedication of those personnel were fundamental to the prevention of a superpower military conflict.

(b) CONGRESSIONAL COMMENDATION.—The Congress hereby commends the members of the Armed Forces and civilian personnel of the Government who contributed to the historic victory in the Cold War and expresses its gratitude and appreciation for their service and sacrifices.

(c) CERTIFICATES OF RECOGNITION.—The Secretary of Defense shall prepare a certificate recognizing the Cold War service of qualifying members of the Armed Forces and civilian personnel of the Department of Defense and other Government agencies contributing to national security, as determined by the Secretary, and shall provide the certificate to such members and civilian personnel upon request.

SEC. 1085. SENSE OF CONGRESS ON GRANTING OF STATUTORY FEDERAL CHARTERS.

(a) FINDINGS.—Congress finds that the practice of providing by statute Federal charters to certain nonprofit organizations—

(1) may be perceived as implying a Government imprimatur of approval of those organizations; and

(2) may mistakenly lead to public perception that the United States ensures the integrity and worthiness of those organizations.

(b) SENSE OF CONGRESS.—It is the sense of Congress—

(1) that because of the perceived implicit Government imprimatur of approval conveyed by enactment of a Federal charter for an organization, such a charter should be granted only in the rarest and most extraordinary cases; and

(2) that no statutory Federal charter should be enacted after the enactment of this Act unless the charter is approved by Congress upon favorable report by the committees of jurisdiction of the respective Houses.

SEC. 1086. SENSE OF CONGRESS REGARDING MILITARY VOTING RIGHTS.

(a) FINDINGS.—Congress finds that—

(1) members of the Armed Forces have a fundamental right to vote in Federal, State, and local elections; and

(2) an extended absence of a member of the Armed Forces from the place of the member's residency or domicile due to military or naval orders is not of itself grounds to consider the member's residency or domicile as lost or changed.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the Secretary of Defense, in consultation with the Attorney General, should review how best to protect the right of members of the Armed Forces to vote in Federal, State, and local elections while taking into account the right of States to prescribe requirements for voter registration. Such a review should include an assessment of challenges to military voting rights and consideration of possible legislative remedies to ensure that, for purposes of voting in Federal, State, and local elections, a member of the Armed Forces who is absent from a State in compliance with military or naval orders is not, solely by reason of that absence, considered to have lost or changed residency or domicile.

SEC. 1087. DESIGNATION OF BOB HOPE AS AN HONORARY VETERAN OF THE ARMED FORCES OF THE UNITED STATES.

(a) FINDINGS.—Congress makes the following findings:

(1) In its more than 200 years of existence as a nation, the United States has never conferred on any person the status of being an honorary veteran of the Armed Forces of the United States.

(2) Status as an honorary veteran of the Armed Forces of the United States is and should remain an extraordinary honor not lightly conferred nor frequently granted.

(3) The lifetime of accomplishments and service of Leslie Townes (Bob) Hope on behalf of members of the Armed Forces of the United States fully justifies the conferring of that status.

(4) Bob Hope attempted to enlist in the Armed Forces to serve his country during World War II but was informed that the greatest service he could provide his country was as a civilian entertainer for the troops.

(5) During World War II, the Korean Conflict, the Vietnam War, the Persian Gulf War, and the Cold War, Bob Hope travelled to visit and entertain millions of members of the Armed Forces in numerous countries, on ships at sea, and in combat zones ashore.

(6) Bob Hope has been awarded the Congressional Gold Medal, the Presidential Medal of Freedom, the Distinguished Service Medal of each of the branches of the Armed Forces and more than 100 other citations and awards from national veterans service organizations and civic and humanitarian organizations.

(7) Bob Hope has given unselfishly of himself for over half a century to be with American service members on foreign shores, working tirelessly to bring a spirit of humor and cheer to millions of service members during their loneliest moments, and has, thereby, extended to them for the American people a touch of home away from home.

(b) DESIGNATION OF BOB HOPE AS HONORARY VETERAN.—Congress—

(1) extends its gratitude, on behalf of the American people, to Leslie Townes (Bob) Hope, of the State of California, for his lifetime of accomplishments and service on behalf of members of the Armed Forces of the United States; and

(2) hereby confers upon him the status of being an honorary veteran of the Armed Forces of the United States.

SEC. 1088. FIVE-YEAR EXTENSION OF AVIATION INSURANCE PROGRAM.

(a) EXTENSION.—Section 44310 of title 49, United States Code, is amended by striking out “September 30, 1997” and inserting in lieu thereof “September 30, 2002”.

(b) EFFECTIVE DATE.—This section shall take effect as of September 30, 1997.

49 USC 44310
note.

TITLE XI—DEPARTMENT OF DEFENSE CIVILIAN PERSONNEL

Sec. 1101. Use of prohibited constraints to manage Department of Defense personnel.

Sec. 1102. Veterans' preference status for certain veterans who served on active duty during the Persian Gulf War.

Sec. 1103. Repeal of deadline for placement consideration of involuntarily separated military reserve technicians.

Sec. 1104. Rate of pay of Department of Defense overseas teachers upon transfer to General Schedule position.

- Sec. 1105. Garnishment and involuntary allotment.
 Sec. 1106. Extension and revision of voluntary separation incentive pay authority.
 Sec. 1107. Use of approved fire-safe accommodations by Government employees on official business.
 Sec. 1108. Navy higher education pilot program regarding administration of business relationships between Government and private sector.
 Sec. 1109. Authority for Marine Corps University to employ civilian faculty members.

Reports.

SEC. 1101. USE OF PROHIBITED CONSTRAINTS TO MANAGE DEPARTMENT OF DEFENSE PERSONNEL.

Section 129 of title 10, United States Code, is amended by adding at the end the following new subsection:

“(f)(1) Not later than February 1 of each year, the Secretary of each military department and the head of each Defense Agency shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report on the management of the civilian workforce under the jurisdiction of that official.

“(2) Each report of an official under paragraph (1) shall contain the following:

“(A) The official’s certification (i) that the civilian workforce under the jurisdiction of the official is not subject to any constraint or limitation in terms of man years, end strength, full-time equivalent positions, or maximum number of employees, and (ii) that, during the 12 months preceding the date on which the report is due, such workforce has not been subject to any such constraint or limitation.

“(B) A description of how the civilian workforce is managed.

“(C) A detailed description of the analytical tools used to determine civilian workforce requirements during the 12-month period referred to in subparagraph (A).”.

SEC. 1102. VETERANS’ PREFERENCE STATUS FOR CERTAIN VETERANS WHO SERVED ON ACTIVE DUTY DURING THE PERSIAN GULF WAR.

(a) DEFINITION OF VETERAN FOR PURPOSES OF PREFERENCE ELIGIBLE STATUS.—Section 2108 of title 5, United States Code, is amended—

(1) in paragraph (1)—

(A) by striking “or” at the end of subparagraph (A);

(B) by inserting “or” at the end of subparagraph (B);

and

(C) by inserting after subparagraph (B) the following new subparagraph:

“(C) served on active duty as defined by section 101(21) of title 38 in the armed forces during the period beginning on August 2, 1990, and ending on January 2, 1992;”;

(2) in paragraph (3)(B), by inserting “or (C)” after “paragraph (1)(B)”.

(b) ADDITIONAL POINTS.—Section 3309(2) of such title is amended by striking “2108(3)(A)” and inserting “2108(3)(A)–(B)”.

(c) TECHNICAL AMENDMENTS.—Section 2108(1)(B) of such title is further amended—

(1) by striking “the date of enactment of the Veterans’ Education and Employment Assistance Act of 1976,” and inserting “October 15, 1976;”;

(2) by striking “511(d) of title 10” and inserting “12103(d) of title 10”.

**SEC. 1103. REPEAL OF DEADLINE FOR PLACEMENT CONSIDERATION
OF INVOLUNTARILY SEPARATED MILITARY RESERVE
TECHNICIANS.**

(a) **REPEAL OF DEADLINE.**—Section 3329(b) of title 5, United States Code, is amended by striking out “not later than 6 months after the date of the application”.

(b) **TECHNICAL CORRECTION.**—Such section is further amended by striking out “a position described in subsection (c)” the second place it appears.

**SEC. 1104. RATE OF PAY OF DEPARTMENT OF DEFENSE OVERSEAS
TEACHERS UPON TRANSFER TO GENERAL SCHEDULE
POSITION.**

(a) **PREVENTION OF EXCESSIVE INCREASES.**—Section 5334(d) of title 5, United States Code, is amended by striking out “20 percent” and all that follows and inserting in lieu thereof “an amount determined under regulations which the Secretary of Defense shall prescribe for the determination of the yearly rate of pay of the position. The amount by which a rate of pay is increased under the regulations may not exceed the amount equal to 20 percent of that rate of pay.”.

Regulations.

(b) **EFFECTIVE DATE AND SAVINGS PROVISION.**—(1) The amendment made by subsection (a) shall take effect 180 days after the date of the enactment of this Act.

5 USC 5334 note.

(2) In the case of a person who is employed in a teaching position referred to in section 5334(d) of title 5, United States Code, on the day before the effective date under paragraph (1), the rate of pay of that person determined under that section (as in effect on that day) may not be reduced by reason of the amendment made by subsection (a) for so long as the person continues to serve in that position or another such position without a break in service of more than three days on or after that day.

SEC. 1105. GARNISHMENT AND INVOLUNTARY ALLOTMENT.

Section 5520a of title 5, United States Code, is amended—

(1) in subsection (j), by striking out paragraph (2) and inserting in lieu thereof the following new paragraph:

“(2) Such regulations shall provide that an agency’s administrative costs in executing a garnishment action may be added to the garnishment, and that the agency may retain costs recovered as offsetting collections.”;

(2) in subsection (k)—

(A) by striking out paragraph (3); and

(B) by redesignating paragraph (4) as paragraph (3);

and

(3) by striking out subsection (l).

**SEC. 1106. EXTENSION AND REVISION OF VOLUNTARY SEPARATION
INCENTIVE PAY AUTHORITY.**

(a) **REMITTANCE TO CSRS FUND.**—Section 5597 of title 5, United States Code, is amended by adding at the end the following new subsection:

“(h)(1)(A) In addition to any other payment that it is required to make under subchapter III of chapter 83 or chapter 84, the Department of Defense shall remit to the Office of Personnel Management an amount equal to 15 percent of the final basic pay of each covered employee.

“(B) If the employee is one with respect to whom a remittance would otherwise be required under section 4(a) of the Federal Workforce Restructuring Act of 1994 based on the separation involved, the remittance under this subsection shall be instead of the remittance otherwise required under such section 4(a).”

“(2) Amounts remitted under paragraph (1) shall be deposited in the Treasury of the United States to the credit of the Civil Service Retirement and Disability Fund.

“(3) For the purposes of this subsection—

“(A) the term ‘covered employee’ means an employee who is subject to subchapter III of chapter 83 or chapter 84 and to whom a voluntary separation incentive has been paid under this section on the basis of a separation occurring on or after October 1, 1997; and

“(B) the term ‘final basic pay’ has the meaning given such term in section 4(a)(2) of the Federal Workforce Restructuring Act of 1994.”

(b) EXTENSION OF AUTHORITY.—(1) Subsection (e) of section 5597 of title 5, United States Code, is amended by striking out “September 30, 1999” and inserting in lieu thereof “September 30, 2001”

(2) Section 4436(d)(2) of the Defense Conversion, Reinvestment, and Transition Assistance Act of 1992 (5 U.S.C. 8348 note) is amended by striking out “January 1, 2000” and inserting in lieu thereof “January 1, 2002”.

SEC. 1107. USE OF APPROVED FIRE-SAFE ACCOMMODATIONS BY GOVERNMENT EMPLOYEES ON OFFICIAL BUSINESS.

(a) PERCENTAGE USE REQUIREMENT.—Section 5707a of title 5, United States Code, is amended—

(1) by redesignating subsections (a) through (d) as subsections (b) through (e), respectively; and

(2) by inserting after the section heading the following new subsection:

“(a)(1) For the purpose of making payments under this chapter for lodging expenses incurred in a State, each agency shall ensure that not less than 90 percent of the commercial-lodging room nights for employees of that agency for a fiscal year are booked in approved places of public accommodation.

“(2) Each agency shall establish explicit procedures to satisfy the percentage requirement of paragraph (1).

“(3) An agency shall be considered to be in compliance with the percentage requirement of paragraph (1) until September 30, 2002, and after that date if travel arrangements of the agency, whether made for civilian employees, members of the uniformed services, or foreign service personnel, are made through travel management processes designed to book commercial lodging in approved places of public accommodation, whenever available.”

(b) DEFINITIONS.—Such section is further amended by adding at the end the following new subsection:

“(f) For purposes of this section:

“(1) The term ‘agency’ does not include the government of the District of Columbia.

“(2) The term ‘approved places of public accommodation’ means hotels, motels, and other places of public accommodation that are listed by the Director of the Federal Emergency Management Agency as meeting the requirements of the fire

Regulations.

prevention and control guidelines described in section 29 of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2225).

“(3) The term ‘State’ means any State, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, the Virgin Islands, Guam, American Samoa, or any other territory or possession of the United States.”.

(c) CONFORMING AMENDMENTS.—Such section is further amended—

(1) in subsection (b), as redesignated by subsection (a)(1)—

(A) by striking out “places of public accommodation that meet the requirements of the fire prevention and control guidelines described in section 29 of the Federal Fire Prevention and Control Act of 1974” and inserting in lieu thereof “approved places of public accommodation”; and

(B) by striking out “as defined in section 4 of the Federal Fire Prevention and Control Act of 1974”;

(2) in subsection (c), as redesignated by subsection (a)(1), by striking out “does not meet the requirements of the fire prevention and control guidelines described in section 29 of the Federal Fire Prevention and Control Act of 1974” and inserting in lieu thereof “is not an approved place of public accommodation”; and

(3) in subsection (e), as redesignated by subsection (a)(1)—

(A) by striking out “encourage” and inserting in lieu thereof “facilitate the ability of”; and

(B) by striking out “places of public accommodation that meet the requirements of the fire prevention and control guidelines described in section 29 of the Federal Fire Prevention and Control Act of 1974” and inserting in lieu thereof “approved places of public accommodation”.

(d) REPORT BY FEDERAL EMERGENCY MANAGEMENT AGENCY.—Not later than six months after the date of the enactment of this Act, the Director of the Federal Emergency Management Agency shall submit to Congress a report describing the procedures to be used to ensure that all approved places of public accommodation (within the meaning of section 5707a(f)(2) of title 5, United States Code, as added by subsection (b)) appear on the national master list maintained by the Director under section 28(b) of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2224(b)) of all of the places of public accommodation affecting commerce located in each State that meet the requirements of the fire prevention and control guidelines described in section 29 of such Act (15 U.S.C. 2225).

(e) REPORT ON IMPLEMENTATION.—Not later than one year after the date of the enactment of this Act, the Administrator of General Services shall submit to Congress a report describing the measures that have been taken and will be taken by Federal agencies to comply with the requirement that not less than 90 percent of the commercial-lodging room nights for employees of each Federal agency for a fiscal year are booked in approved places of public accommodation, as specified in section 5707a(a) of title 5, United States Code, as added by subsection (a). Measures to satisfy such

requirement may include the use of contract travel agents, automated booking systems, and data developed from travel payment systems. The Administrator shall prepare the report in consultation with the heads of the Federal agencies subject to such requirement.

10 USC 5013
note.

**SEC. 1108. NAVY HIGHER EDUCATION PILOT PROGRAM REGARDING
ADMINISTRATION OF BUSINESS RELATIONSHIPS
BETWEEN GOVERNMENT AND PRIVATE SECTOR.**

(a) **PILOT PROJECT AUTHORIZED.**—During fiscal years 1998 through 2002, the Secretary of the Navy may establish and conduct a pilot program of graduate-level higher education regarding the administration of business relationships between the Government and the private sector.

(b) **PURPOSE.**—The purpose of the pilot program is to make available to employees of the Naval Undersea Warfare Center, employees of the Naval Sea Systems Command, and employees of the Acquisition Center for Excellence of the Navy (upon establishment of such Acquisition Center), a curriculum of graduate-level higher education leading to the award of a graduate degree designed to prepare participants effectively to meet the challenges of administering Government contracting and other business relationships between the United States and private sector businesses in the context of constantly changing or newly emerging industries, technologies, governmental organizations, policies, and procedures (including governmental organizations, policies, and procedures recommended in the National Performance Review).

(c) **PARTNERSHIP WITH INSTITUTION OF HIGHER EDUCATION.**—

(1) The Secretary of the Navy may enter into an agreement with an institution of higher education to assist the Naval Undersea Warfare Center with the development of the curriculum for the pilot program, to offer courses and provide instruction and materials to participants to the extent provided for in the agreement, to provide such other assistance in support of the program as may be provided for in the agreement, and to award a graduate degree under the program.

(2) To be eligible to enter into an agreement under paragraph (1), an institution of higher education must have an established program of graduate-level education that is relevant to the purpose of the pilot program.

(d) **CURRICULUM.**—The curriculum offered under the pilot program shall—

(1) be designed specifically to achieve the purpose of the pilot program; and

(2) include courses that are—

(A) typically offered under curricula leading to award of the degree of Master of Business Administration by institutions of higher education; and

(B) necessary for meeting educational qualification requirements for certification as an acquisition program manager.

(e) **DISTANCE LEARNING OPTION.**—The Secretary of the Navy may include as part of the pilot program policies and procedures for offering distance learning instruction by means of telecommunications, correspondence, or other methods for off-site receipt of instruction.

(f) REPORT.—Not later than 90 days after the termination of the pilot program, the Secretary of the Navy shall submit to Congress a report containing—

(1) an assessment by the Secretary of the value of the program for meeting the purpose of the program and the desirability of permanently establishing a similar program for other employees of the Department of Defense; and

(2) such other information and recommendations regarding the program as the Secretary considers appropriate.

(g) LIMITATION ON FUNDING SOURCE.—Any funds required for the pilot program for a fiscal year shall be derived only from the appropriation “Operation and Maintenance, Navy” for that fiscal year.

SEC. 1109. AUTHORITY FOR MARINE CORPS UNIVERSITY TO EMPLOY CIVILIAN FACULTY MEMBERS.

(a) EXPANDED AUTHORITY.—Subsections (a) and (c) of section 7478 of title 10, United States Code, are amended by striking out “at the Marine Corps Command and Staff College” and inserting in lieu thereof “of the Marine Corps University”.

(b) CLERICAL AMENDMENTS.—(1) The heading of such section is amended to read as follows:

“§ 7478. Naval War College and Marine Corps University: civilian faculty members”.

(2) The item relating to such section in the table of sections at the beginning of chapter 643 of such title is amended to read as follows:

“7478. Naval War College and Marine Corps University: civilian faculty members.”.

TITLE XII—MATTERS RELATING TO OTHER NATIONS

Subtitle A—United States Armed Forces in Bosnia and Herzegovina

Sec. 1201. Findings.

Sec. 1202. Sense of Congress.

Sec. 1203. Withdrawal of United States ground forces from Republic of Bosnia and Herzegovina.

Sec. 1204. Secretary of Defense reports on tasks carried out by United States forces.

Sec. 1205. Presidential report on situation in Republic of Bosnia and Herzegovina.

Sec. 1206. Definitions.

Subtitle B—Export Controls on High Performance Computers

Sec. 1211. Export approvals for high performance computers.

Sec. 1212. Report on exports of high performance computers.

Sec. 1213. Post-shipment verification of export of high performance computers.

Sec. 1214. GAO study on certain computers; end user information assistance.

Sec. 1215. Congressional committees.

Subtitle C—Other Matters

Sec. 1221. Defense burdensharing.

Sec. 1222. Temporary use of general purpose vehicles and nonlethal military equipment under acquisition and cross servicing agreements.

Sec. 1223. Sense of Congress and reports regarding financial costs of enlargement of the North Atlantic Treaty Organization.

Sec. 1224. Sense of Congress regarding enlargement of the North Atlantic Treaty Organization.

Sec. 1225. Sense of the Congress relating to level of United States military personnel in the East Asia and Pacific region.

Sec. 1226. Report on future military capabilities and strategy of the People's Republic of China.

- Sec. 1227. Sense of Congress on need for Russian openness on the Yamantau Mountain project.
- Sec. 1228. Assessment of the Cuban threat to United States national security.
- Sec. 1229. Report on Helsinki Joint Statement.
- Sec. 1230. Commendation of Mexico on free and fair elections.
- Sec. 1231. Sense of Congress regarding Cambodia.
- Sec. 1232. Congratulating Governor Christopher Patten of Hong Kong.

Subtitle A—United States Armed Forces in Bosnia and Herzegovina

SEC. 1201. FINDINGS.

The Congress finds the following:

(1) United States Armed Forces were deployed to the Republic of Bosnia and Herzegovina as part of the North Atlantic Treaty Organization (NATO) Implementation Force (IFOR) to implement the military aspects of the Dayton Peace Agreement.

(2) The military aspects of the Dayton Peace Agreement have been successfully implemented to date with the military forces of the warring factions successfully separated and a cessation in the hostilities that resulted in the deaths of hundreds of thousands of Bosnians.

(3) Implementation of the civil aspects of the Dayton Peace Agreement has lagged far behind the schedule for such implementation envisioned in the Agreement with the result that United States Armed Forces have undertaken a prolonged engagement in the Republic of Bosnia and Herzegovina.

(4) On December 13, 1995, the President stated in a letter to Congress, “NATO and U.S. military commanders believe, and I expect, that the military mission can be accomplished in about a year. Twelve months will allow IFOR time to complete the military tasks assigned in the Dayton agreement and to establish a secure environment, in which political and economic reconstruction efforts by the parties and international civilian agencies can take hold. Within one year, we expect that the military provisions of the Dayton agreement will have been carried out, implementation of the civilian aspects and economic reconstruction will have been firmly launched, free elections will have been held under international supervision and a stable military balance will have been established.”

(5) Notwithstanding a number of assurances relating to the accomplishment of the military mission in the Republic of Bosnia and Herzegovina by December 1996, the President, on November 15, 1996, announced his decision to extend the presence of United States forces in the Republic of Bosnia and Herzegovina to participate in the NATO Stabilization Force (SFOR) until June 1998.

(6) Despite initial projections by the Department of Defense that the costs of United States operations in the Republic of Bosnia and Herzegovina would total \$1,500,000,000, the projected cost of United States operations in the Republic of Bosnia and Herzegovina through June 1998 is estimated to exceed \$7,000,000,000.

(7) The fiscal year 1998 estimate of the Department of Defense for operations in the Republic of Bosnia and

Herzegovina assumes that the level of military forces participating in SFOR will be reduced soon after the start of the fiscal year.

(8) The President and the Secretary of Defense have stated that United States forces are to be withdrawn from the Republic of Bosnia and Herzegovina by the end of June 1998.

SEC. 1202. SENSE OF CONGRESS.

It is the sense of Congress that—

(1) United States ground combat forces should not participate in a follow-on force in the Republic of Bosnia and Herzegovina after June 1998;

(2) the European Security and Defense Identity, which, as facilitated by the Combined Joint Task Forces concept, enables the Western European Union, with the consent of the North Atlantic Alliance, to assume political control and strategic direction of NATO assets made available for the Alliance, may be an ideal instrument for a follow-on force for the Republic of Bosnia and Herzegovina;

(3) a NATO-led force without the participation of United States ground combat forces in the Republic of Bosnia and Herzegovina may be suitable for a follow-on force for the Republic of Bosnia and Herzegovina if the European Security and Defense Identity is not sufficiently developed or is otherwise considered inappropriate for such a mission;

(4) the United States may decide to provide appropriate support to a Western European Union-led or NATO-led follow-on force, including command and control, intelligence, logistics, and, if necessary, a ready reserve force in the region;

(5) the President should inform our European NATO allies of this expression of the sense of Congress and should urge them strongly to undertake preparations for a Western European Union-led or NATO-led force as a follow-on force to the NATO-led SFOR if needed to maintain peace and stability in the Republic of Bosnia and Herzegovina; and

(6) the President should consult with the Congress with respect to any support to be provided to a Western European Union-led or NATO-led follow-on force in the Republic of Bosnia and Herzegovina after June 30, 1998.

SEC. 1203. WITHDRAWAL OF UNITED STATES GROUND FORCES FROM REPUBLIC OF BOSNIA AND HERZEGOVINA.

10 USC 114 note.

(a) LIMITATION.—No funds appropriated or otherwise made available for the Department of Defense for fiscal year 1998 or any subsequent fiscal year may be used for the deployment of any United States ground combat forces in the Republic of Bosnia and Herzegovina after June 30, 1998, unless the President, not later than May 15, 1998, and after consultation with the bipartisan leadership of the two Houses of Congress, transmits to Congress a certification—

(1) that the continued presence of United States ground combat forces, after June 30, 1998, in the Republic of Bosnia and Herzegovina is required in order to meet the national security interests of the United States; and

(2) that after June 30, 1998, it will remain United States policy that United States ground forces will not serve as, or be used as, civil police in the Republic of Bosnia and Herzegovina.

President.

(b) REPORT.—The President shall submit with the certification under subsection (a) a report that includes the following:

(1) The reasons why that presence is in the national security interest of the United States.

(2) The number of United States military personnel to be deployed in and around the Republic of Bosnia and Herzegovina and other areas of the former Yugoslavia after that date.

(3) The expected duration of any such deployment.

(4) The mission and objectives of the United States Armed Forces to be deployed in and around the Republic of Bosnia and Herzegovina and other areas of the former Yugoslavia after June 30, 1998.

(5) The exit strategy of such forces.

(6) The incremental costs associated with any such deployment.

(7) The effect of such deployment on the morale, retention, and effectiveness of United States armed forces.

(8) A description of the forces from other nations involved in a follow-on mission, shown on a nation-by-nation basis.

(9) A description of the command and control arrangement established for United States forces involved in a follow-on mission.

(10) An assessment of the expected threats to United States forces involved in a follow-on mission.

(11) The plan for rotating units and personnel to and from the Republic of Bosnia and Herzegovina during a follow-on mission, including the level of participation by reserve component units and personnel.

(12) The mission statement and operational goals of the United States forces involved in a follow-on mission.

(c) REQUEST FOR SUPPLEMENTAL APPROPRIATIONS.—The President shall transmit to Congress with a certification under subsection (a) a supplemental appropriations request for the Department of Defense for such amounts as are necessary for the costs of any continued deployment beyond June 30, 1998.

(d) CONSTRUCTION WITH PRESIDENT'S CONSTITUTIONAL AUTHORITY.—Nothing in this section shall be deemed to restrict the authority of the President under the Constitution to protect the lives of United States citizens.

(e) CONSTRUCTION WITH APPROPRIATIONS PROVISION.—The provisions of this section are enacted, and shall be applied, as supplemental to (and not in lieu of) the provisions of section 8132 of the Department of Defense Appropriations Act, 1998 (Public Law 105-56).

SEC. 1204. SECRETARY OF DEFENSE REPORTS ON TASKS CARRIED OUT BY UNITED STATES FORCES.

(a) REQUIREMENT FOR TWO REPORTS.—The Secretary of Defense shall submit to the congressional defense committees—

(1) not later than December 15, 1997, a report identifying each activity being carried out, as of December 1, 1997, by covered United States forces in the Republic of Bosnia and Herzegovina; and

(2) not later than April 15, 1998, a report identifying each activity being carried out, as of April 1, 1998, by covered United States forces in the Republic of Bosnia and Herzegovina.

(b) **COVERED UNITED STATES FORCES.**—For purposes of this section, covered United States forces in the Republic of Bosnia and Herzegovina are United States ground forces in the Republic of Bosnia and Herzegovina that are assigned to the multinational peacekeeping force known as the Stabilization Force (SFOR) or any other multinational peacekeeping force that is the successor to the SFOR.

(c) **MATTERS TO BE INCLUDED.**—The Secretary shall include in each report under subsection (a), for each activity identified under that subsection, the following:

(1) The number of United States military personnel involved in the performance of that activity.

(2) Whether forces assigned to the SFOR (or successor multinational peacekeeping force) from other nations also participated in that activity.

(3) The justification for using military forces rather than civilian organizations to perform that activity.

(4) In the case of activities that (as determined by the Secretary) are considered to be supporting tasks, as that term is used in paragraph 3 of Article VI of Annex 1-A to the General Framework Agreement for Peace in Bosnia and Herzegovina, the justification for using military forces.

(5) The likelihood that each such activity will have to be carried out by United States military forces after June 30, 1998.

SEC. 1205. PRESIDENTIAL REPORT ON SITUATION IN REPUBLIC OF BOSNIA AND HERZEGOVINA.

(a) **REQUIREMENT.**—Not later than February 1, 1998, the President shall submit to Congress a report on the political and military conditions in the Republic of Bosnia and Herzegovina. The report shall be submitted in both classified and unclassified form.

(b) **MATTERS TO BE INCLUDED.**—The report under subsection (a) shall include a discussion of the following:

(1) An assessment of the progress made in implementing the civil, economic, and political aspects of the Dayton Peace Agreement.

(2) An identification of the specific steps taken to transfer the United States portion of the peacekeeping mission in the Republic of Bosnia and Herzegovina to forces of the member-states of the Western European Union or to a NATO-led force without the participation of United States ground combat forces in the Republic of Bosnia and Herzegovina.

(3) A detailed discussion of the proposed role and involvement of the United States in supporting peacekeeping activities in the Republic of Bosnia and Herzegovina following the withdrawal of United States ground combat forces from the Republic of Bosnia and Herzegovina.

(4) A detailed explanation and timetable for carrying out the commitment to withdraw all United States ground forces from the Republic of Bosnia and Herzegovina by June 30, 1998, including the planned date of commencement and completion of the withdrawal.

(5) The military and political considerations that will affect the decision to carry out such a transition.

(6) Any plan to maintain or expand other Bosnia-related operations (such as the operations designated as Operation

Deliberate Guard) if tensions in the Republic of Bosnia and Herzegovina remain sufficient to delay reductions of United States military forces participating in the Stabilization Force and the estimated cost associated with each such operation.

10 USC 114 note. **SEC. 1206. DEFINITIONS.**

As used in this subtitle:

(1) **DAYTON PEACE AGREEMENT.**—The term “Dayton Peace Agreement” means the General Framework Agreement for Peace in Bosnia and Herzegovina, initialed by the parties in Dayton, Ohio, on November 21, 1995, and signed in Paris on December 14, 1995.

(2) **IMPLEMENTATION FORCE.**—The term “Implementation Force” means the NATO-led multinational military force in the Republic of Bosnia and Herzegovina (commonly referred to as “IFOR”), authorized under the Dayton Peace Agreement.

(3) **STABILIZATION FORCE.**—The term “Stabilization Force” means the NATO-led follow-on force to the Implementation Force in the Republic of Bosnia and Herzegovina and other countries in the region (commonly referred to as “SFOR”), authorized under United Nations Security Council Resolution 1088 (December 12, 1996).

(4) **FOLLOW-ON MISSION.**—The term “follow-on mission” means a mission involving the deployment of ground elements of the United States Armed Forces in the Republic of Bosnia and Herzegovina after June 30, 1998 (other than as described in section 1203(b)).

(5) **NATO.**—The term “NATO” means the North Atlantic Treaty Organization.

50 USC app.
2404 note.

Subtitle B—Export Controls on High Performance Computers

SEC. 1211. EXPORT APPROVALS FOR HIGH PERFORMANCE COMPUTERS.

President.

(a) **PRIOR APPROVAL OF EXPORTS AND REEXPORTS.**—The President shall require that no digital computer with a composite theoretical performance level of more than 2,000 millions of theoretical operations per second (MTOPS) or with such other composite theoretical performance level as may be established subsequently by the President under subsection (d), may be exported or reexported without a license to a country specified in subsection (b) if the Secretary of Commerce, the Secretary of Defense, the Secretary of Energy, the Secretary of State, or the Director of the Arms Control and Disarmament Agency objects, in writing, to such export or reexport. Any person proposing to export or reexport such a digital computer shall so notify the Secretary of Commerce, who, within 24 hours after receiving the notification, shall transmit the notification to the Secretary of Defense, the Secretary of Energy, the Secretary of State, and the Director of the Arms Control and Disarmament Agency.

(b) **COVERED COUNTRIES.**—For purposes of subsection (a), the countries specified in this subsection are the countries listed as “Computer Tier 3” eligible countries in section 740.7(d) of title 15 of the Code of Federal Regulations, as in effect on June 10,

1997, subject to modification by the President under subsection (e).

(c) **TIME LIMIT.**—Written objections under subsection (a) to an export or reexport shall be raised within 10 days after the notification is received under subsection (a). If such a written objection to the export or reexport of a computer is raised, the computer may be exported or reexported only pursuant to a license issued by the Secretary of Commerce under the Export Administration Regulations of the Department of Commerce, without regard to the licensing exceptions otherwise authorized under section 740.7 of title 15 of the Code of Federal Regulations, as in effect on June 10, 1997. If no objection is raised within the 10-day period, the export or reexport is authorized.

(d) **ADJUSTMENT OF COMPOSITE THEORETICAL PERFORMANCE.**—The President, in consultation with the Secretary of Commerce, the Secretary of Defense, the Secretary of Energy, the Secretary of State, and the Director of the Arms Control and Disarmament Agency, may establish a new composite theoretical performance level for purposes of subsection (a). Such new level shall not take effect until 180 days after the President submits to the congressional committees designated in section 1215 a report setting forth the new composite theoretical performance level and the justification for such new level. Each report shall, at a minimum—

President.

(1) address the extent to which high performance computers of a composite theoretical level between the level established in subsection (a) or such level as has been previously adjusted pursuant to this section and the new level, are available from other countries;

(2) address all potential uses of military significance to which high performance computers at the new level could be applied; and

(3) assess the impact of such uses on the national security interests of the United States.

(e) **ADJUSTMENT OF COVERED COUNTRIES.**—

(1) **IN GENERAL.**—The President, in consultation with the Secretary of Commerce, the Secretary of Defense, the Secretary of Energy, the Secretary of State, and the Director of the Arms Control and Disarmament Agency, may add a country to or remove a country from the list of covered countries in subsection (b), except that a country may be removed from the list only in accordance with paragraph (2).

President.

(2) **DELETIONS FROM LIST OF COVERED COUNTRIES.**—The removal of a country from the list of covered countries under subsection (b) shall not take effect until 120 days after the President submits to the congressional committees designated in section 1215 a report setting forth the justification for the deletion.

(3) **EXCLUDED COUNTRIES.**—A country may not be removed from the list of covered countries under subsection (b) if—

(A) the country is a “nuclear-weapon state” (as defined by Article IX of the Treaty on the Non-Proliferation of Nuclear Weapons) and the country is not a member of the North Atlantic Treaty Organization; or

(B) the country is not a signatory of the Treaty on the Non-Proliferation of Nuclear Weapons and the country is listed on Annex 2 to the Comprehensive Nuclear Test-Ban Treaty.

(f) CLASSIFICATION.—Each report under subsections (d) and (e) shall be submitted in an unclassified form and may, if necessary, have a classified supplement.

SEC. 1212. REPORT ON EXPORTS OF HIGH PERFORMANCE COMPUTERS.

(a) REPORT.—Not later than 60 days after the date of the enactment of this Act, the President shall provide to the congressional committees specified in section 1215 a report identifying all exports of digital computers with a composite theoretical performance of more than 2,000 millions of theoretical operations per second (MTOPS) to all countries since January 25, 1996. For each export, the report shall identify—

- (1) whether an export license was applied for and whether one was granted;
- (2) the date of the transfer of the computer;
- (3) the United States manufacturer and exporter of the computer;
- (4) the MTOPS level of the computer; and
- (5) the recipient country and end user.

(b) ADDITIONAL INFORMATION ON EXPORTS TO CERTAIN COUNTRIES.—In the case of exports to countries specified in subsection (c), the report under subsection (a) shall identify the intended end use for the exported computer and the assessment by the executive branch of whether the end user is a military end user or an end user involved in activities relating to nuclear, chemical, or biological weapons or missile technology. Information provided under this subsection may be submitted in classified form if necessary.

(c) COVERED COUNTRIES.—For purposes of subsection (b), the countries specified in this subsection are—

- (1) the countries listed as “Computer Tier 3” eligible countries in section 740.7(d) of title 15 of the Code of Federal Regulations, as in effect on June 10, 1997; and
- (2) the countries listed in section 740.7(e) of title 15 of the Code of Federal Regulations, as in effect on June 10, 1997.

SEC. 1213. POST-SHIPMENT VERIFICATION OF EXPORT OF HIGH PERFORMANCE COMPUTERS.

(a) REQUIRED POST-SHIPMENT VERIFICATION.—The Secretary of Commerce shall conduct post-shipment verification of each digital computer with a composite theoretical performance of more than 2,000 millions of theoretical operations per second (MTOPS) that is exported from the United States, on or after the date of the enactment of this Act, to a country specified in subsection (b).

(b) COVERED COUNTRIES.—For purposes of subsection (a), the countries specified in this subsection are the countries listed as “Computer Tier 3” eligible countries in section 740.7 of title 15 of the Code of Federal Regulations, as in effect on June 10, 1997, subject to modification by the President under section 1211(e).

(c) ANNUAL REPORT.—The Secretary of Commerce shall submit to the congressional committees specified in section 1215 an annual report on the results of post-shipment verifications conducted under this section during the preceding year. Each such report shall include a list of all such items exported from the United States to such countries during the previous year and, with respect to each such export, the following:

- (1) The destination country.

- (2) The date of export.
- (3) The intended end use and intended end user.
- (4) The results of the post-shipment verification.

(d) EXPLANATION WHEN VERIFICATION NOT CONDUCTED.—If a post-shipment verification has not been conducted in accordance with subsection (a) with respect to any such export during the period covered by a report, the Secretary shall include in the report for that period a detailed explanation of the reasons why such a post-shipment verification was not conducted.

SEC. 1214. GAO STUDY ON CERTAIN COMPUTERS; END USER INFORMATION ASSISTANCE.

(a) IN GENERAL.—The Comptroller General of the United States shall submit to the congressional committees specified in section 1215 a study of the national security risks relating to the sale of computers with a composite theoretical performance of between 2,000 and 7,000 millions of theoretical operations per second (MTOPS) to end users in countries specified in subsection (c). The study shall also analyze any foreign availability of computers described in the preceding sentence and the impact of such sales on United States exporters.

(b) END USER INFORMATION ASSISTANCE TO EXPORTERS.—The Secretary of Commerce shall establish a procedure by which exporters may seek information on questionable end users in countries specified in subsection (c) who are seeking to obtain computers described in subsection (a).

(c) COVERED COUNTRIES.—For purposes of subsections (a) and (b), the countries specified in this subsection are the countries listed as “Computer Tier 3” eligible countries in section 740.7(d) of title 15 of the Code of Federal Regulations, as in effect on June 10, 1997.

SEC. 1215. CONGRESSIONAL COMMITTEES.

For purposes of sections 1211(d), 1212(a), 1213(c), and 1214(a) the congressional committees specified in those sections are the following:

- (1) The Committee on Banking, Housing, and Urban Affairs and the Committee on Armed Services of the Senate.
- (2) The Committee on International Relations and the Committee on National Security of the House of Representatives.

Subtitle C—Other Matters

SEC. 1221. DEFENSE BURDENSARING.

22 USC 1928
note.

(a) EFFORTS TO INCREASE ALLIED BURDENSARING.—The President shall seek to have each nation that has cooperative military relations with the United States (including security agreements, basing arrangements, or mutual participation in multinational military organizations or operations) take one or more of the following actions:

- (1) For any nation in which United States military personnel are assigned to permanent duty ashore, increase its financial contributions to the payment of the nonpersonnel costs incurred by the United States Government for stationing United States military personnel in that nation, with a goal of achieving by September 30, 2000, 75 percent of such costs. An increase

in financial contributions by any nation under this paragraph may include the elimination of taxes, fees, or other charges levied on United States military personnel, equipment, or facilities stationed in that nation.

(2) Increase its annual budgetary outlays for national defense as a percentage of its gross domestic product by 10 percent or at least to a level commensurate to that of the United States by September 30, 1998.

(3) Increase its annual budgetary outlays for foreign assistance (to promote democratization, economic stabilization, transparency arrangements, defense economic conversion, respect for the rule of law, and internationally recognized human rights) by 10 percent or at least to a level commensurate to that of the United States by September 30, 1998.

(4) Increase the amount of military assets (including personnel, equipment, logistics, support and other resources) that it contributes, or would be prepared to contribute, to multinational military activities worldwide.

(b) **AUTHORITIES TO ENCOURAGE ACTIONS BY UNITED STATES ALLIES.**—In seeking the actions described in subsection (a) with respect to any nation, or in response to a failure by any nation to undertake one or more of such actions, the President may take any of the following measures to the extent otherwise authorized by law:

(1) Reduce the end strength level of members of the Armed Forces assigned to permanent duty ashore in that nation.

(2) Impose on that nation fees or other charges similar to those that such nation imposes on United States forces stationed in that nation.

(3) Reduce (through rescission, impoundment, or other appropriate procedures as authorized by law) the amount the United States contributes to the NATO Civil Budget, Military Budget, or Security Investment Program.

(4) Suspend, modify, or terminate any bilateral security agreement the United States has with that nation, consistent with the terms of such agreement.

(5) Reduce (through rescission, impoundment or other appropriate procedures as authorized by law) any United States bilateral assistance appropriated for that nation.

(6) Take any other action the President determines to be appropriate as authorized by law.

(c) **REPORT ON PROGRESS IN INCREASING ALLIED BURDENSARING.**—Not later than March 1, 1998, the Secretary of Defense shall submit to Congress a report on—

(1) steps taken by other nations to complete the actions described in subsection (a);

(2) all measures taken by the President, including those authorized in subsection (b), to achieve the actions described in subsection (a);

(3) the difference between the amount allocated by other nations for each of the actions described in subsection (a) during the period beginning on March 1, 1996, and ending on February 28, 1997, and during the period beginning on March 1, 1997, and ending on February 28, 1998; and

(4) the budgetary savings to the United States that are expected to accrue as a result of the steps described under paragraph (1).

(d) **REPORT ON NATIONAL SECURITY BASES FOR FORWARD DEPLOYMENT AND BURDENSARING RELATIONSHIPS.**—(1) In order to ensure the best allocation of budgetary resources, the President shall undertake a review of the status of elements of the United States Armed Forces that are permanently stationed outside the United States. The review shall include an assessment of the following:

(A) The alliance requirements that are to be found in agreements between the United States and other countries.

(B) The national security interests that support permanently stationing elements of the United States Armed Forces outside the United States.

(C) The stationing costs associated with the forward deployment of elements of the United States Armed Forces.

(D) The alternatives available to forward deployment (such as material prepositioning, enhanced airlift and sealift, or joint training operations) to meet such alliance requirements or national security interests, with such alternatives identified and described in detail.

(E) The costs and force structure configurations associated with such alternatives to forward deployment.

(F) The financial contributions that allies of the United States make to common defense efforts (to promote democratization, economic stabilization, transparency arrangements, defense economic conversion, respect for the rule of law, and internationally recognized human rights).

(G) The contributions that allies of the United States make to meeting the stationing costs associated with the forward deployment of elements of the United States Armed Forces.

(H) The annual expenditures of the United States and its allies on national defense, and the relative percentages of each nation's gross domestic product constituted by those expenditures.

(2) The President shall submit to Congress a report on the review under paragraph (1). The report shall be submitted not later than March 1, 1998, in classified and unclassified form.

President.

SEC. 1222. TEMPORARY USE OF GENERAL PURPOSE VEHICLES AND NONLETHAL MILITARY EQUIPMENT UNDER ACQUISITION AND CROSS SERVICING AGREEMENTS.

Section 2350(1) of title 10, United States Code, is amended by striking out “other items” in the second sentence and all that follows through “United States Munitions List” and inserting in lieu thereof “other nonlethal items of military equipment which are not designated as significant military equipment on the United States Munitions List promulgated”.

SEC. 1223. SENSE OF CONGRESS AND REPORTS REGARDING FINANCIAL COSTS OF ENLARGEMENT OF THE NORTH ATLANTIC TREATY ORGANIZATION.

(a) **FINDINGS.**—Congress finds the following:

(1) In a report to Congress in February 1997 on the rationale, benefits, costs, and implications of North Atlantic Treaty Organization enlargement the Secretary of Defense estimated that the financial cost to the United States of such enlargement will be modest, totaling between \$2,000,000,000 and \$2,600,000,000 for the period from 1997 through 2009.

(2) A study by the RAND Corporation published in 1996 calculated that the total financial cost to the United States of such enlargement will be between \$5,000,000,000 and \$6,000,000,000 over the same period.

(3) A March 1996 report by the Congressional Budget Office on the financial costs of enlarging the North Atlantic Treaty Organization alliance estimated the United States share of alliance enlargement costs to be between \$4,800,000,000 and \$18,900,000,000 through 2010, depending upon political developments in Europe.

(4) An August 1997 report by the General Accounting Office reviewing the financial cost estimates of the Secretary of Defense concluded that North Atlantic Treaty Organization enlargement could entail additional costs beyond those included in the Secretary's estimate and questioned the validity of the Secretary's estimate due to the lack of supporting cost documentation and the inclusion of cost elements not related to NATO enlargement.

(5) The North Atlantic Alliance is scheduled to complete its analysis of the military requirements for the integration of Poland, the Czech Republic, and Hungary into the Alliance in December 1997.

(6) The North Atlantic Alliance is also scheduled to complete in December 1997 its financial cost estimate of the military requirements related to the integration of those nations.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the analysis of the North Atlantic Alliance of the military requirements relating to NATO enlargement and of the financial costs to the Alliance of NATO enlargement will be one of the major factors in the consideration by the Senate of the ratification of instruments to approve the admission of new member nations to the Alliance and by Congress for the authorization and appropriation of the funding for the costs associated with such enlargement.

(c) REPORT ASSESSING NATO COST ANALYSIS.—Not later than March 31, 1998, the Secretary of Defense shall submit to Congress a report providing—

(1) an assessment of the analysis by the North Atlantic Alliance of the military requirements related to NATO enlargement and of the estimate of the financial costs to the NATO Alliance for the integration of Poland, the Czech Republic, and Hungary into the Alliance;

(2) a description of the analytical means used to determine such requirements and costs; and

(3) a general assessment of the additional military requirements and costs that would result from a significantly increased threat.

(d) REPORT ON DEPARTMENT OF DEFENSE COSTS.—(1) The Secretary of Defense shall submit to Congress, in conjunction with the submission of the President's budget for fiscal year 1999, a report on Department of Defense costs for NATO enlargement. The report shall include a detailed estimate of such costs for fiscal year 1998 that identifies all appropriations, by budget activity, for the military departments and other elements of the Department of Defense to support NATO enlargement.

(2) The Secretary of Defense shall include in the budget justification materials submitted to Congress by the Secretary in support of the budget of Department of Defense for fiscal year 1999

complete and detailed descriptions and estimates of the amounts provided in that budget for the costs of NATO enlargement.

SEC. 1224. SENSE OF CONGRESS REGARDING ENLARGEMENT OF THE NORTH ATLANTIC TREATY ORGANIZATION.

(a) FINDINGS.—Congress makes the following findings:

(1) The North Atlantic Treaty Organization (NATO) met on July 8 and 9, 1997, in Madrid, Spain, and issued invitations to the Czech Republic, Hungary, and Poland to begin accession talks to join NATO.

(2) Congress has expressed its support for the process of NATO enlargement by approving the NATO Enlargement Facilitation Act of 1996 (title VI of the matter enacted in section 101(c) of division A of Public Law 104–208; 22 U.S.C. 1928 note).

(3) The United States has supported the position that the process of enlarging NATO will continue after the first round of invitations in July 1997.

(4) Romania and Slovenia are to be commended for their progress toward political and economic reform and appear to be striving to meet the guidelines for prospective membership in NATO.

(5) In furthering the purpose and objective of NATO in promoting stability and well-being in the North Atlantic area, NATO should invite Romania and Slovenia to accession negotiations to become NATO members as expeditiously as possible upon the satisfaction of all relevant membership criteria and consistent with NATO security objectives.

(b) SENSE OF CONGRESS.—It is the sense of Congress that North Atlantic Treaty Organization should be commended—

(1) for having committed to review the process of enlarging the Organization in 1999; and

(2) for singling out the positive developments toward democracy and rule of law in Romania and Slovenia.

SEC. 1225. SENSE OF CONGRESS RELATING TO LEVEL OF UNITED STATES MILITARY PERSONNEL IN THE EAST ASIA AND PACIFIC REGION.

(a) FINDINGS.—Congress finds the following:

(1) The stability of the Asia-Pacific region is a matter of vital national interest affecting the well-being of all Americans.

(2) The nations of the Pacific Rim collectively represent the United States largest trading partner and are expected to account for almost one-third of the world's economic activity by the start of the next century.

(3) The increased reliance by the United States on trade and Middle East oil sources has reinforced United States security interests in the Southeast Asia shipping lanes through the South China Sea and the key straits of Malacca, Sunda, Lombok, and Makassar.

(4) The South China Sea is an important area for United States Navy ships passing from the Pacific to the Indian Ocean and the Persian Gulf.

(5) Maintaining freedom of navigation in the South China Sea is an important interest of the United States.

(6) The threats of proliferation of weapons of mass destruction, the emerging nationalism amidst long-standing ethnic

and national rivalries, and the unresolved territorial disputes combine to create a political landscape of potential instability and conflict in this region that could jeopardize the interests of the United States and the safety of United States nationals.

(7) A critical component of the East Asia strategy of the United States is maintaining forward deployed forces in Asia to ensure broad regional stability, to help to deter aggression, to lessen the pressure for arms races, and to contribute to the political and economic advances of the region from which the United States benefits.

(8) The forward presence of the United States in Northeast Asia enables the United States to respond to regional contingencies, to protect sea lines of communication, to sustain influence, and to support operations as distant as operations in the Persian Gulf.

(9) The military forces of the United States serve to prevent the political or economic control of the Asia-Pacific region by a rival, hostile power or coalition of such powers, thus preventing any such group from obtaining control over the vast resources, enormous wealth, and advanced technology of the region.

(10) Allies of the United States in the region can base their defense planning on a reliable American security commitment, a reduction of which could stimulate an arms buildup in the region.

(11) The Joint Announcement of the United States-Japan Security Consultative Committee of December 1996, acknowledged that “the forward presence of U.S. forces continues to be an essential element for pursuing our common security objectives”.

(12) The United States and Japan signed the United States-Japan Security Declaration in April 1996, in which the United States reaffirmed its commitment to maintain this level of 100,000 United States military personnel in the region.

(13) The United States military presence is recognized by the nations of the region as serving stability and enabling United States engagement.

(14) The nations of East Asia and the Pacific consider the commitment of the forces of the United States to be so vital to their future that they scrutinize actions of the United States for any sign of weakened commitment to the security of the region.

(15) The reduction of forward-based military forces could negatively affect the ability of the United States to contribute to the maintenance of peace and stability of the Asia and Pacific region.

(16) Recognizing that while the United States must consider the overall capabilities of its forces in its decisions to deploy troops, nevertheless any reduction in the number of forward-based troops may reduce the perception of American capability and commitment in the region that cannot be completely offset by modernization of the remaining forces.

(17) During time of crisis, deployment of forces to East Asia, even though such forces were previously removed from the area, might be deemed to be an act of provocation that

could be used as a pretext by a hostile power for armed aggression within the region, and the existence of that possibility might hinder such a deployment.

(18) Proposals to reduce the forward presence of the United States in the East Asia region or subordinate security interests to United States domestic budgetary concerns can erode the perception of the commitment of the United States to its alliances and interests in the region.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the United States should maintain at least approximately 100,000 United States military personnel in the East Asia and Pacific region until such time as there is a peaceful and permanent resolution to the major security and political conflicts in the region.

SEC. 1226. REPORT ON FUTURE MILITARY CAPABILITIES AND STRATEGY OF THE PEOPLE'S REPUBLIC OF CHINA.

(a) REPORT.—The Secretary of Defense shall prepare a report, in both classified and unclassified form, on the pattern of military modernization of the People's Republic of China. The report shall address the probable course of military-technological development in the People's Liberation Army and the development of Chinese security strategy and military strategy, and of military organizations and operational concepts, through 2015.

(b) MATTERS TO BE INCLUDED.—The report shall include analyses and forecasts of the following:

(1) The goals of Chinese security strategy and military strategy.

(2) Trends in Chinese strategy regarding the political goals of the People's Republic of China in the Asia-Pacific region and its political and military presence in other regions of the world, including Central Asia, Southwest Asia, Europe, and Latin America.

(3) Developments in Chinese military doctrine, focusing on (but not limited to) efforts to exploit an emerging Revolution in Military Affairs or to conduct preemptive strikes.

(4) Efforts by the People's Republic of China to enhance its capabilities in the area of nuclear weapons development.

(5) Efforts by the People's Republic of China to develop long-range air-to-air or air defense missiles that would provide the capability to target special support aircraft such as Airborne Warning and Control System (AWACS) aircraft, Joint Surveillance and Target Attack Radar System (JSTARS) aircraft, or other command and control, intelligence, airborne early warning, or electronic warfare aircraft.

(6) Efforts by the People's Republic of China to develop a capability to conduct "information warfare" at the strategic, operational, and tactical levels of war.

(7) Development by the People's Republic of China of capabilities in the area of electronic warfare.

(8) Efforts by the People's Republic of China to develop a capability to establish control of space or to deny access and use of military and commercial space systems in times of crisis or war, including programs to place weapons in space or to develop earth-based weapons capable of attacking space-based systems.

(9) Trends that would lead the People's Republic of China toward the development of advanced intelligence, surveillance,

and reconnaissance capabilities, including gaining access to commercial or third-party systems with military significance.

(10) Efforts by the People's Republic of China to develop highly accurate and stealthy ballistic and cruise missiles, including sea-launched cruise missiles, particularly in numbers sufficient to conduct attacks capable of overwhelming projected defense capabilities in the Asia-Pacific region.

(11) Development by the People's Republic of China of command and control networks, particularly those capable of battle management of long-range precision strikes.

(12) Efforts by the People's Republic of China in the area of telecommunications, including common channel signaling and synchronous digital hierarchy technologies.

(13) Development by People's Republic of China of advanced aerospace technologies with military applications (including gas turbine "hot section" technologies).

(14) Programs of the People's Republic of China involving unmanned aerial vehicles, particularly those with extended ranges or loitering times or potential strike capabilities.

(15) Exploitation by the People's Republic of China for military purposes of the Global Positioning System or other similar systems (including commercial land surveillance satellites), with such analysis and forecasts focusing particularly on indications of an attempt to increase the accuracy of weapons or situational awareness of operating forces.

(16) Development by the People's Republic of China of capabilities for denial of sea control, including such systems as advanced sea mines, improved submarine capabilities, or land-based sea-denial systems.

(17) Efforts by the People's Republic of China to develop its anti-submarine warfare capabilities.

(18) Continued development by the People's Republic of China of follow-on forces, particularly forces capable of rapid air or amphibious assault.

(19) Efforts by the People's Republic of China to enhance its capabilities in such additional areas of strategic concern as the Secretary identifies.

(c) ANALYSIS OF IMPLICATIONS OF SALES OF PRODUCTS AND TECHNOLOGIES TO ENTITIES IN CHINA.—The report under subsection (a) shall include, with respect to each area for analyses and forecasts specified in subsection (b)—

(1) an assessment of the military effects of sales of United States and foreign products and technologies to entities in the People's Republic of China; and

(2) the potential threat of developments related to such effects to United States strategic interests.

(d) SUBMISSION OF REPORT.—The report shall be submitted to Congress not later than March 15, 1998.

SEC. 1227. SENSE OF CONGRESS ON NEED FOR RUSSIAN OPENNESS ON THE YAMANTAU MOUNTAIN PROJECT.

(a) FINDINGS.—Congress finds as follows:

(1) The United States and Russia have been working since the end of the Cold War to achieve a strategic relationship based on cooperation and openness between the two nations.

(2) This effort to establish a new strategic relationship between the two nations has resulted in the conclusion or

agreement in principle on a number of far-reaching agreements, including START I, II, and III, a revision in the Conventional Forces in Europe Treaty, and a series of other agreements (such as the Comprehensive Test Ban Treaty and the Chemical Weapons Convention), designed to further reduce bilateral threats and limit the proliferation of weapons of mass destruction.

(3) These far-reaching agreements were based on the understanding between the United States and Russia that there would be a good faith effort on both sides to comply with the letter and spirit of the agreements.

(4) Reports indicate that Russia has been pursuing construction of a massive underground facility of unknown purpose at Yamantau Mountain and the city of Mezhgorye (formerly the settlements of Beloretsk-15 and Beloretsk-16) that is designed to survive a nuclear war and appears to exceed reasonable defense requirements.

(5) The Yamantau Mountain project does not appear to be consistent with the lowering of strategic threats, openness, and cooperation that is the basis of the post-Cold War strategic partnership between the United States and Russia.

(6) The United States has allowed senior Russian military and government officials to have access to key strategic facilities of the United States by providing tours of the North American Air Defense (NORAD) command at Cheyenne Mountain and the United States Strategic Command (STRATCOM) headquarters in Omaha, Nebraska, among other sites, and by providing extensive briefings on the operations of those facilities.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the Russian government—

(1) should provide to the United States Government a written explanation with sufficient detail (including drawings and diagrams) of the purpose and operational concept of the completed and planned facilities at Yamantau Mountain to support a high confidence judgment by the United States that the design of the Yamantau facility is consistent with official Russian government explanations; and

(2) should allow a United States delegation, to include officials of the executive branch and Members of Congress, to have access to the Yamantau Mountain project and buildings and facilities surrounding the project.

SEC. 1228. ASSESSMENT OF THE CUBAN THREAT TO UNITED STATES NATIONAL SECURITY.

(a) FINDINGS.—Congress makes the following findings:

(1) Cuba has maintained a hostile policy in its relations with the United States for over 35 years.

(2) The United States, as a sovereign nation, must be able to respond to any Cuban provocation and defend the people and territory of the United States against any attack.

(3) In 1994, the Government of Cuba callously encouraged a massive exodus of Cubans, by boat and raft, toward the United States during which countless numbers of those Cubans lost their lives on the high seas.

(4) The humanitarian response of the United States to rescue, shelter, and provide emergency care to those Cubans,

together with the actions taken to absorb some 30,000 of those Cubans into the United States, required significant efforts and the expenditure of hundreds of millions of dollars for the costs incurred by the United States and State and local governments in connection with those efforts.

(5) On February 24, 1996, Cuban MiG aircraft attacked and destroyed, in international airspace, two unarmed civilian aircraft flying from the United States, and the four persons in those unarmed civilian aircraft were killed.

(6) Since that attack, the Cuban government has issued no apology for the attack, nor has it indicated any intention to conform its conduct to international law that is applicable to civilian aircraft operating in international airspace.

(b) REVIEW AND ASSESSMENT.—The Secretary of Defense shall carry out a comprehensive review and assessment of—

- (1) Cuban military capabilities; and
- (2) the threats to the national security of the United States that may be posed by Cuba, including—

(A) such unconventional threats as (i) encouragement of massive and dangerous migration, and (ii) attacks on citizens and residents of the United States while they are engaged in peaceful protest in international waters or airspace;

(B) the potential for development and delivery of chemical or biological weapons; and

(C) the potential for internal strife in Cuba that could involve citizens or residents of the United States or the Armed Forces of the United States.

(c) REPORT.—Not later than March 31, 1998, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report on the review and assessment. The report shall include the following:

(1) The Secretary's assessment of the capabilities and threats referred to in subsection (b), including each of the threats described in paragraph (2) of that subsection.

(2) A discussion of the results of the review and assessment, including an assessment of the contingency plans developed by the Secretary to counter any threat posed by Cuba to the United States.

(d) CONSULTATION ON REVIEW AND ASSESSMENT.—In performing the review and assessment and in preparing the report, the Secretary of Defense shall consult with the Chairman of the Joint Chiefs of Staff, the commander of the United States Southern Command, and the heads of other appropriate departments and agencies of the United States.

SEC. 1229. REPORT ON HELSINKI JOINT STATEMENT.

President.

(a) REQUIREMENT.—Not later than March 31, 1998, the President shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report on the Helsinki Joint Statement on future reductions in nuclear forces. The report shall address the United States approach (including verification implications) to implementing the Helsinki Joint Statement, in particular, as that Statement relates to the following:

- (1) Lower aggregate levels of strategic nuclear warheads.

(2) Measures relating to the transparency of strategic nuclear warhead inventories and the destruction of strategic nuclear warheads.

(3) Deactivation of strategic nuclear delivery vehicles.

(4) Measures relating to nuclear long-range sea-launched cruise missiles and tactical nuclear systems.

(5) Issues related to transparency in nuclear materials.

(b) DEFINITION.—For purposes of this section, the term “Helsinki Joint Statement” means the agreements between the President of the United States and the President of the Russian Federation as contained in the Joint Statement on Parameters on Future Reductions in Nuclear Forces issued at Helsinki in March 1997.

SEC. 1230. COMMENDATION OF MEXICO ON FREE AND FAIR ELECTIONS.

(a) FINDINGS.—Congress makes the following findings:

(1) On July 6, 1997, elections were conducted in Mexico in order to fill 500 seats in the Chamber of Deputies, 32 seats in the 128 seat Senate, the office of the Mayor of Mexico City, and local elections in a number of Mexican States.

(2) For the first time, the federal elections were organized by the Federal Electoral Institute, an autonomous and independent organization established under the Mexican Constitution.

(3) More than 52,000,000 Mexican citizens registered to vote.

(4) Eight political parties registered to participate in those elections, including the Institutional Revolutionary Party (PRI), the National Action Party (PAN), and the Democratic Revolutionary Party (PRD).

(5) Since 1993, Mexican citizens have had the exclusive right to participate as observers in activities related to the preparation and the conduct of elections.

(6) Since 1994, Mexican law has permitted international observers to be a part of the election process.

(7) With 84 percent of the ballots counted, PRI candidates received 38 percent of the vote for seats in the Chamber of Deputies, while PRD and PAN candidates received 52 percent of the combined vote.

(8) PRD candidate Cuauhtemoc Cardenas Solorzano has become the first elected Mayor of Mexico City, a post previously appointed by the President.

(9) PAN members will now serve as governors in seven of Mexico’s 31 States.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) the recent elections in Mexico were conducted in a free, fair, and impartial manner;

(2) the will of the Mexican people, as expressed through the ballot box, has been respected by President Ernesto Zedillo and officials throughout his administration; and

(3) President Zedillo, the Mexican Government, the Federal Electoral Institute of Mexico, the political parties and candidates, and most importantly the citizens of Mexico should all be congratulated for their support and participation in these very historic elections.

SEC. 1231. SENSE OF CONGRESS REGARDING CAMBODIA.

(a) FINDINGS.—Congress makes the following findings:

(1) During the 1970s and 1980s, Cambodia was wracked by political conflict, war, and violence, including genocide perpetrated by the Khmer Rouge from 1975 to 1979.

(2) The 1991 Paris Agreements on a Comprehensive Political Settlement of the Cambodia Conflict set the stage for a process of political accommodation and national reconciliation among Cambodia's warring parties.

(3) The international community engaged in a massive effort involving more than \$2,000,000,000 to ensure peace, democracy, and prosperity in Cambodia following the Paris Accords.

(4) The Cambodian people clearly demonstrated their support for democracy when 90 percent of eligible Cambodian voters participated in United Nations-sponsored elections in 1993.

(5) Since the 1993 elections, Cambodia has made economic progress, as shown by the recent decision of the Association of Southeast Asian Nations (ASEAN) to extend membership in the Association to Cambodia.

(6) Tensions within the ruling Cambodian coalition have erupted into violence.

(7) In March 1997, 19 Cambodians were killed and more than 100 were wounded in a grenade attack on political demonstrators supportive of the Funcinpec and the Khmer Nation Party.

(8) During June 1997, fighting erupted in Phnom Penh between forces loyal to First Prime Minister Prince Ranariddh and Second Prime Minister Hun Sen.

(9) On July 5, 1997, Second Prime Minister Hun Sen deposed the First Prime Minister in a violent coup d'état.

(10) Forces loyal to Hun Sen have executed former Interior Minister Ho Sok and approximately 40 other political opponents loyal to Prince Ranariddh.

(11) Democracy and stability in Cambodia are threatened by the continued use of violence and other extralegal means to resolve political tensions.

(12) In response to the July 1997 coup in Cambodia referred to in paragraph (9)—

President.

(A) the President has suspended all direct assistance to the Cambodian Government; and

(B) the Association of Southeast Asian Nations (ASEAN) has decided to delay indefinitely admission of Cambodia to membership in the Association.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) the parties in Cambodia should immediately cease the use of violence;

(2) the United States should take all necessary steps to ensure the safety of United States citizens in Cambodia;

(3) the United States should call an emergency meeting of the United Nations Security Council to consider all options to restore peace and democratic governance in Cambodia;

(4) the United States and the Association of Southeast Asian Nations should work together to take immediate steps to restore democracy and the rule of law in Cambodia;

(5) United States assistance to the Government of Cambodia should remain suspended until violence ends, the democratically elected Government is restored to power, and the

necessary steps have been taken to ensure that the elections scheduled for 1998 take place; and

(6) the United States should take all necessary steps to encourage other donor nations to suspend assistance as part of a multilateral effort.

SEC. 1232. CONGRATULATING GOVERNOR CHRISTOPHER PATTEN OF HONG KONG.

(a) FINDINGS.—Congress makes the following findings:

(1) His Excellency Christopher F. Patten, the former Governor of Hong Kong, was the twenty-eighth and last British Governor of the dependent territory of Hong Kong before that territory reverted back to the People's Republic of China on July 1, 1997.

(2) Christopher Patten was a superb administrator and an inspiration to the people whom he governed.

(3) During Christopher Patten's five years as Governor of Hong Kong, the economy flourished under his stewardship, growing by more than 30 percent in real terms.

(4) Christopher Patten presided over a capable and honest civil service.

(5) During the tenure of Christopher Patten as Governor of Hong Kong, common crime declined and the political climate was positive and stable.

(6) The legacy of Christopher Patten to Hong Kong is the expansion of democracy in Hong Kong's legislative council and a tireless devotion to the rights, freedoms, and welfare of the people of Hong Kong.

(7) Christopher Patten fulfilled the commitment of the British Government to "put in place a solidly based democratic administration" in Hong Kong before July 1, 1997.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that Christopher F. Patten, the last British Governor of the dependent territory of Hong Kong—

(1) served his country with great honor and distinction in that capacity; and

(2) deserves special thanks and recognition from the United States for his tireless efforts to develop and nurture democracy in Hong Kong.

TITLE XIII—ARMS CONTROL AND RELATED MATTERS

Sec. 1301. Presidential report concerning detargeting of Russian strategic missiles.

Sec. 1302. Limitation on retirement or dismantlement of strategic nuclear delivery systems.

Sec. 1303. Assistance for facilities subject to inspection under the Chemical Weapons Convention.

Sec. 1304. Transfers of authorizations for high-priority counterproliferation programs.

Sec. 1305. Advice to the President and Congress regarding the safety, security, and reliability of United States nuclear weapons stockpile.

Sec. 1306. Reconstitution of commission to assess the ballistic missile threat to the United States.

Sec. 1307. Sense of Congress regarding the relationship between United States obligations under the Chemical Weapons Convention and environmental laws.

Sec. 1308. Extension of counterproliferation authorities for support of United Nations Special Commission on Iraq.

Sec. 1309. Annual report on moratorium on use by Armed Forces of antipersonnel landmines.

SEC. 1301. PRESIDENTIAL REPORT CONCERNING DETARGETING OF RUSSIAN STRATEGIC MISSILES.

(a) **REQUIRED REPORT.**—Not later than January 1, 1998, the President shall submit to Congress a report concerning detargeting of Russian strategic missiles. The report shall address each of the following:

(1) Whether a Russian ICBM that was formerly, but is no longer, targeted at a site in the United States would be automatically retargeted at a site in the United States in the event of the accidental launch of the missile.

(2) Whether missile detargeting would prevent or significantly reduce the possibility of an unauthorized missile launch carried out by the Russian General Staff and prevent or significantly reduce the consequences to the United States of such a launch.

(3) Whether missile detargeting would pose a significant obstacle to an unauthorized launch carried out by an operational level below the Russian General Staff if missile operators at such an operational level acquired missile launch codes or had the technical expertise to override missile launch codes.

(4) The plausibility of an accidental launch of a Russian ICBM, compared to the possibility of a deliberate missile launch, authorized or unauthorized, resulting from Russian miscalculation, overreaction, or aggression.

(5) The national security benefits derived from detargeting United States and Russian ICBMs.

(6) The relative consequences to the United States of an unauthorized or accidental launch of a Russian ICBM that has been detargeted and one that has not been detargeted.

(b) **DEFINITIONS.**—For purposes of subsection (a):

(1) The term “Russian ICBM” means an intercontinental ballistic missile of the Russian Federation.

(2) The term “accidental launch” means a missile launch resulting from mechanical failure.

SEC. 1302. LIMITATION ON RETIREMENT OR DISMANTLEMENT OF STRATEGIC NUCLEAR DELIVERY SYSTEMS.

(a) **FUNDING LIMITATION.**—Funds available to the Department of Defense may not be obligated or expended during fiscal year 1998 for retiring or dismantling, or for preparing to retire or dismantle, any of the following strategic nuclear delivery systems below the specified levels:

(1) 71 B-52H bomber aircraft.

(2) 18 Trident ballistic missile submarines.

(3) 500 Minuteman III intercontinental ballistic missiles.

(4) 50 Peacekeeper intercontinental ballistic missiles.

(b) **WAIVER AUTHORITY.**—If the START II Treaty enters into force during fiscal year 1998, the Secretary of Defense may waive the application of the limitation under subsection (a) to the extent that the Secretary determines necessary in order to implement the treaty.

(c) **FUNDING LIMITATION ON EARLY DEACTIVATION.**—(1) If the limitation under subsection (a) ceases to apply by reason of a waiver under subsection (b), funds available to the Department of Defense may nevertheless not be obligated or expended during

fiscal year 1998 to implement any agreement or understanding to undertake substantial early deactivation of a strategic nuclear delivery system specified in subsection (a) until 30 days after the date on which the President submits to Congress a report concerning such actions.

(2) For purposes of this subsection and subsection (d), a substantial early deactivation is an action during fiscal year 1998 to deactivate a substantial number of strategic nuclear delivery systems specified in subsection (a) by—

(A) removing nuclear warheads from those systems; or

(B) taking other steps to remove those systems from combat status.

(3) A report under this subsection shall include the following:

Reports.

(A) The text of any understanding or agreement between the United States and the Russian Federation concerning substantial early deactivation of strategic nuclear delivery systems under the START II Treaty.

(B) The plan of the Department of Defense for implementing the agreement.

(C) An assessment of the Secretary of Defense of the adequacy of the provisions contained in the agreement for monitoring and verifying compliance of Russia with the terms of the agreement and, based upon that assessment, the determination of the President specifically as to whether the procedures for monitoring and verification of compliance by Russia with the terms of the agreement are adequate or inadequate.

(D) A determination by the President as to whether the deactivations to occur under the agreement will be carried out in a symmetrical, reciprocal, or equivalent manner and whether the agreement will require early deactivations of strategic forces by the United States to be carried out substantially more rapidly than deactivations of strategic forces by Russia.

President.

(E) An assessment by the President of the effect of the proposed early deactivation on the stability of the strategic balance and relative strategic nuclear capabilities of the United States and the Russian Federation at various stages during deactivation and upon completion, including a determination by the President specifically as to whether the proposed early deactivations will adversely affect strategic stability.

President.

(d) FURTHER LIMITATION ON STRATEGIC FORCE REDUCTIONS.—

(1) Amounts available to the Department of Defense for fiscal year 1998 to implement an agreement that results in a substantial early deactivation during fiscal year 1998 of strategic forces may not be obligated for that purpose if in the report under subsection (c)(3) the President determines any of the following:

(A) That procedures for monitoring and verification of compliance by Russia with the terms of the agreement are inadequate.

(B) That the agreement will require early deactivations of strategic forces by the United States to be carried out substantially more rapidly than deactivations of strategic forces by Russia.

(C) That the proposed early deactivations will adversely affect strategic stability.

(2) The limitation in paragraph (1), if effective by reason of a determination by the President described in paragraph (1)(B),

shall cease to apply 30 days after the date on which the President notifies Congress that the early deactivations under the agreement are in the national interest of the United States.

(e) CONTINGENCY PLAN FOR SUSTAINMENT OF SYSTEMS.—(1) Not later than February 15, 1998, the Secretary of Defense shall submit to Congress a plan for the sustainment beyond October 1, 1999, of United States strategic nuclear delivery systems and alternative Strategic Arms Reduction Treaty force structures in the event that a strategic arms reduction agreement subsequent to the Strategic Arms Reduction Treaty does not enter into force before 2004.

(2) The plan shall include a discussion of the following matters:

(A) The actions that are necessary to sustain the United States strategic nuclear delivery systems, distinguishing between the actions that are planned for and funded in the future-years defense program and the actions that are not planned for and funded in the future-years defense program.

(B) The funding necessary to implement the plan, indicating the extent to which the necessary funding is provided for in the future-years defense program and the extent to which the necessary funding is not provided for in the future-years defense program.

(f) START TREATIES DEFINED.—In this section:

(1) The term “Strategic Arms Reduction Treaty” means the Treaty Between the United States of America and the United Soviet Socialist Republics on the Reduction and Limitation of Strategic Offensive Arms (START), signed at Moscow on July 31, 1991, including related annexes on agreed statements and definitions, protocols, and memorandum of understanding.

(2) The term “START II Treaty” means the Treaty Between the United States of America and the Russian Federation on Further Reduction and Limitation of Strategic Offensive Arms, signed at Moscow on January 3, 1993, including the following protocols and memorandum of understanding, all such documents being integral parts of and collectively referred to as the “START II Treaty” (contained in Treaty Document 103–1):

(A) The Protocol on Procedures Governing Elimination of Heavy ICBMs and on Procedures Governing Conversion of Silo Launchers of Heavy ICBMs Relating to the Treaty Between the United States of America and the Russian Federation on Further Reduction and Limitation of Strategic Offensive Arms (also known as the “Elimination and Conversion Protocol”).

(B) The Protocol on Exhibitions and Inspections of Heavy Bombers Relating to the Treaty Between the United States and the Russian Federation on Further Reduction and Limitation of Strategic Offensive Arms (also known as the “Exhibitions and Inspections Protocol”).

(C) The Memorandum of Understanding on Warhead Attribution and Heavy Bomber Data Relating to the Treaty Between the United States of America and the Russian Federation on Further Reduction and Limitation of Strategic Offensive Arms (also known as the “Memorandum on Attribution”).

SEC. 1303. ASSISTANCE FOR FACILITIES SUBJECT TO INSPECTION UNDER THE CHEMICAL WEAPONS CONVENTION. 50 USC 1525.

(a) **ASSISTANCE AUTHORIZED.**—Upon the request of the owner or operator of a facility that is subject to a routine inspection or a challenge inspection under the Chemical Weapons Convention, the Secretary of Defense may provide technical assistance to that owner or operator related to compliance of that facility with the Convention. Any such assistance shall be provided through the On-Site Inspection Agency of the Department of Defense.

(b) **REIMBURSEMENT REQUIREMENT.**—The Secretary may provide assistance under subsection (a) only to the extent that the Secretary determines that the Department of Defense will be reimbursed for costs incurred in providing the assistance. The United States National Authority may provide such reimbursement from amounts available to it. Any such reimbursement shall be credited to amounts available for the On-Site Inspection Agency.

(c) **DEFINITIONS.**—In this section:

(1) The terms “Chemical Weapons Convention” and “Convention” mean the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction, ratified by the United States on April 25, 1997, and entered into force on April 29, 1997.

(2) The term “facility that is subject to a routine inspection” means a declared facility, as defined in paragraph 15 of part X of the Annex on Implementation and Verification of the Convention.

(3) The term “challenge inspection” means an inspection conducted under Article IX of the Convention.

(4) The term “United States National Authority” means the United States National Authority established or designated pursuant to Article VII, paragraph 4, of the Convention.

SEC. 1304. TRANSFERS OF AUTHORIZATIONS FOR HIGH-PRIORITY COUNTERPROLIFERATION PROGRAMS.

(a) **AUTHORITY.**—(1) Subject to paragraph (2), the Secretary of Defense may transfer amounts of authorizations made available to the Department of Defense in this division for fiscal year 1998 to any counterproliferation program, project, or activity described in subsection (b).

(2) A transfer of authorizations may be made under this section only upon determination by the Secretary of Defense that such action is necessary in the national interest.

(3) Amounts of authorizations so transferred shall be merged with and be available for the same purposes as the authorization to which transferred.

(b) **PROGRAMS TO WHICH TRANSFERS MAY BE MADE.**—The authority under subsection (a) applies to any counterproliferation program, project, or activity of the Department of Defense identified as an area for progress in the most recent annual report of the Counterproliferation Program Review Committee established by section 1605 of the National Defense Authorization Act for Fiscal Year 1994 (22 U.S.C. 2751 note).

(c) **LIMITATION ON TOTAL AMOUNT.**—The total amount of authorizations transferred under the authority of this section may not exceed \$50,000,000.

(d) OTHER LIMITATIONS AND REQUIREMENTS.—The provisions of subsection (b), (c), and (d) of section 1001 shall apply to a transfer under this section in the same manner as they apply to a transfer under subsection (a) of that section.

(e) CONSTRUCTION WITH GENERAL TRANSFER AUTHORITY.—The authority provided by this section is in addition to the transfer authority provided in section 1001.

42 USC 7274p.

SEC. 1305. ADVICE TO THE PRESIDENT AND CONGRESS REGARDING THE SAFETY, SECURITY, AND RELIABILITY OF UNITED STATES NUCLEAR WEAPONS STOCKPILE.

(a) FINDINGS.—Congress makes the following findings:

(1) Nuclear weapons are the most destructive weapons on earth. The United States and its allies continue to rely on nuclear weapons to deter potential adversaries from using weapons of mass destruction. The safety and reliability of the nuclear weapons stockpile are essential to ensure its credibility as a deterrent.

(2) On September 24, 1996, President Clinton signed the Comprehensive Test Ban Treaty.

(3) Effective as of September 30, 1996, the United States is prohibited by section 507 of the Energy and Water Development Appropriations Act, 1993 (Public Law 102–377; 42 U.S.C. 2121 note) from conducting underground nuclear tests “unless a foreign state conducts a nuclear test after this date, at which time the prohibition on United States nuclear testing is lifted”.

(4) Section 1436(b) of the National Defense Authorization Act, Fiscal Year 1989 (Public Law 100–456; 42 U.S.C. 2121 note) requires the Secretary of Energy to “establish and support a program to assure that the United States is in a position to maintain the reliability, safety, and continued deterrent effect of its stockpile of existing nuclear weapons designs in the event that a low-threshold or comprehensive test ban on nuclear explosive testing is negotiated and ratified.”

(5) Section 3138(d) of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103–160; 42 U.S.C. 2121 note) required the President to submit an annual report to Congress which sets forth “any concerns with respect to the safety, security, effectiveness, or reliability of existing United States nuclear weapons raised by the Stockpile Stewardship Program of the Department of Energy”.

(6) President Clinton declared in July 1993 that “to assure that our nuclear deterrent remains unquestioned under a test ban, we will explore other means of maintaining our confidence in the safety, reliability, and the performance of our weapons”. This decision was incorporated in a Presidential Directive.

(7) Section 3138 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103–160; 42 U.S.C. 2121 note) also requires that the Secretary of Energy establish a “stewardship program to ensure the preservation of the core intellectual and technical competencies of the United States in nuclear weapons”.

(8) The plan of the Department of Energy to maintain the safety and reliability of the United States nuclear weapons stockpile is known as the Stockpile Stewardship and Management Program. The ability of the United States to maintain and certify the safety, security, effectiveness, and reliability

of the nuclear weapons stockpile without testing will require utilization of new and sophisticated computational capabilities and diagnostic technologies, methods, and procedures. Current diagnostic technologies and laboratory testing techniques are insufficient to certify the safety and reliability of the United States nuclear weapons stockpile into the future. Whereas in the past laboratory and diagnostic tools were used in conjunction with nuclear testing, in the future they will provide, under the Department of Energy's stockpile stewardship plan, the sole basis for assessing past test data and for making judgments on phenomena observed in connection with the aging of the stockpile.

(9) Section 3159 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 42 U.S.C. 7274o) requires that the directors of the nuclear weapons laboratories and the nuclear weapons production plants submit a report to the Assistant Secretary of Energy for Defense Programs if they identify a problem that has significant bearing on confidence in the safety or reliability of a nuclear weapon or nuclear weapon type, that the Assistant Secretary must transmit that report, along with any comments, to the congressional defense committees and to the Secretary of Energy and the Secretary of Defense, and that the Joint Nuclear Weapons Council advise Congress regarding its analysis of any such problems.

(10) On August 11, 1995, President Clinton directed “the establishment of a new annual reporting and certification requirement [to] ensure that our nuclear weapons remain safe and reliable under a comprehensive test ban”.

(11) On the same day, the President noted that the Secretary of Defense and the Secretary of Energy have the responsibility, after being “advised by the Nuclear Weapons Council, the Directors of DOE's nuclear weapons laboratories, and the Commander of United States Strategic Command”, to provide the President with the information regarding the certification referred to in paragraph (10).

(12) The Joint Nuclear Weapons Council established by section 179 of title 10, United States Code, is responsible for providing advice to the Secretary of Energy and the Secretary of Defense regarding nuclear weapons issues, including “considering safety, security, and control issues for existing weapons”. The Council plays a critical role in advising Congress in matters relating to nuclear weapons.

(13) It is essential that the President receive well-informed, objective, and honest opinions, including dissenting views, from his advisers and technical experts regarding the safety, security, effectiveness, and reliability of the nuclear weapons stockpile.

(b) POLICY.—

(1) IN GENERAL.—It is the policy of the United States—

(A) to maintain a safe, secure, effective, and reliable nuclear weapons stockpile; and

(B) as long as other nations control or actively seek to acquire nuclear weapons, to retain a credible nuclear deterrent.

(2) NUCLEAR WEAPONS STOCKPILE.—It is in the security interest of the United States to sustain the United States

nuclear weapons stockpile through a program of stockpile stewardship, carried out at the nuclear weapons laboratories and nuclear weapons production plants.

(3) SENSE OF CONGRESS.—It is the sense of Congress that—

(A) the United States should retain a triad of strategic nuclear forces sufficient to deter any future hostile foreign leadership with access to strategic nuclear forces from acting against the vital interests of the United States;

(B) the United States should continue to maintain nuclear forces of sufficient size and capability to implement an effective and robust deterrent strategy; and

(C) the advice of the persons required to provide the President and Congress with assurances of the safety, security, effectiveness, and reliability of the nuclear weapons force should be scientifically based, without regard for politics, and of the highest quality and integrity.

(c) ADDITION OF PRESIDENT TO RECIPIENTS OF REPORTS BY HEADS OF LABORATORIES AND PLANTS.—Section 3159(b) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201; 42 U.S.C. 7274o) is amended—

(1) by striking out “committees and” and inserting in lieu thereof “committees,”; and

(2) by inserting before the period at the end the following: “, and to the President”.

(d) TEN-DAY TIME LIMIT FOR TRANSMITTAL OF REPORT.—Section 3159(b) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201; 42 U.S.C. 7274o) is amended by striking out “As soon as practicable” and inserting in lieu thereof “Not later than 10 days”.

(e) ADVICE AND OPINIONS REGARDING NUCLEAR WEAPONS STOCKPILE.—In addition to a director of a nuclear weapons laboratory or a nuclear weapons production plant (under section 3159 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201; 42 U.S.C. 7274o)), any member of the Joint Nuclear Weapons Council or the commander of the United States Strategic Command may also submit to the President, the Secretary of Defense, the Secretary of Energy, or the congressional defense committees advice or opinion regarding the safety, security, effectiveness, and reliability of the nuclear weapons stockpile.

(f) EXPRESSION OF INDIVIDUAL VIEWS.—A representative of the President may not take any action against, or otherwise constrain, a director of a nuclear weapons laboratory or a nuclear weapons production plant, a member of the Joint Nuclear Weapons Council, or the Commander of United States Strategic Command for presenting individual views to the President, the National Security Council, or Congress regarding the safety, security, effectiveness, and reliability of the nuclear weapons stockpile.

(g) DEFINITIONS.—In this section:

(1) The term “representative of the President” means the following:

(A) Any official of the Department of Defense or the Department of Energy who is appointed by the President and confirmed by the Senate.

(B) Any member of the National Security Council.

(C) Any member of the Joint Chiefs of Staff.

(D) Any official of the Office of Management and Budget.

(2) The term “nuclear weapons laboratory” means any of the following:

- (A) Lawrence Livermore National Laboratory, California.
- (B) Los Alamos National Laboratory, New Mexico.
- (C) Sandia National Laboratories.

(3) The term “nuclear weapons production plant” means any of the following:

- (A) The Pantex Plant, Texas.
- (B) The Savannah River Site, South Carolina.
- (C) The Kansas City Plant, Missouri.
- (D) The Y–12 Plant, Oak Ridge, Tennessee.

SEC. 1306. RECONSTITUTION OF COMMISSION TO ASSESS THE BALLISTIC MISSILE THREAT TO THE UNITED STATES.

(a) INITIAL ORGANIZATION REQUIREMENTS.—Section 1321(g) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2712) is amended—

(1) in paragraph (1), by striking out “not later than 45 days after the date of the enactment of this Act” and inserting in lieu thereof “not later than 30 days after the date of the enactment of the National Defense Authorization Act for Fiscal Year 1998”; and

(2) in paragraph (2)—

(A) by striking out “30 days” and inserting in lieu thereof “60 days”; and

(B) by striking out “, but not earlier than October 15, 1996”.

(b) FUNDING.—Section 1328 of such Act (110 Stat. 2714) is amended by inserting “and fiscal year 1998” after “for fiscal year 1997”.

SEC. 1307. SENSE OF CONGRESS REGARDING THE RELATIONSHIP BETWEEN UNITED STATES OBLIGATIONS UNDER THE CHEMICAL WEAPONS CONVENTION AND ENVIRONMENTAL LAWS.

(a) FINDINGS.—Congress makes the following findings:

(1) The Chemical Weapons Convention requires the destruction of the United States stockpile of lethal chemical agents and munitions by April 29, 2007 (not later than 10 years after the Convention’s entry into force).

(2) The President has substantial authority under existing law to ensure that—

(A) the technologies necessary to destroy the stockpile are developed;

(B) the facilities necessary to destroy the stockpile are constructed; and

(C) Federal, State, and local environmental laws and regulations do not impair the ability of the United States to comply with its obligations under the Convention.

(3) The Comptroller General has concluded (in GAO Report NSIAD 97018 of February 1997) that—

(A) obtaining the necessary Federal and State permits that are required under Federal environmental laws and regulations for building and operating the chemical agents and munitions destruction facilities is among the most unpredictable factors in the chemical demilitarization program; and

(B) program cost and schedule are largely driven by the degree to which States and local communities are in agreement with proposed disposal methods and whether those methods meet environmental concerns.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the President—

(1) should use the authority of the President under existing law to ensure that the United States is able to construct and operate the facilities necessary to destroy the United States stockpile of lethal chemical agents and munitions within the time allowed by the Chemical Weapons Convention; and

(2) while carrying out the obligations of the United States under the Convention, should encourage negotiations between appropriate Federal officials and officials of the State and local governments concerned to attempt to meet their concerns regarding compliance with Federal and State environmental laws and regulations and other concerns about the actions being taken to carry out those obligations.

(c) CHEMICAL WEAPONS CONVENTION DEFINED.—For the purposes of this section, the terms “Chemical Weapons Convention” and “Convention” mean the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction, ratified by the United States on April 25, 1997, and entered into force on April 29, 1997.

SEC. 1308. EXTENSION OF COUNTERPROLIFERATION AUTHORITIES FOR SUPPORT OF UNITED NATIONS SPECIAL COMMISSION ON IRAQ.

Section 1505 of the Weapons of Mass Destruction Control Act of 1992 (title XV of Public Law 102-484; 22 U.S.C. 5859a) is amended—

(1) in subsection (d)(3), by striking out “or” after “fiscal year 1996,” and by inserting “, or \$15,000,000 for fiscal year 1998” before the period at the end; and

(2) in subsection (f), by striking out “1997” and inserting in lieu thereof “1998”.

10 USC 113 note. **SEC. 1309. ANNUAL REPORT ON MORATORIUM ON USE BY ARMED FORCES OF ANTIPERSONNEL LANDMINES.**

(a) FINDINGS.—Congress makes the following findings:

(1) The United States has stated its support for a ban on antipersonnel landmines that is global in scope and verifiable.

Korea.

(2) On May 16, 1996, the President announced that the United States, as a matter of policy, would eliminate its stockpile of non-self-destructing antipersonnel landmines, except those used for training purposes and in Korea, and that the United States would reserve the right to use self-destructing antipersonnel landmines in the event of conflict.

(3) On May 16, 1996, the President also announced that the United States would lead an effort to negotiate an international treaty permanently banning the use of all antipersonnel landmines.

(4) The United States is currently participating at the United Nations Conference on Disarmament in negotiations aimed at achieving a global ban on the use of antipersonnel landmines.

(5) On August 18, 1997, the administration agreed to participate in international negotiations sponsored by Canada (the so-called “Ottawa process”) designed to achieve a treaty that would outlaw the production, use, and sale of antipersonnel landmines. Canada.

(6) On September 17, 1997, the President announced that the United States would not sign the antipersonnel landmine treaty concluded in Oslo, Norway, by participants in the Ottawa process because the treaty would not provide a geographic exception to allow the United States to stockpile and use antipersonnel landmines in Korea or an exemption that would preserve the ability of the United States to use mixed antitank mine systems which could be used to deter an armored assault against United States forces. Norway.

(7) The President also announced a change in United States policy whereby the United States— Korea.

(A) would no longer deploy antipersonnel landmines, including self-destructing antipersonnel landmines, by 2003, except in Korea;

(B) would seek to field alternatives by that date, or by 2006 in the case of Korea;

(C) would undertake a new initiative in the United Nations Conference on Disarmament to establish a global ban on the transfer of antipersonnel landmines; and

(D) would increase its current humanitarian demining activities around the world.

(8) The President’s decision would allow the continued use by United States forces of self-destructing antipersonnel landmines that are used as part of a mixed antitank mine system.

(9) Under existing law (as provided in section 580 of Public Law 104–107; 110 Stat. 751), on February 12, 1999, the United States will implement a one-year moratorium on the use of antipersonnel landmines by United States forces except along internationally recognized national borders or in demilitarized zones within a perimeter marked area that is monitored by military personnel and protected by adequate means to ensure the exclusion of civilians.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) the United States should not implement a moratorium on the use of antipersonnel landmines by United States Armed Forces in a manner that would endanger United States personnel or undermine the military effectiveness of United States Armed Forces in executing their missions; and

(2) the United States should pursue the development of alternatives to self-destructing antipersonnel landmines.

(c) ANNUAL REPORT.—Not later than December 31 each year, the Secretary of Defense shall submit to the congressional defense committees a report concerning antipersonnel landmines. Each such report shall include the Secretary’s description of the following:

(1) The military utility of the continued deployment and use by the United States of antipersonnel landmines.

(2) The effect of a moratorium on the production, stockpiling, and use of antipersonnel landmines on the ability of United States forces to deter and defend against attack on land by hostile forces, including on the Korean peninsula.

(3) Progress in developing and fielding systems that are effective substitutes for antipersonnel landmines, including an

identification and description of the types of systems that are being developed and fielded, the costs associated with those systems, and the estimated timetable for developing and fielding those systems.

(4) The effect of a moratorium on the use of antipersonnel landmines on the military effectiveness of current antitank mine systems.

(5) The number and type of pure antipersonnel landmines that remain in the United States inventory and that are subject to elimination under the President's September 17, 1997, declaration on United States antipersonnel landmine policy.

(6) The number and type of mixed antitank mine systems that are in the United States inventory, the locations where they are deployed, and their effect on the deterrence and warfighting ability of United States Armed Forces.

(7) The effect of the elimination of pure antipersonnel landmines on the warfighting effectiveness of the United States Armed Forces.

(8) The costs already incurred and anticipated of eliminating antipersonnel landmines from the United States inventory in accordance with the policy enunciated by the President on September 17, 1997.

(9) The benefits that would result to United States military and civilian personnel from an international treaty banning the production, use, transfer, and stockpiling of antipersonnel landmines.

TITLE XIV—COOPERATIVE THREAT REDUCTION WITH STATES OF FORMER SOVIET UNION

Sec. 1401. Specification of Cooperative Threat Reduction programs and funds.

Sec. 1402. Funding allocations.

Sec. 1403. Prohibition on use of funds for specified purposes.

Sec. 1404. Limitation on use of funds for projects related to START II Treaty until submission of certification.

Sec. 1405. Limitation on use of funds for chemical weapons destruction facility.

Sec. 1406. Limitation on use of funds for destruction of chemical weapons.

Sec. 1407. Limitation on use of funds for storage facility for Russian fissile material.

Sec. 1408. Limitation on use of funds for weapons storage security.

Sec. 1409. Report on issues regarding payment of taxes, duties, and other assessments on assistance provided to Russia under Cooperative Threat Reduction programs.

Sec. 1410. Availability of funds.

SEC. 1401. SPECIFICATION OF COOPERATIVE THREAT REDUCTION PROGRAMS AND FUNDS.

(a) **SPECIFICATION OF CTR PROGRAMS.**—For purposes of section 301 and other provisions of this Act, Cooperative Threat Reduction programs are the programs specified in section 1501(b) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2731; 50 U.S.C. 2362 note).

(b) **FISCAL YEAR 1998 COOPERATIVE THREAT REDUCTION FUNDS DEFINED.**—As used in this title, the term “fiscal year 1998 Cooperative Threat Reduction funds” means the funds appropriated pursuant to the authorization of appropriations in section 301 for Cooperative Threat Reduction programs.

SEC. 1402. FUNDING ALLOCATIONS.

(a) **IN GENERAL.**—Of the fiscal year 1998 Cooperative Threat Reduction funds, not more than the following amounts may be obligated for the purposes specified:

(1) For strategic offensive arms elimination in Russia, \$77,900,000.

(2) For strategic nuclear arms elimination in Ukraine, \$76,700,000.

(3) For fissile material containers in Russia, \$7,000,000.

(4) For planning and design of a chemical weapons destruction facility in Russia, \$35,400,000.

(5) For dismantlement of biological and chemical weapons facilities in the former Soviet Union, \$20,000,000.

(6) For planning, design, and construction of a storage facility for Russian fissile material, \$57,700,000.

(7) For weapons storage security in Russia, \$36,000,000.

(8) For development of a cooperative program with the Government of Russia to eliminate the production of weapons grade plutonium at Russian reactors, \$41,000,000.

(9) For activities designated as Defense and Military-to-Military Contacts in Russia, Ukraine, and Kazakhstan, \$8,000,000.

(10) For military-to-military programs of the United States that focus on countering the threat of proliferation of weapons of mass destruction and that include the security forces of the independent states of the former Soviet Union other than Russia, Ukraine, Belarus, and Kazakhstan, \$2,000,000.

(11) For activities designated as Other Assessments/Administrative Support \$20,500,000.

(b) **LIMITED AUTHORITY TO VARY INDIVIDUAL AMOUNTS.**—(1) If the Secretary of Defense determines that it is necessary to do so in the national interest, the Secretary may, subject to paragraphs (2) and (3), obligate amounts for the purposes stated in any of the paragraphs of subsection (a) in excess of the amount specified for those purposes in that paragraph. However, the total amount obligated for the purposes stated in the paragraphs in subsection (a) may not by reason of the use of the authority provided in the preceding sentence exceed the sum of the amounts specified in those paragraphs.

(2) An obligation for the purposes stated in any of the paragraphs in subsection (a) in excess of the amount specified in that paragraph may be made using the authority provided in paragraph (1) only after—

(A) the Secretary submits to Congress notification of the intent to do so together with a complete discussion of the justification for doing so; and

(B) 15 days have elapsed following the date of the notification.

(3) The Secretary may not, under the authority provided in paragraph (1), obligate amounts appropriated for the purposes stated in any of paragraphs (3) through (11) of subsection (a) in excess of 115 percent of the amount stated in those paragraphs.

(c) **LIMITED WAIVER OF 115 PERCENT CAP ON OBLIGATION IN EXCESS OF AMOUNTS AUTHORIZED FOR FISCAL YEARS 1996 AND 1997.**—(1) The limitation in subsection (b)(1) of section 1202 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104-106; 110 Stat. 469), that provides that the authority

provided in that sentence to obligate amounts specified for Cooperative Threat Reduction purposes in excess of the amount specified for each such purpose in subsection (a) of that section may not exceed 115 percent of the amounts specified, shall not apply with respect to subsection (a)(1) of such section for purposes of strategic offensive weapons elimination in Russia or the Ukraine.

(2) The limitation in subsection (b)(1) of section 1502 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2732), that provides that the authority provided in that sentence to obligate amounts specified for Cooperative Threat Reduction purposes in excess of the amount specified for each such purpose in subsection (a) of that section may not exceed 115 percent of the amounts specified, shall not apply with respect to subsections (a)(2) and (a)(3) of such section.

SEC. 1403. PROHIBITION ON USE OF FUNDS FOR SPECIFIED PURPOSES.

(a) **IN GENERAL.**—No fiscal year 1998 Cooperative Threat Reduction funds, and no funds appropriated for Cooperative Threat Reduction programs for any prior fiscal year and remaining available for obligation, may be obligated or expended for any of the following purposes:

(1) Conducting with Russia any peacekeeping exercise or other peacekeeping-related activity.

(2) Provision of housing.

(3) Provision of assistance to promote environmental restoration.

(4) Provision of assistance to promote job retraining.

(b) **LIMITATION WITH RESPECT TO DEFENSE CONVERSION ASSISTANCE.**—None of the funds appropriated pursuant to this Act may be obligated or expended for the provision of assistance to Russia or any other state of the former Soviet Union to promote defense conversion.

SEC. 1404. LIMITATION ON USE OF FUNDS FOR PROJECTS RELATED TO START II TREATY UNTIL SUBMISSION OF CERTIFICATION.

No fiscal year 1998 Cooperative Threat Reduction funds may be obligated or expended for strategic offensive arms elimination projects in Russia related to the START II Treaty (as defined in section 1302(f)) until 30 days after the date on which the Secretary of Defense submits to Congress a certification in writing that—

(1) implementation of the projects would benefit the national security interest of the United States; and

(2) Russia has agreed in an implementing agreement to share the cost for the projects.

SEC. 1405. LIMITATION ON USE OF FUNDS FOR CHEMICAL WEAPONS DESTRUCTION FACILITY.

(a) **LIMITATION ON USE OF FUNDS UNTIL SUBMISSION OF NOTIFICATIONS TO CONGRESS.**—No fiscal year 1998 Cooperative Threat Reduction funds may be obligated or expended for planning and design of a chemical weapons destruction facility until 15 days after the date that is the later of the following:

(1) The date on which the Secretary of Defense submits to Congress notification of an agreement between the United States and Russia with respect to such chemical weapons destruction facility that includes—

(A) an agreement providing for a limitation on the financial contribution by the United States for the facility;

(B) an agreement that the United States will not pay the costs for infrastructure determined by Russia to be necessary to support the facility; and

(C) an agreement on the location of the facility.

(2) The date on which the Secretary of Defense submits to Congress notification that the Government of Russia has formally approved a plan—

(A) that allows for the destruction of chemical weapons in Russia; and

(B) that commits Russia to pay a portion of the cost for the facility.

(b) **PROHIBITION ON USE OF FUNDS FOR FACILITY CONSTRUCTION.**—No fiscal year 1998 Cooperative Threat Reduction funds authorized to be obligated in section 1402(a)(4) for planning and design of a chemical weapons destruction facility in Russia may be used for construction of such facility.

SEC. 1406. LIMITATION ON USE OF FUNDS FOR DESTRUCTION OF CHEMICAL WEAPONS.

(a) **LIMITATION.**—No funds authorized to be appropriated under this or any other Act for fiscal year 1998 for Cooperative Threat Reduction programs may be obligated or expended for chemical weapons destruction activities (including activities for the planning, design, or construction of a chemical weapons destruction facility or for the dismantlement of an existing chemical weapons production facility) until the President submits to Congress a written certification under subsection (b).

(b) **PRESIDENTIAL CERTIFICATION.**—A certification under this subsection is either of the following certifications by the President:

(1) A certification that—

(A) Russia is making reasonable progress toward the implementation of the Bilateral Destruction Agreement;

(B) the United States and Russia have made substantial progress toward the resolution, to the satisfaction of the United States, of outstanding compliance issues under the Wyoming Memorandum of Understanding and the Bilateral Destruction Agreement; and

(C) Russia has fully and accurately declared all information regarding its unitary and binary chemical weapons, chemical weapons facilities, and other facilities associated with chemical weapons.

(2) A certification that the national security interests of the United States could be undermined by a United States policy not to carry out chemical weapons destruction activities under the Cooperative Threat Reduction programs for which funds are authorized to be appropriated under this or any other Act for fiscal year 1998.

(c) **DEFINITIONS.**—For the purposes of this section:

(1) The term “Bilateral Destruction Agreement” means the Agreement Between the United States of America and the Union of Soviet Socialist Republics on Destruction and Non-production of Chemical Weapons and on Measures to Facilitate the Multilateral Convention on Banning Chemical Weapons, signed on June 1, 1990.

(2) The term “Wyoming Memorandum of Understanding” means the Memorandum of Understanding Between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics Regarding a Bilateral Verification Experiment and Data Exchange Related to Prohibition on Chemical Weapons, signed at Jackson Hole, Wyoming, on September 23, 1989.

SEC. 1407. LIMITATION ON USE OF FUNDS FOR STORAGE FACILITY FOR RUSSIAN FISSIONABLE MATERIAL.

No fiscal year 1998 Cooperative Threat Reduction funds may be obligated or expended for planning, design, or construction of a storage facility for Russian fissionable material until 15 days after the date that is the later of the following:

(1) The date on which the Secretary of Defense submits to Congress notification that an implementing agreement between the United States and Russia has been entered into that specifies the total cost to the United States for the facility.

(2) The date on which the Secretary submits to Congress notification that an agreement has been entered into between the United States and Russia incorporating the principle of transparency with respect to the use of the facility.

SEC. 1408. LIMITATION ON USE OF FUNDS FOR WEAPONS STORAGE SECURITY.

No fiscal year 1998 Cooperative Threat Reduction funds intended for weapons storage security activities in Russia may be obligated or expended until—

(1) the Secretary of Defense submits to Congress a report on the status of negotiations between the United States and Russia on audits and examinations with respect to weapons storage security; and

(2) 15 days have elapsed following the date that the report is submitted.

SEC. 1409. REPORT ON ISSUES REGARDING PAYMENT OF TAXES, DUTIES, AND OTHER ASSESSMENTS ON ASSISTANCE PROVIDED TO RUSSIA UNDER COOPERATIVE THREAT REDUCTION PROGRAMS.

Not later than 90 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report on issues regarding payment of taxes, duties, and other assessments on assistance provided to Russia under Cooperative Threat Reduction programs. The report shall include the following:

(1) A description of any disputes between the United States and Russia with respect to payment by the United States of taxes, duties and other assessments on assistance provided to Russia under a Cooperative Threat Reduction program, including a description of the nature of each dispute, the amount of payment disputed, whether the dispute was resolved, and if the dispute was resolved, the means by which the dispute was resolved.

(2) A description of the actions taken by the Secretary to prevent disputes in the future between the United States and Russia with respect to payment by the United States of taxes, duties, and other assessments on assistance provided to Russia under a Cooperative Threat Reduction program.

(3) A description of any agreement between the United States and Russia with respect to payment by the United States of taxes, duties, or other assessments on assistance provided to Russia under a Cooperative Threat Reduction program.

(4) Any proposals of the Secretary for actions that should be taken to prevent disputes between the United States and Russia with respect to payment by the United States of taxes, duties, or other assessments on assistance provided to Russia under a Cooperative Threat Reduction program.

SEC. 1410. AVAILABILITY OF FUNDS.

Funds appropriated pursuant to the authorization of appropriations in section 301 for Cooperative Threat Reduction programs shall be available for obligation for three fiscal years.

TITLE XV—FEDERAL CHARTER FOR THE AIR FORCE SERGEANTS ASSOCIATION

Sec. 1501. Recognition and grant of Federal charter.

Sec. 1502. Powers.

Sec. 1503. Purposes.

Sec. 1504. Service of process.

Sec. 1505. Membership.

Sec. 1506. Board of directors.

Sec. 1507. Officers.

Sec. 1508. Restrictions.

Sec. 1509. Liability.

Sec. 1510. Maintenance and inspection of books and records.

Sec. 1511. Audit of financial transactions.

Sec. 1512. Annual report.

Sec. 1513. Reservation of right to alter, amend, or repeal charter.

Sec. 1514. Tax-exempt status required as condition of charter.

Sec. 1515. Termination.

Sec. 1516. Definition of State.

SEC. 1501. RECOGNITION AND GRANT OF FEDERAL CHARTER.

36 USC 5801.

The Air Force Sergeants Association, a nonprofit corporation organized under the laws of the District of Columbia, is recognized as such and granted a Federal charter.

SEC. 1502. POWERS.

36 USC 5802.

The Air Force Sergeants Association (in this title referred to as the “association”) shall have only those powers granted to it through its bylaws and articles of incorporation filed in the District of Columbia and subject to the laws of the District of Columbia.

SEC. 1503. PURPOSES.

36 USC 5803.

The purposes of the association are those provided in its bylaws and articles of incorporation and shall include the following:

(1) To help maintain a highly dedicated and professional corps of enlisted personnel within the United States Air Force, including the United States Air Force Reserve, and the Air National Guard.

(2) To support fair and equitable legislation and Department of the Air Force policies and to influence by lawful means departmental plans, programs, policies, and legislative proposals that affect enlisted personnel of the Regular Air Force,

the Air Force Reserve, and the Air National Guard, its retirees, and other veterans of enlisted service in the Air Force.

(3) To actively publicize the roles of enlisted personnel in the United States Air Force.

(4) To participate in civil and military activities, youth programs, and fundraising campaigns that benefit the United States Air Force.

(5) To provide for the mutual welfare of members of the association and their families.

(6) To assist in recruiting for the United States Air Force.

(7) To assemble together for social activities.

(8) To maintain an adequate Air Force for our beloved country.

(9) To foster among the members of the association a devotion to fellow airmen.

(10) To serve the United States and the United States Air Force loyally, and to do all else necessary to uphold and defend the Constitution of the United States.

36 USC 5804. **SEC. 1504. SERVICE OF PROCESS.**

With respect to service of process, the association shall comply with the laws of the District of Columbia and those States in which it carries on its activities in furtherance of its corporate purposes.

36 USC 5805. **SEC. 1505. MEMBERSHIP.**

Except as provided in section 1508(g), eligibility for membership in the association and the rights and privileges of members shall be as provided in the bylaws and articles of incorporation of the association.

36 USC 5806. **SEC. 1506. BOARD OF DIRECTORS.**

Except as provided in section 1508(g), the composition of the board of directors of the association and the responsibilities of the board shall be as provided in the bylaws and articles of incorporation of the association and in conformity with the laws of the District of Columbia.

36 USC 5807. **SEC. 1507. OFFICERS.**

Except as provided in section 1508(g), the positions of officers of the association and the election of members to such positions shall be as provided in the bylaws and articles of incorporation of the association and in conformity with the laws of the District of Columbia.

36 USC 5808. **SEC. 1508. RESTRICTIONS.**

(a) **INCOME AND COMPENSATION.**—No part of the income or assets of the association may inure to the benefit of any member, officer, or director of the association or be distributed to any such individual during the life of this charter. Nothing in this subsection may be construed to prevent the payment of reasonable compensation to the officers and employees of the association or reimbursement for actual and necessary expenses in amounts approved by the board of directors.

(b) **LOANS.**—The association may not make any loan to any member, officer, director, or employee of the association.

(c) **ISSUANCE OF STOCK AND PAYMENT OF DIVIDENDS.**—The association may not issue any shares of stock or declare or pay any dividends.

(d) **DISCLAIMER OF CONGRESSIONAL OR FEDERAL APPROVAL.**—The association may not claim the approval of the Congress or the authorization of the Federal Government for any of its activities by virtue of this title.

(e) **CORPORATE STATUS.**—The association shall maintain its status as a corporation organized and incorporated under the laws of the District of Columbia.

(f) **CORPORATE FUNCTION.**—The association shall function as an educational, patriotic, civic, historical, and research organization under the laws of the District of Columbia.

(g) **NONDISCRIMINATION.**—In establishing the conditions of membership in the association and in determining the requirements for serving on the board of directors or as an officer of the association, the association may not discriminate on the basis of race, color, religion, sex, handicap, age, or national origin.

SEC. 1509. LIABILITY.

36 USC 5809.

The association shall be liable for the acts of its officers, directors, employees, and agents whenever such individuals act within the scope of their authority.

SEC. 1510. MAINTENANCE AND INSPECTION OF BOOKS AND RECORDS.

36 USC 5810.

(a) **BOOKS AND RECORDS OF ACCOUNT.**—The association shall keep correct and complete books and records of account and minutes of any proceeding of the association involving any of its members, the board of directors, or any committee having authority under the board of directors.

(b) **NAMES AND ADDRESSES OF MEMBERS.**—The association shall keep at its principal office a record of the names and addresses of all members having the right to vote in any proceeding of the association.

(c) **RIGHT TO INSPECT BOOKS AND RECORDS.**—All books and records of the association may be inspected by any member having the right to vote in any proceeding of the association, or by any agent or attorney of such member, for any proper purpose at any reasonable time.

(d) **APPLICATION OF STATE LAW.**—This section may not be construed to contravene any applicable State law.

SEC. 1511. AUDIT OF FINANCIAL TRANSACTIONS.

The first section of the Act entitled “An Act to provide for audit of accounts of private corporations established under Federal law”, approved August 30, 1964 (36 U.S.C. 1101), is amended—

(1) by redesignating the paragraph (77) added by section 1811 of Public Law 104–201 (110 Stat. 2762) as paragraph (78); and

(2) by adding at the end the following:
“(79) Air Force Sergeants Association.”.

SEC. 1512. ANNUAL REPORT.

36 USC 5811.

The association shall annually submit to Congress a report concerning the activities of the association during the preceding fiscal year. The annual report shall be submitted on the same date as the report of the audit required by reason of the amendment

made in section 1511. The annual report shall not be printed as a public document.

36 USC 5812. **SEC. 1513. RESERVATION OF RIGHT TO ALTER, AMEND, OR REPEAL CHARTER.**

The right to alter, amend, or repeal this title is expressly reserved to Congress.

36 USC 5813. **SEC. 1514. TAX-EXEMPT STATUS REQUIRED AS CONDITION OF CHARTER.**

If the association fails to maintain its status as an organization exempt from taxation as provided in the Internal Revenue Code of 1986 the charter granted in this title shall terminate.

36 USC 5814. **SEC. 1515. TERMINATION.**

The charter granted in this title shall expire if the association fails to comply with any of the provisions of this title.

36 USC 5815. **SEC. 1516. DEFINITION OF STATE.**

For purposes of this title, the term “State” includes the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and the territories and possessions of the United States.

Military
Construction
Authorization
Act for Fiscal
Year 1998.

DIVISION B—MILITARY CONSTRUCTION AUTHORIZATIONS

SEC. 2001. SHORT TITLE.

This division may be cited as the “Military Construction Authorization Act for Fiscal Year 1998”.

TITLE XXI—ARMY

Sec. 2101. Authorized Army construction and land acquisition projects.

Sec. 2102. Family housing.

Sec. 2103. Improvements to military family housing units.

Sec. 2104. Authorization of appropriations, Army.

Sec. 2105. Correction in authorized uses of funds, Fort Irwin, California.

SEC. 2101. AUTHORIZED ARMY CONSTRUCTION AND LAND ACQUISITION PROJECTS.

(a) **INSIDE THE UNITED STATES.**—Using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(1), the Secretary of the Army may acquire real property and carry out military construction projects for the installations and locations inside the United States, and in the amounts, set forth in the following table:

Army: Inside the United States

State	Installation or Location	Amount
Alabama	Redstone Arsenal	\$27,000,000
Arizona	Fort Huachuca	\$20,000,000
California	Fort Irwin	\$11,150,000
	Naval Weapons Station, Concord ..	\$23,000,000
Colorado	Fort Carson	\$47,300,000
Georgia	Fort Gordon	\$22,000,000

Army: Inside the United States—Continued

State	Installation or Location	Amount
	Hunter Army Air Field, Fort Stewart	\$54,000,000
Hawaii	Schofield Barracks	\$44,000,000
Indiana	Crane Army Ammunition Activity	\$7,700,000
Kansas	Fort Leavenworth	\$63,000,000
	Fort Riley	\$25,800,000
Kentucky	Fort Campbell	\$53,600,000
	Fort Knox	\$7,200,000
Missouri	Fort Leonard Wood	\$3,200,000
New Jersey	Fort Monmouth	\$2,050,000
New Mexico	White Sands Missile Range	\$6,900,000
New York	Fort Drum	\$24,400,000
North Carolina	Fort Bragg	\$17,700,000
Oklahoma	Fort Sill	\$25,000,000
South Carolina	Naval Weapons Station, Charleston.	\$7,700,000
	Fort Bliss	\$7,700,000
Texas	Fort Hood	\$27,200,000
	Fort Sam Houston	\$16,000,000
Virginia	Fort A.P. Hill	\$5,400,000
	Fort Myer	\$8,200,000
	Fort Story	\$2,050,000
Washington	Fort Lewis	\$33,000,000
CONUS Classified	Classified Location	\$6,500,000
	Total	\$598,750,000

(b) OUTSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(2), the Secretary of the Army may acquire real property and carry out military construction projects for the locations outside the United States, and in the amounts, set forth in the following table:

Army: Outside the United States

Country	Installation or Location	Amount
Germany	Ansbach	\$22,000,000
	Heidelberg	\$8,800,000
	Mannheim	\$6,200,000
	Military Support Group, Kaiserslautern	\$6,000,000
Korea	Camp Casey	\$5,100,000
	Camp Castle	\$8,400,000
	Camp Humphreys	\$32,000,000
	Camp Red Cloud	\$23,600,000
	Camp Stanley	\$7,000,000
Overseas Classified	Overseas Classified	\$37,000,000
	Total	\$156,100,000

SEC. 2102. FAMILY HOUSING.

(a) **CONSTRUCTION AND ACQUISITION.**—Using amounts appropriated pursuant to authorization of appropriations in section 2104(a)(5)(A), the Secretary of the Army may construct or acquire family housing units (including land acquisition) at the installations, for the purposes, and in the amounts set forth in the following table:

Army: Family Housing

State	Installation or Location	Purpose	Amount
Arizona	Fort Huachuca	55 Units	\$8,000,000
Hawaii	Schofield Barracks	132 Units	\$26,600,000
Maryland	Fort Meade	56 Units	\$7,900,000
New Jersey	Picatinny Arsenal	35 Units	\$7,300,000
North Carolina	Fort Bragg	174 Units	\$20,150,000
Texas	Fort Bliss	91 Units	\$12,900,000
	Fort Hood	130 Units	\$18,800,000
		Total	\$101,650,000

(b) **PLANNING AND DESIGN.**—Using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(5)(A), the Secretary of the Army may carry out architectural and engineering services and construction design activities with respect to the construction or improvement of family housing units in an amount not to exceed \$9,550,000.

SEC. 2103. IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS.

Subject to section 2825 of title 10, United States Code, and using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(5)(A), the Secretary of the Army may improve existing military family housing units in an amount not to exceed \$86,100,000.

SEC. 2104. AUTHORIZATION OF APPROPRIATIONS, ARMY.

(a) **IN GENERAL.**—Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 1997, for military construction, land acquisition, and military family housing functions of the Department of the Army in the total amount of \$2,010,466,000 as follows:

(1) For military construction projects inside the United States authorized by section 2101(a), \$435,350,000.

(2) For the military construction projects outside the United States authorized by section 2101(b), \$156,100,000.

(3) For unspecified minor military construction projects authorized by section 2805 of title 10, United States Code, \$7,400,000.

(4) For architectural and engineering services and construction design under section 2807 of title 10, United States Code, \$65,577,000.

(5) For military family housing functions:

(A) For construction and acquisition, planning and design, and improvement of military family housing and facilities, \$197,300,000.

(B) For support of military family housing (including the functions described in section 2833 of title 10, United States Code), \$1,145,339,000.

(6) For the construction of the National Range Control Center, White Sands Missile Range, New Mexico, authorized by section 2101(a) of the Military Construction Authorization Act for Fiscal Year 1997 (division B of Public Law 104–201; 110 Stat. 2763), \$18,000,000.

(7) For the construction of the whole barracks complex renewal, Fort Knox, Kentucky, authorized by section 2101(a) of the Military Construction Authorization Act for Fiscal Year 1997 (division B of Public Law 104–201; 110 Stat. 2763), \$22,000,000.

(b) LIMITATION ON TOTAL COST OF CONSTRUCTION PROJECTS.—Notwithstanding the cost variations authorized by section 2853 of title 10, United States Code, and any other cost variation authorized by law, the total cost of all projects carried out under section 2101 of this Act may not exceed—

(1) the total amount authorized to be appropriated under paragraphs (1) and (2) of subsection (a);

(2) \$14,400,000 (the balance of the amount authorized under section 2101(a) for the construction of the Force XXI Soldier Development School at Fort Hood, Texas);

(3) \$24,000,000 (the balance of the amount authorized under section 2101(a) for rail yard expansion at Fort Carson, Colorado);

(4) \$43,000,000 (the balance of the amount authorized under section 2101(a) for the construction of a disciplinary barracks at Fort Leavenworth, Kansas);

(5) \$42,500,000 (the balance of the amount authorized under section 2101(a) for the construction of a barracks at Hunter Army Airfield, Fort Stewart, Georgia);

(6) \$17,000,000 (the balance of the amount authorized under section 2101(a) for the construction of a barracks at Fort Sill, Oklahoma);

(7) \$14,000,000 (the balance of the amount authorized under section 2101(a) for the construction of a missile software engineering facility at Redstone Arsenal, Alabama); and

(8) \$8,500,000 (the balance of the amount authorized under section 2101(a) for the construction of an aerial gunnery range at Fort Drum, New York).

(c) ADJUSTMENT.—The total amount authorized to be appropriated pursuant to paragraphs (1) through (7) of subsection (a) is the sum of the amounts authorized in such paragraphs, reduced by \$36,600,000, which represents the combination of savings resulting from adjustments to foreign currency exchange rates for military construction projects and the support of military family housing outside the United States.

SEC. 2105. CORRECTION IN AUTHORIZED USES OF FUNDS, FORT IRWIN, CALIFORNIA.

The Secretary of the Army may carry out a military construction project at Fort Irwin, California, to construct a heliport for the National Training Center at Barstow-Daggett, California, using the following amounts:

(1) Amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(1) of the Military Construction Authorization Act for Fiscal Year 1995 (division B of Public Law 103–337; 108 Stat. 3029) for a military construction project

involving the construction of an air field at Fort Irwin, as authorized by section 2101(a) of such Act (108 Stat. 3027).

(2) Amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(1) of the Military Construction Authorization Act for Fiscal Year 1996 (division B of Public Law 104–106; 110 Stat. 524) for a military construction project involving the construction of an air field at Fort Irwin, as authorized by section 2101(a) of such Act (110 Stat. 523).

TITLE XXII—NAVY

Sec. 2201. Authorized Navy construction and land acquisition projects.

Sec. 2202. Family housing.

Sec. 2203. Improvements to military family housing units.

Sec. 2204. Authorization of appropriations, Navy.

Sec. 2205. Authorization of military construction project at Naval Station, Pascagoula, Mississippi, for which funds have been appropriated.

Sec. 2206. Increase in authorization for military construction projects at Naval Station Roosevelt Roads, Puerto Rico.

SEC. 2201. AUTHORIZED NAVY CONSTRUCTION AND LAND ACQUISITION PROJECTS.

(a) INSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2204(a)(1), the Secretary of the Navy may acquire real property and carry out military construction projects for the installations and locations inside the United States, and in the amounts, set forth in the following table:

Navy: Inside the United States

State	Installation or Location	Amount
Arizona	Marine Corps Air Station, Yuma ...	\$12,250,000
	Navy Detachment, Camp Navajo ..	\$11,426,000
California	Marine Corps Air Station, Camp Pendleton	\$14,020,000
	Marine Corps Air Station, Miramar	\$8,700,000
	Marine Corps Air-Ground Combat Center, Twentynine Palms	\$3,810,000
	Marine Corps Base, Camp Pendleton	\$60,069,000
	Naval Air Facility, El Centro	\$11,000,000
	Naval Air Station, North Island	\$19,600,000
	Naval Amphibious Base, Coronado	\$10,100,000
	Naval Construction Battalion Center, Port Hueneme	\$3,200,000
Connecticut	Naval Submarine Base, New London	\$21,960,000
Florida	Naval Air Station, Jacksonville	\$3,480,000
	Naval Air Station, Whiting Field ..	\$1,300,000
	Naval Station, Mayport	\$17,940,000
Hawaii	Fort DeRussey	\$9,500,000
	Marine Corps Air Station, Kaneohe Bay	\$19,000,000
	Naval Communications and Telecommunications Area Master Station Eastern Pacific, Honolulu	\$3,900,000
	Naval Station, Pearl Harbor	\$25,000,000
Illinois	Naval Training Center, Great Lakes	\$41,220,000

Navy: Inside the United States—Continued

State	Installation or Location	Amount
Indiana	Naval Surface Warfare Center, Crane	\$4,120,000
Maryland	Naval Electronics System Com- mand, St. Ingoes	\$2,610,000
Mississippi	Naval Air Station, Meridian	\$7,050,000
North Carolina	Marine Corps Air Station, Cherry Point	\$8,800,000
	Marine Corps Air Station, New River	\$19,900,000
Rhode Island	Naval Undersea Warfare Center Division, Newport	\$8,900,000
South Carolina	Marine Corps Air Station, Beau- fort	\$17,730,000
	Marine Corps Reserve Detachment Parris Island	\$3,200,000
Texas	Naval Air Station, Corpus Christi	\$800,000
Virginia	AEgis Training Center, Dahlgren	\$6,600,000
	Fleet Combat Training Center, Dam Neck	\$7,000,000
	Naval Air Station, Norfolk	\$18,240,000
	Naval Air Station, Oceana	\$28,000,000
	Naval Amphibious Base, Little Creek	\$8,685,000
	Naval Shipyard, Norfolk, Ports- mouth	\$29,410,000
	Naval Station, Norfolk	\$18,850,000
	Naval Surface Warfare Center, Dahlgren	\$13,880,000
	Naval Weapons Station, Yorktown	\$14,547,000
Washington	Naval Air Station, Whidbey Island	\$1,100,000
	Puget Sound Naval Shipyard, Bremerton	\$4,400,000
	Total	\$521,297,000

(b) OUTSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2204(a)(2), the Secretary of the Navy may acquire real property and carry out military construction projects for the installations and locations outside the United States, and in the amounts, set forth in the following table:

Navy: Outside the United States

Country	Installation or Location	Amount
Bahrain	Administrative Support Unit, Bah- rain	\$30,100,000
Guam	Naval Communications and Tele- communications Area Master Station Western Pacific, Guam ..	\$4,050,000
Italy	Naval Air Station, Sigonella	\$21,440,000
	Naval Support Activity, Naples	\$8,200,000
United Kingdom	Joint Maritime Communications Center, St. Mawgan	\$2,330,000
	Total	\$66,120,000

SEC. 2202. FAMILY HOUSING.

(a) **CONSTRUCTION AND ACQUISITION.**—Using amounts appropriated pursuant to the authorization of appropriations in section 2204(a)(5)(A), the Secretary of the Navy may construct or acquire family housing units (including land acquisition) at the installations, for the purposes, and in the amounts set forth in the following table:

Navy: Family Housing

State	Installation or Location	Purpose	Amount
California	Marine Corps Air Station, Miramar	166 Units	\$28,881,000
	Marine Corps Air-Ground Combat Center, Twentynine Palms	132 Units	\$23,891,000
	Marine Corps Base, Camp Pendleton	171 Units	\$22,518,000
	Naval Air Station, Lemoore	128 Units	\$23,226,000
	Naval Complex, San Diego	94 Units	\$13,500,000
	Naval Complex, Pearl Harbor	72 Units	\$13,000,000
Louisiana	Naval Complex, New Orleans	100 Units	\$11,930,000
Texas	Naval Complex, Kingsville and Corpus Christi	212 Units	\$22,250,000
Washington	Naval Air Station, Whidbey Island	102 Units	\$16,000,000
	Total		\$175,196,000

(b) **PLANNING AND DESIGN.**—Using amounts appropriated pursuant to the authorization of appropriation in section 2204(a)(5)(A), the Secretary of the Navy may carry out architectural and engineering services and construction design activities with respect to the construction or improvement of military family housing units in an amount not to exceed \$15,100,000.

SEC. 2203. IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS.

Subject to section 2825 of title 10, United States Code, and using amounts appropriated pursuant to the authorization of appropriations in section 2204(a)(5)(A), the Secretary of the Navy may improve existing military family housing units in an amount not to exceed \$203,536,000.

SEC. 2204. AUTHORIZATION OF APPROPRIATIONS, NAVY.

(a) **IN GENERAL.**—Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 1997, for military construction, land acquisition, and military family housing functions of the Department of the Navy in the total amount of \$2,027,339,000 as follows:

(1) For military construction projects inside the United States authorized by section 2201(a), \$521,297,000.

(2) For military construction projects outside the United States authorized by section 2201(b), \$66,120,000.

(3) For unspecified minor construction projects authorized by section 2805 of title 10, United States Code, \$11,460,000.

(4) For architectural and engineering services and construction design under section 2807 of title 10, United States Code, \$46,489,000.

(5) For military family housing functions:

(A) For construction and acquisition, planning and design, and improvement of military family housing and facilities, \$393,832,000.

(B) For support of military housing (including functions described in section 2833 of title 10, United States Code), \$976,504,000.

(6) For construction of a bachelor enlisted quarters at Naval Hospital, Great Lakes, Illinois, authorized by section 2201(a) of the Military Construction Authorization Act for Fiscal Year 1997 (division B of Public Law 104–201; 110 Stat. 2766), \$5,200,000.

(7) For construction of a bachelor enlisted quarters at Naval Station, Roosevelt Roads, Puerto Rico, authorized by section 2201(a) of the Military Construction Authorization Act for Fiscal Year 1997 (division B of Public Law 104–201; 110 Stat. 2767), \$14,600,000.

(8) For construction of a large anechoic chamber facility at Patuxent River Naval Air Warfare Center, Maryland, authorized by section 2201(a) of the Military Construction Authorization Act for Fiscal Year 1993 (division B of Public Law 102–484; 106 Stat. 2590), \$9,000,000.

(b) **LIMITATION ON TOTAL COST OF CONSTRUCTION PROJECTS.**—Notwithstanding the cost variations authorized by section 2853 of title 10, United States Code, and any other cost variation authorized by law, the total cost of all projects carried out under section 2201 of this Act may not exceed the total amount authorized to be appropriated under paragraphs (1) and (2) of subsection (a).

(c) **ADJUSTMENTS.**—The total amount authorized to be appropriated pursuant to paragraphs (1) through (8) of subsection (a) is the sum of the amounts authorized to be appropriated in such paragraphs, reduced by—

(1) \$8,463,000, which represents the combination of project savings in military family housing construction resulting from favorable bids, reduced overhead costs, and cancellations due to force structure changes; and

(2) \$8,700,000, which represents the combination of savings resulting from adjustments to foreign currency exchange rates for military construction projects and the support of military family housing outside the United States.

SEC. 2205. AUTHORIZATION OF MILITARY CONSTRUCTION PROJECT AT NAVAL STATION, PASCAGOULA, MISSISSIPPI, FOR WHICH FUNDS HAVE BEEN APPROPRIATED.

(a) **AUTHORIZATION.**—The table in section 2201(a) of the Military Construction Authorization Act for Fiscal Year 1997 (division B of Public Law 104–201; 110 Stat. 2766) is amended—

(1) by striking out the amount identified as the total and inserting in lieu thereof “\$594,982,000”; and

(2) by inserting after the item relating to Stennis Space Center, Mississippi, the following new item:

	“Naval Station, Pascagoula	\$4,990,000”.
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(b) CONFORMING AMENDMENTS.—Section 2204(a) of such Act (110 Stat. 2769) is amended—

(1) in the matter preceding the paragraphs, by striking out “\$2,213,731,000” and inserting in lieu thereof “\$2,218,721,000”; and

(2) in paragraph (1), by striking out “\$579,312,000” and inserting in lieu thereof “\$584,302,000”.

SEC. 2206. INCREASE IN AUTHORIZATION FOR MILITARY CONSTRUCTION PROJECTS AT NAVAL STATION ROOSEVELT ROADS, PUERTO RICO.

(a) INCREASE.—The table in section 2201(b) of the Military Construction Authorization Act for Fiscal Year 1997 (division B of Public Law 104–201; 110 Stat. 2767) is amended—

(1) by striking out the amount identified as the total and inserting in lieu thereof “\$66,150,000”; and

(2) in the amount column of the item relating to Naval Station, Roosevelt Roads, Puerto Rico, by striking out “\$23,600,000” and inserting in lieu thereof “\$24,100,000”.

(b) CONFORMING AMENDMENT.—Section 2204(b)(4) of such Act (110 Stat. 2770) is amended by striking out “\$14,100,000” and inserting in lieu thereof “\$14,600,000”.

TITLE XXIII—AIR FORCE

Sec. 2301. Authorized Air Force construction and land acquisition projects.

Sec. 2302. Family housing.

Sec. 2303. Improvements to military family housing units.

Sec. 2304. Authorization of appropriations, Air Force.

Sec. 2305. Authorization of military construction project at McConnell Air Force Base, Kansas, for which funds have been appropriated.

SEC. 2301. AUTHORIZED AIR FORCE CONSTRUCTION AND LAND ACQUISITION PROJECTS.

(a) INSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(1), the Secretary of the Air Force may acquire real property and carry out military construction projects for the installations and locations inside the United States, and in the amounts, set forth in the following table:

Air Force: Inside the United States

State	Installation or Location	Amount
Alabama	Maxwell Air Force Base	\$14,874,000
Alaska	Clear Air Station	\$67,069,000
	Eielson Air Force Base	\$13,764,000
	Elmendorf Air Force Base	\$6,100,000
	Indian Mountain	\$1,991,000
Arizona	Luke Air Force Base	\$10,000,000
Arkansas	Little Rock Air Force Base	\$3,400,000
California	Edwards Air Force Base	\$2,887,000
	Vandenberg Air Force Base	\$26,876,000
Colorado	Buckley Air National Guard Base	\$6,718,000
	Falcon Air Force Station	\$10,551,000
	Peterson Air Force Base	\$4,081,000
	United States Air Force Academy	\$15,229,000
Florida	Eglin Auxiliary Field 9	\$6,470,000

Air Force: Inside the United States—Continued

State	Installation or Location	Amount
Georgia	MacDill Air Force Base	\$9,643,000
	Moody Air Force Base	\$6,800,000
	Robins Air Force Base	\$27,763,000
Idaho	Mountain Home Air Force Base	\$30,669,000
Kansas	McConnell Air Force Base	\$14,519,000
Louisiana	Barksdale Air Force Base	\$19,410,000
Mississippi	Keesler Air Force Base	\$30,855,000
Missouri	Whiteman Air Force Base	\$17,419,000
Montana	Malmstrom Air Force Base	\$4,500,000
Nevada	Nellis Air Force Base	\$1,950,000
New Jersey	McGuire Air Force Base	\$18,754,000
New Mexico	Kirtland Air Force Base	\$20,300,000
North Carolina	Pope Air Force Base	\$10,956,000
North Dakota	Grand Forks Air Force Base	\$8,560,000
	Minot Air Force Base	\$5,200,000
	Wright-Patterson Air Force Base ..	\$19,350,000
Oklahoma	Altus Air Force Base	\$11,000,000
	Tinker Air Force Base	\$9,655,000
	Vance Air Force Base	\$7,700,000
	Shaw Air Force Base	\$6,072,000
South Carolina	Ellsworth Air Force Base	\$6,600,000
Tennessee	Arnold Air Force Base	\$20,650,000
Texas	Dyess Air Force Base	\$10,000,000
	Laughlin Air Force Base	\$4,800,000
	Randolph Air Force Base	\$2,488,000
	Hill Air Force Base	\$6,470,000
Utah	Langley Air Force Base	\$4,031,000
Virginia	Fairchild Air Force Base	\$20,316,000
Washington	McChord Air Force Base	\$6,470,000
	Classified Location	\$6,175,000
CONUS Classified		
Total		\$559,085,000

(b) OUTSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(2), the Secretary of the Air Force may acquire real property and carry out military construction projects for the installations and locations outside the United States, and in the amounts, set forth in the following table:

Air Force: Outside the United States

Country	Installation or Location	Amount
Germany	Spangdahlem Air Base	\$18,500,000
Italy	Aviano Air Base	\$15,220,000
Korea	Kunsan Air Base	\$10,325,000
Portugal	Lajes Field, Azores	\$4,800,000
United Kingdom	Royal Air Force, Lakenheath	\$11,400,000
Overseas Classified	Classified Location	\$29,100,000
Total		\$89,345,000

SEC. 2302. FAMILY HOUSING.

(a) CONSTRUCTION AND ACQUISITION.—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(5)(A), the Secretary of the Air Force may construct or acquire family housing units (including land acquisition) at the

installations, for the purposes, and in the amounts set forth in the following table:

Air Force: Family Housing

State	Installation or Location	Purpose	Amount
California	Edwards Air Force Base	51 Units	\$8,500,000
	Travis Air Force Base	70 Units	\$9,714,000
	Vandenberg Air Force Base	108 Units	\$17,100,000
	Dover Air Force Base	Ancillary Facility	\$831,000
District of Columbia ...	Bolling Air Force Base	46 Units	\$5,100,000
Florida	MacDill Air Force Base	58 Units	\$10,000,000
	Tyndall Air Force Base	32 Units	\$4,200,000
	Robins Air Force Base	60 Units	\$6,800,000
Georgia	Mountain Home Air Force Base	60 Units	\$11,032,000
Idaho	McConnell Air Force Base	19 Units	\$2,951,000
	McConnell Air Force Base	Ancillary Facility	\$581,000
	Columbus Air Force Base	50 Units	\$6,200,000
Mississippi	Keesler Air Force Base	40 Units	\$5,000,000
	Malmstrom Air Force Base	100 Units	\$17,842,000
Montana	Kirtland Air Force Base	180 Units	\$20,900,000
New Mexico	Grand Forks Air Force Base	42 Units	\$7,936,000
North Dakota	Dyess Air Force Base	70 Units	\$10,503,000
	Goodfellow Air Force Base	3 Units	\$500,000
	Lackland Air Force Base	50 Units	\$7,400,000
Texas	F. E. Warren Air Force Base	52 Units	\$6,853,000
Wyoming		Total	\$159,943,000

(b) **PLANNING AND DESIGN.**—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(5)(A), the Secretary of the Air Force may carry out architectural and engineering services and construction design activities with respect to the construction or improvement of military family housing units in an amount not to exceed \$11,971,000.

SEC. 2303. IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS.

Subject to section 2825 of title 10, United States Code, and using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(5)(A), the Secretary of the Air Force may improve existing military family housing units in an amount not to exceed \$123,795,000.

SEC. 2304. AUTHORIZATION OF APPROPRIATIONS, AIR FORCE.

(a) **IN GENERAL.**—Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 1997, for military construction, land acquisition, and military family housing functions of the Department of the Air Force in the total amount of \$1,791,640,000 as follows:

(1) For military construction projects inside the United States authorized by section 2301(a), \$559,085,000.

(2) For military construction projects outside the United States authorized by section 2301(b), \$89,345,000.

(3) For unspecified minor construction projects authorized by section 2805 of title 10, United States Code, \$8,545,000.

(4) For architectural and engineering services and construction design under section 2807 of title 10, United States Code, \$44,880,000.

(5) For military housing functions:

(A) For construction and acquisition, planning and design, and improvement of military family housing and facilities, \$295,709,000.

(B) For support of military family housing (including the functions described in section 2833 of title 10, United States Code), \$830,234,000.

(b) **LIMITATION ON TOTAL COST OF CONSTRUCTION PROJECTS.**—Notwithstanding the cost variations authorized by section 2853 of title 10, United States Code, and any other cost variation authorized by law, the total cost of all projects carried out under section 2301 of this Act may not exceed the total amount authorized to be appropriated under paragraphs (1) and (2) of subsection (a).

(c) **ADJUSTMENTS.**—The total amount authorized to be appropriated pursuant to paragraphs (1) through (5) of subsection (a) is the sum of the amounts authorized to be appropriated in such paragraphs, reduced by—

(1) \$23,858,000, which represents the combination of project savings in military construction resulting from favorable bids, reduced overhead costs, and cancellations due to force structure changes; and

(2) \$12,300,000, which represents the combination of savings resulting from adjustments to foreign currency exchange rates for military construction projects and the support of military family housing outside the United States.

SEC. 2305. AUTHORIZATION OF MILITARY CONSTRUCTION PROJECT AT MCCONNELL AIR FORCE BASE, KANSAS, FOR WHICH FUNDS HAVE BEEN APPROPRIATED.

(a) **AUTHORIZATION.**—The table in section 2301(a) of the Military Construction Authorization Act for Fiscal Year 1997 (division B of Public Law 104–201; 110 Stat. 2771) is amended—

(1) by striking out the amount identified as the total and inserting in lieu thereof “\$610,534,000”; and

(2) in the amount column of the item relating to McConnell Air Force Base, Kansas, by striking out “\$19,130,000” and inserting in lieu thereof “\$25,830,000”.

(b) **CONFORMING AMENDMENTS.**—Section 2304(a) of such Act (110 Stat. 2774) is amended—

(1) in the matter preceding paragraph (1), by striking out “\$1,894,594,000” and inserting in lieu thereof “\$1,901,294,000” and

(2) in paragraph (1), by striking out “\$603,834,000” and inserting in lieu thereof “\$610,534,000”.

TITLE XXIV—DEFENSE AGENCIES

Sec. 2401. Authorized Defense Agencies construction and land acquisition projects.

Sec. 2402. Military housing planning and design.

Sec. 2403. Improvements to military family housing units.

Sec. 2404. Energy conservation projects.

Sec. 2405. Authorization of appropriations, Defense Agencies.

Sec. 2406. Clarification of authority relating to fiscal year 1997 project at Naval Station, Pearl Harbor, Hawaii.

Sec. 2407. Correction in authorized uses of funds, McClellan Air Force Base, California.

Sec. 2408. Modification of authority to carry out certain fiscal year 1995 projects.

SEC. 2401. AUTHORIZED DEFENSE AGENCIES CONSTRUCTION AND LAND ACQUISITION PROJECTS.

(a) INSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2405(a)(1), the Secretary of Defense may acquire real property and carry out military construction projects for the installations and locations inside the United States, and in the amounts, set forth in the following table:

Defense Agencies: Inside the United States

Agency	Installation or Location	Amount
Defense Commissary Agency	Fort Lee, Virginia	\$9,300,000
Defense Finance and Accounting Service	Columbus Center, Ohio	\$9,722,000
	Naval Air Station, Millington, Tennessee	\$6,906,000
	Naval Station, Norfolk, Virginia	\$12,800,000
	Naval Station, Pearl Harbor, Hawaii	\$10,000,000
Defense Intelligence Agency	Bolling Air Force Base, District of Columbia	\$7,000,000
	Redstone Arsenal, Alabama	\$32,700,000
Defense Logistics Agency	Defense Distribution Depot—DDNV, Virginia	\$16,656,000
	Defense Distribution New Cumberland—DDSP, Pennsylvania ...	\$15,500,000
	Defense Fuel Support Point, Craney Island, Virginia	\$22,100,000
	Defense General Supply Center, Richmond (DLA), Virginia	\$5,200,000
	Elmendorf Air Force Base, Alaska	\$21,700,000
	Naval Air Station, Jacksonville, Florida	\$9,800,000
	Truax Field, Wisconsin	\$4,500,000
	Westover Air Reserve Base, Massachusetts	\$4,700,000
	CONUS Various, CONUS Various	\$11,275,000
Defense Medical Facilities Office	Fort Campbell, Kentucky	\$13,600,000

Defense Agencies: Inside the United States—Continued

Agency	Installation or Location	Amount
National Security Agency ... Special Operations Com- mand	Fort Detrick, Maryland	\$4,650,000
	Fort Lewis, Washington	\$5,000,000
	Hill Air Force Base, Utah	\$3,100,000
	Holloman Air Force Base, New Mexico	\$3,000,000
	Lackland Air Force Base, Texas	\$3,000,000
	Marine Corps Combat Develop- ment Command, Quantico, Vir- ginia	\$19,000,000
	McGuire Air Force Base, New Jer- sey	\$35,217,000
	Naval Air Station, Pensacola, Flor- ida	\$2,750,000
	Naval Station, Everett, Washing- ton	\$7,500,000
	Naval Station, San Diego, Califor- nia	\$2,100,000
	Naval Submarine Base, New Lon- don, Connecticut	\$2,300,000
	Robins Air Force Base, Georgia	\$19,000,000
	Wright-Patterson Air Force Base, Ohio	\$2,750,000
	Fort Meade, Maryland	\$29,700,000
	Eglin Auxiliary Field 9, Florida	\$8,550,000
	Fort Benning, Georgia	\$12,314,000
	Fort Bragg, North Carolina	\$9,800,000
	Mississippi Army Ammunition Plant, Mississippi	\$9,900,000
	Naval Station, Pearl Harbor, Ha- waii	\$7,400,000
	Naval Amphibious Base, Coro- nado, California	\$7,400,000
	Total	\$407,890,000

(b) OUTSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2405(a)(2), the Secretary of Defense may acquire real property and carry out military construction projects for the installation and location outside the United States, and in the amount, set forth in the following table:

Defense Agencies: Outside the United States

Agency	Installation or Location	Amount
Defense Logistics Agency	Defense Fuel Support Point, Guam	\$16,000,000
	Total	\$16,000,000

SEC. 2402. MILITARY HOUSING PLANNING AND DESIGN.

Using amounts appropriated pursuant to the authorization of appropriations in section 2405(a)(13)(A), the Secretary of Defense may carry out architectural and engineering services and construction design activities with respect to the construction or improvement of military family housing units in an amount not to exceed \$50,000.

SEC. 2403. IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS.

Subject to section 2825 of title 10, United States Code, and using amounts appropriated pursuant to the authorization of appropriation in section 2405(a)(13)(A), the Secretary of Defense may improve existing military family housing units in an amount not to exceed \$4,900,000.

SEC. 2404. ENERGY CONSERVATION PROJECTS.

Using amounts appropriated pursuant to the authorization of appropriations in section 2405(a)(11), the Secretary of Defense may carry out energy conservation projects under section 2865 of title 10, United States Code.

SEC. 2405. AUTHORIZATION OF APPROPRIATIONS, DEFENSE AGENCIES.

(a) IN GENERAL.—Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 1997, for military construction, land acquisition, and military family housing functions of the Department of Defense (other than the military departments), in the total amount of \$2,743,670,000 as follows:

(1) For military construction projects inside the United States authorized by section 2401(a), \$407,890,000.

(2) For military construction projects outside the United States authorized by section 2401(b), \$16,000,000.

(3) For military construction projects at Anniston Army Depot, Alabama, ammunition demilitarization facility, authorized by section 2101(a) of the Military Construction Authorization Act for Fiscal Year 1993 (division B of the Public Law 102–484; 106 Stat. 2587), which was originally authorized as an Army construction project, but which became a Defense Agencies construction project by reason of the amendments made by section 142 of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103–337; 108 Stat. 2689), \$9,900,000.

(4) For military construction projects at Walter Reed Army Institute of Research, Maryland, hospital replacement, authorized by section 2401(a) of the Military Construction Authorization Act for Fiscal Year 1993 (division B of Public Law 102–484; 106 Stat. 2599), \$20,000,000.

(5) For military construction projects at Umatilla Army Depot, Oregon, authorized by section 2401(a) of the Military Construction Authorization Act for Fiscal Year 1995 (division B of the Public Law 103–337; 108 Stat. 3040), as amended by section 2407 of the Military Construction Authorization Act for Fiscal Year 1996 (division B of Public Law 104–106; 110 Stat. 539) and section 2408(2) of this Act, \$57,427,000.

(6) For military construction projects at Defense Finance and Accounting Service, Columbus, Ohio, authorized by section 2401(a) of the Military Construction Authorization Act of Fiscal Year 1996 (division B of Public Law 104–106; 110 Stat. 535), \$14,200,000.

(7) For military construction projects at Naval Hospital, Portsmouth, Virginia, hospital replacement, authorized by section 2401(a) of the Military Construction Authorization Act for Fiscal Years 1990 and 1991 (division B of Public Law 101–189; 103 Stat. 1640), \$17,000,000.

(8) For contingency construction projects of the Secretary of Defense under section 2804 of title 10, United States Code, \$4,000,000.

(9) For unspecified minor construction projects under section 2805 of title 10, United States Code, \$26,075,000.

(10) For architectural and engineering services and construction design under section 2807 of title 10, United States Code, \$48,850,000.

(11) For energy conservation projects authorized by section 2404, \$25,000,000.

(12) For base closure and realignment activities as authorized by the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note), \$2,060,854,000.

(13) For military family housing functions:

(A) For improvement and planning of military family housing and facilities, \$4,950,000.

(B) For support of military housing (including functions described in section 2833 of title 10, United States Code), \$32,724,000 of which not more than \$27,673,000 may be obligated or expended for the leasing of military family housing units worldwide.

(b) LIMITATION OF TOTAL COST OF CONSTRUCTION PROJECTS.—Notwithstanding the cost variation authorized by section 2853 of title 10, United States Code, and any other cost variations authorized by law, the total cost of all projects carried out under section 2401 of this Act may not exceed the total amount authorized to be appropriated under paragraphs (1) and (2) of subsection (a).

(c) ADJUSTMENT.—The total amount authorized to be appropriated pursuant to paragraphs (1) through (13) of subsection (a) is the sum of the amounts authorized to be appropriated in such paragraphs, reduced by \$1,200,000, which represents the combination of savings resulting from adjustments to foreign currency exchange rates for military construction projects and the support of military family housing outside the United States.

SEC. 2406. CLARIFICATION OF AUTHORITY RELATING TO FISCAL YEAR 1997 PROJECT AT NAVAL STATION, PEARL HARBOR, HAWAII.

The table in section 2401(a) of the Military Construction Authorization Act for Fiscal Year 1997 (division B of Public Law 104–201; 110 Stat. 2775) is amended in the item relating to Special Operations Command, Naval Station, Ford Island, Pearl Harbor, Hawaii, in the installation or location column by striking out “Naval Station, Ford Island, Pearl Harbor, Hawaii” and inserting in lieu thereof “Naval Station, Pearl Harbor, Hawaii”.

SEC. 2407. CORRECTION IN AUTHORIZED USES OF FUNDS, MCCLELLAN AIR FORCE BASE, CALIFORNIA.

(a) AUTHORITY TO USE PRIOR YEAR FUNDS.—The Secretary of Defense may carry out the military construction projects referred to in subsection (b), in the amounts specified in that subsection, using amounts appropriated pursuant to the authorization of appropriations in section 2405(a)(1) of the Military Construction Authorization Act for Fiscal Year 1995 (division B of Public Law 103–337; 108 Stat. 3042) for a military construction project involving the upgrade of the hospital facility at McClellan Air Force

Base, California, as authorized by section 2401 of such Act (108 Stat. 3040).

(b) COVERED PROJECTS.—Funds available under subsection (a) may be used for military construction projects as follows:

(1) Construction of an addition to the Aeromedical Clinic at Anderson Air Base, Guam, \$3,700,000.

(2) Construction of an occupational health clinic facility at Tinker Air Force Base, Oklahoma, \$6,500,000.

SEC. 2408. MODIFICATION OF AUTHORITY TO CARRY OUT CERTAIN FISCAL YEAR 1995 PROJECTS.

The table in section 2401 of the Military Construction Authorization Act for Fiscal Year 1995 (division B of Public Law 103-337; 108 Stat. 3040), as amended by section 2407 of the Military Construction Authorization Act for Fiscal Year 1996 (division B of Public Law 104-106; 110 Stat. 539), under the agency heading relating to Chemical Weapons and Munitions Destruction, is amended—

(1) in the item relating to Pine Bluff Arsenal, Arkansas, by striking out “\$115,000,000” in the amount column and inserting in lieu thereof “\$134,000,000”; and

(2) in the item relating to Umatilla Army Depot, Oregon, by striking out “\$186,000,000” in the amount column and inserting in lieu thereof “\$187,000,000”.

TITLE XXV—NORTH ATLANTIC TREATY ORGANIZATION SECURITY INVESTMENT PROGRAM

Sec. 2501. Authorized NATO construction and land acquisition projects.

Sec. 2502. Authorization of appropriations, NATO.

SEC. 2501. AUTHORIZED NATO CONSTRUCTION AND LAND ACQUISITION PROJECTS.

The Secretary of Defense may make contributions for the North Atlantic Treaty Organization Security Investment program as provided in section 2806 of title 10, United States Code, in an amount not to exceed the sum of the amount authorized to be appropriated for this purpose in section 2502 and the amount collected from the North Atlantic Treaty Organization as a result of construction previously financed by the United States.

SEC. 2502. AUTHORIZATION OF APPROPRIATIONS, NATO.

Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 1997, for contributions by the Secretary of Defense under section 2806 of title 10, United States Code, for the share of the United States of the cost of projects for the North Atlantic Treaty Organization Security Investment program authorized by section 2501, in the amount of \$152,600,000.

TITLE XXVI—GUARD AND RESERVE FORCES FACILITIES

Sec. 2601. Authorized Guard and Reserve construction and land acquisition projects.

Sec. 2602. Authorization of military construction projects for which funds have been appropriated.

Sec. 2603. Army Reserve construction project, Camp Williams, Utah.

SEC. 2601. AUTHORIZED GUARD AND RESERVE CONSTRUCTION AND LAND ACQUISITION PROJECTS.

(a) IN GENERAL.—There are authorized to be appropriated for fiscal years beginning after September 30, 1997, for the costs of acquisition, architectural and engineering services, and construction of facilities for the Guard and Reserve Forces, and for contributions therefor, under chapter 1803 of title 10, United States Code (including the cost of acquisition of land for those facilities), the following amounts:

(1) For the Department of the Army—

(A) for the Army National Guard of the United States, \$113,750,000; and

(B) for the Army Reserve, \$66,267,000.

(2) For the Department of the Navy, for the Naval and Marine Corps Reserve, \$47,329,000.

(3) For the Department of the Air Force—

(A) for the Air National Guard of the United States, \$190,444,000; and

(B) for the Air Force Reserve, \$30,243,000.

(b) ADJUSTMENT.—The amount authorized to be appropriated pursuant to subsection (a)(1)(B) is reduced by \$7,900,000, which represents the combination of project savings in military construction resulting from favorable bids, reduced overhead costs, and cancellations due to force structure changes.

SEC. 2602. AUTHORIZATION OF MILITARY CONSTRUCTION PROJECTS FOR WHICH FUNDS HAVE BEEN APPROPRIATED.

(a) ARMY NATIONAL GUARD, HILO, HAWAII.—Paragraph (1)(A) of section 2601 of the Military Construction Authorization Act for Fiscal Year 1997 (division B of Public Law 104–201; 110 Stat. 2780) is amended by striking out “\$59,194,000” and inserting in lieu thereof “\$65,094,000” to account for a project involving additions and alterations to an Army aviation support facility in Hilo, Hawaii.

(b) NAVAL AND MARINE CORPS RESERVE, NEW ORLEANS.—Paragraph (2) of such section is amended by striking out “\$32,779,000” and inserting in lieu thereof “\$37,579,000” to account for a project for the construction of a bachelor enlisted quarters at Naval Air Station, New Orleans, Louisiana.

SEC. 2603. ARMY RESERVE CONSTRUCTION PROJECT, CAMP WILLIAMS, UTAH.

With regard to the military construction project for the Army Reserve concerning construction of a reserve center and organizational maintenance shop at Camp Williams, Utah, to be carried out using funds appropriated pursuant to the authorization of appropriations in section 2601(a)(1)(B), the Secretary of the Army shall enter into an agreement with the State of Utah under which the State agrees to provide financial or in-kind contributions toward

land acquisition, site preparation, and relocation costs in connection with the project.

TITLE XXVII—EXPIRATION AND EXTENSION OF AUTHORIZATIONS

Sec. 2701. Expiration of authorizations and amounts required to be specified by law.

Sec. 2702. Extension of authorizations of certain fiscal year 1995 projects.

Sec. 2703. Extension of authorizations of certain fiscal year 1994 projects.

Sec. 2704. Extension of authorizations of certain fiscal year 1993 projects.

Sec. 2705. Extension of authorizations of certain fiscal year 1992 projects.

Sec. 2706. Extension of availability of funds for construction of relocatable over-the-horizon radar, Naval Station Roosevelt Roads, Puerto Rico.

Sec. 2707. Effective date.

SEC. 2701. EXPIRATION OF AUTHORIZATIONS AND AMOUNTS REQUIRED TO BE SPECIFIED BY LAW.

(a) EXPIRATION OF AUTHORIZATIONS AFTER THREE YEARS.—Except as provided in subsection (b), all authorizations contained in titles XXI through XXVI for military construction projects, land acquisition, family housing projects and facilities, and contributions to the North Atlantic Treaty Organization Security Investment program (and authorizations of appropriations therefor) shall expire on the later of—

(1) October 1, 2000; or

(2) the date of the enactment of an Act authorizing funds for military construction for fiscal year 2001.

(b) EXCEPTION.—Subsection (a) shall not apply to authorizations for military construction projects, land acquisition, family housing projects and facilities, and contributions to the North Atlantic Treaty Organization Security Investment program (and authorizations of appropriations therefor), for which appropriated funds have been obligated before the later of—

(1) October 1, 2000; or

(2) the date of the enactment of an Act authorizing funds for fiscal year 2001 for military construction projects, land acquisition, family housing projects and facilities, or contributions to the North Atlantic Treaty Organization Security Investment program.

SEC. 2702. EXTENSION OF AUTHORIZATIONS OF CERTAIN FISCAL YEAR 1995 PROJECTS.

(a) EXTENSION.—Notwithstanding section 2701 of the Military Construction Authorization Act for Fiscal Year 1995 (division B of Public Law 103–337; 108 Stat. 3046), authorizations for the projects set forth in the tables in subsection (b), as provided in section 2101, 2201, 2202, 2301, 2302, 2401, or 2601 of such Act, shall remain in effect until October 1, 1998, or the date of the enactment of an Act authorizing funds for military construction for fiscal year 1999, whichever is later.

(b) TABLES.—The tables referred to in subsection (a) are as follows:

Army: Extension of 1995 Project Authorization

State	Installation or location	Project	Amount
California	Fort Irwin	National Training Center Airfield Phase I	\$10,000,000

Navy: Extension of 1995 Project Authorizations

State	Installation or location	Project	Amount
Maryland	Indian Head Naval Surface Warfare Center	Upgrade Power Plant	\$4,000,000
	Indian Head Naval Surface Warfare Center	Denitrification/Acid Mixing Facility	\$6,400,000
Virginia	Norfolk Marine Corps Security Force Battalion Atlantic	Bachelor Enlisted Quarters	\$6,480,000
Washington	Naval Station, Everett	New Construction (Housing Office)	\$780,000
CONUS Classified	Classified Location	Aircraft Fire and Rescue and Vehicle Maintenance Facilities	\$2,200,000

Air Force: Extension of 1995 Project Authorizations

State	Installation or location	Project	Amount
California	Beale Air Force Base	Consolidated Support Center	\$10,400,000
	Los Angeles Air Force Station	Family Housing (50 units)	\$8,962,000
North Carolina	Pope Air Force Base ..	Combat Control Team Facility	\$2,450,000
	Pope Air Force Base ..	Fire Training Facility	\$1,100,000

Defense Agencies: Extension of 1995 Project Authorizations

State	Installation or location	Project	Amount
Alabama	Anniston Army Depot	Carbon Filtration System ..	\$5,000,000
Arkansas	Pine Bluff Arsenal	Ammunition Demilitarization Facility	\$115,000,000
California	Defense Contract Management Area Office, El Segundo	Administrative Building	\$5,100,000

Defense Agencies: Extension of 1995 Project Authorizations—Continued

State	Installation or location	Project	Amount
Oregon	Umatilla Army Depot	Ammunition Demilitarization Facility	\$186,000,000

Army National Guard: Extension of 1995 Project Authorizations

State	Installation or location	Project	Amount
California	Camp Roberts	Modify Record Fire/Maintenance Shop ..	\$3,910,000
	Camp Roberts	Combat Pistol Range	\$952,000
Pennsylvania	Fort Indiantown Gap	Barracks	\$6,200,000

Naval Reserve: Extension of 1995 Project Authorization

State	Installation or location	Project	Amount
Georgia	Naval Air Station Marietta	Training Center	\$2,650,000

SEC. 2703. EXTENSION OF AUTHORIZATIONS OF CERTAIN FISCAL YEAR 1994 PROJECTS.

(a) EXTENSION.—Notwithstanding section 2701 of the Military Construction Authorization Act for Fiscal Year 1994 (division B of Public Law 103–160, 107 Stat. 1880), authorizations for the projects set forth in the tables in subsection (b), as provided in section 2201 or 2601 of such Act and extended by section 2702 of the Military Construction Authorization Act for Fiscal Year 1997 (division B of Public Law 104–201; 110 Stat. 2783), shall remain in effect until October 1, 1998, or the date of the enactment of an Act authorizing funds for military construction for fiscal year 1999, whichever is later.

(b) TABLES.—The tables referred to in subsection (a) are as follows:

Navy: Extension of 1994 Project Authorizations

State	Installation or Location	Project	Amount
California	Camp Pendleton Marine Corps Base	Sewage Facility	\$7,930,000
Connecticut	New London Naval Submarine Base	Hazardous Waste Transfer Facility ...	\$1,450,000

Army National Guard: Extension of 1994 Project Authorization

State	Installation or Location	Project	Amount
New Mexico	White Sands Missile Range	MATES	\$3,570,000

SEC. 2704. EXTENSION OF AUTHORIZATIONS OF CERTAIN FISCAL YEAR 1993 PROJECTS.

(a) **EXTENSION.**—Notwithstanding section 2701 of the Military Construction Authorization Act for Fiscal Year 1993 (division B of Public Law 102–484; 106 Stat. 2602), the authorizations for the projects set forth in the tables in subsection (b), as provided in section 2101 or 2601 of such Act and extended by section 2702 of the Military Construction Authorization Act for Fiscal Year 1996 (division B of Public Law 104–106; 110 Stat. 541) and section 2703 of the Military Construction Authorization Act for Fiscal Year 1997 (division B of Public Law 104–201; 110 Stat. 2784), shall remain in effect until October 1, 1998, or the date of the enactment of an Act authorizing funds for military construction for fiscal year 1999, whichever is later.

(b) **TABLES.**—The tables referred to in subsection (a) are as follows:

Army: Extension of 1993 Project Authorization

State	Installation or location	Project	Amount
Arkansas	Pine Bluff Arsenal	Ammunition Demilitarization Support Facility	\$15,000,000

Army National Guard: Extension of 1993 Project Authorization

State	Installation or Location	Project	Amount
Alabama	Union Springs	Armory	\$813,000

SEC. 2705. EXTENSION OF AUTHORIZATIONS OF CERTAIN FISCAL YEAR 1992 PROJECTS.

(a) **EXTENSION.**—Notwithstanding section 2701 of the Military Construction Authorization Act for Fiscal Year 1992 (division B of Public Law 102–190; 105 Stat. 1535), authorizations for the projects set forth in the table in subsection (b), as provided in section 2101 of such Act and extended by section 2702 of the Military Construction Authorization Act for Fiscal Year 1995 (division B of Public Law 103–337; 108 Stat. 3047), section 2703 of the Military Construction Authorization Act for Fiscal Year 1996 (division B of Public Law 104–106; 110 Stat. 543), and section 2704 of the Military Construction Authorization Act for Fiscal Year 1997 (division B of Public Law 104–201; 110 Stat. 2785), shall remain in effect until October 1, 1998, or the date of the enactment of an Act authorizing funds for military construction for fiscal year 1999, whichever is later.

(b) **TABLE.**—The table referred to in subsection (a) is as follows:

Army: Extension of 1992 Project Authorizations

State	Installation or location	Project	Amount
Oregon	Umatilla Army Depot	Ammunition Demilitarization Support Facility	\$3,600,000
	Umatilla Army Depot	Ammunition Demilitarization Utilities	\$7,500,000

SEC. 2706. EXTENSION OF AVAILABILITY OF FUNDS FOR CONSTRUCTION OF RELOCATABLE OVER-THE-HORIZON RADAR, NAVAL STATION ROOSEVELT ROADS, PUERTO RICO.

Amounts appropriated under the heading “DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE” in title VI of the Department of Defense Appropriations Act, 1995 (Public Law 103–335; 108 Stat. 2615), and transferred to the “Military Construction, Navy” appropriation for construction of a relocatable over-the-horizon radar at Naval Station Roosevelt Roads, Puerto Rico, shall remain available for that purpose until the later of—

- (1) October 1, 1998; or
- (2) the date of enactment of an Act authorizing funds for military construction for fiscal year 1999.

SEC. 2707. EFFECTIVE DATE.

Titles XXI, XXII, XXIII, XXIV, XXV, and XXVI shall take effect on the later of—

- (1) October 1, 1997; or
- (2) the date of the enactment of this Act.

TITLE XXVIII—GENERAL PROVISIONS

Subtitle A—Military Construction Program and Military Family Housing Changes

- Sec. 2801. Use of mobility enhancement funds for unspecified minor construction.
- Sec. 2802. Limitation on use of operation and maintenance funds for facility repair projects.
- Sec. 2803. Leasing of military family housing, United States Southern Command, Miami, Florida.
- Sec. 2804. Use of financial incentives provided as part of energy savings and water conservation activities.
- Sec. 2805. Congressional notification requirements regarding use of Department of Defense housing funds for investments in nongovernmental entities.

Subtitle B—Real Property and Facilities Administration

- Sec. 2811. Increase in ceiling for minor land acquisition projects.
- Sec. 2812. Permanent authority regarding conveyance of utility systems.
- Sec. 2813. Administrative expenses for certain real property transactions.
- Sec. 2814. Screening of real property to be conveyed by Department of Defense.
- Sec. 2815. Disposition of proceeds from sale of Air Force Plant 78, Brigham City, Utah.
- Sec. 2816. Fire protection and hazardous materials protection at Fort Meade, Maryland.

Subtitle C—Defense Base Closure and Realignment

- Sec. 2821. Consideration of military installations as sites for new Federal facilities.
- Sec. 2822. Adjustment and diversification assistance to enhance performance of military family support services by private sector sources.
- Sec. 2823. Security, fire protection, and other services at property formerly associated with Red River Army Depot, Texas.
- Sec. 2824. Report on closure and realignment of military installations.
- Sec. 2825. Sense of Senate regarding utilization of savings derived from base closure process.
- Sec. 2826. Prohibition against certain conveyances of property at Naval Station, Long Beach, California.

Subtitle D—Land Conveyances

PART I—ARMY CONVEYANCES

- Sec. 2831. Land conveyance, Army Reserve Center, Greensboro, Alabama.
- Sec. 2832. Land conveyance, James T. Coker Army Reserve Center, Durant, Oklahoma.
- Sec. 2833. Land conveyance, Gibson Army Reserve Center, Chicago, Illinois.
- Sec. 2834. Land conveyance, Fort A. P. Hill, Virginia.

- Sec. 2835. Land conveyances, Fort Dix, New Jersey.
- Sec. 2836. Land conveyances, Fort Bragg, North Carolina.
- Sec. 2837. Land conveyance, Hawthorne Army Ammunition Depot, Mineral County, Nevada.
- Sec. 2838. Expansion of land conveyance authority, Indiana Army Ammunition Plant, Charlestown, Indiana.
- Sec. 2839. Modification of land conveyance, Lompoc, California.
- Sec. 2840. Modification of land conveyance, Rocky Mountain Arsenal, Colorado.
- Sec. 2841. Correction of land conveyance authority, Army Reserve Center, Anderson, South Carolina.

PART II—NAVY CONVEYANCES

- Sec. 2851. Land conveyance, Topsham Annex, Naval Air Station, Brunswick, Maine.
- Sec. 2852. Land conveyance, Naval Weapons Industrial Reserve Plant No. 464, Oyster Bay, New York.
- Sec. 2853. Correction of lease authority, Naval Air Station, Meridian, Mississippi.

PART III—AIR FORCE CONVEYANCES

- Sec. 2861. Land transfer, Eglin Air Force Base, Florida.
- Sec. 2862. Land conveyance, March Air Force Base, California.
- Sec. 2863. Land conveyance, Ellsworth Air Force Base, South Dakota.
- Sec. 2864. Land conveyance, Hancock Field, Syracuse, New York.
- Sec. 2865. Land conveyance, Havre Air Force Station, Montana, and Havre Training Site, Montana.
- Sec. 2866. Land conveyance, Charleston Family Housing Complex, Bangor, Maine.
- Sec. 2867. Study of land exchange options, Shaw Air Force Base, South Carolina.

Subtitle E—Other Matters

- Sec. 2871. Repeal of requirement to operate Naval Academy dairy farm.
- Sec. 2872. Long-term lease of property, Naples, Italy.
- Sec. 2873. Designation of military family housing at Lackland Air Force Base, Texas, in honor of Frank Tejeda, a former Member of the House of Representatives.
- Sec. 2874. Fiber-optics based telecommunications linkage of military installations.

Subtitle A—Military Construction Program and Military Family Housing Changes

SEC. 2801. USE OF MOBILITY ENHANCEMENT FUNDS FOR UNSPECIFIED MINOR CONSTRUCTION.

(a) CONGRESSIONAL NOTIFICATION.—Subsection (b)(1) of section 2805 of title 10, United States Code, is amended by adding at the end the following new sentence: “This paragraph shall apply even though the project is to be carried out using funds made available to enhance the deployment and mobility of military forces and supplies.”.

Applicability.

(b) RESTRICTION ON USE OF OPERATION AND MAINTENANCE FUNDS.—Subsection (c) of such section is amended—

(1) in paragraph (1), by striking out “paragraph (2)” and inserting in lieu thereof “paragraphs (2) and (3)”; and

(2) by adding at the end the following new paragraph:

“(3) The limitations specified in paragraph (1) shall not apply to an unspecified minor military construction project if the project is to be carried out using funds made available to enhance the deployment and mobility of military forces and supplies.”.

(c) TECHNICAL AMENDMENTS.—Such section is further amended—

(1) in subsection (a)(1)—

(A) by striking out “minor military construction projects” in the first sentence and inserting in lieu thereof “unspecified minor military construction projects”;

(B) by striking out “A minor” in the second sentence and inserting in lieu thereof “An unspecified minor”; and

(C) by striking out “a minor” in the last sentence and inserting in lieu thereof “an unspecified minor”;
 (2) in subsection (b)(1), by striking out “A minor” and inserting in lieu thereof “An unspecified minor”;
 (3) in subsection (b)(2), by striking out “a minor” and inserting in lieu thereof “an unspecified minor”; and
 (4) in subsection (c), by striking out “unspecified military” each place it appears and inserting in lieu thereof “unspecified minor military”.

SEC. 2802. LIMITATION ON USE OF OPERATION AND MAINTENANCE FUNDS FOR FACILITY REPAIR PROJECTS.

Section 2811 of title 10, United States Code, is amended by adding at the end the following new subsections:

Reports.

“(d) CONGRESSIONAL NOTIFICATION.—When a decision is made to carry out a repair project under this section with an estimated cost in excess of \$10,000,000, the Secretary concerned shall submit to the appropriate committees of Congress a report containing—

“(1) the justification for the repair project and the current estimate of the cost of the project; and

“(2) the justification for carrying out the project under this section.

“(e) REPAIR PROJECT DEFINED.—In this section, the term ‘repair project’ means a project to restore a real property facility, system, or component to such a condition that it may effectively be used for its designated functional purpose.”.

SEC. 2803. LEASING OF MILITARY FAMILY HOUSING, UNITED STATES SOUTHERN COMMAND, MIAMI, FLORIDA.

(a) LEASES TO EXCEED MAXIMUM RENTAL.—Section 2828(b) of title 10, United States Code, is amended—

(1) in paragraph (2), by striking out “paragraph (3)” and inserting in lieu thereof “paragraphs (3) and (4)”;

(2) by redesignating paragraph (4) as paragraph (5); and

(3) by inserting after paragraph (3) the following new paragraph:

“(4) The Secretary of the Army may lease not more than eight housing units in the vicinity of Miami, Florida, for key and essential personnel, as designated by the Secretary, for the United States Southern Command for which the expenditure for the rental of such units (including the cost of utilities, maintenance, and operation, including security enhancements) exceeds the expenditure limitations in paragraphs (2) and (3). The total amount for all leases under this paragraph may not exceed \$280,000 per year, and no lease on any individual housing unit may exceed \$60,000 per year.”.

(b) CONFORMING AMENDMENT.—Paragraph (5) of such section, as redesignated by subsection (a)(2), is amended by striking out “paragraphs (2) and (3)” and inserting in lieu thereof “paragraphs (2), (3), and (4)”.

SEC. 2804. USE OF FINANCIAL INCENTIVES PROVIDED AS PART OF ENERGY SAVINGS AND WATER CONSERVATION ACTIVITIES.

(a) ENERGY SAVINGS.—Section 2865 of title 10, United States Code, is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking out “and financial incentives described in subsection (d)(2)”;

(B) in paragraph (2), by striking out “section 2866(b)” both places it appears and inserting in lieu thereof “section 2866(a)(3)”; and

(C) by adding at the end the following new paragraph:

“(3) Financial incentives received from gas or electric utilities under subsection (d)(2), and from utilities for management of water demand or water conservation under section 2866(a)(2) of this title, shall be credited to an appropriation designated by the Secretary of Defense. Amounts so credited shall be merged with the appropriation to which credited and shall be available for the same purposes and the same period as the appropriation with which merged.”; and

(2) in subsection (f), by adding at the end the following new sentence: “The Secretary shall also include in each report the types and amount of financial incentives received under subsection (d)(2) and section 2866(a)(2) of this title during the period covered by the report and the appropriation account or accounts to which the incentives were credited.”.

(b) WATER CONSERVATION.—Section 2866(b) of such title is amended to read as follows:

“(b) USE OF FINANCIAL INCENTIVES AND WATER COST SAVINGS.—

(1) Financial incentives received under subsection (a)(2) shall be used as provided in section 2865(b)(3) of this title.

“(2) Water cost savings realized under subsection (a)(3) shall be used as provided in section 2865(b)(2) of this title.”.

SEC. 2805. CONGRESSIONAL NOTIFICATION REQUIREMENTS REGARDING USE OF DEPARTMENT OF DEFENSE HOUSING FUNDS FOR INVESTMENTS IN NONGOVERNMENTAL ENTITIES.

Section 2875 of title 10, United States Code, is amended by adding at the end the following new subsection:

“(e) CONGRESSIONAL NOTIFICATION REQUIRED.—Amounts in the Department of Defense Family Housing Improvement Fund or the Department of Defense Military Unaccompanied Housing Improvement Fund may be used to make a cash investment under this section in a nongovernmental entity only after the end of the 30-day period beginning on the date the Secretary of Defense submits written notice of, and justification for, the investment to the appropriate committees of Congress.”.

Subtitle B—Real Property And Facilities Administration

SEC. 2811. INCREASE IN CEILING FOR MINOR LAND ACQUISITION PROJECTS.

(a) INCREASE.—Section 2672 of title 10, United States Code, is amended by striking out “\$200,000” both places it appears in subsection (a) and inserting in lieu thereof “\$500,000”.

(b) CLERICAL AMENDMENTS.—(1) The section heading for such section is amended to read as follows:

“§ 2672. Acquisition: interests in land when cost is not more than \$500,000”.

(2) The table of sections at the beginning of chapter 159 of such title is amended by striking out the item relating to section 2672 and inserting in lieu thereof the following new item:

“2672. Acquisition: interests in land when cost is not more than \$500,000.”.

SEC. 2812. PERMANENT AUTHORITY REGARDING CONVEYANCE OF UTILITY SYSTEMS.

(a) IN GENERAL.—Chapter 159 of title 10, United States Code, is amended by inserting after section 2687 the following new section:

“§ 2688. Utility systems: conveyance authority

“(a) CONVEYANCE AUTHORITY.—The Secretary of a military department may convey a utility system, or part of a utility system, under the jurisdiction of the Secretary to a municipal, private, regional, district, or cooperative utility company or other entity. The conveyance may consist of all right, title, and interest of the United States in the utility system or such lesser estate as the Secretary considers appropriate to serve the interests of the United States.

“(b) SELECTION OF CONVEYEE.—If more than one utility or entity referred to in subsection (a) notifies the Secretary concerned of an interest in a conveyance under such subsection, the Secretary shall carry out the conveyance through the use of competitive procedures.

“(c) CONSIDERATION.—(1) The Secretary concerned shall require as consideration for a conveyance under subsection (a) an amount equal to the fair market value (as determined by the Secretary) of the right, title, or interest of the United States conveyed. The consideration may take the form of—

“(A) a lump sum payment; or

“(B) a reduction in charges for utility services provided by the utility or entity concerned to the military installation at which the utility system is located.

“(2) If the utility services proposed to be provided as consideration under paragraph (1) are subject to regulation by a Federal or State agency, any reduction in the rate charged for the utility services shall be subject to establishment or approval by that agency.

“(d) TREATMENT OF PAYMENTS.—(1) A lump sum payment received under subsection (c) shall be credited, at the election of the Secretary concerned—

“(A) to an appropriation of the military department concerned available for the procurement of the same utility services as are provided by the utility system conveyed under this section;

“(B) to an appropriation of the military department available for carrying out energy savings projects or water conservation projects; or

“(C) to an appropriation of the military department available for improvements to other utility systems.

“(2) Amounts so credited shall be merged with funds in the appropriation to which credited and shall be available for the same purposes, and subject to the same conditions and limitations, as the appropriation with which merged.

“(e) NOTICE-AND-WAIT REQUIREMENT.—The Secretary concerned may not make a conveyance under subsection (a) until—

“(1) the Secretary submits to the Committee on Armed Services and the Committee on Appropriations of the Senate and the Committee on National Security and the Committee on Appropriations of the House of Representatives an economic analysis (based upon accepted life-cycle costing procedures approved by the Secretary of Defense) demonstrating that—

“(A) the long-term economic benefit of the conveyance to the United States exceeds the long-term economic cost of the conveyance to the United States; and

“(B) the conveyance will reduce the long-term costs of the United States for utility services provided by the utility system concerned; and

“(2) a period of 21 days has elapsed after the date on which the economic analysis is received by the committees.

“(f) ADDITIONAL TERMS AND CONDITIONS.—The Secretary concerned may require such additional terms and conditions in connection with a conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

“(g) UTILITY SYSTEM DEFINED.—(1) In this section, the term ‘utility system’ means any of the following:

“(A) A system for the generation and supply of electric power.

“(B) A system for the treatment or supply of water.

“(C) A system for the collection or treatment of wastewater.

“(D) A system for the generation or supply of steam, hot water, and chilled water.

“(E) A system for the supply of natural gas.

“(F) A system for the transmission of telecommunications.

“(2) The term ‘utility system’ includes the following:

“(A) Equipment, fixtures, structures, and other improvements utilized in connection with a system referred to in paragraph (1).

“(B) Easements and rights-of-way associated with a system referred to in that paragraph.

“(h) LIMITATION.—This section shall not apply to projects constructed or operated by the Army Corps of Engineers under its civil works authorities.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2687 the following new item:

“2688. Utility systems: conveyance authority.”.

SEC. 2813. ADMINISTRATIVE EXPENSES FOR CERTAIN REAL PROPERTY TRANSACTIONS.

(a) ACCEPTANCE AUTHORIZED.—Chapter 159 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 2695. Acceptance of funds to cover administrative expenses relating to certain real property transactions

“(a) AUTHORITY TO ACCEPT.—In connection with a real property transaction referred to in subsection (b) with a non-Federal person or entity, the Secretary of a military department may accept

Applicability. amounts provided by the person or entity to cover administrative expenses incurred by the Secretary in entering into the transaction.

“(b) COVERED TRANSACTIONS.—Subsection (a) applies to the following transactions:

“(1) The exchange of real property.

“(2) The grant of an easement over, in, or upon real property of the United States.

“(3) The lease or license of real property of the United States.

“(c) USE OF AMOUNTS COLLECTED.—Amounts collected under subsection (a) for administrative expenses shall be credited to the appropriation, fund, or account from which the expenses were paid. Amounts so credited shall be merged with funds in such appropriation, fund, or account and shall be available for the same purposes and subject to the same limitations as the funds with which merged.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 159 of such title is amended by adding at the end the following new item:

“2695. Acceptance of funds to cover administrative expenses relating to certain real property transactions.”.

SEC. 2814. SCREENING OF REAL PROPERTY TO BE CONVEYED BY DEPARTMENT OF DEFENSE.

(a) REQUIREMENT.—(1) Chapter 159 of title 10, United States Code, is amended by inserting after section 2695, as added by section 2813, the following new section:

“§ 2696. Screening of real property for further Federal use before conveyance

“(a) SCREENING REQUIREMENT.—The Secretary concerned may not convey real property that is authorized or required to be conveyed, whether for or without consideration, by any provision of law unless the Administrator of General Services has screened the property for further Federal use in accordance with the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.).

Notification. “(b) TIME FOR SCREENING.—(1) Before the end of the 30-day period beginning on the date of the enactment of a provision of law authorizing or requiring the conveyance of a parcel of real property by the Secretary concerned, the Administrator of General Services shall complete the screening required by paragraph (1) with regard to the real property and notify the Secretary concerned of the results of the screening. The notice shall include—

“(A) the name of the Federal agency requesting transfer of the property;

“(B) the proposed use to be made of the property by the Federal agency; and

“(C) the fair market value of the property, including any improvements thereon, as estimated by the Administrator.

“(2) If the Administrator fails to complete the screening and notify the Secretary concerned within such period, the Secretary concerned shall proceed with the conveyance of the real property as provided in the provision of law authorizing or requiring the conveyance.

“(c) NOTICE OF FURTHER FEDERAL USE.—If the Administrator of General Services notifies the Secretary concerned under subsection (b) that further Federal use of a parcel of real property authorized or required to be conveyed by any provision of law is requested by a Federal agency, the Secretary concerned shall submit a copy of the notice to Congress.

“(d) CONGRESSIONAL DISAPPROVAL.—If the Secretary concerned submits a notice under subsection (c) with regard to a parcel of real property, the Secretary concerned may not proceed with the conveyance of the real property as provided in the provision of law authorizing or requiring the conveyance if Congress enacts a law rescinding the conveyance authority or requirement before the end of the 180-day period beginning on the date on which the Secretary concerned submits the notice.

“(e) EXCEPTED CONVEYANCE AUTHORITIES.—The screening requirements of this section shall not apply to real property authorized or required to be conveyed under any of the following provisions of law:

“(1) Section 2687 of this title.

“(2) Title II of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100–526; 10 U.S.C. 2687 note).

“(3) The Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note).

“(4) Any provision of law authorizing the closure or realignment of a military installation that is enacted after the date of enactment of the National Defense Authorization Act for Fiscal Year 1998.

“(5) Title II of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 481 et seq.).

“(6) Any specific provision of law authorizing or requiring the transfer of administrative jurisdiction over a parcel of real property between Federal agencies.”.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2695, as added by section 2813, the following new item:

“2696. Screening of real property for further Federal use before conveyance.”.

(b) APPLICABILITY.—Section 2696 of title 10, United States Code, as added by subsection (a) of this section, shall apply with respect to any real property authorized or required to be conveyed under a provision of law covered by such section that is enacted after December 31, 1997.

10 USC 2696
note.

**SEC. 2815. DISPOSITION OF PROCEEDS OF SALE OF AIR FORCE PLANT
NO. 78, BRIGHAM CITY, UTAH.**

Notwithstanding section 204(h)(2)(A) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 485(h)(2)(A)), the entire amount deposited by the Administrator of General Services in the special account in the Treasury (established under section 204(h)(2) of such Act) as a result of the sale of Air Force Plant No. 78, Brigham City, Utah, shall be available, to the extent provided in appropriations Acts, to the Secretary of the Air Force for facility maintenance, facility repair, and environmental restoration at other industrial plants of the Air Force.

SEC. 2816. FIRE PROTECTION AND HAZARDOUS MATERIALS PROTECTION AT FORT MEADE, MARYLAND.

(a) **PLAN.**—Not later than 120 days after the date of the enactment of this Act, the Secretary of the Army shall submit to the congressional defense committees a plan to address the requirements for fire protection services and hazardous materials protection services at Fort Meade, Maryland, including the National Security Agency at Fort Meade, as identified in the preparedness evaluation report of the Army Corps of Engineers regarding Fort Meade.

(b) **ELEMENTS.**—The plan shall include the following:

(1) A schedule for the implementation of the plan.

(2) A detailed list of funding options available to provide centrally located modern facilities and equipment to meet current requirements for fire protection services and hazardous materials protection services at Fort Meade.

Subtitle C—Defense Base Closure and Realignment

SEC. 2821. CONSIDERATION OF MILITARY INSTALLATIONS AS SITES FOR NEW FEDERAL FACILITIES.

(a) **1988 LAW.**—Section 204(b)(5) of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100–526; 10 U.S.C. 2687 note) is amended—

(1) in subparagraph (A), by striking out “subparagraph (B)” and inserting in lieu thereof “subparagraphs (B) and (C)”; and

(2) by adding at the end the following new subparagraph:

“(C)(i) Before acquiring non-Federal real property as the location for a new or replacement Federal facility of any type, the head of the Federal agency acquiring the property shall consult with the Secretary regarding the feasibility and cost advantages of using Federal property or facilities at a military installation closed or realigned or to be closed or realigned under this title as the location for the new or replacement facility. In considering the availability and suitability of a specific military installation, the Secretary and the head of the Federal agency involved shall obtain the concurrence of the redevelopment authority with respect to the installation and comply with the redevelopment plan for the installation.

Reports.

“(ii) Not later than 30 days after acquiring non-Federal real property as the location for a new or replacement Federal facility, the head of the Federal agency acquiring the property shall submit to Congress a report containing the results of the consultation under clause (i) and the reasons why military installations referred to in such clause that are located within the area to be served by the new or replacement Federal facility or within a 200-mile radius of the new or replacement facility, whichever area is greater, were considered to be unsuitable or unavailable for the site of the new or replacement facility.

Applicability.
Effective date.
Termination
date.

“(iii) This subparagraph shall apply during the period beginning on the date of the enactment of the National Defense Authorization Act for Fiscal Year 1998 and ending on July 31, 2001.”.

(b) 1990 LAW.—Section 2905(b)(5) of the Defense Base Closure and Realignment Act of 1990 (Public Law 101–510; 10 U.S.C. 2687 note) is amended—

(1) in subparagraph (A), by striking out “subparagraph (B)” and inserting in lieu thereof “subparagraphs (B) and (C)”; and

(2) by adding at the end the following new subparagraph:

“(C)(i) Before acquiring non-Federal real property as the location for a new or replacement Federal facility of any type, the head of the Federal agency acquiring the property shall consult with the Secretary regarding the feasibility and cost advantages of using Federal property or facilities at a military installation closed or realigned or to be closed or realigned under this part as the location for the new or replacement facility. In considering the availability and suitability of a specific military installation, the Secretary and the head of the Federal agency involved shall obtain the concurrence of the redevelopment authority with respect to the installation and comply with the redevelopment plan for the installation.

“(ii) Not later than 30 days after acquiring non-Federal real property as the location for a new or replacement Federal facility, the head of the Federal agency acquiring the property shall submit to Congress a report containing the results of the consultation under clause (i) and the reasons why military installations referred to in such clause that are located within the area to be served by the new or replacement Federal facility or within a 200-mile radius of the new or replacement facility, whichever area is greater, were considered to be unsuitable or unavailable for the site of the new or replacement facility.

“(iii) This subparagraph shall apply during the period beginning on the date of the enactment of the National Defense Authorization Act for Fiscal Year 1998 and ending on July 31, 2001.”.

Reports.

Applicability.
Effective date.
Termination
date.

SEC. 2822. ADJUSTMENT AND DIVERSIFICATION ASSISTANCE TO ENHANCE PERFORMANCE OF MILITARY FAMILY SUPPORT SERVICES BY PRIVATE SECTOR SOURCES.

Section 2391(b)(5) of title 10, United States Code, is amended by adding at the end the following new subparagraph:

“(C) The Secretary of Defense may also make grants, conclude cooperative agreements, and supplement other Federal funds in order to assist a State or local government in enhancing the capabilities of the government to support efforts of the Department of Defense to privatize, contract for, or diversify the performance of military family support services in cases in which the capability of the Department to provide such services is adversely affected by an action described in paragraph (1).”.

SEC. 2823. SECURITY, FIRE PROTECTION, AND OTHER SERVICES AT PROPERTY FORMERLY ASSOCIATED WITH RED RIVER ARMY DEPOT, TEXAS.

(a) AUTHORITY TO ENTER INTO AGREEMENT.—(1) The Secretary of the Army may enter into an agreement with the local redevelopment authority for Red River Army Depot, Texas, under which agreement the Secretary provides security services, fire protection services, or hazardous material response services for the authority with respect to the property at the depot that is under the jurisdiction of the authority as a result of the realignment of the depot under the base closure laws.

(2) The Secretary may not enter into the agreement unless the Secretary determines that the provision of services under the agreement is in the best interests of the United States.

(b) REIMBURSEMENT.—The agreement under subsection (a) shall provide for reimbursing the Secretary for the services provided by the Secretary under the agreement.

(c) TREATMENT OF REIMBURSEMENT.—Any amounts received by the Secretary under subsection (b) as reimbursement for services provided under the agreement entered into under subsection (a) shall be credited to the appropriations providing funds for the services. Amounts so credited shall be merged with the appropriations to which credited and shall be available for the purposes, and subject to the conditions and limitations, for which such appropriations are available.

10 USC 2687
note.

SEC. 2824. REPORT ON CLOSURE AND REALIGNMENT OF MILITARY INSTALLATIONS.

(a) REPORT.—(1) The Secretary of Defense shall prepare and submit to the congressional defense committees a report on the costs and savings attributable to the rounds of base closures and realignments conducted under the base closure laws and on the need, if any, for additional rounds of base closures and realignments.

(2) For purposes of this section, the term “base closure laws” means—

(A) title II of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100–526; 10 U.S.C. 2687 note); and

(B) the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note).

(b) ELEMENTS.—The report under subsection (a) shall include the following:

(1) A statement, using data consistent with budget data, of the actual costs and savings (to the extent available for prior fiscal years) and the estimated costs and savings (in the case of future fiscal years) attributable to the closure and realignment of military installations as a result of the base closure laws.

(2) A comparison, set forth by base closure round, of the actual costs and savings stated under paragraph (1) to the estimates of costs and savings submitted to the Defense Base Closure and Realignment Commission as part of the base closure process.

(3) A comparison, set forth by base closure round, of the actual costs and savings stated under paragraph (1) to the annual estimates of costs and savings previously submitted to Congress.

(4) A list of each military installation at which there is authorized to be employed 300 or more civilian personnel, set forth by Armed Force.

(5) An estimate of current excess capacity at military installations, set forth—

(A) as a percentage of the total capacity of the military installations of the Armed Forces with respect to all military installations of the Armed Forces;

(B) as a percentage of the total capacity of the military installations of each Armed Force with respect to the military installations of such Armed Force; and

(C) as a percentage of the total capacity of a type of military installations with respect to military installations of such type.

(6) An assessment of the effect of the previous base closure rounds on military capabilities and the ability of the Armed Forces to fulfill the National Military Strategy.

(7) A description of the types of military installations that would be recommended for closure or realignment in the event of one or more additional base closure rounds, set forth by Armed Force.

(8) The criteria to be used by the Secretary in evaluating military installations for closure or realignment in such event.

(9) The methodologies to be used by the Secretary in identifying military installations for closure or realignment in such event.

(10) An estimate of the costs and savings that the Secretary believes will be achieved as a result of the closure or realignment of military installations in such event, set forth by Armed Force and by year.

(11) An assessment of whether the costs and estimated savings from one or more future rounds of base closures and realignments, currently unauthorized, are already contained in the current Future Years Defense Plan, and, if not, whether the Secretary will recommend modifications in future defense spending in order to accommodate such costs and savings.

(c) METHOD OF PRESENTING INFORMATION.—The statement and comparison required by paragraphs (1) and (2) of subsection (b) shall be set forth by Armed Force, type of facility, and fiscal year, and include the following:

(1) Operation and maintenance costs, including costs associated with expanded operations and support, maintenance of property, administrative support, and allowances for housing at military installations to which functions are transferred as a result of the closure or realignment of other installations.

(2) Military construction costs, including costs associated with rehabilitating, expanding, and constructing facilities to receive personnel and equipment that are transferred to military installations as a result of the closure or realignment of other installations.

(3) Environmental cleanup costs, including costs associated with assessments and restoration.

(4) Economic assistance costs, including—

(A) expenditures on Department of Defense demonstration projects relating to economic assistance;

(B) expenditures by the Office of Economic Adjustment; and

(C) to the extent available, expenditures by the Economic Development Administration, the Federal Aviation Administration, and the Department of Labor relating to economic assistance.

(5) To the extent information is available, unemployment compensation costs, early retirement benefits (including benefits paid under section 5597 of title 5, United States Code), and worker retraining expenses under the Priority Placement

Program, the Job Training Partnership Act, and any other federally funded job training program.

(6) Costs associated with military health care.

(7) Savings attributable to changes in military force structure.

(8) Savings due to lower support costs with respect to military installations that are closed or realigned.

(d) DEADLINE.—The Secretary shall submit the report under subsection (a) not later than the date on which the President submits to Congress the budget for fiscal year 2000 under section 1105(a) of title 31, United States Code.

(e) REVIEW.—The Congressional Budget Office and the Comptroller General shall conduct a review of the report prepared under subsection (a).

(f) PROHIBITION ON USE OF FUNDS.—Except as necessary to prepare the report required under subsection (a), no funds authorized to be appropriated or otherwise made available to the Department of Defense by this Act or any other Act may be used for the purposes of planning for, or collecting data in anticipation of, an authorization providing for procedures under which the closure and realignment of military installations may be accomplished, until the later of—

(1) the date on which the Secretary submits the report required by subsection (a); and

(2) the date on which the Congressional Budget Office and the Comptroller General complete a review of the report under subsection (e).

(g) SENSE OF CONGRESS.—It is the sense of the Congress that—

(1) the Secretary should develop a system having the capacity to quantify the actual costs and savings attributable to the closure and realignment of military installations pursuant to the base closure process; and

(2) the Secretary should develop the system in expedient fashion, so that the system may be used to quantify costs and savings attributable to the 1995 base closure round.

SEC. 2825. SENSE OF SENATE REGARDING UTILIZATION OF SAVINGS DERIVED FROM BASE CLOSURE PROCESS.

(a) FINDINGS.—The Senate makes the following findings:

(1) Since 1988, the Department of Defense has conducted four rounds of closures and realignments of military installations in the United States, resulting in the closure of 97 installations.

(2) The cost of carrying out the closure or realignment of installations covered by such rounds is estimated by the Secretary of Defense to be \$23,000,000,000.

(3) The savings expected as a result of the closure or realignment of such installations are estimated by the Secretary to be \$10,300,000,000 through fiscal year 1996 and \$36,600,000,000 through 2001.

(4) In addition to such savings, the Secretary has estimated recurring savings as a result of the closure or realignment of such installations of approximately \$5,600,000,000 annually.

(5) The fiscal year 1997 budget request for the Department assumed a savings of between \$2,000,000,000 and \$3,000,000,000 as a result of the closure or realignment of such installations, which savings were to be dedicated to the

modernization of the Armed Forces. The savings assumed in the budget request were not realized.

(6) The fiscal year 1998 budget request for the Department assumes a savings of \$5,000,000,000 as a result of the closure or realignment of such installations, which savings are to be dedicated to the modernization of the Armed Forces.

(b) SENSE OF SENATE ON USE OF SAVINGS RESULTING FROM BASE CLOSURE PROCESS.—It is the sense of the Senate that the savings identified in the report under section 2824 should be made available to the Department of Defense solely for purposes of the modernization of new weapon systems (including research, development, test, and evaluation relating to such modernization) and should be used by the Department solely for such purposes.

SEC. 2826. PROHIBITION AGAINST CERTAIN CONVEYANCES OF PROPERTY AT NAVAL STATION, LONG BEACH, CALIFORNIA.

(a) PROHIBITION AGAINST DIRECT CONVEYANCE.—In disposing of real property in connection with the closure of Naval Station, Long Beach, California, under the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note), the Secretary of the Navy may not convey any portion of the property (by sale, lease, or other method) to the China Ocean Shipping Company or any legal successor or subsidiary of that Company (in this section referred to as “COSCO”).

(b) PROHIBITION AGAINST INDIRECT CONVEYANCE.—The Secretary of the Navy shall impose as a condition on each conveyance of real property located at Naval Station, Long Beach, California, the requirement that the property may not be subsequently conveyed (by sale, lease, or other method) to COSCO.

(c) REVERSIONARY INTEREST.—If the Secretary of the Navy determines at any time that real property located at Naval Station, Long Beach, California, and conveyed under the Defense Base Closure and Realignment Act of 1990 has been conveyed to COSCO in violation of subsection (b) or is otherwise being used by COSCO in violation of such subsection, all right, title, and interest in and to the property shall revert to the United States, and the United States shall have immediate right of entry thereon.

(d) NATIONAL SECURITY REPORT AND DETERMINATION.—Not later than 30 days after the date of the enactment of this Act, the Secretary of Defense and the Director of the Federal Bureau of Investigation shall separately submit to the President and the congressional defense committees a report regarding the potential national security implications of conveying property described in subsection (a) to COSCO. Each report shall specifically identify any increased risk of espionage, arms smuggling, or other illegal activities that could result from a conveyance to COSCO and recommend appropriate action to address any such risk.

(e) WAIVER AUTHORITY.—(1) The President may waive the prohibitions contained in this section with respect to a conveyance of property described in subsection (a) to COSCO if the President determines that—

(A) appropriate action has been taken to address any increased national security risk identified in the reports required by subsection (d); and

President.
Notification.

(B) the conveyance would not adversely affect national security or significantly increase the counter-intelligence burden on the intelligence community.

(2) Any waiver under paragraph (1) shall take effect 30 days after the date on which the President notifies the Speaker of the House of Representatives and the President of the Senate of the President's determination to use the waiver authority provided under this subsection.

Subtitle D—Land Conveyances

PART I—ARMY CONVEYANCES

SEC. 2831. LAND CONVEYANCE, ARMY RESERVE CENTER, GREENSBORO, ALABAMA.

(a) CONVEYANCE AUTHORIZED.—The Secretary of the Army may convey, without consideration, to Hale County, Alabama, all right, title, and interest of the United States in and to a parcel of real property consisting of approximately 5.17 acres and located at the Army Reserve Center, Greensboro, Alabama, that was conveyed by Hale County, Alabama, to the United States by warranty deed dated September 12, 1988.

(b) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the property to be conveyed under subsection (a) shall be as described in the deed referred to in that subsection.

(c) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2832. LAND CONVEYANCE, JAMES T. COKER ARMY RESERVE CENTER, DURANT, OKLAHOMA.

(a) CONVEYANCE AUTHORIZED.—The Secretary of the Army may convey, without consideration, to Big Five Community Services, Incorporated, a nonprofit organization operating in Durant, Oklahoma, all right, title, and interest of the United States in and to a parcel of real property located at 1500 North First Street in Durant, Oklahoma, and containing the James T. Coker Army Reserve Center, if the Secretary determines that the Reserve Center is excess to the needs of the Armed Forces.

(b) CONDITION OF CONVEYANCE.—The conveyance authorized under subsection (a) shall be subject to the condition that Big Five Community Services, Incorporated, retain the conveyed property for educational purposes.

(c) REVERSION.—If the Secretary determines at any time that the real property conveyed under subsection (a) is not being used for the purpose specified in subsection (b), all right, title, and interest in and to the real property, including any improvements thereon, shall revert to the United States, and the United States shall have the right of immediate entry thereon.

(d) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the real property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the Secretary. The cost of the survey shall be borne by Big Five Community Services, Incorporated.

(e) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with

the conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2833. LAND CONVEYANCE, GIBSON ARMY RESERVE CENTER, CHICAGO, ILLINOIS.

(a) **CONVEYANCE AUTHORIZED.**—The Secretary of the Army may convey, without consideration, to the Lawndale Business and Local Development Corporation (in this section referred to as the “Corporation”), a nonprofit organization organized in the State of Illinois, all right, title, and interest of the United States in and to a parcel of real property, including improvements thereon, that is located at 4454 West Cermak Road in Chicago, Illinois, and contains the Gibson Army Reserve Center.

(b) **CONDITION OF CONVEYANCE.**—The conveyance under subsection (a) shall be subject to the condition that the Corporation—

(1) use the conveyed property, directly or through an agreement with a public or private entity, for economic redevelopment purposes; or

(2) convey the property to an appropriate public or private entity for use for such purposes.

(c) **REVERSION.**—If the Secretary determines at any time that the real property conveyed under subsection (a) is not being used for economic redevelopment purposes, as required by subsection (b), all right, title, and interest in and to the property, including any improvements thereon, shall revert to the United States, and the United States shall have the right of immediate entry onto the property.

(d) **DESCRIPTION OF PROPERTY.**—The exact acreage and legal description of the real property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the Secretary. The cost of the survey shall be borne by the Corporation.

(e) **ADDITIONAL TERMS AND CONDITIONS.**—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2834. LAND CONVEYANCE, FORT A. P. HILL, VIRGINIA.

(a) **CONVEYANCE AUTHORIZED.**—The Secretary of the Army may convey to Caroline County, Virginia (in this section referred to as the “County”), all right, title, and interest of the United States in and to a parcel of unimproved real property consisting of approximately 10 acres located at Fort A. P. Hill, Virginia. The purpose of the conveyance is to permit the County to establish a solid waste transfer and recycling facility on the property.

(b) **CONSIDERATION.**—As consideration for the conveyance under subsection (a), the County shall permit the Army, at no cost to the Army, to dispose of not less than 1,800 tons of solid waste annually at the facility established on the conveyed property. The obligation of the County to accept solid waste under this subsection shall not commence until after the solid waste transfer and recycling facility on the conveyed property becomes operational, and the establishment of a solid waste collection and transfer site on the .36-acre parcel described in subsection (d)(2) shall not be construed to impose the obligation.

(c) **DISCLAIMER.**—The United States shall not be responsible for the provision or cost of utilities or any other improvements necessary to carry out the conveyance under subsection (a) or to

establish or operate the solid waste transfer and recycling facility intended for the property.

(d) REVERSION.—(1) Except as provided in paragraph (2), if the Secretary determines that a solid waste transfer and recycling facility is not operational, before December 31, 1999, on the real property conveyed under subsection (a), all right, title, and interest in and to such real property, including any improvements thereon, shall revert to the United States, and the United States shall have the right of immediate entry thereon.

(2) Paragraph (1) shall not apply with respect to a parcel of approximately .36 acres of the approximately 10-acre parcel to be conveyed under subsection (a), which is included in the larger conveyance to permit the County to establish a solid waste collection and transfer site for residential waste.

(e) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2835. LAND CONVEYANCES, FORT DIX, NEW JERSEY.

(a) CONVEYANCES AUTHORIZED.—(1) The Secretary of the Army may convey, without consideration, to the Borough of Wrightstown, New Jersey (in this section referred to as the “Borough”), all right, title, and interest of the United States in and to a parcel of real property (including improvements thereon) consisting of approximately 39.69 acres located at Fort Dix, New Jersey, for the purpose of permitting the Borough to develop the parcel for economic purposes.

(2) The Secretary may convey, without consideration, to the New Hanover Board of Education (in this section referred to as the “Board”), all right, title, and interest of the United States in and to an additional parcel of real property (including improvements thereon) at Fort Dix consisting of approximately five acres for the purpose of permitting the Board to develop the parcel for educational purposes.

(b) CONDITIONS OF CONVEYANCE.—(1) The conveyance under subsection (a)(1) shall be subject to the condition that the Borough—

(A) use the conveyed property, directly or through an agreement with a public or private entity, for economic development purposes; or

(B) convey the property to an appropriate public or private entity for use for such purposes.

(2) The conveyance under subsection (a)(2) shall be subject to the condition that the Board develop and use the conveyed property for educational purposes.

(c) REVERSION.—(1) If the Secretary determines at any time that the real property conveyed under subsection (a)(1) is not being used for economic development purposes, as required by subsection (b)(1), all right, title, and interest in and to the property conveyed under subsection (a)(1), including any improvements thereon, shall revert to the United States, and the United States shall have the right of immediate entry thereon.

(2) If the Secretary determines at any time that the real property conveyed under subsection (a)(2) is not being used for educational purposes, as required by subsection (b)(2), all right, title, and interest in and to the property conveyed under subsection (a)(2), including any improvements thereon, shall revert to the

United States, and the United States shall have the right of immediate entry thereon.

(d) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the real property to be conveyed under subsection (a) shall be determined by surveys satisfactory to the Secretary. The cost of the survey in connection with the conveyance under subsection (a)(1) shall be borne by the Borough, and the cost of the survey in connection with the conveyance under subsection (a)(2) shall be borne by the Board.

(e) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyances under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2836. LAND CONVEYANCES, FORT BRAGG, NORTH CAROLINA.

(a) CONVEYANCES AUTHORIZED.—(1) The Secretary of the Army may convey, without consideration, to the Town of Spring Lake, North Carolina (in this section referred to as the “Town”), all right, title, and interest of the United States in and to a parcel of unimproved real property consisting of approximately 50 acres located at Fort Bragg, North Carolina.

(2) The Secretary may convey, without consideration, to Harnett County, North Carolina (in this section referred to as the “County”), all right, title, and interest of the United States in and to a parcel of real property (including improvements thereon), known as Tract No. 404–2, consisting of approximately 157 acres located at Fort Bragg.

(3) The Secretary may convey, at fair market value, to the County all right, title, and interest of the United States in and to a parcel of real property (including improvements thereon), known as Tract No. 404–1, consisting of approximately 137 acres located at Fort Bragg.

(b) CONDITIONS OF CONVEYANCE.—(1) The conveyance under subsection (a)(1) shall be subject to the condition that the Town use the conveyed property for access to a waste treatment facility and for economic development purposes.

(2) The conveyance under subsection (a)(2) shall be subject to the condition that the County develop and use the conveyed property for educational purposes.

(c) REVERSION.—(1) If the Secretary determines at any time that the real property conveyed under subsection (a)(1) is not being used in accordance with subsection (b)(1), all right, title, and interest in and to the property conveyed under subsection (a)(1), including any improvements thereon, shall revert to the United States, and the United States shall have the right of immediate entry thereon.

(2) If the Secretary determines at any time that the real property conveyed under subsection (a)(2) is not being used in accordance with subsection (b)(2), all right, title, and interest in and to the property conveyed under subsection (a)(2), including any improvements thereon, shall revert to the United States, and the United States shall have the right of immediate entry thereon.

(d) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the real property to be conveyed under subsection (a) shall be determined by surveys satisfactory to the Secretary. The cost of the survey in connection with the conveyance under subsection (a)(1) shall be borne by the Town, and the cost of the

survey in connection with the conveyances under paragraphs (2) and (3) of subsection (a) shall be borne by the County.

(e) **ADDITIONAL TERMS AND CONDITIONS.**—The Secretary may require such additional terms and conditions in connection with the conveyances under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2837. LAND CONVEYANCE, HAWTHORNE ARMY AMMUNITION DEPOT, MINERAL COUNTY, NEVADA.

(a) **CONVEYANCE AUTHORIZED.**—The Secretary of the Army may convey, without consideration, to Mineral County, Nevada (in this section referred to as the “County”), all right, title, and interest of the United States in and to a parcel of excess real property, including improvements thereon, consisting of approximately 33.1 acres located at Hawthorne Army Ammunition Depot, Mineral County, Nevada, and commonly referred to as the Schweer Drive Housing Area, for the purpose of permitting the County to develop the parcel for economic purposes.

(b) **CONDITIONS OF CONVEYANCE.**—The conveyance authorized by subsection (a) shall be subject to the following conditions:

(1) That the County accept the conveyed property subject to such easements and rights of way in favor of the United States as the Secretary considers appropriate.

(2) That the County, if the County sells any portion of the property conveyed under subsection (a) before the end of the 10-year period beginning on the date of enactment of this Act, pay to the United States an amount equal to the lesser of—

(A) the amount of sale of the property sold; or

(B) the fair market value of the property sold as determined without taking into account any improvements to such property by the County.

(c) **DESCRIPTION OF PROPERTY.**—The exact acreage and legal description of the real property to be conveyed under subsection (a), and of any easement or right of way granted under subsection (b)(1), shall be determined by a survey satisfactory to the Secretary. The cost of the survey shall be borne by the County.

(d) **ADDITIONAL TERMS AND CONDITIONS.**—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a), and any easement or right of way granted under subsection (b)(1), as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2838. EXPANSION OF LAND CONVEYANCE AUTHORITY, INDIANA ARMY AMMUNITION PLANT, CHARLESTOWN, INDIANA.

(a) **ADDITIONAL CONVEYANCE.**—Subsection (a) of section 2858 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104-106; 110 Stat. 571) is amended—

(1) by inserting “(1)” before “The Secretary of the Army”; and

(2) by adding at the end the following new paragraph:

“(2) The Secretary may also convey to the State, without consideration, an additional parcel of real property at the Indiana Army Ammunition Plant consisting of approximately 500 acres located along the Ohio River.”

(b) **CONFORMING AMENDMENTS.**—Such section is further amended by striking out “conveyance” both places it appears in subsections (b) and (d) and inserting in lieu thereof “conveyances”.

SEC. 2839. MODIFICATION OF LAND CONVEYANCE, LOMPOC, CALIFORNIA.

(a) CHANGE IN AUTHORIZED USES OF LAND.—Section 834(b)(1) of the Military Construction Authorization Act, 1985 (Public Law 98–407; 98 Stat. 1526), is amended by striking out subparagraphs (A) and (B) and inserting in lieu thereof the following new subparagraphs:

“(A) for educational and recreational purposes;
“(B) for open space; or”.

(b) CONFORMING DEED CHANGES.—With respect to the land conveyance made pursuant to section 834 of the Military Construction Authorization Act, 1985, the Secretary of the Army shall execute and file in the appropriate office or offices an amended deed or other appropriate instrument effectuating the changes to the authorized uses of the conveyed property resulting from the amendment made by subsection (a).

SEC. 2840. MODIFICATION OF LAND CONVEYANCE, ROCKY MOUNTAIN ARSENAL, COLORADO.

Section 5(c)(1) of Public Law 102–402 (106 Stat. 1966; 16 U.S.C. 668dd note) is amended by striking out the second sentence and inserting in lieu thereof the following new sentence: “The Administrator shall convey the transferred property to Commerce City, Colorado, for consideration in an amount equal to the fair market value of the property (as determined jointly by the Administrator and the City).”.

SEC. 2841. CORRECTION OF LAND CONVEYANCE AUTHORITY, ARMY RESERVE CENTER, ANDERSON, SOUTH CAROLINA.

(a) CORRECTION OF CONVEYEE.—Subsection (a) of section 2824 of the Military Construction Authorization Act for Fiscal Year 1997 (division B of Public Law 104–201; 110 Stat. 2793) is amended by striking out “County of Anderson, South Carolina (in this section referred to as the ‘County’)” and inserting in lieu thereof “Board of Education, Anderson County, South Carolina (in this section referred to as the ‘Board’)”.

(b) CONFORMING AMENDMENTS.—Subsections (b) and (c) of such section are each amended by striking out “the County” and inserting in lieu thereof “the Board”.

PART II—NAVY CONVEYANCES**SEC. 2851. LAND CONVEYANCE, TOPSHAM ANNEX, NAVAL AIR STATION, BRUNSWICK, MAINE.**

(a) CONVEYANCE AUTHORIZED.—The Secretary of the Navy may convey, without consideration, to the Maine School Administrative District No. 75, Topsham, Maine (in this section referred to as the “District”), all right, title, and interest of the United States in and to a parcel of real property, including improvements thereon, consisting of approximately 40 acres located at the Topsham Annex, Naval Air Station, Brunswick, Maine.

(b) CONDITION OF CONVEYANCE.—The conveyance under subsection (a) shall be subject to the condition that the District use the conveyed property for educational purposes.

(c) REVERSION.—If the Secretary determines at any time that the real property conveyed under subsection (a) is not being used for the purpose specified in subsection (b), all right, title, and

interest in and to the property, including any improvements thereon, shall revert to the United States, and the United States shall have the right of immediate entry thereon.

(d) INTERIM LEASE.—(1) Until such time as the real property described in subsection (a) is conveyed by deed, the Secretary may lease the property, together with the improvements thereon, to the District.

(2) As consideration for the lease under this subsection, the District shall provide such security services for the property covered by the lease, and carry out such maintenance work with respect to the property, as the Secretary shall specify in the lease.

(e) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the Secretary. The cost of the survey shall be borne by the District.

(f) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a), and the lease, if any, under subsection (d), as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2852. LAND CONVEYANCE, NAVAL WEAPONS INDUSTRIAL RESERVE PLANT NO. 464, OYSTER BAY, NEW YORK.

(a) CONVEYANCE AUTHORIZED.—(1) The Secretary of the Navy may convey, without consideration, to the County of Nassau, New York (in this section referred to as the “County”), all right, title, and interest of the United States in and to parcels of real property consisting of approximately 110 acres and comprising the Naval Weapons Industrial Reserve Plant No. 464, Oyster Bay, New York.

(2)(A) As part of the conveyance authorized in paragraph (1), the Secretary may convey to the County such improvements, equipment, fixtures, and other personal property (including special tooling equipment and special test equipment) located on the parcels as the Secretary determines to be not required by the Navy for other purposes.

(B) The Secretary may permit the County to review and inspect the improvements, equipment, fixtures, and other personal property located on the parcels for purposes of the conveyance authorized by this paragraph.

(b) CONDITION OF CONVEYANCE.—The conveyance of the parcels authorized in subsection (a) shall be subject to the condition that the County—

(1) use the parcels, directly or through an agreement with a public or private entity, for economic redevelopment purposes or such other public purposes as the County determines appropriate; or

(2) convey the parcels to an appropriate public or private entity for use for such purposes.

(c) REVERSION.—If, during the five-year period beginning on the date the Secretary makes the conveyance authorized under subsection (a), the Secretary determines that the conveyed real property is not being used for a purpose specified in subsection (b), all right, title, and interest in and to the property, including any improvements thereon, shall revert to the United States, and the United States shall have the right of immediate entry onto the property.

(d) INTERIM LEASE.—(1) Until such time as the real property described in subsection (a) is conveyed by deed, the Secretary may lease the property, together with improvements thereon, to the County.

(2) As consideration for the lease under this subsection, the County shall provide such security services and fire protection services for the property covered by the lease, and carry out such maintenance work with respect to the property, as the Secretary shall specify in the lease.

(e) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the real property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the Secretary. The cost of the survey shall be borne by the County.

(f) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a), and the lease, if any, under subsection (d), as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2853. CORRECTION OF LEASE AUTHORITY, NAVAL AIR STATION, MERIDIAN, MISSISSIPPI.

(a) CORRECTION OF LESSEE.—Subsection (a) of section 2837 of the Military Construction Authorization Act for Fiscal Year 1997 (division B of Public Law 104–201; 110 Stat. 2798) is amended—

(1) by striking out “State of Mississippi (in this section referred to as the ‘State’)” and inserting in lieu thereof “County of Lauderdale, Mississippi (in this section referred to as the ‘County’)”; and

(2) by striking out “The State” and inserting in lieu thereof “The County”.

(b) CONFORMING AMENDMENTS.—Subsections (b) and (c) of such section are amended by striking out “State” each place it appears and inserting in lieu thereof “County”.

PART III—AIR FORCE CONVEYANCES

SEC. 2861. LAND TRANSFER, EGLIN AIR FORCE BASE, FLORIDA.

(a) TRANSFER.—The real property withdrawn by Executive Order 4525, dated October 1, 1926, which consists of approximately 440 acres of land at Cape San Blas, Gulf County, Florida, and any improvements thereon, is transferred from the administrative jurisdiction of the Secretary of Transportation to the administrative jurisdiction of the Secretary of the Air Force, without reimbursement. Executive Order 4525 is revoked, and the transferred real property shall be administered by the Secretary of the Air Force pursuant to the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.) and such other laws as may be applicable to Federal real property.

(b) USE OF PROPERTY.—The real property transferred under subsection (a) may be used in conjunction with operations at Eglin Air Force Base, Florida.

(c) LEGAL DESCRIPTION.—The exact acreage and legal description of the real property to be transferred under subsection (a) shall be determined by a survey satisfactory to the Secretary of the Air Force. The cost of the survey shall be borne by the Secretary of the Air Force.

SEC. 2862. LAND CONVEYANCE, MARCH AIR FORCE BASE, CALIFORNIA.

(a) **CONVEYANCE AUTHORIZED.**—(1) The Secretary of the Air Force may convey to Air Force Village West, Incorporated (in this section referred to as the “Corporation”), of Riverside, California, all right, title, and interest of the United States in and to a parcel of real property located at March Air Force Base, California, and consisting of approximately 75 acres, as more fully described in subsection (c).

(2) If the Secretary does not make the conveyance authorized by paragraph (1) to the Corporation on or before January 1, 2006, the Secretary shall convey the real property instead to the March Joint Powers Authority, the redevelopment authority established for March Air Force Base.

(b) **CONSIDERATION.**—As consideration for the conveyance under subsection (a)(1), the Corporation shall pay to the United States an amount equal to the fair market value of the real property, as determined by the Secretary.

(c) **LAND DESCRIPTION.**—The real property to be conveyed under subsection (a) is contiguous to land conveyed to the Corporation pursuant to section 835 of the Military Construction Authorization Act, 1985 (Public Law 98-407; 98 Stat. 1527), and lies within sections 27, 28, 33, and 34 of Township 3 South, Range 4 West, San Bernardino Base and Meridian, County of Riverside, California. The exact acreage and legal description of the real property shall be determined by a survey satisfactory to the Secretary. The cost of the survey shall be borne by the party receiving the property.

(d) **TECHNICAL CORRECTIONS REGARDING PREVIOUS CONVEYANCE.**—Section 835 of the Military Construction Authorization Act, 1985 (Public Law 98-407; 98 Stat. 1527), is amended—

(1) in subsection (b), by striking out “subsection (b)” and inserting in lieu thereof “subsection (a)”; and

(2) in subsection (c), by striking out “Clark Street,” and all that follows through the period and inserting in lieu thereof “Village West Drive, on the west by Allen Avenue, on the south by 8th Street, and the north is an extension of 11th Street between Allen Avenue and Clark Street.”.

SEC. 2863. LAND CONVEYANCE, ELLSWORTH AIR FORCE BASE, SOUTH DAKOTA.

(a) **CONVEYANCE AUTHORIZED.**—The Secretary of the Air Force may convey, without consideration, to the Greater Box Elder Area Economic Development Corporation, Box Elder, South Dakota (in this section referred to as the “Corporation”), all right, title, and interest of the United States in and to the parcels of real property located at Ellsworth Air Force Base, South Dakota, referred to in subsection (b).

(b) **COVERED PROPERTY.**—(1) Subject to paragraph (2), the real property referred to in subsection (a) is the following:

(A) A parcel of real property, together with any improvements thereon, consisting of approximately 53.32 acres and comprising the Skyway Military Family Housing Area.

(B) A parcel of real property, together with any improvements thereon, consisting of approximately 137.56 acres and comprising the Renal Heights Military Family Housing Area.

(C) A parcel of real property, together with any improvements thereon, consisting of approximately 14.92 acres and comprising the East Nike Military Family Housing Area.

(D) A parcel of real property, together with any improvements thereon, consisting of approximately 14.69 acres and comprising the South Nike Military Family Housing Area.

(E) A parcel of real property, together with any improvements thereon, consisting of approximately 14.85 acres and comprising the West Nike Military Family Housing Area.

(2) The real property referred to in subsection (a) does not include the portion of real property referred to in paragraph (1)(B) that the Secretary determines to be required for the construction of an access road between the main gate of Ellsworth Air Force Base and an interchange on Interstate Route 90 located in the vicinity of mile marker 67 in South Dakota.

(c) CONDITIONS OF CONVEYANCE.—The conveyance of the real property referred to in subsection (b) shall be subject to the following conditions:

(1) That the Corporation, and any person or entity to which the Corporation transfers the property, comply in the use of the property with the applicable provisions of the Ellsworth Air Force Base Air Installation Compatible Use Zone Study.

(2) That the Corporation convey a portion of the real property referred to in subsection (b)(1)(A), together with any improvements thereon, consisting of approximately 20 acres to the Douglas School District, South Dakota, for use for education purposes.

(d) REVERSION.—If the Secretary determines that any portion of the real property conveyed under subsection (a) is not being used in accordance with the applicable provision of subsection (c), all right, title, and interest in and to that portion of the real property, including any improvements thereon, shall revert to the United States, and the United States shall have the right of immediate entry thereon.

(e) LEGAL DESCRIPTION.—The exact acreage and legal description of the property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the Secretary. The cost of the survey shall be borne by the Corporation.

(f) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2864. LAND CONVEYANCE, HANCOCK FIELD, SYRACUSE, NEW YORK.

(a) CONVEYANCE AUTHORIZED.—(1) The Secretary of the Air Force may convey, without consideration, to Onondaga County, New York (in this section referred to as the “County”), all right, title, and interest of the United States in and to a parcel of real property, including any improvements thereon, consisting of approximately 14.9 acres and located at Hancock Field, Syracuse, New York, the site of facilities no longer required for use by the 152nd Air Control Group of the New York Air National Guard.

(2) If, at the time of the conveyance authorized by paragraph (1), the property to be conveyed is under the jurisdiction of the Administrator of General Services rather than the Secretary, the Administrator shall make the conveyance.

(b) **CONDITION OF CONVEYANCE.**—The conveyance authorized by subsection (a) shall be subject to the condition that the County use the property conveyed for economic development purposes.

(c) **REVERSION.**—If the Secretary (or the Administrator in the event the conveyance is made by the Administrator) determines at any time that the property conveyed pursuant to this section is not being used for the purposes specified in subsection (b), all right, title, and interest in and to the property, including any improvements thereon, shall revert to the United States, and the United States shall have the right of immediate entry thereon.

(d) **DESCRIPTION OF PROPERTY.**—The exact acreage and legal description of the property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the Secretary (or the Administrator in the event the conveyance is made by the Administrator). The cost of the survey shall be borne by the County.

(e) **ADDITIONAL TERMS AND CONDITIONS.**—The Secretary (or the Administrator in the event the conveyance is made by the Administrator) may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary or the Administrator, as the case may be, considers appropriate to protect the interests of the United States.

SEC. 2865. LAND CONVEYANCE, HAVRE AIR FORCE STATION, MONTANA, AND HAVRE TRAINING SITE, MONTANA.

(a) **CONVEYANCE AUTHORIZED.**—(1) The Secretary of the Air Force may convey, without consideration, to the Bear Paw Development Corporation, Havre, Montana (in this section referred to as the “Corporation”), all, right, title, and interest of the United States in and to the real property described in paragraph (2).

(2) The authority in paragraph (1) applies to the following real property:

(A) A parcel of real property, including any improvements thereon, consisting of approximately 85 acres and comprising the Havre Air Force Station, Montana.

(B) A parcel of real property, including any improvements thereon, consisting of approximately 9 acres and comprising the Havre Training Site, Montana.

(b) **CONDITIONS OF CONVEYANCE.**—The conveyance authorized by subsection (a) shall be subject to the following conditions:

(1) That the Corporation—

(A) convey to the Box Elder School District 13G, Montana, 10 single-family homes located on the property to be conveyed under that subsection as jointly agreed upon by the Corporation and the school district; and

(B) grant the school district access to the property for purposes of removing the homes from the property.

(2) That the Corporation—

(A) convey to the Hays/Lodgepole School District 50, Montana—

(i) 27 single-family homes located on the property to be conveyed under that subsection as jointly agreed upon by the Corporation and the school district;

(ii) one barracks housing unit located on the property;

(iii) two steel buildings (nos. 7 and 8) located on the property;

(iv) two tin buildings (nos. 37 and 44) located on the property; and

(v) miscellaneous personal property located on the property that is associated with the buildings conveyed under this subparagraph; and

(B) grant the school district access to the property for purposes of removing such homes and buildings, the housing unit, and such personal property from the property.

(3) That the Corporation—

(A) convey to the District 4 Human Resources Development Council, Montana, eight single-family homes located on the property to be conveyed under that subsection as jointly agreed upon by the Corporation and the council; and

(B) grant the council access to the property for purposes of removing such homes from the property.

(4) That any property conveyed under subsection (a) that is not conveyed under this subsection be used for economic development purposes or housing purposes.

(c) REVERSION.—If the Secretary determines at any time that the portion of the property conveyed under subsection (a) which is covered by the condition specified in subsection (b)(4) is not being used for the purposes specified in that subsection, all right, title, and interest in and to such property, including any improvements thereon, shall revert to the United States, and the United States shall have the right of immediate entry thereon.

(d) DESCRIPTION OF PROPERTY.—The exact acreages and legal description of the parcels of property to be conveyed under subsection (a) shall be determined by surveys satisfactory to the Secretary. The cost of the surveys shall be borne by the Corporation.

(e) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2866. LAND CONVEYANCE, CHARLESTON FAMILY HOUSING COMPLEX, BANGOR, MAINE.

(a) CONVEYANCE AUTHORIZED.—The Secretary of the Air Force may convey, without consideration, to the City of Bangor, Maine (in this section referred to as the “City”), all right, title, and interest of the United States in and to a parcel of real property consisting of approximately 19.8 acres, including improvements thereon, located in Bangor, Maine, and known as the Charleston Family Housing Complex.

(b) PURPOSE OF CONVEYANCE.—The purpose of the conveyance under subsection (a) is to facilitate the reuse of the real property, currently unoccupied, which the City proposes to use to provide housing opportunities for first-time home buyers.

(c) CONDITION OF CONVEYANCE.—The conveyance authorized by subsection (a) shall be subject to the condition that the City, if the City sells any portion of the property conveyed under subsection (a) before the end of the 10-year period beginning on the date of enactment of this Act, pay to the United States an amount equal to the lesser of—

(1) the amount of sale of the property sold; or

(2) the fair market value of the property sold as determined without taking into account any improvements to such property by the City.

(d) **DESCRIPTION OF PROPERTY.**—The exact acreage and legal description of the real property conveyed under subsection (a) shall be determined by a survey satisfactory to the Secretary. The cost of the survey shall be borne by the City.

(e) **ADDITIONAL TERMS AND CONDITIONS.**—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2867. STUDY OF LAND EXCHANGE OPTIONS, SHAW AIR FORCE BASE, SOUTH CAROLINA.

Section 2874 of the Military Construction Authorization Act for Fiscal Year 1996 (division B of Public Law 104–106; 110 Stat. 583) is amended by adding at the end the following new subsection:

“(g) **STUDY OF EXCHANGE OPTIONS.**—To facilitate the use of a land exchange to acquire the real property described in subsection (a), the Secretary shall conduct a study to identify real property in the possession of the Air Force (located in the State of South Carolina or elsewhere) that satisfies the requirements of subsection (b)(2), is acceptable to the party holding the property to be acquired, and is otherwise suitable for exchange under this section. Not later than three months after the date of the enactment of the National Defense Authorization Act for Fiscal Year 1998, the Secretary shall submit to Congress a report containing the results of the study.”.

Reports.

Subtitle E—Other Matters

SEC. 2871. REPEAL OF REQUIREMENT TO OPERATE NAVAL ACADEMY DAIRY FARM.

(a) **OPERATION.**—(1) Chapter 603 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 6976. Operation of Naval Academy dairy farm

“(a) **DISCRETION REGARDING CONTINUED OPERATION.**—(1) Subject to paragraph (2), the Secretary of the Navy may terminate or reduce the dairy or other operations conducted at the Naval Academy dairy farm located in Gambrills, Maryland.

“(2) Notwithstanding the termination or reduction of operations at the Naval Academy dairy farm under paragraph (1), the real property containing the dairy farm (consisting of approximately 875 acres)—

“(A) may not be declared to be excess real property to the needs of the Navy or transferred or otherwise disposed of by the Navy or any Federal agency; and

“(B) shall be maintained in its rural and agricultural nature.

“(b) **LEASE AUTHORITY.**—(1) Subject to paragraph (2), to the extent that the termination or reduction of operations at the Naval Academy dairy farm permit, the Secretary of the Navy may lease the real property containing the dairy farm, and any improvements and personal property thereon, to such persons and under such terms as the Secretary considers appropriate. In leasing any of

the property, the Secretary may give a preference to persons who will continue dairy operations on the property.

“(2) Any lease of property at the Naval Academy dairy farm shall be subject to a condition that the lessee maintain the rural and agricultural nature of the leased property.

“(c) EFFECT OF OTHER LAWS.—Nothing in section 6971 of this title shall be construed to require the Secretary of the Navy or the Superintendent of the Naval Academy to operate a dairy farm for the Naval Academy in Gambrills, Maryland, or any other location.”.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“6976. Operation of Naval Academy dairy farm.”.

(b) CONFORMING REPEAL OF EXISTING REQUIREMENTS.—Section 810 of the Military Construction Authorization Act, 1968 (Public Law 90–110; 81 Stat. 309), is repealed.

(c) OTHER CONFORMING AMENDMENTS.—(1) Section 6971(b)(5) of title 10, United States Code, is amended by inserting “(if any)” before the period at the end.

(2) Section 2105(b) of title 5, United States Code, is amended by inserting “(if any)” after “Academy dairy”.

SEC. 2872. LONG-TERM LEASE OF PROPERTY, NAPLES, ITALY.

(a) AUTHORITY.—Subject to subsection (d), the Secretary of the Navy may acquire by long-term lease structures and real property relating to a regional hospital complex in Naples, Italy, that the Secretary determines to be necessary for purposes of the Naples Improvement Initiative.

(b) LEASE TERM.—Notwithstanding section 2675 of title 10, United States Code, the lease authorized by subsection (a) shall be for a term of not more than 20 years.

(c) EXPIRATION OF AUTHORITY.—The authority of the Secretary to enter into a lease under subsection (a) shall expire on September 30, 2002.

(d) AUTHORITY CONTINGENT ON APPROPRIATIONS ACTS.—The authority of the Secretary to enter into a lease under subsection (a) is available only to the extent or in the amount provided in advance in appropriations Acts.

SEC. 2873. DESIGNATION OF MILITARY FAMILY HOUSING AT LACKLAND AIR FORCE BASE, TEXAS, IN HONOR OF FRANK TEJEDA, A FORMER MEMBER OF THE HOUSE OF REPRESENTATIVES.

The military family housing developments to be constructed at two locations on Government property at Lackland Air Force Base, Texas, under the authority of subchapter IV of chapter 169 of title 10, United States Code, shall be designated by the Secretary of the Air Force, at an appropriate time, as follows:

(1) The eastern development shall be designated as “Frank Tejeda Estates East”.

(2) The western development shall be designated as “Frank Tejeda Estates West”.

SEC. 2874. FIBER-OPTICS BASED TELECOMMUNICATIONS LINKAGE OF MILITARY INSTALLATIONS.

(a) INSTALLATION REQUIRED.—In at least one metropolitan area of the United States containing multiple military installations of

one or more military departments or Defense Agencies, the Secretary of Defense shall provide for the installation of fiber-optics based telecommunications technology to link as many of the installations in the area as practicable in a telecommunications network. The Secretary shall use a full and open competitive process, consistent with section 2304 of title 10, United States Code, to provide for the installation of the telecommunications network through one or more new contracts.

(b) **FEATURES OF NETWORK.**—The telecommunications network shall provide direct access to local and long distance telephone carriers, allow for transmission of both classified and unclassified information, and take advantage of the various capabilities of fiber-optics based telecommunications technology.

(c) **TIME FOR REQUEST FOR BIDS OR PROPOSALS.**—Not later than March 30, 1998, the Secretary of Defense shall release a final request for bids or proposals to provide the telecommunications network or networks described in subsection (a).

(d) **REPORT ON IMPLEMENTATION.**—Not later than December 31, 1998, the Secretary of Defense shall submit to the congressional defense committees a report on the implementation of subsection (c), including the metropolitan area or areas selected for the installation of a fiber-optics based telecommunications network, the current telecommunication costs for the Department of Defense in the selected area or areas, the estimated cost of the fiber-optics based network, and potential areas for the future use of fiber-optics based networks.

Sikes Act
Improvement Act
of 1997.
Natural
resources.
Fish and wildlife.

TITLE XXIX—SIKES ACT IMPROVEMENT

Sec. 2901. Short title.

Sec. 2902. Definition of Sikes Act for purposes of amendments.

Sec. 2903. Codification of short title of Act.

Sec. 2904. Preparation of integrated natural resources management plans.

Sec. 2905. Review for preparation of integrated natural resources management plans.

Sec. 2906. Transfer of wildlife conservation fees from closed military installations.

Sec. 2907. Annual reviews and reports.

Sec. 2908. Cooperative agreements.

Sec. 2909. Federal enforcement.

Sec. 2910. Natural resources management services.

Sec. 2911. Definitions.

Sec. 2912. Repeal of superseded provision.

Sec. 2913. Technical amendments.

Sec. 2914. Authorizations of appropriations.

16 USC 670 note.

SEC. 2901. SHORT TITLE.

This title may be cited as the “Sikes Act Improvement Act of 1997”.

SEC. 2902. DEFINITION OF SIKES ACT FOR PURPOSES OF AMENDMENTS.

In this title, the term “Sikes Act” means the Act entitled “An Act to promote effectual planning, development, maintenance, and coordination of wildlife, fish, and game conservation and rehabilitation in military reservations”, approved September 15, 1960 (16 U.S.C. 670a et seq.), commonly referred to as the “Sikes Act”.

SEC. 2903. CODIFICATION OF SHORT TITLE OF ACT.

The Sikes Act (16 U.S.C. 670a et seq.) is amended by inserting before title I the following new section:

“SECTION 1. SHORT TITLE.

“This Act may be cited as the ‘Sikes Act’.”.

SEC. 2904. PREPARATION OF INTEGRATED NATURAL RESOURCES MANAGEMENT PLANS.

(a) IN GENERAL.—Section 101 of the Sikes Act (16 U.S.C. 670a(a)) is amended by striking out subsection (a) and inserting in lieu thereof the following new subsection:

“(a) AUTHORITY OF SECRETARY OF DEFENSE.—

“(1) PROGRAM.—

“(A) IN GENERAL.—The Secretary of Defense shall carry out a program to provide for the conservation and rehabilitation of natural resources on military installations.

“(B) INTEGRATED NATURAL RESOURCES MANAGEMENT PLAN.—To facilitate the program, the Secretary of each military department shall prepare and implement an integrated natural resources management plan for each military installation in the United States under the jurisdiction of the Secretary, unless the Secretary determines that the absence of significant natural resources on a particular installation makes preparation of such a plan inappropriate.

“(2) COOPERATIVE PREPARATION.—The Secretary of a military department shall prepare each integrated natural resources management plan for which the Secretary is responsible in cooperation with the Secretary of the Interior, acting through the Director of the United States Fish and Wildlife Service, and the head of each appropriate State fish and wildlife agency for the State in which the military installation concerned is located. Consistent with paragraph (4), the resulting plan for the military installation shall reflect the mutual agreement of the parties concerning conservation, protection, and management of fish and wildlife resources.

“(3) PURPOSES OF PROGRAM.—Consistent with the use of military installations to ensure the preparedness of the Armed Forces, the Secretaries of the military departments shall carry out the program required by this subsection to provide for—

“(A) the conservation and rehabilitation of natural resources on military installations;

“(B) the sustainable multipurpose use of the resources, which shall include hunting, fishing, trapping, and non-consumptive uses; and

“(C) subject to safety requirements and military security, public access to military installations to facilitate the use.

“(4) EFFECT ON OTHER LAW.—Nothing in this title—

“(A)(i) affects any provision of a Federal law governing the conservation or protection of fish and wildlife resources; or

“(ii) enlarges or diminishes the responsibility and authority of any State for the protection and management of fish and resident wildlife; or

“(B) except as specifically provided in the other provisions of this section and in section 102, authorizes the Secretary of a military department to require a Federal license or permit to hunt, fish, or trap on a military installation.”.

(b) CONFORMING AMENDMENTS.—Title I of the Sikes Act is amended—

(1) in section 101(b)(4) (16 U.S.C. 670a(b)(4)), by striking out “cooperative plan” each place it appears and inserting in lieu thereof “integrated natural resources management plan”;

(2) in section 101(c) (16 U.S.C. 670a(c)), in the matter preceding paragraph (1), by striking out “a cooperative plan” and inserting in lieu thereof “an integrated natural resources management plan”;

(3) in section 101(d) (16 U.S.C. 670a(d)), in the matter preceding paragraph (1), by striking out “cooperative plans” and inserting in lieu thereof “integrated natural resources management plans”;

(4) in section 101(e) (16 U.S.C. 670a(e)), by striking out “Cooperative plans” and inserting in lieu thereof “Integrated natural resources management plans”;

(5) in section 102 (16 U.S.C. 670b), by striking out “a cooperative plan” and inserting in lieu thereof “an integrated natural resources management plan”;

(6) in section 103 (16 U.S.C. 670c), by striking out “a cooperative plan” and inserting in lieu thereof “an integrated natural resources management plan”;

(7) in section 106(a) (16 U.S.C. 670f(a)), by striking out “cooperative plans” and inserting in lieu thereof “integrated natural resources management plans”; and

(8) in section 106(c) (16 U.S.C. 670f(c)), by striking out “cooperative plans” and inserting in lieu thereof “integrated natural resources management plans”.

(c) REQUIRED ELEMENTS OF PLANS.—Section 101(b) of the Sikes Act (16 U.S.C. 670a(b)) is amended—

(1) by striking out “(b) Each cooperative” and all that follows through the end of paragraph (1) and inserting in lieu thereof the following:

“(b) REQUIRED ELEMENTS OF PLANS.—Consistent with the use of military installations to ensure the preparedness of the Armed Forces, each integrated natural resources management plan prepared under subsection (a)—

“(1) shall, to the extent appropriate and applicable, provide for—

“(A) fish and wildlife management, land management, forest management, and fish- and wildlife-oriented recreation;

“(B) fish and wildlife habitat enhancement or modifications;

“(C) wetland protection, enhancement, and restoration, where necessary for support of fish, wildlife, or plants;

“(D) integration of, and consistency among, the various activities conducted under the plan;

“(E) establishment of specific natural resource management goals and objectives and time frames for proposed action;

“(F) sustainable use by the public of natural resources to the extent that the use is not inconsistent with the needs of fish and wildlife resources;

“(G) public access to the military installation that is necessary or appropriate for the use described in subparagraph (F), subject to requirements necessary to ensure safety and military security;

“(H) enforcement of applicable natural resource laws (including regulations);

“(I) no net loss in the capability of military installation lands to support the military mission of the installation; and

“(J) such other activities as the Secretary of the military department determines appropriate;”;

(2) in paragraph (2), by adding “and” at the end;

(3) by striking out paragraph (3);

(4) by redesignating paragraph (4) as paragraph (3); and

(5) in paragraph (3)(A) (as so redesignated), by striking out “collect the fees therefor,” and inserting in lieu thereof “collect, spend, administer, and account for fees for the permits,”.

SEC. 2905. REVIEW FOR PREPARATION OF INTEGRATED NATURAL RESOURCES MANAGEMENT PLANS.

16 USC 670a
note.

(a) **DEFINITIONS.**—In this section, the terms “military installation” and “United States” have the meanings provided in section 100 of the Sikes Act (as added by section 2911).

(b) **REVIEW OF MILITARY INSTALLATIONS.**—

(1) **REVIEW.**—Not later than 270 days after the date of enactment of this Act, the Secretary of each military department shall—

(A) review each military installation in the United States that is under the jurisdiction of that Secretary to determine the military installations for which the preparation of an integrated natural resources management plan under section 101 of the Sikes Act (as amended by this title) is appropriate; and

(B) submit to the Secretary of Defense a report on the determinations.

Reports.

(2) **REPORT TO CONGRESS.**—Not later than one year after the date of enactment of this Act, the Secretary of Defense shall submit to Congress a report on the reviews conducted under paragraph (1). The report shall include—

(A) a list of the military installations reviewed under paragraph (1) for which the Secretary of the appropriate military department determines that the preparation of an integrated natural resources management plan is not appropriate; and

(B) for each of the military installations listed under subparagraph (A), an explanation of each reason such a plan is not appropriate.

(c) **DEADLINE FOR INTEGRATED NATURAL RESOURCES MANAGEMENT PLANS.**—Not later than three years after the date of the submission of the report required under subsection (b)(2), the Secretary of each military department shall, for each military installation with respect to which the Secretary has not determined under subsection (b)(2)(A) that preparation of an integrated natural resources management plan is not appropriate—

(1) prepare and begin implementing such a plan in accordance with section 101(a) of the Sikes Act (as amended by this title); or

(2) in the case of a military installation for which there is in effect a cooperative plan under section 101(a) of the Sikes Act on the day before the date of enactment of this Act, complete negotiations with the Secretary of the Interior and the heads of the appropriate State agencies regarding changes to the plan that are necessary for the plan to constitute an integrated natural resources management plan that complies with that section, as amended by this title.

(d) PUBLIC COMMENT.—The Secretary of each military department shall provide an opportunity for the submission of public comments on—

(1) integrated natural resources management plans proposed under subsection (c)(1); and

(2) changes to cooperative plans proposed under subsection (c)(2).

SEC. 2906. TRANSFER OF WILDLIFE CONSERVATION FEES FROM CLOSED MILITARY INSTALLATIONS.

Section 101(b)(3)(B) of the Sikes Act (16 U.S.C. 670a(b)) (as redesignated by section 2904(c)(4)) is amended by inserting before the period at the end the following: “, unless the military installation is subsequently closed, in which case the fees may be transferred to another military installation to be used for the same purposes”.

SEC. 2907. ANNUAL REVIEWS AND REPORTS.

Section 101 of the Sikes Act (16 U.S.C. 670a) is amended by adding at the end the following new subsection:

“(f) REVIEWS AND REPORTS.—

“(1) SECRETARY OF DEFENSE.—Not later than March 1 of each year, the Secretary of Defense shall review the extent to which integrated natural resources management plans were prepared or were in effect and implemented in accordance with this title in the preceding year, and submit a report on the findings of the review to the committees. Each report shall include—

“(A) the number of integrated natural resources management plans in effect in the year covered by the report, including the date on which each plan was issued in final form or most recently revised;

“(B) the amounts expended on conservation activities conducted pursuant to the plans in the year covered by the report; and

“(C) an assessment of the extent to which the plans comply with this title.

“(2) SECRETARY OF THE INTERIOR.—Not later than March 1 of each year and in consultation with the heads of State fish and wildlife agencies, the Secretary of the Interior shall submit a report to the committees on the amounts expended by the Department of the Interior and the State fish and wildlife agencies in the year covered by the report on conservation activities conducted pursuant to integrated natural resources management plans.

“(3) DEFINITION OF COMMITTEES.—In this subsection, the term ‘committees’ means—

“(A) the Committee on Resources and the Committee on National Security of the House of Representatives; and

“(B) the Committee on Armed Services and the Committee on Environment and Public Works of the Senate.”.

SEC. 2908 COOPERATIVE AGREEMENTS.

Section 103a of the Sikes Act (16 U.S.C. 670c–1) is amended—

(1) in subsection (a), by striking out “Secretary of Defense” and inserting in lieu thereof “Secretary of a military department”;

(2) by striking out subsection (b) and inserting in lieu thereof the following new subsection:

“(b) **MULTIYEAR AGREEMENTS.**—Funds appropriated to the Department of Defense for a fiscal year may be obligated to cover the cost of goods and services provided under a cooperative agreement entered into under subsection (a) or through an agency agreement under section 1535 of title 31, United States Code, during any 18-month period beginning in that fiscal year, without regard to whether the agreement crosses fiscal years.”.

SEC. 2909. FEDERAL ENFORCEMENT.

Title I of the Sikes Act is amended—

(1) by redesignating section 106 (16 U.S.C. 670f) as section 108; and

(2) by inserting after section 105 (16 U.S.C. 670e) the following new section:

“SEC. 106. FEDERAL ENFORCEMENT OF OTHER LAWS.

16 USC 670e–1.

“All Federal laws relating to the management of natural resources on Federal land may be enforced by the Secretary of Defense with respect to violations of the laws that occur on military installations within the United States.”.

SEC. 2910. NATURAL RESOURCES MANAGEMENT SERVICES.

Title I of the Sikes Act is amended by inserting after section 106 (as added by section 2909) the following new section:

“SEC. 107. NATURAL RESOURCES MANAGEMENT SERVICES.

16 USC 670e–2.

“To the extent practicable using available resources, the Secretary of each military department shall ensure that sufficient numbers of professionally trained natural resources management personnel and natural resources law enforcement personnel are available and assigned responsibility to perform tasks necessary to carry out this title, including the preparation and implementation of integrated natural resources management plans.”.

SEC. 2911. DEFINITIONS.

Title I of the Sikes Act is amended by inserting before section 101 (16 U.S.C. 670a) the following new section:

“SEC. 100. DEFINITIONS.

16 USC 670.

“In this title:

“(1) **MILITARY INSTALLATION.**—The term ‘military installation’—

“(A) means any land or interest in land owned by the United States and administered by the Secretary of Defense or the Secretary of a military department, except

land under the jurisdiction of the Assistant Secretary of the Army having responsibility for civil works;

“(B) includes all public lands withdrawn from all forms of appropriation under public land laws and reserved for use by the Secretary of Defense or the Secretary of a military department; and

“(C) does not include any land described in subparagraph (A) or (B) that is subject to an approved recommendation for closure under the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note).

“(2) STATE FISH AND WILDLIFE AGENCY.—The term ‘State fish and wildlife agency’ means the one or more agencies of State government that are responsible under State law for managing fish or wildlife resources.

“(3) UNITED STATES.—The term ‘United States’ means the States, the District of Columbia, and the territories and possessions of the United States.”.

SEC. 2912. REPEAL OF SUPERSEDED PROVISION.

Section 2 of the Act of October 27, 1986 (Public Law 99–561; 16 U.S.C. 670a–1), is repealed.

SEC. 2913. TECHNICAL AMENDMENTS.

Title I of the Sikes Act, as amended by this title, is amended—

(1) in the heading for the title, by striking out “MILITARY RESERVATIONS” and inserting in lieu thereof “MILITARY INSTALLATIONS”;

(2) in section 101(b)(3) (16 U.S.C. 670a(b)(3)), as redesignated by section 2904(c)(4)—

(A) in subparagraph (A), by striking out “the reservation” and inserting in lieu thereof “the installation”; and

(B) in subparagraph (B), by striking out “the military reservation” and inserting in lieu thereof “the military installation”;

(3) in section 101(c) (16 U.S.C. 670a(c))—

(A) in paragraph (1), by striking out “a military reservation” and inserting in lieu thereof “a military installation”; and

(B) in paragraph (2), by striking out “the reservation” and inserting in lieu thereof “the installation”;

(4) in section 101(e) (16 U.S.C. 670a(e)), by striking “the Federal Grant and Cooperative Agreement Act of 1977 (41 U.S.C. 501 et seq.)” and inserting “chapter 63 of title 31, United States Code”;

(5) in section 102 (16 U.S.C. 670b), by striking out “military reservations” and inserting in lieu thereof “military installations”; and

(6) in section 103 (16 U.S.C. 670c)—

(A) by striking out “military reservations” and inserting in lieu thereof “military installations”; and

(B) by striking out “such reservations” and inserting in lieu thereof “the installations”.

SEC. 2914. AUTHORIZATIONS OF APPROPRIATIONS.

(a) CONSERVATION PROGRAMS ON MILITARY INSTALLATIONS.—Subsections (b) and (c) of section 108 of the Sikes Act (as redesignated by section 2909(1)) are each amended by striking out “1983”

and all that follows through “1993,” and inserting in lieu thereof “1998 through 2003.”

(b) CONSERVATION PROGRAMS ON PUBLIC LANDS.—Section 209 of the Sikes Act (16 U.S.C. 670o) is amended—

(1) in subsection (a), by striking out “the sum of \$10,000,000” and all that follows through “to enable the Secretary of the Interior” and inserting in lieu thereof “\$4,000,000 for each of fiscal years 1998 through 2003, to enable the Secretary of the Interior”; and

(2) in subsection (b), by striking out “the sum of \$12,000,000” and all that follows through “to enable the Secretary of Agriculture” and inserting in lieu thereof “\$5,000,000 for each of fiscal years 1998 through 2003, to enable the Secretary of Agriculture”.

DIVISION C—DEPARTMENT OF ENERGY NATIONAL SECURITY AUTHORIZA- TIONS AND OTHER AUTHORIZATIONS

TITLE XXXI—DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS

Subtitle A—National Security Programs Authorizations

Sec. 3101. Weapons activities.
Sec. 3102. Environmental restoration and waste management.
Sec. 3103. Other defense activities.
Sec. 3104. Defense nuclear waste disposal.

Subtitle B—Recurring General Provisions

Sec. 3121. Reprogramming.
Sec. 3122. Limits on general plant projects.
Sec. 3123. Limits on construction projects.
Sec. 3124. Fund transfer authority.
Sec. 3125. Authority for conceptual and construction design.
Sec. 3126. Authority for emergency planning, design, and construction activities.
Sec. 3127. Funds available for all national security programs of the Department of Energy.
Sec. 3128. Availability of funds.
Sec. 3129. Transfers of defense environmental management funds.

Subtitle C—Program Authorizations, Restrictions, and Limitations

Sec. 3131. Memorandum of understanding for use of national laboratories for ballistic missile defense programs.
Sec. 3132. Defense environmental management privatization projects.
Sec. 3133. International cooperative stockpile stewardship.
Sec. 3134. Modernization of enduring nuclear weapons complex.
Sec. 3135. Tritium production.
Sec. 3136. Processing, treatment, and disposition of spent nuclear fuel rods and other legacy nuclear materials at the Savannah River Site.
Sec. 3137. Limitations on use of funds for laboratory directed research and development purposes.
Sec. 3138. Pilot program relating to use of proceeds of disposal or utilization of certain Department of Energy assets.
Sec. 3139. Modification and extension of authority relating to appointment of certain scientific, engineering, and technical personnel.
Sec. 3140. Limitation on use of funds for subcritical nuclear weapons tests.
Sec. 3141. Limitation on use of certain funds until future use plans are submitted.

Subtitle D—Other Matters

Sec. 3151. Plan for stewardship, management, and certification of warheads in the nuclear weapons stockpile.

- Sec. 3152. Repeal of obsolete reporting requirements.
- Sec. 3153. Study and funding relating to implementation of workforce restructuring plans.
- Sec. 3154. Report and plan for external oversight of national laboratories.
- Sec. 3155. University-based research collaboration program.
- Sec. 3156. Stockpile stewardship program.
- Sec. 3157. Reports on advanced supercomputer sales to certain foreign nations.
- Sec. 3158. Transfers of real property at certain Department of Energy facilities.
- Sec. 3159. Requirement to delegate certain authorities to site manager of Hanford Reservation.
- Sec. 3160. Submittal of biennial waste management reports.
- Sec. 3161. Department of Energy Security Management Board.
- Sec. 3162. Submittal of annual report on status of security functions at nuclear weapons facilities.
- Sec. 3163. Modification of authority on Commission on Maintaining United States Nuclear Weapons Expertise.
- Sec. 3164. Land transfer, Bandelier National Monument.
- Sec. 3165. Final settlement of Department of Energy community assistance obligations with respect to Los Alamos National Laboratory, New Mexico.
- Sec. 3166. Sense of Congress regarding the Y–12 Plant in Oak Ridge, Tennessee.
- Sec. 3167. Support for public education in the vicinity of Los Alamos National Laboratory, New Mexico.
- Sec. 3168. Improvements to Greenville Road, Livermore, California.
- Sec. 3169. Report on alternative system for availability of funds.
- Sec. 3170. Report on remediation under the Formerly Utilized Sites Remedial Action Program.

Subtitle A—National Security Programs Authorizations

SEC. 3101. WEAPONS ACTIVITIES.

(a) **STOCKPILE STEWARDSHIP.**—Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1998 for stockpile stewardship in carrying out weapons activities necessary for national security programs in the amount of \$1,867,150,000, to be allocated as follows:

(1) For core stockpile stewardship, \$1,387,100,000, to be allocated as follows:

(A) For operation and maintenance, \$1,288,290,000.

(B) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), \$98,810,000, to be allocated as follows:

Project 97–D–102, dual-axis radiographic hydrotest facility, Los Alamos National Laboratory, Los Alamos, New Mexico, \$46,300,000.

Project 96–D–102, stockpile stewardship facilities revitalization, Phase VI, various locations, \$19,810,000.

Project 96–D–103, ATLAS, Los Alamos National Laboratory, Los Alamos, New Mexico, \$13,400,000.

Project 96–D–105, contained firing facility addition, Lawrence Livermore National Laboratory, Livermore, California, \$19,300,000.

(2) For inertial fusion, \$414,800,000, to be allocated as follows:

(A) For operation and maintenance, \$217,000,000.

(B) For the following plant project (including maintenance, restoration, planning, construction, acquisition, and modification of facilities, and land acquisition related thereto), \$197,800,000, to be allocated as follows:

Project 96–D–111, national ignition facility, location to be determined, \$197,800,000.

(3) For technology transfer and education, \$65,250,000, to be allocated as follows:

(A) For technology transfer, \$56,250,000.

(B) For education, \$9,000,000.

(b) STOCKPILE MANAGEMENT.—Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1998 for stockpile management in carrying out weapons activities necessary for national security programs in the amount of \$2,052,150,000, to be allocated as follows:

(1) For operation and maintenance, \$1,891,265,000.

(2) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), \$160,885,000, to be allocated as follows:

Project 98–D–123, stockpile management restructuring initiative, tritium factory modernization and consolidation, Savannah River Site, Aiken, South Carolina, \$11,000,000.

Project 98–D–124, stockpile management restructuring initiative, Y–12 Plant consolidation, Oak Ridge, Tennessee, \$6,450,000.

Project 98–D–125, tritium extraction facility, Savannah River Site, Aiken, South Carolina, \$9,650,000.

Project 98–D–126, accelerator production of tritium, various locations, \$67,865,000.

Project 97–D–122, nuclear materials storage facility renovation, Los Alamos National Laboratory, Los Alamos, New Mexico, \$9,200,000.

Project 97–D–124, steam plant wastewater treatment facility upgrade, Y–12 Plant, Oak Ridge, Tennessee, \$1,900,000.

Project 96–D–122, sewage treatment quality upgrade (STQU), Pantex Plant, Amarillo, Texas, \$6,900,000.

Project 96–D–123, retrofit heating, ventilation, and air conditioning and chillers for ozone protection, Y–12 Plant, Oak Ridge, Tennessee, \$2,700,000.

Project 95–D–102, chemistry and metallurgy research (CMR) upgrades project, Los Alamos National Laboratory, Los Alamos, New Mexico, \$5,000,000.

Project 95–D–122, sanitary sewer upgrade, Y–12 Plant, Oak Ridge, Tennessee, \$12,600,000.

Project 94–D–124, hydrogen fluoride supply system, Y–12 Plant, Oak Ridge, Tennessee, \$1,400,000.

Project 94–D–125, upgrade life safety, Kansas City Plant, Kansas City, Missouri, \$2,000,000.

Project 93–D–122, life safety upgrades, Y–12 Plant, Oak Ridge, Tennessee, \$2,100,000.

Project 92–D–126, replace emergency notification system, various locations, \$3,200,000.

Project 88–D–122, facilities capability assurance program, various locations, \$18,920,000.

(c) PROGRAM DIRECTION.—Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1998 for program direction in carrying out weapons activities necessary for national security programs in the amount of \$250,000,000.

(d) ADJUSTMENT.—The total amount authorized to be appropriated pursuant to this section is the sum of the amounts authorized to be appropriated in subsections (a) through (c) reduced by \$22,608,000.

SEC. 3102. ENVIRONMENTAL RESTORATION AND WASTE MANAGEMENT.

(a) ENVIRONMENTAL RESTORATION.—Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1998 for environmental restoration in carrying out environmental restoration and waste management activities necessary for national security programs in the amount of \$1,010,973,000, of which \$388,000,000 shall be allocated to the uranium enrichment decontamination and decommissioning fund.

(b) DEFENSE ENVIRONMENTAL MANAGEMENT CLOSURE PROJECTS.—Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1998 for closure projects in carrying out environmental restoration and waste management activities necessary for national security programs in the amount of \$875,000,000, to be allocated as follows:

Project 98-CLR-1, Rocky Flats Closure Site, Denver, Colorado, \$648,400,000.

Project 98-CLR-2, Fernald Environmental Management Project, Fernald, Ohio, \$226,600,000.

(c) WASTE MANAGEMENT.—Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1998 for waste management in carrying out environmental restoration and waste management activities necessary for national security programs in the amount of \$1,571,644,000, to be allocated as follows:

(1) For operation and maintenance, \$1,490,876,000.

(2) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), \$80,768,000, to be allocated as follows:

Project 98-D-401, H-tank farm storm water systems upgrade, Savannah River Site, Aiken, South Carolina, \$1,000,000.

Project 97-D-402, tank farm restoration and safe operations, Richland, Washington, \$13,961,000.

Project 96-D-408, waste management upgrades, various locations, \$8,200,000.

Project 95-D-402, install permanent electrical service, Waste Isolation Pilot Plant, Carlsbad, New Mexico, \$176,000.

Project 95-D-405, industrial landfill V and construction/demolition landfill VII, Y-12 Plant, Oak Ridge, Tennessee, \$3,800,000.

Project 95-D-407, 219-S secondary containment upgrade, Richland, Washington, \$2,500,000.

Project 94-D-404, Melton Valley storage tank capacity increase, Oak Ridge National Laboratory, Oak Ridge, Tennessee, \$1,219,000.

Project 94-D-407, initial tank retrieval systems, Richland, Washington, \$15,100,000.

Project 93–D–187, high-level waste removal from filled waste tanks, Savannah River Site, Aiken, South Carolina, \$17,520,000.

Project 92–D–172, hazardous waste treatment and processing facility, Pantex Plant, Amarillo, Texas, \$5,000,000.

Project 89–D–174, replacement high-level waste evaporator, Savannah River Site, Aiken, South Carolina, \$1,042,000.

Project 86–D–103, decontamination and waste treatment facility, Lawrence Livermore National Laboratory, Livermore, California, \$11,250,000.

(d) TECHNOLOGY DEVELOPMENT.—Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1998 for technology development in carrying out environmental restoration and waste management activities necessary for national security programs in the amount of \$220,000,000.

(e) NUCLEAR MATERIALS AND FACILITIES STABILIZATION.—Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1998 for nuclear materials and facilities stabilization in carrying out environmental restoration and waste management activities necessary for national security programs in the amount of \$1,256,821,000, to be allocated as follows:

(1) For operation and maintenance, \$1,176,114,000.

(2) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), \$80,707,000, to be allocated as follows:

Project 98–D–453, plutonium stabilization and handling system for plutonium finishing plant, Richland, Washington, \$8,136,000.

Project 98–D–700, road rehabilitation, Idaho National Engineering Laboratory, Idaho, \$500,000.

Project 97–D–450, actinide packaging and storage facility, Savannah River Site, Aiken, South Carolina, \$18,000,000.

Project 97–D–451, B-Plant safety class ventilation upgrades, Richland, Washington, \$2,000,000.

Project 97–D–470, environmental monitoring laboratory/health physics site support facility, Savannah River Site, Aiken, South Carolina, \$5,600,000.

Project 96–D–406, spent nuclear fuels canister storage and stabilization facility, Richland, Washington, \$16,744,000.

Project 96–D–461, electrical distribution upgrade, Idaho National Engineering Laboratory, Idaho, \$2,927,000.

Project 96–D–464, electrical and utility systems upgrade, Idaho Chemical Processing Plant, Idaho National Engineering Laboratory, Idaho, \$14,985,000.

Project 96–D–471, chlorofluorocarbon heating, ventilation, and air conditioning and chiller retrofit, Savannah River Site, Aiken, South Carolina, \$8,500,000.

Project 95–D–155, upgrade site road infrastructure, Savannah River Site, South Carolina, \$2,713,000.

Project 95-D-456, security facilities consolidation, Idaho Chemical Processing Plant, Idaho National Engineering Laboratory, Idaho, \$602,000.

(f) PROGRAM DIRECTION.—Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1998 for program direction in carrying out environmental restoration and waste management activities necessary for national security programs in the amount of \$345,751,000.

(g) POLICY AND MANAGEMENT.—Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1998 for policy and management in carrying out environmental restoration and waste management activities necessary for national security programs in the amount of \$20,000,000.

(h) ENVIRONMENTAL SCIENCE PROGRAM.—Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1998 for the environmental science program in carrying out environmental restoration and waste management activities necessary for national security programs in the amount of \$55,000,000.

(i) DEFENSE ENVIRONMENTAL MANAGEMENT PRIVATIZATION.—Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1998 for environmental management privatization projects in carrying out environmental restoration and waste management activities necessary for national security programs in the amount of \$224,700,000, to be allocated as follows:

Project 98-PVT-1, contact handled transuranic waste transportation, Carlsbad, New Mexico, \$21,000,000.

Project 98-PVT-2, spent nuclear fuel dry storage, Idaho Falls, Idaho, \$27,000,000.

Project 98-PVT-3, waste pits remedial action, Fernald, Ohio, \$25,000,000.

Project 98-PVT-4, spent nuclear fuel transfer and storage, Savannah River, South Carolina, \$25,000,000.

Project 98-PVT-5, waste disposal, Oak Ridge, Tennessee, \$5,000,000.

Project 98-PVT-6, Ohio silo 3 waste treatment, Fernald, Ohio, \$6,700,000.

Project 97-PVT-1, tank waste remediation system phase 1, Hanford, Washington, \$115,000,000.

(j) ADJUSTMENT.—The total amount authorized to be appropriated pursuant to this section for subsections (a) through (h) is the sum of the amounts authorized to be appropriated in those subsections reduced by \$50,000,000.

SEC. 3103. OTHER DEFENSE ACTIVITIES.

(a) IN GENERAL.—Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1998 for other defense activities in carrying out programs necessary for national security in the amount of \$1,642,310,000, to be allocated as follows:

(1) For verification and control technology, \$478,200,000, to be allocated as follows:

(A) For nonproliferation and verification research and development, \$210,000,000.

(B) For arms control, \$234,600,000.

(C) For intelligence, \$33,600,000.

(2) For nuclear safeguards and security, \$47,200,000.

(3) For security investigations, \$25,000,000.

- (4) For emergency management, \$20,000,000.
 - (5) For program direction, \$78,900,000.
 - (6) For worker and community transition assistance, \$61,159,000, to be allocated as follows:
 - (A) For worker and community transition, \$57,659,000.
 - (B) For program direction, \$3,500,000.
 - (7) For fissile materials control and disposition, \$103,451,000, to be allocated as follows:
 - (A) For operation and maintenance, \$99,451,000.
 - (B) For program direction, \$4,000,000.
 - (8) For environment, safety, and health, defense, \$94,000,000, to be allocated as follows:
 - (A) For the Office of Environment, Safety, and Health (Defense), \$74,000,000.
 - (B) For program direction, \$20,000,000.
 - (9) For the Office of Hearings and Appeals, \$1,900,000.
 - (10) For nuclear energy, \$47,000,000, to be allocated as follows:
 - (A) For nuclear technology research and development (electrometallurgical), \$12,000,000.
 - (B) For international nuclear safety (Soviet-designed reactors), \$35,000,000.
 - (11) For naval reactors development, \$670,500,000, to be allocated as follows:
 - (A) For operation and maintenance, \$635,920,000.
 - (B) For program direction, \$20,080,000.
 - (C) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), \$14,500,000, to be allocated as follows:
 - Project 98–D–200, site laboratory/facility upgrade, various locations, \$5,700,000.
 - Project 97–D–201, advanced test reactor secondary coolant refurbishment, Idaho National Engineering Laboratory, Idaho, \$4,600,000.
 - Project 95–D–200, laboratory systems and hot cell upgrades, various locations, \$1,100,000.
 - Project 90–N–102, expended core facility dry cell project, Naval Reactors Facility, Idaho, \$3,100,000.
 - (12) For independent assessment of Department of Energy projects, \$15,000,000.
- (b) ADJUSTMENT.—The total amount authorized to be appropriated pursuant to this section is the sum of the amounts authorized to be appropriated in paragraphs (1) through (12) of subsection (a) reduced by \$6,047,000.

SEC. 3104. DEFENSE NUCLEAR WASTE DISPOSAL.

Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1998 for payment to the Nuclear Waste Fund established in section 302(c) of the Nuclear Waste Policy Act of 1982 (42 U.S.C. 10222(c)) in the amount of \$190,000,000.

Subtitle B—Recurring General Provisions

SEC. 3121. REPROGRAMMING.

(a) IN GENERAL.—Until the Secretary of Energy submits to the congressional defense committees the report referred to in subsection (b) and a period of 30 days has elapsed after the date on which such committees receive the report, the Secretary may not use amounts appropriated pursuant to this title for any program—

(1) in amounts that exceed, in a fiscal year—

(A) 110 percent of the amount authorized for that program by this title; or

(B) \$1,000,000 more than the amount authorized for that program by this title; or

(2) which has not been presented to, or requested of, Congress.

(b) REPORT.—(1) The report referred to in subsection (a) is a report containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of such proposed action.

(2) In the computation of the 30-day period under subsection (a), there shall be excluded any day on which either House of Congress is not in session because of an adjournment of more than 3 days to a day certain.

(c) LIMITATIONS.—(1) In no event may the total amount of funds obligated pursuant to this title exceed the total amount authorized to be appropriated by this title.

(2) Funds appropriated pursuant to this title may not be used for an item for which Congress has specifically denied funds.

SEC. 3122. LIMITS ON GENERAL PLANT PROJECTS.

(a) IN GENERAL.—The Secretary of Energy may carry out any construction project under the general plant projects authorized by this title if the total estimated cost of the construction project does not exceed \$5,000,000.

(b) REPORT TO CONGRESS.—If, at any time during the construction of any general plant project authorized by this title, the estimated cost of the project is revised because of unforeseen cost variations and the revised cost of the project exceeds \$5,000,000, the Secretary shall immediately furnish a complete report to the congressional defense committees explaining the reasons for the cost variation.

SEC. 3123. LIMITS ON CONSTRUCTION PROJECTS.

(a) IN GENERAL.—(1) Except as provided in paragraph (2), construction on a construction project may not be started or additional obligations incurred in connection with the project above the total estimated cost, whenever the current estimated cost of the construction project, which is authorized by section 3101, 3102, or 3103, or which is in support of national security programs of the Department of Energy and was authorized by any previous Act, exceeds by more than 25 percent the higher of—

(A) the amount authorized for the project; or

(B) the amount of the total estimated cost for the project as shown in the most recent budget justification data submitted to Congress.

(2) An action described in paragraph (1) may be taken if—

(A) the Secretary of Energy has submitted to the congressional defense committees a report on the actions and the circumstances making such action necessary; and

(B) a period of 30 days has elapsed after the date on which the report is received by the committees.

(3) In the computation of the 30-day period under paragraph (2), there shall be excluded any day on which either House of Congress is not in session because of an adjournment of more than 3 days to a day certain.

(b) EXCEPTION.—Subsection (a) shall not apply to any construction project which has a current estimated cost of less than \$5,000,000.

SEC. 3124. FUND TRANSFER AUTHORITY.

(a) TRANSFER TO OTHER FEDERAL AGENCIES.—The Secretary of Energy may transfer funds authorized to be appropriated to the Department of Energy pursuant to this title to other Federal agencies for the performance of work for which the funds were authorized. Funds so transferred may be merged with and be available for the same purposes and for the same period as the authorizations of the Federal agency to which the amounts are transferred.

(b) TRANSFER WITHIN DEPARTMENT OF ENERGY.—(1) Subject to paragraph (2), the Secretary of Energy may transfer funds authorized to be appropriated to the Department of Energy pursuant to this title between any such authorizations. Amounts of authorizations so transferred may be merged with and be available for the same purposes and for the same period as the authorization to which the amounts are transferred.

(2) Not more than five percent of any such authorization may be transferred between authorizations under paragraph (1). No such authorization may be increased or decreased by more than five percent by a transfer under such paragraph.

(c) LIMITATION.—The authority provided by this section to transfer authorizations—

(1) may only be used to provide funds for items relating to activities necessary for national security programs that have a higher priority than the items from which the funds are transferred; and

(2) may not be used to provide funds for an item for which Congress has specifically denied funds.

(d) NOTICE TO CONGRESS.—The Secretary of Energy shall promptly notify the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives of any transfer of funds to or from authorizations under this title.

SEC. 3125. AUTHORITY FOR CONCEPTUAL AND CONSTRUCTION DESIGN.

(a) REQUIREMENT FOR CONCEPTUAL DESIGN.—(1) Subject to paragraph (2) and except as provided in paragraph (3), before submitting to Congress a request for funds for a construction project that is in support of a national security program of the Department of Energy, the Secretary of Energy shall complete a conceptual design for that project.

(2) If the estimated cost of completing a conceptual design for a construction project exceeds \$3,000,000, the Secretary shall submit to Congress a request for funds for the conceptual design before submitting a request for funds for the construction project.

(3) The requirement in paragraph (1) does not apply to a request for funds—

(A) for a construction project the total estimated cost of which is less than \$5,000,000; or

(B) for emergency planning, design, and construction activities under section 3126.

(b) **AUTHORITY FOR CONSTRUCTION DESIGN.**—(1) Within the amounts authorized by this title, the Secretary of Energy may carry out construction design (including architectural and engineering services) in connection with any proposed construction project if the total estimated cost for such design does not exceed \$600,000.

(2) If the total estimated cost for construction design in connection with any construction project exceeds \$600,000, funds for such design must be specifically authorized by law.

SEC. 3126. AUTHORITY FOR EMERGENCY PLANNING, DESIGN, AND CONSTRUCTION ACTIVITIES.

(a) **AUTHORITY.**—The Secretary of Energy may use any funds available to the Department of Energy pursuant to an authorization in this title, including those funds authorized to be appropriated for advance planning and construction design under sections 3101, 3102, and 3103, to perform planning, design, and construction activities for any Department of Energy national security program construction project that, as determined by the Secretary, must proceed expeditiously in order to protect public health and safety, to meet the needs of national defense, or to protect property.

(b) **LIMITATION.**—The Secretary may not exercise the authority under subsection (a) in the case of any construction project until the Secretary has submitted to the congressional defense committees a report on the activities that the Secretary intends to carry out under this section and the circumstances making such activities necessary.

(c) **SPECIFIC AUTHORITY.**—The requirement of section 3125(b)(2) does not apply to emergency planning, design, and construction activities conducted under this section.

SEC. 3127. FUNDS AVAILABLE FOR ALL NATIONAL SECURITY PROGRAMS OF THE DEPARTMENT OF ENERGY.

Subject to the provisions of appropriations Acts and section 3121, amounts appropriated pursuant to this title for management and support activities and for general plant projects are available for use, when necessary, in connection with all national security programs of the Department of Energy.

SEC. 3128. AVAILABILITY OF FUNDS.

(a) **IN GENERAL.**—Except as provided in subsection (b), when so specified in an appropriations Act, amounts appropriated for operation and maintenance or for plant projects may remain available until expended.

(b) **EXCEPTION FOR PROGRAM DIRECTION FUNDS.**—Amounts appropriated for program direction pursuant to an authorization of appropriations in subtitle A shall remain available to be expended only until the end of fiscal year 2000.

SEC. 3129. TRANSFERS OF DEFENSE ENVIRONMENTAL MANAGEMENT FUNDS.

(a) **TRANSFER AUTHORITY FOR DEFENSE ENVIRONMENTAL MANAGEMENT FUNDS.**—The Secretary of Energy shall provide the

manager of each field office of the Department of Energy with the authority to transfer defense environmental management funds from a program or project under the jurisdiction of the office to another such program or project.

(b) LIMITATIONS.—(1) Only one transfer may be made to or from any program or project under subsection (a) in a fiscal year.

(2) The amount transferred to or from a program or project under subsection (a) may not exceed \$5,000,000 in a fiscal year.

(3) A transfer may not be carried out by a manager of a field office under subsection (a) unless the manager determines that the transfer is necessary to address a risk to health, safety, or the environment or to assure the most efficient use of defense environmental management funds at the field office.

(4) Funds transferred pursuant to subsection (a) may not be used for an item for which Congress has specifically denied funds or for a new program or project that has not been authorized by Congress.

(c) EXEMPTION FROM REPROGRAMMING REQUIREMENTS.—The requirements of section 3121 shall not apply to transfers of funds pursuant to subsection (a).

(d) NOTIFICATION.—The Secretary, acting through the Assistant Secretary of Energy for Environmental Management, shall notify Congress of any transfer of funds pursuant to subsection (a) not later than 30 days after such transfer occurs.

(e) DEFINITIONS.—In this section:

(1) The term “program or project” means, with respect to a field office of the Department of Energy, any of the following:

(A) A project listed in subsection (c) or (e) of section 3102 being carried out by the office.

(B) A program referred to in subsection (a), (c), (d), or (e) of section 3102 being carried out by the office.

(C) A project or program not described in subparagraph (A) or (B) that is for environmental restoration or waste management activities necessary for national security programs of the Department, that is being carried out by the office, and for which defense environmental management funds have been authorized and appropriated before the date of enactment of this Act.

(2) The term “defense environmental management funds” means funds appropriated to the Department of Energy pursuant to an authorization for carrying out environmental restoration and waste management activities necessary for national security programs.

(f) DURATION OF AUTHORITY.—The managers of the field offices of the Department may exercise the authority provided under subsection (a) during the period beginning on October 1, 1997, and ending on September 30, 1998.

Subtitle C—Program Authorizations, Restrictions, and Limitations

10 USC 2431
note.

SEC. 3131. MEMORANDUM OF UNDERSTANDING FOR USE OF NATIONAL LABORATORIES FOR BALLISTIC MISSILE DEFENSE PROGRAMS.

(a) MEMORANDUM OF UNDERSTANDING.—The Secretary of Energy and the Secretary of Defense shall enter into a memorandum of understanding for the purpose of improving and facilitating the use by the Secretary of Defense of the expertise of the national laboratories for the ballistic missile defense programs of the Department of Defense.

(b) ASSISTANCE.—The memorandum of understanding shall provide that the Secretary of Defense shall request such assistance with respect to the ballistic missile defense programs of the Department of Defense as the Secretary of Defense and the Secretary of Energy determine can be provided through the technical skills and experience of the national laboratories, using such financial arrangements as the Secretaries determine are appropriate.

(c) ACTIVITIES.—The memorandum of understanding shall provide that the national laboratories shall carry out those activities necessary to respond to requests for assistance from the Secretary of Defense referred to in subsection (b). Such activities may include the identification of technical modifications and test techniques, the analysis of physics problems, the consolidation of range and test activities, and the analysis and simulation of theater missile defense deployment problems.

(d) NATIONAL LABORATORIES.—For purposes of this section, the national laboratories are—

(1) the Lawrence Livermore National Laboratory, Livermore, California;

(2) the Los Alamos National Laboratory, Los Alamos, New Mexico; and

(3) the Sandia National Laboratories, Albuquerque, New Mexico.

SEC. 3132. DEFENSE ENVIRONMENTAL MANAGEMENT PRIVATIZATION PROJECTS.

(a) AUTHORITY TO ENTER INTO CONTRACTS.—The Secretary of Energy may, using funds authorized to be appropriated by section 3102(i) for a project referred to in that section, enter into a contract that—

(1) is awarded on a competitive basis;

(2) requires the contractor to construct or acquire any equipment or facilities required to carry out the contract;

(3) requires the contractor to bear any of the costs of the construction, acquisition, and operation of such equipment or facilities that arise before the commencement of the provision of goods or services under the contract; and

(4) provides for payment to the contractor under the contract only upon the meeting of performance specifications in the contract.

(b) NOTICE AND WAIT.—(1) The Secretary may not enter into a contract under subsection (a), exercise an authorization to proceed with such a contract or extend any contract period for such a contract by more than one year until 30 days after the date on

which the Secretary submits to the congressional defense committees a report with respect to the contract.

(2) Except as provided in paragraph (3), a report under paragraph (1) with respect to a contract shall set forth—

(A) the anticipated costs and fees of the Department under the contract, including the anticipated maximum amount of such costs and fees;

(B) any performance specifications in the contract;

(C) the anticipated dates of commencement and completion of the provision of goods or services under the contract;

(D) the allocation between the Department and the contractor of any financial, regulatory, or environmental obligations under the contract;

(E) any activities planned or anticipated to be required with respect to the project after completion of the contract;

(F) the site services or other support to be provided the contractor by the Department under the contract;

(G) the goods or services to be provided by the Department or contractor under the contract, including any additional obligations to be borne by the Department or contractor with respect to such goods or services;

(H) if the contract provides for financing of the project by an entity or entities other than the United States, a detailed comparison of the costs of financing the project through such entity or entities with the costs of financing the project by the United States;

(I) the schedule for the contract;

(J) the costs the Department would otherwise have incurred in obtaining the goods or services covered by the contract if the Department had not proposed to obtain the goods or services under this section;

(K) an estimate and justification of the cost savings, if any, to be realized through the contract, including the assumptions underlying the estimate;

(L) the effect of the contract on any ancillary schedules applicable to the facility concerned, including milestones in site compliance agreements; and

(M) the plans for maintaining financial and programmatic accountability for activities under the contract.

(3) In the case of a contract under subsection (a) at the Hanford Reservation, the report under paragraph (1) shall set forth—

(A) the matters specified in paragraph (2); and

(B) if the contract contemplates two pilot vitrification plants—

(i) an analysis of the basis for the selection of each of the plants in lieu of a single pilot vitrification plant; and

(ii) a detailed comparison of the costs to the United States of two pilot plants with the costs to the United States of a single pilot plant.

(c) COST VARIATIONS.—(1)(A) The Secretary may not enter into a contract for a project referred to in subparagraph (B), or obligate funds attributable to the capital portion of the cost of such a contract, whenever the current estimated cost of the project exceeds the amount of the estimated cost of the project as shown in the most recent budget justification data submitted to Congress.

(B) Subparagraph (A) applies to the following:

(i) A project authorized by section 3102(i).

(ii) A project authorized by section 3103 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2824) for which a contract has not been entered into as of the date of enactment of this Act.

(2) The Secretary may not obligate funds attributable to the capital portion of the cost of a contract entered into before such date for a project authorized by such section 3103 whenever the current estimated cost of the project equals or exceeds 110 percent of the amount of the estimated cost of the project as shown in the most recent budget justification data submitted to Congress.

(d) USE OF FUNDS FOR TERMINATION OF CONTRACT.—Not later than 15 days before the Secretary obligates funds available for a project authorized by section 3102(i) to terminate the contract for the project under subsection (a), the Secretary shall notify the congressional defense committees of the Secretary's intent to obligate the funds for that purpose.

(e) ANNUAL REPORT ON CONTRACTS.—(1) Not later than February 28 of each year, the Secretary shall submit to the congressional defense committees a report on the activities, if any, carried out under each contract referred to in paragraph (2) during the preceding year. The report shall include an update with respect to each such contract of the matters specified under subsection (b)(1) as of the date of the report.

(2) A contract referred to in paragraph (1) is the following:

(A) A contract under subsection (a) for a project referred to in that subsection.

(B) A contract under section 3103 of the National Defense Authorization Act for Fiscal Year 1997.

(f) ASSESSMENT OF CONTRACTING WITHOUT SUFFICIENT APPROPRIATIONS.—Not later than 90 days after the date of enactment of this Act, the Secretary shall submit to the congressional defense committees a report assessing whether, and under what circumstances, the Secretary could enter into contracts for defense environmental management privatization projects in the absence of sufficient appropriations to meet obligations under such contracts without thereby violating the provisions of section 1341 of title 31, United States Code.

SEC. 3133. INTERNATIONAL COOPERATIVE STOCKPILE STEWARDSHIP.

(a) FUNDING PROHIBITION.—No funds authorized to be appropriated or otherwise available to the Department of Energy for fiscal year 1998 may be obligated or expended to conduct any activities associated with international cooperative stockpile stewardship.

(b) EXCEPTIONS.—Subsection (a) does not apply to the following:

(1) Activities conducted between the United States and the United Kingdom.

(2) Activities conducted between the United States and France.

(3) Activities carried out under title III of this Act relating to cooperative threat reduction with states of the former Soviet Union.

SEC. 3134. MODERNIZATION OF ENDURING NUCLEAR WEAPONS COMPLEX.

(a) FUNDING.—Subject to subsection (b), of the funds authorized to be appropriated to the Department of Energy pursuant to section

3101, \$85,000,000 shall be available for carrying out the program described in section 3137(a) of the National Defense Authorization Act for Fiscal Year 1996 (42 U.S.C. 2121 note).

(b) **LIMITATION ON AVAILABILITY.**—None of the funds available under subsection (a) for carrying out the program referred to in that subsection may be obligated or expended until 30 days after the date of the receipt by Congress of the report required under subsection (c).

(c) **REPORT ON ALLOCATION OF FUNDS.**—Not later than 30 days after the date of enactment of this Act, the Secretary of Energy shall submit to the congressional defense committees a report setting forth the proposed allocation among specific Department of Energy sites of the funds available under subsection (a) for the program referred to in that subsection.

SEC. 3135. TRITIUM PRODUCTION.

(a) **TRITIUM PRODUCTION DECISION.**—(1) Not later than December 31, 1998, the Secretary of Energy shall make a final decision on the technologies to be utilized, and the schedule to be adopted, for tritium production in order to meet the requirements in the Nuclear Weapons Stockpile Memorandum relating to tritium production, including the tritium production date of 2005 specified in the Nuclear Weapons Stockpile Memorandum.

(2) In making the final decision, the Secretary shall take into account the following:

(A) The requirements for tritium production specified in the Nuclear Weapons Stockpile Memorandum, including, in particular, the requirements for the so-called “upload hedge” component of the nuclear weapons stockpile.

(B) The activities of the Department of Energy relating to the evaluation and demonstration of technologies under the accelerator program and the commercial light water reactor program.

(C) The potential liabilities and benefits of each potential technology for tritium production, including—

(i) regulatory and other barriers that might prevent the production of tritium using the technology by the production date referred to in paragraph (1);

(ii) potential difficulties, if any, in licensing the technology;

(iii) the variability, if any, in tritium production rates using the technology; and

(iv) any other benefits (including scientific or research benefits or the generation of revenue) associated with the technology.

(b) **REPORTS ON DECISION.**—(1) Upon making a final decision under paragraph (1) of subsection (a), the Secretary shall submit to the congressional defense committees a report on the final decision. The report shall include an assessment of how the selected technology addresses the items taken into account under paragraph (2) of that subsection.

(2) If the Secretary determines that it is not possible to make the final decision by the date specified in paragraph (1) of subsection (a), the Secretary shall submit to the congressional defense committees on that date a report that explains in detail why the final decision cannot be made by that date.

(c) **LIMITATION ON AVAILABILITY OF FUNDS.**—The Secretary may not obligate or expend any funds authorized to be appropriated or otherwise made available for the Department of Energy by this Act for the purpose of evaluating or utilizing any technology for the production of tritium other than a commercial light water reactor or an accelerator until the later of—

(1) January 31, 1999; or

(2) the date that is 30 days after the date on which the Secretary makes a final decision under subsection (a).

SEC. 3136. PROCESSING, TREATMENT, AND DISPOSITION OF SPENT NUCLEAR FUEL RODS AND OTHER LEGACY NUCLEAR MATERIALS AT THE SAVANNAH RIVER SITE.

(a) **FUNDING.**—Of the funds authorized to be appropriated pursuant to section 3102(e), not more than \$47,000,000 shall be available for the implementation of a program to accelerate the receipt, processing (including the H-canyon restart operations), reprocessing, separation, reduction, deactivation, stabilization, isolation, and interim storage of high level nuclear waste associated with Department of Energy spent fuel rods, foreign spent fuel rods, and other nuclear materials that are located at the Savannah River Site.

(b) **REQUIREMENT FOR CONTINUING OPERATIONS AT SAVANNAH RIVER SITE.**—The Secretary of Energy shall continue operations and maintain a high state of readiness at the F-canyon and H-canyon facilities at the Savannah River Site and shall provide technical staff necessary to operate and maintain such facilities at that state of readiness.

42 USC 7257c.

SEC. 3137. LIMITATIONS ON USE OF FUNDS FOR LABORATORY DIRECTED RESEARCH AND DEVELOPMENT PURPOSES.

(a) **GENERAL LIMITATIONS.**—(1) No funds authorized to be appropriated or otherwise made available to the Department of Energy in any fiscal year after fiscal year 1997 for weapons activities may be obligated or expended for activities under the Department of Energy Laboratory Directed Research and Development Program, or under any Department of Energy technology transfer program or cooperative research and development agreement, unless such activities support the national security mission of the Department of Energy.

(2) No funds authorized to be appropriated or otherwise made available to the Department of Energy in any fiscal year after fiscal year 1997 for environmental restoration, waste management, or nuclear materials and facilities stabilization may be obligated or expended for activities under the Department of Energy Laboratory Directed Research and Development Program, or under any Department of Energy technology transfer program or cooperative research and development agreement, unless such activities support the environmental restoration mission, waste management mission, or materials stabilization mission, as the case may be, of the Department of Energy.

(b) **LIMITATION IN FISCAL YEAR 1998 PENDING SUBMITTAL OF ANNUAL REPORT.**—Not more than 30 percent of the funds authorized to be appropriated or otherwise made available to the Department of Energy in fiscal year 1998 for laboratory directed research and development may be obligated or expended for such research and development until the Secretary of Energy submits to the congressional defense committees the report required by section 3136(b)

of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2831; 42 U.S.C. 7257b) in 1998.

(c) SUBMITTAL DATE FOR ANNUAL REPORT ON LABORATORY DIRECTED RESEARCH AND DEVELOPMENT PROGRAM.—Paragraph (1) of section 3136(b) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2831; 42 U.S.C. 7257b) is amended by striking out “The Secretary of Energy shall annually submit” and inserting in lieu thereof “Not later than February 1 each year, the Secretary of Energy shall submit”.

(d) ASSESSMENT OF FUNDING LEVEL FOR LABORATORY DIRECTED RESEARCH AND DEVELOPMENT.—The Secretary shall include in the report submitted under such section 3136(b)(1) in 1998 an assessment of the funding required to carry out laboratory directed research and development, including a recommendation for the percentage of the funds provided to Government-owned, contractor-operated laboratories for national security activities that should be made available for such research and development under section 3132(c) of the National Defense Authorization Act for Fiscal Year 1991 (42 U.S.C. 7257a(c)).

(e) DEFINITION.—In this section, the term “laboratory directed research and development” has the meaning given that term in section 3132(d) of the National Defense Authorization Act for Fiscal Year 1991 (42 U.S.C. 7257a(d)).

SEC. 3138. PILOT PROGRAM RELATING TO USE OF PROCEEDS OF DISPOSAL OR UTILIZATION OF CERTAIN DEPARTMENT OF ENERGY ASSETS.

42 USC 7256
note.

(a) PURPOSE.—The purpose of this section is to encourage the Secretary of Energy to dispose of or otherwise utilize certain assets of the Department of Energy by making available to the Secretary the proceeds of such disposal or utilization for purposes of defraying the costs of such disposal or utilization.

(b) USE OF PROCEEDS TO DEFRAY COSTS.—(1) Notwithstanding section 3302 of title 31, United States Code, the Secretary may retain from the proceeds of the sale, lease, or disposal of an asset under subsection (c) an amount equal to the cost of the sale, lease, or disposal of the asset. The Secretary shall utilize amounts retained under this paragraph to defray the cost of the sale, lease, or disposal.

(2) For purposes of paragraph (1), the cost of a sale, lease, or disposal shall include—

- (A) the cost of administering the sale, lease, or disposal;
- (B) the cost of recovering or preparing the asset concerned for the sale, lease, or disposal; and
- (C) any other cost associated with the sale, lease, or disposal.

(c) COVERED TRANSACTIONS.—Subsection (b) applies to the following transactions:

(1) The sale of heavy water at the Savannah River Site, South Carolina, that is under the jurisdiction of the Defense Environmental Management Program.

(2) The sale of precious metals that are under the jurisdiction of the Defense Environmental Management Program.

(3) The lease of buildings and other facilities located at the Hanford Reservation, Washington, that are under the jurisdiction of the Defense Environmental Management Program.

(4) The lease of buildings and other facilities located at the Savannah River Site that are under the jurisdiction of the Defense Environmental Management Program.

(5) The disposal of equipment and other personal property located at the Rocky Flats Defense Environmental Technology Site, Colorado, that is under the jurisdiction of the Defense Environmental Management Program.

(6) The disposal of materials at the National Electronics Recycling Center, Oak Ridge, Tennessee that are under the jurisdiction of the Defense Environmental Management Program.

(d) **APPLICABILITY OF DISPOSAL AUTHORITY.**—Nothing in this section shall be construed to limit the application of sections 202 and 203(j) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 483 and 484(j)) to the disposal of equipment and other personal property covered by this section.

(e) **REPORT.**—Not later than January 31, 1999, the Secretary shall submit to the congressional defense committees a report on amounts retained by the Secretary under subsection (b) during fiscal year 1998.

SEC. 3139. MODIFICATION AND EXTENSION OF AUTHORITY RELATING TO APPOINTMENT OF CERTAIN SCIENTIFIC, ENGINEERING, AND TECHNICAL PERSONNEL.

(a) **REPEAL OF REQUIREMENT FOR EPA STUDY.**—Section 3161 of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103-337; 108 Stat. 3095; 42 U.S.C. 7231 note) is amended—

(1) by striking out subsection (c); and

(2) by redesignating subsection (d) as subsection (c).

(b) **EXTENSION OF AUTHORITY.**—Paragraph (1) of subsection (c) of such section, as so redesignated, is amended by striking out “September 30, 1997” and inserting in lieu thereof “September 30, 1999”.

SEC. 3140. LIMITATION ON USE OF FUNDS FOR SUBCRITICAL NUCLEAR WEAPONS TESTS.

(a) **LIMITATION.**—The Secretary of Energy may not conduct any subcritical nuclear weapons tests using funds appropriated or otherwise available to the Secretary for fiscal year 1998 until the Secretary submits to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a detailed report on the use of the funds available to the Secretary for fiscal years 1996 and 1997 to conduct such tests.

(b) **EXCEPTION.**—Subsection (a) shall not apply to the use of funds covered by that subsection for subcritical nuclear weapons tests if the Secretary—

(1) determines that the use of such funds for such tests is urgently required to meet national security interests; and

(2) notifies Congress of that determination before using such funds for such tests.

SEC. 3141. LIMITATION ON USE OF CERTAIN FUNDS UNTIL FUTURE USE PLANS ARE SUBMITTED.

(a) **LIMITATION.**—(1) Subject to paragraph (2), the Secretary of Energy may not use more than 80 percent of the funds available to the Secretary pursuant to the authorization of appropriations

in section 3102(g) until the Secretary submits the plans described in subsection (b).

(2) The limitation in paragraph (1) shall cease to be in effect if the Secretary submits, by March 15, 1998, the report described in subsection (c).

(b) PLANS.—The plans referred to in subsection (a)(1) are the draft future use plan and the final future use plan required under section 3153(f) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2840; 42 U.S.C. 7274k note).

(c) REPORT.—If the Secretary is unable to submit all of the plans described in subsection (b) by the deadlines set forth in such section 3153(f), the Secretary shall submit to Congress a report containing, for each plan that will not be submitted by the applicable deadline—

- (1) the status of the plan;
- (2) the reasons why the plan cannot be submitted by the applicable deadline; and
- (3) the date by which the plan will be submitted.

Subtitle D—Other Matters

SEC. 3151. PLAN FOR STEWARDSHIP, MANAGEMENT, AND CERTIFICATION OF WARHEADS IN THE NUCLEAR WEAPONS STOCKPILE.

42 USC 2121
note.

(a) PLAN REQUIREMENT.—The Secretary of Energy shall develop and annually update a plan for maintaining the nuclear weapons stockpile. The plan shall cover, at a minimum, stockpile stewardship, stockpile management, and program direction and shall be consistent with the programmatic and technical requirements of the most recent annual Nuclear Weapons Stockpile Memorandum.

(b) PLAN ELEMENTS.—The plan and each update of the plan shall set forth the following:

(1) The number of warheads (including active and inactive warheads) for each warhead type in the nuclear weapons stockpile.

(2) The current age of each warhead type, and any plans for stockpile lifetime extensions and modifications or replacement of each warhead type.

(3) The process by which the Secretary of Energy is assessing the lifetime, and requirements for lifetime extension or replacement, of the nuclear and nonnuclear components of the warheads (including active and inactive warheads) in the nuclear weapons stockpile.

(4) The process used in recertifying the safety, security, and reliability of each warhead type in the nuclear weapons stockpile.

(5) Any concerns which would affect the ability of the Secretary of Energy to recertify the safety, security, or reliability of warheads in the nuclear weapons stockpile (including active and inactive warheads).

(c) ANNUAL SUBMISSION OF PLAN TO CONGRESS.—The Secretary of Energy shall submit to Congress the plan developed under subsection (a) not later than March 15, 1998, and shall submit an updated version of the plan not later than March 15 of each year

thereafter. The plan shall be submitted in both classified and unclassified form.

SEC. 3152. REPEAL OF OBSOLETE REPORTING REQUIREMENTS.

(a) ANNUAL REPORT ON ACTIVITIES OF THE ATOMIC ENERGY COMMISSION.—(1) Section 251 of the Atomic Energy Act of 1954 (42 U.S.C. 2016) is repealed.

(2) The table of sections at the beginning of that Act is amended by striking out the item relating to section 251.

(b) ANNUAL REPORT ON WEAPONS ACTIVITIES BUDGETS.—Section 3156 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2841; 42 U.S.C. 7271c) is repealed.

(c) ANNUAL UPDATE OF MASTER PLAN FOR NUCLEAR WEAPONS STOCKPILE.—Section 3153 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106; 110 Stat. 624; 42 U.S.C. 2121 note) is repealed.

(d) ANNUAL REPORT ON WEAPONS ACTIVITIES BUDGETS.—Section 3159 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106; 110 Stat. 626; 42 U.S.C. 7271b note) is repealed.

(e) ANNUAL REPORT ON STOCKPILE STEWARDSHIP PROGRAM.—Section 3138 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103–160; 107 Stat. 1946; 42 U.S.C. 2121 note) is amended—

(1) by striking out subsections (d) and (e);

(2) by redesignating subsections (f), (g), and (h) as subsections (d), (e), and (f), respectively; and

(3) in subsection (e), as so redesignated, by striking out “and the 60-day period referred to in subsection (e)(2)(A)(ii)”.

(f) ANNUAL REPORT ON DEVELOPMENT OF TRITIUM PRODUCTION CAPACITY.—Section 3134 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102–484; 106 Stat. 2639) is repealed.

(g) ANNUAL REPORT ON RESEARCH RELATING TO DEFENSE WASTE CLEANUP TECHNOLOGY PROGRAM.—Section 3141 of the National Defense Authorization Act for Fiscal Years 1990 and 1991 (Public Law 101–189; 103 Stat. 1679; 42 U.S.C. 7274a) is amended—

(1) by striking out subsection (c); and

(2) by redesignating subsection (d) as subsection (c).

(h) QUARTERLY REPORT ON MAJOR DOE NATIONAL SECURITY PROGRAMS.—Section 3143 of the National Defense Authorization Act for Fiscal Years 1990 and 1991 (Public Law 101–189; 103 Stat. 1681; 42 U.S.C. 7271a) is repealed.

(i) ANNUAL REPORT ON NUCLEAR TEST BAN READINESS PROGRAM.—Section 1436 of the National Defense Authorization Act, Fiscal Year 1989 (Public Law 100–456; 102 Stat. 2075; 42 U.S.C. 2121 note) is amended by striking out subsection (e).

SEC. 3153. STUDY AND FUNDING RELATING TO IMPLEMENTATION OF WORKFORCE RESTRUCTURING PLANS.

(a) STUDY REQUIREMENT.—The Secretary of Energy shall conduct a study on the effects of workforce restructuring plans for defense nuclear facilities developed pursuant to section 3161 of the National Defense Authorization Act for Fiscal Year 1993 (42 U.S.C. 7274h).

(b) **MATTERS COVERED BY STUDY.**—The study shall cover the four-year period preceding the date of the enactment of this Act and shall include the following:

(1) An analysis of the number of jobs created by any employee retraining, education, and reemployment assistance and any community impact assistance provided in each workforce restructuring plan developed pursuant to section 3161 of the National Defense Authorization Act for Fiscal Year 1993.

(2) An analysis of other benefits provided pursuant to such plans, including any assistance provided to community reuse organizations.

(3) A description of the funds expended, and the funds obligated but not expended, pursuant to such plans as of the date of the report.

(4) A description of the criteria used since October 23, 1992, in providing assistance pursuant to such plans.

(5) A comparison of any similar benefits provided—

(A) pursuant to such a plan to employees whose employment at the defense nuclear facility covered by the plan is terminated; and

(B) to employees whose employment at a facility where more than 50 percent of the revenues are derived from contracts with the Department of Defense has been terminated as a result of cancellation, termination, or completion of contracts with the Department of Defense and the employees whose employment is terminated constitute more than 15 percent of the employees at that facility.

(c) **CONDUCT OF STUDY.**—(1) The study shall be conducted through a contract with an independent private auditing firm.

(2) The Secretary of Energy may not enter into any contract for the conduct of the study until the Secretary submits a notification of the proposed contract award to the congressional defense committees.

(3) The Secretary of Energy and the Secretary of Defense shall each ensure that any firm conducting the study is provided access to all documents in the possession of the Department of Energy or the Department of Defense, as the case may be, that are relevant to the study, including documents in the possession of the Inspector General of the Department of Energy or the Inspector General of the Department of Defense.

(d) **REPORT ON STUDY.**—The Secretary of Energy shall submit a report to Congress on the results of the study not later than March 31, 1998.

(e) **LIMITATION ON USE OF FUNDS FOR LOCAL IMPACT ASSISTANCE.**—(1) None of the funds authorized to be appropriated to the Department of Energy pursuant to section 3103(6) may be used for local impact assistance pursuant to a plan under section 3161(c)(6) of the National Defense Authorization Act for Fiscal Year 1993 (42 U.S.C. 7274h(c)(6)) until—

(A) with respect to assistance referred to in section 3161(c)(6)(A) of such Act, the Secretary of Energy coordinates with, provides a copy of the plan to, and obtains the approval of the Secretary of Labor; and

(B) with respect to assistance referred to in section 3161(c)(6)(C) of such Act, the Secretary of Energy coordinates

with, provides a copy of the plan to, and obtains the approval of the Secretary of Commerce.

(2) For purposes of paragraph (1), if the Secretary of Labor or the Secretary of Commerce does not disapprove a plan within 60 days after receiving a copy of the plan, the plan is deemed to be approved.

42 USC 7274h
note.

(f) SEMIANNUAL REPORT TO CONGRESS OF LOCAL IMPACT ASSISTANCE.—The Secretary of Energy shall submit to Congress every six months a report setting forth a description of, and the amount or value of, all local impact assistance provided during the preceding six months under section 3161(c)(6) of the National Defense Authorization Act of 1993 (42 U.S.C. 7274h(c)(6)).

(g) EFFECT ON USEC PRIVATIZATION ACT.—Nothing in this section shall be construed as diminishing or affecting the obligations of the Secretary of Energy under section 3110(a)(5) of the USEC Privatization Act (Public Law 104–134; 110 Stat. 1321–341; 42 U.S.C. 2297h–8(a)(5)).

(h) DEFINITION.—In this section, the term “defense nuclear facility” has the meaning provided the term “Department of Energy defense nuclear facility” in section 3163 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102–484; 42 U.S.C. 7274j).

42 USC 7274m
note.

SEC. 3154. REPORT AND PLAN FOR EXTERNAL OVERSIGHT OF NATIONAL LABORATORIES.

(a) REPORT.—Not later than July 1, 1999, the Secretary of Energy shall submit to Congress a report on the external oversight of the national laboratories.

(b) MATTERS COVERED.—The report shall contain the following:

(1) A description of the external oversight practices at the national laboratories and an analysis of the effectiveness of such practices, including the effect of such practices on the productivity of the laboratories and the research conducted by the laboratories.

(2) Recommendations regarding the continuation, consolidation, or discontinuation of the external oversight practices described in paragraph (1), and the rationale for the recommendations.

(3) Recommendations for any new external oversight practices that should be implemented, and the rationale for the recommendations.

(4) A plan for carrying out the recommendations.

(c) NATIONAL LABORATORIES COVERED.—For purposes of this section, the national laboratories are—

(1) the Lawrence Livermore National Laboratory, Livermore, California;

(2) the Los Alamos National Laboratory, Los Alamos, New Mexico; and

(3) the Sandia National Laboratories, Albuquerque, New Mexico.

42 USC 7381
note.

SEC. 3155. UNIVERSITY-BASED RESEARCH COLLABORATION PROGRAM.

(a) FINDINGS.—Congress makes the following findings:

(1) The maintenance of scientific and engineering competence in the United States is vital to long-term national security and the defense and national security missions of the Department of Energy.

(2) Engaging the universities and colleges of the Nation in research on long-range problems of vital national security interest will be critical to solving the technology challenges faced within the defense and national security programs of the Department of Energy in the next century.

(3) Enhancing collaboration among the national laboratories, universities and colleges, and industry will contribute significantly to the performance of these Department of Energy missions.

(b) PROGRAM.—The Secretary of Energy shall establish a university program at a location that can develop the most effective collaboration among national laboratories, universities and colleges, and industry in support of scientific and engineering advancement in key Department of Energy defense and national security program areas.

(c) FUNDING.—Of the funds authorized to be appropriated in this title to the Department of Energy for fiscal year 1998, the Secretary shall make \$5,000,000 available for the establishment and operation of the program under subsection (b).

SEC. 3156. STOCKPILE STEWARDSHIP PROGRAM.

42 USC 2121
note.

(a) FINDINGS.—Congress makes the following findings:

(1) Eliminating the threat posed by nuclear weapons to the United States is an important national security goal.

(2) As long as nuclear threats remain, the nuclear deterrent of the United States must be effective and reliable.

(3) A safe, secure, effective, and reliable United States nuclear stockpile is central to the current nuclear deterrence strategy of the United States.

(4) The Secretary of Energy has undertaken a stockpile stewardship and management program to ensure the safety, security, effectiveness, and reliability of the nuclear weapons stockpile of the United States, consistent with all United States treaty requirements and the requirements of the nuclear deterrence strategy of the United States.

(5) It is the policy of the current administration that new nuclear warhead designs are not required to effectively implement the nuclear deterrence strategy of the United States.

(b) POLICY.—It is the policy of the United States that—

(1) activities of the stockpile stewardship program shall be directed toward ensuring that the United States possesses a safe, secure, effective, and reliable nuclear stockpile, consistent with the national security requirements of the United States; and

(2) stockpile stewardship activities of the United States shall be conducted in conformity with the terms of the Treaty on the Non-Proliferation of Nuclear Weapons and the Comprehensive Test Ban Treaty signed by the President on September 24, 1996, when and if that treaty enters into force.

SEC. 3157. REPORTS ON ADVANCED SUPERCOMPUTER SALES TO CERTAIN FOREIGN NATIONS.

50 USC app.
2404 note.

(a) REPORTS.—The Secretary of Energy shall require that any company that is a participant in the Accelerated Strategic Computing Initiative (ASCI) program of the Department of Energy report to the Secretary and to the Secretary of Defense each sale by that company to a country designated as a Tier III country of a computer capable of operating at a speed in excess of 2,000

millions theoretical operations per second (MTOPS). The report shall include a description of the following with respect to each such sale:

- (1) The anticipated end-use of the computer sold.
- (2) The software included with the computer.
- (3) Any arrangement under the terms of the sale regarding—
 - (A) upgrading the computer;
 - (B) servicing the computer; or
 - (C) furnishing spare parts for the computer.

(b) COVERED COUNTRIES.—For purposes of this section, the countries designated as Tier III countries are the countries listed as “computer tier 3” eligible countries in part 740.7 of title 15 of the Code of Federal Regulations, as in effect on June 10, 1997 (or any successor list).

(c) QUARTERLY SUBMISSION OF REPORTS.—The Secretary of Energy shall require that reports under subsection (a) be submitted quarterly.

(d) ANNUAL REPORT.—The Secretary of Energy shall submit to Congress an annual report containing all information received under subsection (a) during the preceding year. The first annual report shall be submitted not later than July 1, 1998.

42 USC 7274g.

SEC. 3158. TRANSFERS OF REAL PROPERTY AT CERTAIN DEPARTMENT OF ENERGY FACILITIES.

(a) TRANSFER REGULATIONS.—(1) The Secretary of Energy shall prescribe regulations for the transfer by sale or lease of real property at Department of Energy defense nuclear facilities for the purpose of permitting the economic development of the property.

(2) The Secretary of Energy may not transfer real property under the regulations prescribed under paragraph (1) until—

- (A) the Secretary submits a notification of the proposed transfer to the congressional defense committees; and
- (B) a period of 30 days has elapsed following the date on which the notification is submitted.

(b) INDEMNIFICATION.—(1) Except as provided in paragraph (3) and subject to subsection (c), in the sale or lease of real property pursuant to the regulations prescribed under subsection (a), the Secretary of Energy may hold harmless and indemnify a person or entity described in paragraph (2) against any claim for injury to person or property that results from the release or threatened release of a hazardous substance or pollutant or contaminant as a result of Department of Energy activities at the defense nuclear facility on which the real property is located. Before entering into any agreement for such a sale or lease, the Secretary shall notify the person or entity that the Secretary has authority to provide indemnification to the person or entity under this subsection. The Secretary shall include in any agreement for such a sale or lease a provision stating whether indemnification is or is not provided.

- (2) Paragraph (1) applies to the following persons and entities:
 - (A) Any State that acquires ownership or control of real property of a defense nuclear facility.
 - (B) Any political subdivision of a State that acquires such ownership or control.
 - (C) Any other person or entity that acquires such ownership or control.

(3) To the extent the persons and entities described in paragraph (2) contributed to any such release or threatened release, paragraph (1) shall not apply.

(c) CONDITIONS.—(1) No indemnification on a claim for injury may be provided under this section unless the person or entity making a request for the indemnification—

(A) notifies the Secretary of Energy in writing within two years after such claim accrues;

(B) furnishes to the Secretary copies of pertinent papers received by the person or entity;

(C) furnishes evidence or proof of the claim;

(D) provides, upon request by the Secretary, access to the records and personnel of the person or entity for purposes of defending or settling the claim; and

(E) begins action within six months after the date of mailing, by certified or registered mail, of notice of final denial of the claim by the Secretary.

(2) For purposes of paragraph (1)(A), the date on which a claim accrues is the date on which the person asserting the claim knew (or reasonably should have known) that the injury to person or property referred to in subsection (b)(1) was caused or contributed to by the release or threatened release of a hazardous substance, pollutant, or contaminant as a result of Department of Energy activities at the defense nuclear facility on which the real property is located.

(d) AUTHORITY OF SECRETARY OF ENERGY.—(1) In any case in which the Secretary of Energy determines that the Secretary may be required to indemnify a person or entity under this section for any claim for injury to person or property referred to in subsection (b)(1), the Secretary may settle or defend the claim on behalf of that person or entity.

(2) In any case described in paragraph (1), if the person or entity that the Secretary may be required to indemnify does not allow the Secretary to settle or defend the claim, the person or entity may not be indemnified with respect to that claim under this section.

(e) RELATIONSHIP TO OTHER LAW.—Nothing in this section shall be construed as affecting or modifying in any way section 120(h) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9620(h)).

(f) DEFINITIONS.—In this section:

(1) The term “defense nuclear facility” has the meaning provided by the term “Department of Energy defense nuclear facility” in section 318 of the Atomic Energy Act of 1954 (42 U.S.C. 2286g).

(2) The terms “hazardous substance”, “release”, and “pollutant or contaminant” have the meanings provided by section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601).

SEC. 3159. REQUIREMENT TO DELEGATE CERTAIN AUTHORITIES TO SITE MANAGER OF HANFORD RESERVATION.

Section 3173(b) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2848; 42 U.S.C. 7274k) is amended—

(1) in paragraph (1)—

(A) by striking out “In addition” and inserting in lieu thereof “Except as provided in paragraph (5), in addition”; and

(B) by striking out “Act,” and inserting in lieu thereof “subtitle,”; and

(2) by adding at the end the following new paragraph:

“(5) In the case of the Hanford Reservation, Richland, Washington, the Secretary shall delegate to the Site Manager the authority described in paragraph (1) for fiscal year 1998. The Secretary may withdraw the delegated authority if the Secretary—

“(A) determines that the Site Manager of the Hanford Reservation has misused or misapplied that authority; and

“(B) the Secretary submits to Congress a notification of the Secretary’s intent to withdraw the authority.”.

SEC. 3160. SUBMITTAL OF BIENNIAL WASTE MANAGEMENT REPORTS.

Section 3153(b)(2)(B) of the National Defense Authorization Act for Fiscal Year 1994 (42 U.S.C. 7274k(b)(2)(B)) is amended by striking out “odd-numbered year after 1995” and inserting in lieu thereof “odd-numbered year after 1997”.

42 USC 7251
note.

SEC. 3161. DEPARTMENT OF ENERGY SECURITY MANAGEMENT BOARD.

(a) ESTABLISHMENT.—(1) The Secretary of Energy shall establish a board to be known as the “Department of Energy Security Management Board” (in this section referred to as the “Board”).

(2) The Board shall advise the Secretary on policy matters, operational concerns, strategic planning, personnel, budget, procurement, and development of priorities relating to the security functions of the Department of Energy.

(b) MEMBERS.—The Board shall be comprised of—

(1) the Secretary of Energy, who shall serve as chairman;

(2) the Director of the Office of Nonproliferation and National Security of the Department of Energy;

(3) the Assistant Secretary of Energy for Environmental Management;

(4) the Assistant Secretary of Energy for Defense Programs;

(5) the Assistant Secretary of Energy for Environment, Safety, and Health;

(6) the Associate Deputy Secretary of Energy for Field Management;

(7) three individuals selected by the Secretary of Defense and appointed by the Secretary of Energy;

(8) an individual selected by the Director of the Federal Bureau of Investigation and appointed by the Secretary of Energy; and

(9) an individual selected by the Director of Central Intelligence and appointed by the Secretary of Energy.

(c) APPOINTMENTS.—(1) The Secretary of Defense, the Director of the Federal Bureau of Investigation, and the Director of Central Intelligence shall consult with the Secretary of Energy in selecting individuals for appointment under paragraphs (7), (8), and (9), respectively, of subsection (b).

(2) The Secretary of Energy may not appoint as a member of the Board under paragraph (7), (8), or (9) of subsection (b) an officer or employee of the Department of Energy, an employee of a contractor or subcontractor of the Department, or an individual under contract with the Department.

(3) The Secretary of Energy shall appoint members of the Board under paragraphs (7), (8), and (9) of subsection (b) not later than January 15, 1998.

(d) VACANCIES.—Any vacancy in the Board shall be filled in the same manner as the original appointment.

(e) PERSONNEL MATTERS.—(1)(A) Each member of the Board who is not an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the Board.

(B) All members of the Board who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

(2) The members of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Board.

(f) APPLICABILITY OF FACA.—The provisions of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the activities of the Board under this section.

(g) TERMINATION.—The Board shall terminate on October 31, 2000.

(h) SECURITY FUNCTIONS DEFINED.—In this section, the term “security functions” means all Department of Energy activities related to the safeguarding and security of nuclear weapons and materials, protection of classified and unclassified controlled nuclear information, and physical and personnel security.

SEC. 3162. SUBMITTAL OF ANNUAL REPORT ON STATUS OF SECURITY FUNCTIONS AT NUCLEAR WEAPONS FACILITIES.

42 USC 7274
note.

(a) IN GENERAL.—Not later than September 1 each year, the Secretary of Energy shall submit to the congressional defense committees the report entitled “Annual Report to the President on the Status of Safeguards and Security of Domestic Nuclear Weapons Facilities”, or any successor report to such report.

(b) REQUIREMENT RELATING TO REPORTS THROUGH FISCAL YEAR 2000.—The Secretary shall include with each report submitted under subsection (a) in fiscal years 1998 through 2000 any comments on such report by the members of the Department of Energy Security Management Board established under section 3161 that such members consider appropriate.

SEC. 3163. MODIFICATION OF AUTHORITY ON COMMISSION ON MAINTAINING UNITED STATES NUCLEAR WEAPONS EXPERTISE.

(a) COMMENCEMENT OF ACTIVITIES.—Subsection (b)(1) of section 3162 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2844; 42 U.S.C. 2121 note) is amended, effective January 1, 1998—

(1) in subparagraph (C), by adding at the end the following new sentence: “The chairman may be designated once five members of the Commission have been appointed under subparagraph (A).”; and

(2) by adding at the end the following:

“(E) The Commission may commence its activities under this section upon the designation of the chairman of the Commission under subparagraph (C).”.

(b) DEADLINE FOR REPORT.—Subsection (d) of that section is amended by striking out “March 15, 1998,” and inserting in lieu thereof “March 15, 1999,”.

16 USC 431 note.

SEC. 3164. LAND TRANSFER, BANDELIER NATIONAL MONUMENT.

(a) TRANSFER OF ADMINISTRATIVE JURISDICTION.—The Secretary of Energy shall transfer to the Secretary of the Interior administrative jurisdiction over a parcel of real property consisting of approximately 4.47 acres as depicted on the map entitled “Boundary Map, Bandelier National Monument”, No. 315/80,051, dated March 1995.

(b) BOUNDARY MODIFICATION.—The boundary of the Bandelier National Monument established by Proclamation No. 1322 (16 U.S.C. 431 note) is modified to include the real property transferred under subsection (a).

(c) PUBLIC AVAILABILITY OF MAP.—The map described in subsection (a) shall be on file and available for public inspection in the Lands Office at the Southwest System Support Office of the National Park Service, Santa Fe, New Mexico, and in the office of the Superintendent of Bandelier National Monument.

(d) ADMINISTRATION.—The real property and interests in real property transferred under subsection (a) shall be—

(1) administered as part of Bandelier National Monument; and

(2) subject to all laws applicable to the Bandelier National Monument and all laws generally applicable to units of the National Park System.

42 USC 2391 note.

SEC. 3165. FINAL SETTLEMENT OF DEPARTMENT OF ENERGY COMMUNITY ASSISTANCE OBLIGATIONS WITH RESPECT TO LOS ALAMOS NATIONAL LABORATORY, NEW MEXICO.

(a) IN GENERAL.—The Secretary of Energy shall—

(1) convey, without consideration, to the Incorporated County of Los Alamos, New Mexico (in this section referred to as the “County”), or to the designee of the County, fee title to the parcels of land that are allocated for conveyance to the County in the agreement under subsection (e); and

(2) transfer to the Secretary of the Interior, in trust for the Pueblo of San Ildefonso (in this section referred to as the “Pueblo”), administrative jurisdiction over the parcels that are allocated for transfer to the Secretary of the Interior in such agreement.

(b) PRELIMINARY IDENTIFICATION OF PARCELS OF LAND FOR CONVEYANCE OR TRANSFER.—(1) Not later than 90 days after the date of enactment of this Act, the Secretary of Energy shall submit to the congressional defense committees a report identifying the parcels of land under the jurisdiction of the Secretary at the Los Alamos National Laboratory that are suitable for conveyance or transfer under this section.

(2) A parcel is suitable for conveyance or transfer for purposes of paragraph (1) if the parcel—

(A) is not required to meet the national security mission of the Department of Energy or will not be required for that purpose before the end of the 10-year period beginning on the date of enactment of this Act;

(B) is likely to be conveyable or transferable, as the case may be, under this section not later than the end of such period; and

(C) is suitable for use for a purpose specified in subsection (h).

(c) REVIEW OF TITLE.—(1) Not later than one year after the date of enactment of this Act, the Secretary shall submit to the congressional defense committees a report setting forth the results of a title search on each parcel of land identified as suitable for conveyance or transfer under subsection (b), including an analysis of any claims against or other impairments to the fee title to each such parcel.

(2) In the period beginning on the date of the completion of the title search with respect to a parcel under paragraph (1) and ending on the date of the submittal of the report under that paragraph, the Secretary shall take appropriate actions to resolve the claims against or other impairments, if any, to fee title that are identified with respect to the parcel in the title search.

(d) ENVIRONMENTAL RESTORATION.—(1) Not later than 21 months after the date of enactment of this Act, the Secretary shall—

(A) identify the environmental restoration or remediation, if any, that is required with respect to each parcel of land identified under subsection (b) to which the United States has fee title;

(B) carry out any review of the environmental impact of the conveyance or transfer of each such parcel that is required under the provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.); and

(C) submit to Congress a report setting forth the results of the activities under subparagraphs (A) and (B).

(2) If the Secretary determines under paragraph (1) that a parcel described in paragraph (1)(A) requires environmental restoration or remediation, the Secretary shall, to the maximum extent practicable, complete the environmental restoration or remediation of the parcel not later than 10 years after the date of enactment of this Act.

(e) AGREEMENT FOR ALLOCATION OF PARCELS.—As soon as practicable after completing the review of titles to parcels of land under subsection (c), the Secretary of the Interior, on behalf of the Pueblo and for the County, shall submit to the Secretary of Energy an agreement between the Secretary of the Interior and the County that allocates between the Secretary of the Interior and the County the parcels to which the United States has fee title.

(f) PLAN FOR CONVEYANCE AND TRANSFER.—(1) Not later than 90 days after the date of the submittal to the Secretary of Energy of the agreement under subsection (e), the Secretary shall submit to the congressional defense committees a plan for conveying or transferring parcels of land under this section in accordance with the allocation specified in the agreement.

(2) The plan under paragraph (1) shall provide for the completion of the conveyance or transfer of parcels under this section not later than 9 months after the date of the submittal of the plan under that paragraph.

(g) CONVEYANCE OR TRANSFER.—(1) Subject to paragraphs (2) and (3), the Secretary shall convey or transfer parcels of land

in accordance with the allocation specified in the agreement submitted to the Secretary under subsection (e).

(2) In the case of a parcel allocated under the agreement that is not available for conveyance or transfer in accordance with the requirement in subsection (f)(2) by reason of its requirement to meet the national security mission of the Department, the Secretary shall convey or transfer the parcel, as the case may be, when the parcel is no longer required for that purpose.

(3)(A) In the case of a parcel allocated under the agreement that is not available for conveyance or transfer in accordance with such requirement by reason of requirements for environmental restoration or remediation, the Secretary shall convey or transfer the parcel, as the case may be, upon the completion of the environmental restoration or remediation that is required with respect to the parcel.

(B) If the Secretary determines that environmental restoration or remediation cannot reasonably be expected to be completed with respect to a parcel by the end of the 10-year period beginning on the date of enactment of this Act, the Secretary shall not convey or transfer the parcel under this section.

(h) **USE OF CONVEYED OR TRANSFERRED LAND.**—The parcels of land conveyed or transferred under this section shall be used for historic, cultural, or environmental preservation purposes, economic diversification purposes, or community self-sufficiency purposes.

(i) **TREATMENT OF CONVEYANCES AND TRANSFERS.**—(1) The purpose of the conveyances and transfers under this section is to fulfill the obligations of the United States with respect to Los Alamos National Laboratory, New Mexico, under sections 91 and 94 of the Atomic Energy Community Act of 1955 (42 U.S.C. 2391, 2394).

(2) Upon the completion of the conveyance or transfer of the parcels of land available for conveyance or transfer under this section, the Secretary shall make no further payments with respect to Los Alamos National Laboratory under section 91 or section 94 of the Atomic Energy Community Act of 1955.

SEC. 3166. SENSE OF CONGRESS REGARDING THE Y-12 PLANT IN OAK RIDGE, TENNESSEE.

It is the sense of Congress that the Y-12 Plant in Oak Ridge, Tennessee, should be used as a national prototype center and that other executive agencies should utilize this center, where appropriate, to maximize their efficiency and cost effectiveness.

SEC. 3167. SUPPORT FOR PUBLIC EDUCATION IN THE VICINITY OF LOS ALAMOS NATIONAL LABORATORY, NEW MEXICO.

(a) **AVAILABILITY OF FUNDS.**—Of the funds authorized to be appropriated or otherwise made available to the Department of Energy by this title, \$5,000,000 shall be available for payment by the Secretary of Energy to a nonprofit or not-for-profit educational foundation chartered to enhance educational activities in the public schools in the vicinity of Los Alamos National Laboratory, New Mexico (in this section referred to as the “Foundation”).

(b) **USE OF FUNDS.**—(1) The Foundation shall utilize funds provided under subsection (a) as the basis of, or as a contribution to, an endowment fund for the Foundation.

(2) The Foundation shall use the income generated from investments in the endowment fund that are attributable to the payment

made under subsection (a) to fund programs to support the educational needs of children in public schools in the vicinity of Los Alamos National Laboratory.

(c) **REPORT.**—Not later than March 1, 1998, the Secretary shall submit to the congressional defense committees a report setting forth the following:

(1) The amount of, and a schedule for, payments to the Foundation by the Secretary that are in addition to the payment provided under subsection (a).

(2) A plan to ensure that the Secretary makes no other payments to support the educational activities referred to in subsection (b)(2) after September 30, 2002.

SEC. 3168. IMPROVEMENTS TO GREENVILLE ROAD, LIVERMORE, CALIFORNIA.

From amounts authorized to be appropriated or otherwise made available to the Department of Energy by this title, funds shall be available for improvements to Greenville Road, Livermore, California, as follows:

(1) \$3,500,000 in fiscal year 1998.

(2) \$3,300,000 in fiscal year 1999.

SEC. 3169. REPORT ON ALTERNATIVE SYSTEM FOR AVAILABILITY OF FUNDS.

(a) **REPORT.**—Not later than October 1, 1998, the Secretary of Energy shall submit to Congress a report assessing how the Department of Energy could carry out a transition from a no-year funding system to a limited-period funding system.

(b) **MATTERS COVERED.**—The report shall cover the following matters:

(1) A conceptual proposal on how the no-year funding system could be phased out.

(2) An estimate of the cost of making the transition to a limited-period funding system.

(3) A description of the programmatic effects that could occur if the no-year funding system is eliminated.

(4) A delineation of activities for which the no-year funding system should be retained.

(c) **DEFINITIONS.**—In this section:

(1) The term “no-year funding system” means a funding system in which funds are available to the Department of Energy until expended.

(2) The term “limited-period funding system” means a funding system in which funds are available to the Department of Energy for a limited period of time.

SEC. 3170. REPORT ON REMEDIATION UNDER THE FORMERLY UTILIZED SITES REMEDIAL ACTION PROGRAM.

Not later than March 1, 1998, the Secretary of Energy shall submit to Congress a report containing information responding to the following questions regarding the Formerly Utilized Sites Remedial Action Program:

(1) How many Formerly Utilized Sites remain to be remediated, what portions of these remaining sites have completed remediation (including any offsite contamination), what portions of the sites remain to be remediated (including any offsite contamination), what types of contaminants are present at

each site, and what are the projected timeframes for completing remediation at each site?

(2) What is the cost of the remaining response actions necessary to address actual or threatened releases of hazardous substances at each Formerly Utilized Site, including any contamination that is present beyond the perimeter of the facilities?

(3) For each site, how much will it cost to remediate the radioactive contamination, and how much will it cost to remediate the non-radioactive contamination?

(4) How many sites potentially involve private parties that could be held responsible for remediation costs, including remediation costs related to offsite contamination?

(5) What type of agreements under the Formerly Utilized Sites Remedial Action Program have been entered into with private parties to resolve the level of liability for remediation costs at these facilities, and to what extent have these agreements been tied to a distinction between radioactive and non-radioactive contamination present at these sites?

(6) What efforts have been undertaken by the Department to ensure that the settlement agreements entered into with private parties to resolve liability for remediation costs at these facilities have been consistent on a program-wide basis?

TITLE XXXII—DEFENSE NUCLEAR FACILITIES SAFETY BOARD

Sec. 3201. Authorization.

Sec. 3202. Report on external regulation of defense nuclear facilities.

SEC. 3201. AUTHORIZATION.

There are authorized to be appropriated for fiscal year 1998, \$17,500,000 for the operation of the Defense Nuclear Facilities Safety Board under chapter 21 of the Atomic Energy Act of 1954 (42 U.S.C. 2286 et seq.).

42 USC 2286
note.

SEC. 3202. REPORT ON EXTERNAL REGULATION OF DEFENSE NUCLEAR FACILITIES.

(a) REPORTING REQUIREMENT.—The Defense Nuclear Facilities Safety Board (in this section referred to as the “Board”) shall prepare a report and make recommendations on its role in the Department of Energy’s decision to establish external regulation of defense nuclear facilities. The report shall include the following:

(1) An assessment of the value of and the need for the Board to continue to perform the functions specified under chapter 21 of the Atomic Energy Act of 1954 (42 U.S.C. 2286 et seq.).

(2) An assessment of the relationship between the functions of the Board and a proposal by the Department of Energy to place Department of Energy defense nuclear facilities under the jurisdiction of external regulatory agencies.

(3) An assessment of the functions of the Board and whether there is a need to modify or amend such functions.

(4) An assessment of the relative advantages and disadvantages to the Department and the public of continuing the functions of the Board with respect to Department of Energy defense

nuclear facilities and replacing the activities of the Board with external regulation of such facilities.

(5) A list of all existing or planned Department of Energy defense nuclear facilities that are similar to facilities under the regulatory jurisdiction of the Nuclear Regulatory Commission.

(6) A list of all Department of Energy defense nuclear facilities that are in compliance with all applicable Department of Energy orders, regulations, and requirements relating to the design, construction, operation, and decommissioning of defense nuclear facilities.

(7) A list of all Department of Energy defense nuclear facilities that have implemented, pursuant to an implementation plan, recommendations made by the Board and accepted by the Secretary of Energy.

(8) A list of Department of Energy defense nuclear facilities that have a function related to Department weapons activities.

(9)(A) A list of each existing defense nuclear facility that the Board determines—

(i) should continue to stay within the jurisdiction of the Board for a period of time or indefinitely; and

(ii) should come under the jurisdiction of an outside regulatory authority.

(B) An explanation of the determinations made under subparagraph (A).

(10) For any existing facilities that should, in the opinion of the Board, come under the jurisdiction of an outside regulatory authority, the date when this move would occur and the period of time necessary for the transition.

(11) A list of any proposed Department of Energy defense nuclear facilities that should come under the Board's jurisdiction.

(12) An assessment of regulatory and other issues associated with the design, construction, operation, and decommissioning of facilities that are not owned by the Department of Energy but which would provide services to the Department of Energy.

(13) An assessment of the role of the Board, if any, in privatization projects undertaken by the Department.

(14) An assessment of the role of the Board, if any, in any tritium production facilities.

(15) An assessment of the comparative advantages and disadvantages to the Department of Energy in the event some or all Department of Energy defense nuclear facilities were no longer included in the functions of the Board and were regulated by the Nuclear Regulatory Commission.

(16) A comparison of the cost, as identified by the Nuclear Regulatory Commission, that would be incurred at a gaseous diffusion plant to comply with regulations issued by the Nuclear Regulatory Commission, with the cost that would be incurred by a gaseous diffusion plant if such a plant was considered to be a Department of Energy defense nuclear facility as defined by chapter 21 of the Atomic Energy Act of 1954 (42 U.S.C. 2286 et seq.).

(b) COMMENTS ON REPORT.—Before submission of the report to Congress under subsection (c), the Board shall transmit the report to the Secretary of Energy and the Nuclear Regulatory

Commission. The Secretary and the Commission shall provide their comments on the report to both the Board and to Congress.

(c) **SUBMISSION TO CONGRESS.**—Not later than six months after the date of the enactment of this Act, the Board shall provide to Congress an interim report on the status of the implementation of this section. Not later than one year after the date of the enactment of this Act, and not earlier than 30 days after receipt of comments from the Secretary of Energy and the Nuclear Regulatory Commission under subsection (b), the Board shall submit to Congress the report required under subsection (a).

(d) **DEFINITION.**—In this section, the term “Department of Energy defense nuclear facility” has the meaning provided by section 318 of the Atomic Energy Act of 1954 (42 U.S.C. 2286g).

TITLE XXXIII—NATIONAL DEFENSE STOCKPILE

Sec. 3301. Definitions.

Sec. 3302. Authorized uses of stockpile funds.

Sec. 3303. Disposal of beryllium copper master alloy in National Defense Stockpile.

Sec. 3304. Disposal of titanium sponge in National Defense Stockpile.

Sec. 3305. Disposal of cobalt in National Defense Stockpile.

Sec. 3306. Required procedures for disposal of strategic and critical materials.

Sec. 3307. Return of surplus platinum from the Department of the Treasury.

50 USC 98d note.

SEC. 3301. DEFINITIONS.

In this title:

(1) The term “National Defense Stockpile” means the stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c).

(2) The term “National Defense Stockpile Transaction Fund” means the fund in the Treasury of the United States established under section 9(a) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(a)).

(3) The term “Market Impact Committee” means the Market Impact Committee established under section 10(c) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h–1(c)).

SEC. 3302. AUTHORIZED USES OF STOCKPILE FUNDS.

(a) **OBLIGATION OF STOCKPILE FUNDS.**—During fiscal year 1998, the National Defense Stockpile Manager may obligate up to \$73,000,000 of the funds in the National Defense Stockpile Transaction Fund for the authorized uses of such funds under section 9(b)(2) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(b)(2)).

(b) **ADDITIONAL OBLIGATIONS.**—The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date Congress receives the notification.

(c) **LIMITATIONS.**—The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 3303. DISPOSAL OF BERYLLIUM COPPER MASTER ALLOY IN NATIONAL DEFENSE STOCKPILE. 50 USC 98d note.

(a) **DISPOSAL AUTHORIZATION.**—Pursuant to section 5(b) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98d(b)), the National Defense Stockpile Manager may dispose of all beryllium copper master alloy from the National Defense Stockpile as part of continued efforts to modernize the stockpile.

(b) **PRECONDITION FOR DISPOSAL.**—Before beginning the disposal of beryllium copper master alloy under subsection (a), the National Defense Stockpile Manager shall certify to Congress that the disposal of beryllium copper master alloy will not adversely affect the capability of the National Defense Stockpile to supply the strategic and critical material needs of the United States.

(c) **CONSULTATION WITH MARKET IMPACT COMMITTEE.**—In disposing of beryllium copper master alloy under subsection (a), the National Defense Stockpile Manager shall consult with the Market Impact Committee to ensure that the disposal of beryllium copper master alloy does not disrupt the domestic beryllium industry.

(d) **EXTENDED SALES CONTRACTS.**—The National Defense Stockpile Manager shall provide for the use of long-term sales contracts for the disposal of beryllium copper master alloy under subsection (a) so that the domestic beryllium industry can re-absorb this material into the market in a gradual and nondisruptive manner. However, no such contract shall provide for the disposal of beryllium copper master alloy over a period longer than eight years, beginning on the date of the commencement of the first contract under this section.

(e) **RELATIONSHIP TO OTHER DISPOSAL AUTHORITY.**—The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding materials in the National Defense Stockpile.

(f) **BERYLLIUM COPPER MASTER ALLOY DEFINED.**—For purposes of this section, the term “beryllium copper master alloy” means an alloy of nominally four percent beryllium in copper.

SEC. 3304. DISPOSAL OF TITANIUM SPONGE IN NATIONAL DEFENSE STOCKPILE. 50 USC 98d note.

(a) **DISPOSAL REQUIRED.**—Subject to subsection (b), the National Defense Stockpile Manager shall dispose of 34,800 short tons of titanium sponge contained in the National Defense Stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c) and excess to stockpile requirements.

(b) **CONSULTATION WITH MARKET IMPACT COMMITTEE.**—In disposing of titanium sponge under subsection (a), the National Defense Stockpile Manager shall consult with the Market Impact Committee to ensure that the disposal of titanium sponge does not disrupt the domestic titanium industry.

(c) **RELATIONSHIP TO OTHER DISPOSAL AUTHORITY.**—The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding materials in the National Defense Stockpile.

SEC. 3305. DISPOSAL OF COBALT IN NATIONAL DEFENSE STOCKPILE. 50 USC 98d note.

(a) **DISPOSAL REQUIRED.**—Subject to subsections (b) and (c), the President shall dispose of cobalt contained in the National

Defense Stockpile so as to result in receipts to the United States in amounts equal to—

- (1) \$20,000,000 during fiscal year 2003;
- (2) \$30,000,000 during fiscal year 2004;
- (3) \$34,000,000 during fiscal year 2005;
- (4) \$34,000,000 during fiscal year 2006; and
- (5) \$34,000,000 during fiscal year 2007.

(b) **LIMITATION ON DISPOSAL QUANTITY.**—The total quantity of cobalt authorized for disposal by the President under subsection (a) may not exceed 14,058,014 pounds.

(c) **MINIMIZATION OF DISRUPTION AND LOSS.**—The President may not dispose of cobalt under subsection (a) to the extent that the disposal will result in—

- (1) undue disruption of the usual markets of producers, processors, and consumers of cobalt; or
- (2) avoidable loss to the United States.

(d) **TREATMENT OF RECEIPTS.**—Notwithstanding section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h), funds received as a result of the disposal of cobalt under subsection (a) shall be deposited into the general fund of the Treasury.

(e) **RELATIONSHIP TO OTHER DISPOSAL AUTHORITY.**—The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding materials in the National Defense Stockpile.

SEC. 3306. REQUIRED PROCEDURES FOR DISPOSAL OF STRATEGIC AND CRITICAL MATERIALS.

Section 6(b) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98e(b)) is amended in the first sentence by striking out “materials from the stockpile shall be made by formal advertising or competitive negotiation procedures.” and inserting in lieu thereof “strategic and critical materials from the stockpile shall be made in accordance with the next sentence.”.

SEC. 3307. RETURN OF SURPLUS PLATINUM FROM THE DEPARTMENT OF THE TREASURY.

(a) **RETURN OF PLATINUM TO STOCKPILE.**—Subject to subsection (b), the Secretary of the Treasury, upon the request of the Secretary of Defense, shall return to the Secretary of Defense for sale or other disposition platinum of the National Defense Stockpile that has been loaned to the Department of the Treasury by the Secretary of Defense, acting as the stockpile manager. The quantity requested and required to be returned shall be any quantity that the Secretary of Defense determines appropriate for sale or other disposition.

(b) **ALTERNATIVE TRANSFER OF FUNDS.**—The Secretary of the Treasury, with the concurrence of the Secretary of Defense, may transfer to the Secretary of Defense funds in a total amount that is equal to the fair market value of any platinum requested under subsection (a) and not returned. A transfer of funds under this subsection shall be a substitute for a return of platinum under subsection (a). Upon a transfer of funds as a substitute for a return of platinum, the platinum shall cease to be part of the National Defense Stockpile. A transfer of funds under this subsection shall be charged to any appropriation for the Department of the Treasury and shall be credited to the National Defense Stockpile Transaction Fund.

(c) **RESPONSIBILITY FOR COSTS.**—The return of platinum under subsection (a) by the Secretary of the Treasury shall be made without the expenditure of any funds available to the Department of Defense. The Secretary of the Treasury shall be responsible for all costs incurred in connection with the return, such as transportation, storage, testing, refining, or casting costs.

TITLE XXXIV—NAVAL PETROLEUM RESERVES

Sec. 3401. Authorization of appropriations.

Sec. 3402. Price requirement on sale of certain petroleum during fiscal year 1998.

Sec. 3403. Repeal of requirement to assign Navy officers to Office of Naval Petroleum and Oil Shale Reserves.

Sec. 3404. Transfer of jurisdiction, Naval Oil Shale Reserves Numbered 1 and 3.

SEC. 3401. AUTHORIZATION OF APPROPRIATIONS.

There is hereby authorized to be appropriated to the Secretary of Energy \$117,000,000 for fiscal year 1998 for the purpose of carrying out activities under chapter 641 of title 10, United States Code, relating to the naval petroleum reserves (as defined in section 7420(2) of such title). Funds appropriated pursuant to such authorization shall remain available until expended.

SEC. 3402. PRICE REQUIREMENT ON SALE OF CERTAIN PETROLEUM DURING FISCAL YEAR 1998.

10 USC 7430
note.

Notwithstanding section 7430(b)(2) of title 10, United States Code, during fiscal year 1998, any sale of any part of the United States share of petroleum produced from Naval Petroleum Reserves Numbered 1, 2, and 3 shall be made at a price not less than 90 percent of the current sales price, as estimated by the Secretary of Energy, of comparable petroleum in the same area.

SEC. 3403. REPEAL OF REQUIREMENT TO ASSIGN NAVY OFFICERS TO OFFICE OF NAVAL PETROLEUM AND OIL SHALE RESERVES.

Section 2 of Public Law 96–137 (42 U.S.C. 7156a) is repealed.

SEC. 3404. TRANSFER OF JURISDICTION, NAVAL OIL SHALE RESERVES NUMBERED 1 AND 3.

(a) **TRANSFER REQUIRED.**—Chapter 641 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 7439. Certain oil shale reserves: transfer of jurisdiction and petroleum exploration, development, and production

“(a) **TRANSFER REQUIRED.**—(1) Upon the enactment of this section, the Secretary of Energy shall transfer to the Secretary of the Interior administrative jurisdiction over all public domain lands included within Oil Shale Reserve Numbered 1 and those public domain lands included within the undeveloped tracts of Oil Shale Reserve Numbered 3.

“(2) Not later than one year after the date of the enactment of this section, the Secretary of Energy shall transfer to the Secretary of the Interior administrative jurisdiction over those public domain lands included within the developed tract of Oil Shale Reserve Numbered 3, which consists of approximately 6,000 acres

and 24 natural gas wells, together with pipelines and associated facilities.

“(3) Notwithstanding the transfer of jurisdiction, the Secretary of Energy shall continue to be responsible for all environmental restoration, waste management, and environmental compliance activities that are required under Federal and State laws with respect to conditions existing on the lands at the time of the transfer.

“(4) Upon the transfer to the Secretary of the Interior of jurisdiction over public domain lands under this subsection, the other provisions of this chapter shall cease to apply with respect to the transferred lands.

“(b) AUTHORITY TO LEASE.—(1) Beginning on the date of the enactment of this section, or as soon thereafter as practicable, the Secretary of the Interior shall enter into leases with one or more private entities for the purpose of exploration for, and development and production of, petroleum (other than in the form of oil shale) located on or in public domain lands in Oil Shale Reserves Numbered 1 and 3 (including the developed tract of Oil Shale Reserve Numbered 3). Any such lease shall be made in accordance with the requirements of the Mineral Leasing Act (30 U.S.C. 181 et seq.) regarding the lease of oil and gas lands and shall be subject to valid existing rights.

“(2) Notwithstanding the delayed transfer of the developed tract of Oil Shale Reserve Numbered 3 under subsection (a)(2), the Secretary of the Interior shall enter into a lease under paragraph (1) with respect to the developed tract before the end of the one-year period beginning on the date of the enactment of this section.

“(c) MANAGEMENT.—The Secretary of the Interior, acting through the Director of the Bureau of Land Management, shall manage the lands transferred under subsection (a) in accordance with the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701 et seq.) and other laws applicable to the public lands.

“(d) TRANSFER OF EXISTING EQUIPMENT.—The lease of lands by the Secretary of the Interior under this section may include the transfer, at fair market value, of any well, gathering line, or related equipment owned by the United States on the lands transferred under subsection (a) and suitable for use in the exploration, development, or production of petroleum on the lands.

“(e) COST MINIMIZATION.—The cost of any environmental assessment required pursuant to the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) in connection with a proposed lease under this section shall be paid out of unobligated amounts available for administrative expenses of the Bureau of Land Management.

“(f) TREATMENT OF RECEIPTS.—(1) Notwithstanding section 35 of the Mineral Leasing Act (30 U.S.C. 191), all moneys received during the period specified in paragraph (2) from a lease under this section (including moneys in the form of sales, bonuses, royalties (including interest charges collected under the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1701 et seq.)), and rentals) shall be covered into the Treasury of the United States and shall not be subject to distribution to the States pursuant to subsection (a) of such section 35. Subject to a specific authorization and appropriation for this purpose, such moneys may be used

for reimbursement of environmental restoration, waste management, and environmental compliance costs incurred by the United States with respect to the lands transferred under subsection (a).

“(2) The period referred to in this subsection is the period beginning on the date of the enactment of this section and ending on the date on which the Secretary of Energy and the Secretary of the Interior jointly certify to Congress that the sum of the moneys deposited in the Treasury under paragraph (1) is equal to the total of the following:

“(A) The cost of all environmental restoration, waste management, and environmental compliance activities incurred by the United States with respect to the lands transferred under subsection (a).

“(B) The cost to the United States to originally install wells, gathering lines, and related equipment on the transferred lands and any other cost incurred by the United States with respect to the lands.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“7439. Certain oil shale reserves: transfer of jurisdiction and petroleum exploration, development, and production.”.

TITLE XXXV—PANAMA CANAL COMMISSION

Subtitle A—Authorization of Expenditures From Revolving Fund

- Sec. 3501. Short title.
- Sec. 3502. Authorization of expenditures.
- Sec. 3503. Purchase of vehicles.
- Sec. 3504. Expenditures only in accordance with treaties.

Subtitle B—Facilitation of Panama Canal Transition

- Sec. 3511. Short title; references.
- Sec. 3512. Definitions relating to canal transition.

PART I—TRANSITION MATTERS RELATING TO COMMISSION OFFICERS AND EMPLOYEES

- Sec. 3521. Authority for the Administrator of the Commission to accept appointment as the Administrator of the Panama Canal Authority.
- Sec. 3522. Post-Canal transfer personnel authorities.
- Sec. 3523. Enhanced authority of Commission to establish compensation of Commission officers and employees.
- Sec. 3524. Travel, transportation, and subsistence expenses for Commission personnel no longer subject to Federal travel regulation.
- Sec. 3525. Enhanced recruitment and retention authorities.
- Sec. 3526. Transition separation incentive payments.
- Sec. 3527. Labor-management relations.
- Sec. 3528. Availability of Panama Canal Revolving Fund for severance pay for certain employees separated by Panama Canal Authority after Canal Transfer Date.

PART II—TRANSITION MATTERS RELATING TO OPERATION AND ADMINISTRATION OF CANAL

- Sec. 3541. Establishment of procurement system and Board of Contract Appeals.
- Sec. 3542. Transactions with the Panama Canal Authority.
- Sec. 3543. Time limitations on filing of claims for damages.
- Sec. 3544. Tolls for small vessels.
- Sec. 3545. Date of actuarial evaluation of FECA liability.
- Sec. 3546. Appointment of notaries public.
- Sec. 3547. Commercial services.
- Sec. 3548. Transfer from President to Commission of certain regulatory functions relating to employment classification appeals.

Sec. 3549. Enhanced printing authority.
 Sec. 3550. Technical and conforming amendments.

Panama Canal
 Commission
 Authorization
 Act for Fiscal
 Year 1998.

Subtitle A—Authorization of Expenditures From Revolving Fund

SEC. 3501. SHORT TITLE.

This subtitle may be cited as the “Panama Canal Commission Authorization Act for Fiscal Year 1998”.

SEC. 3502. AUTHORIZATION OF EXPENDITURES.

(a) IN GENERAL.—Subject to subsection (b), the Panama Canal Commission is authorized to use amounts in the Panama Canal Revolving Fund to make such expenditures within the limits of funds and borrowing authority available to it in accordance with law, and to make such contracts and commitments, as may be necessary under the Panama Canal Act of 1979 (22 U.S.C. 3601 et seq.) for the operation, maintenance, improvement, and administration of the Panama Canal for fiscal year 1998.

(b) LIMITATIONS.—For fiscal year 1998, the Panama Canal Commission may expend from funds in the Panama Canal Revolving Fund not more than \$85,000 for official reception and representation expenses, of which—

(1) not more than \$23,000 may be used for official reception and representation expenses of the Supervisory Board of the Commission;

(2) not more than \$12,000 may be used for official reception and representation expenses of the Secretary of the Commission; and

(3) not more than \$50,000 may be used for official reception and representation expenses of the Administrator of the Commission.

SEC. 3503. PURCHASE OF VEHICLES.

Notwithstanding any other provision of law, the funds available to the Commission shall be available for the purchase and transportation to the Republic of Panama of passenger motor vehicles, the purchase price of which shall not exceed \$22,000 per vehicle.

SEC. 3504. EXPENDITURES ONLY IN ACCORDANCE WITH TREATIES.

Expenditures authorized under this subtitle may be made only in accordance with the Panama Canal Treaties of 1977 and any law of the United States implementing those treaties.

Panama Canal
 Transition
 Facilitation Act
 of 1997.

Subtitle B—Facilitation of Panama Canal Transition

SEC. 3511. SHORT TITLE; REFERENCES.

(a) SHORT TITLE.—This subtitle may be cited as the “Panama Canal Transition Facilitation Act of 1997”.

(b) REFERENCES.—Except as otherwise expressly provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section

22 USC 3601
 note.

or other provision of the Panama Canal Act of 1979 (22 U.S.C. 3601 et seq.).

SEC. 3512. DEFINITIONS RELATING TO CANAL TRANSITION.

Section 3 (22 U.S.C. 3602) is amended by adding at the end the following new subsection:

“(d) For purposes of this Act:

“(1) The term ‘Canal Transfer Date’ means December 31, 1999, such date being the date specified in the Panama Canal Treaty of 1977 for the transfer of the Panama Canal from the United States of America to the Republic of Panama.

“(2) The term ‘Panama Canal Authority’ means the entity created by the Republic of Panama to succeed the Panama Canal Commission as of the Canal Transfer Date.”.

**PART I—TRANSITION MATTERS RELATING TO
COMMISSION OFFICERS AND EMPLOYEES**

**SEC. 3521. AUTHORITY FOR THE ADMINISTRATOR OF THE COMMISSION
TO ACCEPT APPOINTMENT AS THE ADMINISTRATOR OF
THE PANAMA CANAL AUTHORITY.**

(a) **AUTHORITY FOR DUAL ROLE.**—Section 1103 (22 U.S.C. 3613) is amended by adding at the end the following new subsection:

“(c) The Congress consents, for purposes of the 8th clause of article I, section 9 of the Constitution of the United States, to the acceptance by the individual serving as Administrator of the Commission of appointment by the Republic of Panama to the position of Administrator of the Panama Canal Authority. Such consent is effective only if that individual, while serving in both such positions, serves as Administrator of the Panama Canal Authority without compensation, except for payments by the Republic of Panama of travel and entertainment expenses, including per diem payments.”.

(b) **WAIVER OF ETHICS AND REPORTING REQUIREMENTS.**—Such section is further amended by adding at the end the following new subsection:

“(d) If before the Canal Transfer Date the Republic of Panama appoints as the Administrator of the Panama Canal Authority the individual serving as the Administrator of the Commission and if that individual accepts the appointment—

“(1) during any period during which that individual serves as both Administrator of the Commission and the Administrator of the Panama Canal Authority—

“(A) the Foreign Agents Registration Act of 1938, as amended (22 U.S.C. 611 et seq.), shall not apply to that individual with respect to service as the Administrator of the Panama Canal Authority;

“(B) that individual, with respect to participation in any particular matter as the Administrator of the Panama Canal Commission, is not subject to section 208(a) of title 18, United States Code, insofar as that section would otherwise apply to that matter only because the matter will have a direct and predictable effect on the financial interest of the Panama Canal Authority;

“(C) that individual is not subject to sections 203 and 205 of title 18, United States Code, with respect to official

acts performed as an agent or attorney for or otherwise representing the Panama Canal Authority; and

“(D) that individual is not subject to sections 501(a) and 502(a)(4) of the Ethics in Government Act of 1978 (5 U.S.C. App.), with respect to compensation received for, and service in, the position of Administrator of the Panama Canal Authority; and

“(2) effective upon termination of the individual’s appointment as Administrator of the Panama Canal Commission at noon on the Canal Transfer Date, that individual is not subject to section 207 of title 18, United States Code, with respect to acts done in carrying out official duties as Administrator of the Panama Canal Authority.”.

SEC. 3522. POST-CANAL TRANSFER PERSONNEL AUTHORITIES.

(a) **WAIVER OF CERTAIN POST-EMPLOYMENT RESTRICTIONS FOR COMMISSION PERSONNEL BECOMING EMPLOYEES OF THE PANAMA CANAL AUTHORITY.**—Section 1112 (22 U.S.C. 3622) is amended by adding at the end the following new subsection:

“(e)(1) Section 207 of title 18, United States Code, does not apply to a covered individual with respect to acts done in carrying out official duties as an officer or employee of the Panama Canal Authority.

“(2) For purposes of paragraph (1), a covered individual is an officer or employee of the Panama Canal Authority who was an officer or employee of the Commission (other than the Administrator) and whose employment with the Commission terminated at noon on the Canal Transfer Date.

“(3) This subsection is effective as of the Canal Transfer Date.”.

(b) **CONSENT OF CONGRESS FOR ACCEPTANCE BY RESERVE AND RETIRED MEMBERS OF THE UNIFORMED SERVICES OF EMPLOYMENT BY PANAMA CANAL AUTHORITY.**—Such section is further amended by adding after subsection (e), as added by subsection (a), the following new subsection:

“(f)(1) The Congress consents to the following persons accepting civil employment (and compensation for that employment) with the Panama Canal Authority for which the consent of the Congress is required by the last paragraph of section 9 of article I of the Constitution of the United States, relating to acceptance of emoluments, offices, or titles from a foreign government:

“(A) Retired members of the uniformed services.

“(B) Members of a reserve component of the armed forces.

“(C) Members of the Commissioned Reserve Corps of the Public Health Service.

“(2) The consent of the Congress under paragraph (1) is effective without regard to subsection (b) of section 908 of title 37, United States Code (relating to approval required for employment of Reserve and retired members by foreign governments).”.

SEC. 3523. ENHANCED AUTHORITY OF COMMISSION TO ESTABLISH COMPENSATION OF COMMISSION OFFICERS AND EMPLOYEES.

(a) **REPEAL OF LIMITATIONS ON COMMISSION AUTHORITY.**—The following provisions are repealed:

(1) Section 1215 (22 U.S.C. 3655), relating to basic pay.

(2) Section 1219 (22 U.S.C. 3659), relating to salary protection upon conversion of pay rate.

(3) Section 1225 (22 U.S.C. 3665), relating to minimum level of pay and minimum annual increases.

(b) SAVINGS PROVISION.—Section 1202 (22 U.S.C. 3642) is amended by adding at the end the following new subsection:

“(c) In the case of an individual who is an officer or employee of the Commission on the day before the date of the enactment of the Panama Canal Transition Facilitation Act of 1997 and who has not had a break in service with the Commission since that date, the rate of basic pay for that officer or employee on or after that date may not be less than the rate in effect for that officer or employee on the day before that date of enactment except—

“(1) as provided in a collective bargaining agreement;

“(2) as a result of an adverse action against the officer or employee; or

“(3) pursuant to a voluntary demotion.”.

(c) CROSS-REFERENCE AMENDMENTS.—(1) Section 1216 (22 U.S.C. 3656) is amended by striking out “1215” and inserting in lieu thereof “1202”.

(2) Section 1218 (22 U.S.C. 3658) is amended by striking out “1215” and “1217” and inserting in lieu thereof “1202” and “1217(a)”, respectively.

(d) NONAPPLICABILITY TO AGENCIES IN PANAMA OTHER THAN PANAMA CANAL COMMISSION.—Section 1212(b)(3) (22 U.S.C. 3652(b)(3)) is amended by striking out “or the Panama Canal Act Amendments of 1996” and inserting in lieu thereof “, the Panama Canal Act Amendments of 1996 (subtitle B of title XXXV of Public Law 104-201; 110 Stat. 2860), or the Panama Canal Transition Facilitation Act of 1997”.

SEC. 3524. TRAVEL, TRANSPORTATION, AND SUBSISTENCE EXPENSES FOR COMMISSION PERSONNEL NO LONGER SUBJECT TO FEDERAL TRAVEL REGULATION.

(a) REPEAL OF APPLICABILITY OF TITLE 5 PROVISIONS.—(1) Section 1210 (22 U.S.C. 3650) is amended by striking out subsections (a), (b), and (c).

(2) Section 1224 (22 U.S.C. 3664) is amended—

(A) by striking out paragraph (10); and

(B) by redesignating paragraphs (11) through (20) as paragraphs (10) through (19), respectively.

(b) CONFORMING AMENDMENTS.—(1) Section 1210 is further amended—

(A) by redesignating subsection (d)(1) as subsection (a) and in that subsection striking out “paragraph (2)” and inserting in lieu thereof “subsection (b)”; and

(B) by redesignating subsection (d)(2) as subsection (b) and in that subsection—

(i) striking out “Notwithstanding paragraph (1), an” and inserting in lieu thereof “An”; and

(ii) striking out “referred to in paragraph (1)” and inserting in lieu thereof “who is a citizen of the Republic of Panama”.

(2) The heading of such section is amended to read as follows:

“AIR TRANSPORTATION”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1999.

22 USC 3650
note.

SEC. 3525. ENHANCED RECRUITMENT AND RETENTION AUTHORITIES.

(a) RECRUITMENT, RELOCATION, AND RETENTION BONUSES.—Section 1217 (22 U.S.C. 3657) is amended—

(1) by redesignating subsection (c) as subsection (e);

(2) in subsection (e) (as so redesignated), by striking out “for the same or similar work performed in the United States by individuals employed by the Government of the United States” and inserting in lieu thereof “of the individual to whom the compensation is paid”; and

(3) by inserting after subsection (b) the following new subsections:

“(c)(1) The Commission may pay a recruitment bonus to an individual who is newly appointed to a position with the Commission, or a relocation bonus to an employee of the Commission who must relocate to accept a position, if the Commission determines that the Commission would be likely, in the absence of such a bonus, to have difficulty in filling the position.

“(2) A recruitment or relocation bonus may be paid to an employee under this subsection only if the employee enters into an agreement with the Commission to complete a period of employment established in the agreement. If the employee voluntarily fails to complete such period of employment or is separated from service in such employment as a result of an adverse action before the completion of such period, the employee shall repay the entire amount of the bonus.

“(3) A recruitment or relocation bonus under this subsection may be paid as a lump sum. A bonus under this subsection may not be considered to be part of the basic pay of an employee.

“(d)(1) The Commission may pay a retention bonus to an employee of the Commission if the Commission determines that—

“(A) the employee has unusually high or unique qualifications and those qualifications make it essential for the Commission to retain the employee for a period specified by the Commission ending not later than the Canal Transfer Date, or the Commission otherwise has a special need for the services of the employee making it essential for the Commission to retain the employee for a period specified by the Commission ending not later than the Canal Transfer Date; and

“(B) the employee would be likely to leave employment with the Commission before the end of that period if the retention bonus is not paid.

“(2) A retention bonus under this subsection—

“(A) shall be in a fixed amount;

“(B) shall be paid on a pro rata basis (over the period specified by the Commission as essential for the retention of the employee), with such payments to be made at the same time and in the same manner as basic pay; and

“(C) may not be considered to be part of the basic pay of an employee.

“(3) A decision by the Commission to exercise or to not exercise the authority to pay a bonus under this subsection shall not be subject to review under any statutory procedure or any agency or negotiated grievance procedure except under any of the laws referred to in section 2302(d) of title 5, United States Code.”.

(b) EDUCATIONAL SERVICES.—Section 1321(e)(2) (22 U.S.C. 3731(e)(2)) is amended by striking out “and persons” and inserting in lieu thereof “, to other Commission employees when determined

by the Commission to be necessary for their recruitment or retention, and to other persons”.

SEC. 3526. TRANSITION SEPARATION INCENTIVE PAYMENTS.

Chapter 2 of title I (22 U.S.C. 3641 et seq.) is amended by adding at the end of subchapter III the following new section:

“TRANSITION SEPARATION INCENTIVE PAYMENTS

“SEC. 1233. (a) In applying to the Commission and employees of the Commission the provisions of section 663 of the Treasury, Postal Service, and General Government Appropriations Act, 1997 (as contained in section 101(f) of division A of Public Law 104–208; 110 Stat. 3009–383), relating to voluntary separation incentives for employees of certain Federal agencies (in this section referred to as ‘section 663’)—

22 USC 3673.

“(1) the term ‘employee’ shall mean an employee of the Commission who has served in the Republic of Panama in a position with the Commission for a continuous period of at least three years immediately before the employee’s separation under an appointment without time limitation and who is covered under the Civil Service Retirement System or the Federal Employees’ Retirement System under subchapter III of chapter 83 or chapter 84, respectively, of title 5, United States Code, other than—

“(A) an employee described in any of subparagraphs (A) through (F) of subsection (a)(2) of section 663; or

“(B) an employee of the Commission who, during the 24-month period preceding the date of separation, has received a recruitment or relocation bonus under section 1217(c) of this Act or who, within the 12-month period preceding the date of separation, received a retention bonus under section 1217(d) of this Act;

“(2) the strategic plan under subsection (b) of section 663 shall include (in lieu of the matter specified in subsection (b)(2) of that section)—

“(A) the positions to be affected, identified by occupational category and grade level;

“(B) the number and amounts of separation incentive payments to be offered; and

“(C) a description of how such incentive payments will facilitate the successful transfer of the Panama Canal to the Republic of Panama;

“(3) a separation incentive payment under section 663 may be paid to a Commission employee only to the extent necessary to facilitate the successful transfer of the Panama Canal by the United States of America to the Republic of Panama as required by the Panama Canal Treaty of 1977;

“(4) such a payment—

“(A) may be in an amount determined by the Commission not to exceed \$25,000; and

“(B) may be made (notwithstanding the limitation specified in subsection (c)(2)(D) of section 663) in the case of an eligible employee who voluntarily separates (whether by retirement or resignation) during the 90-day period beginning on the date of the enactment of this section or during the period beginning on October 1, 1998, and ending on December 31, 1998;

“(5) in the case of not more than 15 employees who (as determined by the Commission) are unwilling to work for the Panama Canal Authority after the Canal Transfer Date and who occupy critical positions for which (as determined by the Commission) at least two years of experience is necessary to ensure that seasoned managers are in place on and after the Canal Transfer Date, such a payment (notwithstanding paragraph (4))—

“(A) may be in an amount determined by the Commission not to exceed 50 percent of the basic pay of the employee; and

“(B) may be made (notwithstanding the limitation specified in subsection (c)(2)(D) of section 663) in the case of such an employee who voluntarily separates (whether by retirement or resignation) during the 90-day period beginning on the date of the enactment of this section; and

“(6) the provisions of subsection (f) of section 663 shall not apply.

“(b) A decision by the Commission to exercise or to not exercise the authority to pay a transition separation incentive under this section shall not be subject to review under any statutory procedure or any agency or negotiated grievance procedure except under any of the laws referred to in section 2302(d) of title 5, United States Code.”.

SEC. 3527. LABOR-MANAGEMENT RELATIONS.

Section 1271 (22 U.S.C. 3701) is amended by adding at the end the following new subsection:

“(c)(1) This subsection applies to any matter that becomes the subject of collective bargaining between the Commission and the exclusive representative for any bargaining unit of employees of the Commission during the period beginning on the date of the enactment of this subsection and ending on the Canal Transfer Date.

“(2)(A) The resolution of impasses resulting from collective bargaining between the Commission and any such exclusive representative during that period shall be conducted in accordance with such procedures as may be mutually agreed upon between the Commission and the exclusive representative (without regard to any otherwise applicable provisions of chapter 71 of title 5, United States Code). Such mutually agreed upon procedures shall become effective upon transmittal by the Chairman of the Supervisory Board of the Commission to the Congress of notice of the agreement to use those procedures and a description of those procedures.

“(B) The Federal Services Impasses Panel shall not have jurisdiction to resolve any impasse between the Commission and any such exclusive representative in negotiations over a procedure for resolving impasses.

“(3) If the Commission and such an exclusive representative do not reach an agreement concerning a procedure for resolving impasses with respect to a bargaining unit and transmit notice of the agreement under paragraph (2) on or before July 1, 1998, the following shall be the procedure by which collective bargaining impasses between the Commission and the exclusive representative for that bargaining unit shall be resolved:

“(A) If bargaining efforts do not result in an agreement, either party may timely request the Federal Mediation and Conciliation Service to assist in achieving an agreement.

“(B) If an agreement is not reached within 45 days after the date on which either party requests the assistance of the Federal Mediation and Conciliation Service in writing (or within such shorter period as may be mutually agreed upon by the parties), the parties shall be considered to be at an impasse and the Federal Mediation and Conciliation Service shall immediately notify the Federal Services Impasses Panel of the Federal Labor Relations Authority, which shall decide the impasse.

“(C) If the Federal Services Impasses Panel fails to issue a decision within 90 days after the date on which notice under subparagraph (B) is received by the Panel (or within such shorter period as may be mutually agreed upon by the parties), the efforts of the Panel shall be terminated.

“(D) In such a case, the Chairman of the Panel (or another member in the absence of the Chairman) shall immediately determine the matter by a drawing (conducted in such manner as the Chairman (or, in the absence of the Chairman, such other member) determines appropriate) between the last offer of the Commission and the last offer of the exclusive representative, with the offer chosen through such drawing becoming the binding resolution of the matter.

“(4) In the case of a notice of agreement described in paragraph (2)(A) that is transmitted to the Congress as described in the second sentence of that paragraph after July 1, 1998, the impasse resolution procedures covered by that notice shall apply to any impasse between the Commission and the other party to the agreement that is unresolved on the date on which that notice is transmitted to the Congress.”.

SEC. 3528. AVAILABILITY OF PANAMA CANAL REVOLVING FUND FOR SEVERANCE PAY FOR CERTAIN EMPLOYEES SEPARATED BY PANAMA CANAL AUTHORITY AFTER CANAL TRANSFER DATE.

(a) **AVAILABILITY OF REVOLVING FUND.**—Section 1302(a) (22 U.S.C. 3712(a)) is amended by adding at the end the following new paragraph:

“(10) Payment to the Panama Canal Authority, not later than the Canal Transfer Date, of such amount as is computed by the Commission to be the future amount of severance pay to be paid by the Panama Canal Authority to employees whose employment with the Authority is terminated, to the extent that such severance pay is attributable to periods of service performed with the Commission before the Canal Transfer Date (and assuming for purposes of such computation that the Panama Canal Authority, in paying severance pay to terminated employees, will provide for crediting of periods of service with the Commission).”.

(b) **STYLISTIC AMENDMENTS.**—Such section is further amended—

(1) by striking out “for—” in the matter preceding paragraph (1) and inserting in lieu thereof “for the following purposes:”;

(2) by capitalizing the initial letter of the first word in each of paragraphs (1) through (9);

(3) by striking out the semicolon at the end of each of paragraphs (1) through (7) and inserting in lieu thereof a period; and

(4) by striking out “; and” at the end of paragraph (8) and inserting in lieu thereof a period.

PART II—TRANSITION MATTERS RELATING TO OPERATION AND ADMINISTRATION OF CANAL

SEC. 3541. ESTABLISHMENT OF PROCUREMENT SYSTEM AND BOARD OF CONTRACT APPEALS.

Title III of the Panama Canal Act of 1979 (22 U.S.C. 3601 et seq.) is amended by inserting after the title heading the following new chapter:

“CHAPTER 1—PROCUREMENT

“PROCUREMENT SYSTEM

22 USC 3861.

“SEC. 3101. (a) PANAMA CANAL ACQUISITION REGULATION.—(1) The Commission shall establish by regulation a comprehensive procurement system. The regulation shall be known as the ‘Panama Canal Acquisition Regulation’ (in this section referred to as the ‘Regulation’) and shall provide for the procurement of goods and services by the Commission in a manner that—

“(A) applies the fundamental operating principles and procedures in the Federal Acquisition Regulation;

“(B) uses efficient commercial standards of practice; and

“(C) is suitable for adoption and uninterrupted use by the Republic of Panama after the Canal Transfer Date.

“(2) The Regulation shall contain provisions regarding the establishment of the Panama Canal Board of Contract Appeals described in section 3102.

“(b) SUPPLEMENT TO REGULATION.—The Commission shall develop a Supplement to the Regulation (in this section referred to as the ‘Supplement’) that identifies both the provisions of Federal law applicable to procurement of goods and services by the Commission and the provisions of Federal law waived by the Commission under subsection (c).

“(c) WAIVER AUTHORITY.—(1) Subject to paragraph (2), the Commission shall determine which provisions of Federal law should not apply to procurement by the Commission and may waive those laws for purposes of the Regulation and Supplement.

“(2) For purposes of paragraph (1), the Commission may not waive—

“(A) section 27 of the Office of Federal Procurement Policy Act (41 U.S.C. 423);

“(B) the Contract Disputes Act of 1978 (41 U.S.C. 601 et seq.), other than section 10(a) of such Act (41 U.S.C. 609(a)); or

“(C) civil rights, environmental, or labor laws.

“(d) CONSULTATION WITH ADMINISTRATOR FOR FEDERAL PROCUREMENT POLICY.—In establishing the Regulation and developing the Supplement, the Commission shall consult with the Administrator for Federal Procurement Policy.

“(e) EFFECTIVE DATE.—The Regulation and the Supplement shall take effect on the date of publication in the Federal Register, or January 1, 1999, whichever is earlier. Federal Register, publication.

“PANAMA CANAL BOARD OF CONTRACT APPEALS

“SEC. 3102. (a) ESTABLISHMENT.—(1) The Secretary of Defense, in consultation with the Commission, shall establish a board of contract appeals, to be known as the Panama Canal Board of Contract Appeals, in accordance with section 8 of the Contract Disputes Act of 1978 (41 U.S.C. 607). Except as otherwise provided by this section, the Panama Canal Board of Contract Appeals (in this section referred to as the ‘Board’) shall be subject to the Contract Disputes Act of 1978 (41 U.S.C. 601 et seq.) in the same manner as any other agency board of contract appeals established under that Act. 22 USC 3862.

“(2) The Board shall consist of three members. At least one member of the Board shall be licensed to practice law in the Republic of Panama. Individuals appointed to the Board shall take an oath of office, the form of which shall be prescribed by the Secretary of Defense.

“(b) EXCLUSIVE JURISDICTION TO DECIDE APPEALS.—Notwithstanding section 10(a)(1) of the Contract Disputes Act of 1978 (41 U.S.C. 609(a)(1)) or any other provision of law, the Board shall have exclusive jurisdiction to decide an appeal from a decision of a contracting officer under section 8(d) of such Act (41 U.S.C. 607(d)).

“(c) EXCLUSIVE JURISDICTION TO DECIDE PROTESTS.—The Board shall decide protests submitted to it under this subsection by interested parties in accordance with subchapter V of title 31, United States Code. Notwithstanding section 3556 of that title, section 1491(b) of title 28, United States Code, and any other provision of law, the Board shall have exclusive jurisdiction to decide such protests. For purposes of this subsection—

“(1) except as provided in paragraph (2), each reference to the Comptroller General in sections 3551 through 3555 of title 31, United States Code, is deemed to be a reference to the Board;

“(2) the reference to the Comptroller General in section 3553(d)(3)(C)(ii) of such title is deemed to be a reference to both the Board and the Comptroller General;

“(3) the report required by paragraph (1) of section 3554(e) of such title shall be submitted to the Comptroller General as well as the committees listed in such paragraph;

“(4) the report required by paragraph (2) of such section shall be submitted to the Comptroller General as well as Congress; and

“(5) section 3556 of such title shall not apply to the Board, but nothing in this subsection shall affect the right of an interested party to file a protest with the appropriate contracting officer.

“(d) PROCEDURES.—The Board shall prescribe such procedures as may be necessary for the expeditious decision of appeals and protests under subsections (b) and (c).

“(e) COMMENCEMENT.—The Board shall begin to function as soon as it has been established and has prescribed procedures under subsection (d), but not later than January 1, 1999.

“(f) **TRANSITION.**—The Board shall have jurisdiction under subsections (b) and (c) over any appeals and protests filed on or after the date on which the Board begins to function. Any appeals and protests filed before such date shall remain before the forum in which they were filed.

“(g) **OTHER FUNCTIONS.**—The Board may perform functions similar to those described in this section for such other matters or activities of the Commission as the Commission may determine and in accordance with regulations prescribed by the Commission.”.

SEC. 3542. TRANSACTIONS WITH THE PANAMA CANAL AUTHORITY.

Section 1342 (22 U.S.C. 3752) is amended—

(1) by designating the text of the section as subsection (a); and

(2) by adding at the end the following new subsections:

“(b) The Commission may provide office space, equipment, supplies, personnel, and other in-kind services to the Panama Canal Authority on a nonreimbursable basis.

“(c) Any executive department or agency of the United States may, on a reimbursable basis, provide to the Panama Canal Authority materials, supplies, equipment, work, or services requested by the Panama Canal Authority, at such rates as may be agreed upon by that department or agency and the Panama Canal Authority.”.

SEC. 3543. TIME LIMITATIONS ON FILING OF CLAIMS FOR DAMAGES.

(a) **FILING OF ADMINISTRATIVE CLAIMS WITH COMMISSION.**—Sections 1411(a) (22 U.S.C. 3771(a)) and 1412 (22 U.S.C. 3772) are each amended in the last sentence by striking out “within 2 years after” and all that follows through “of 1985,” and inserting in lieu thereof “within one year after the date of the injury or the date of the enactment of the Panama Canal Transition Facilitation Act of 1997,”.

(b) **FILING OF JUDICIAL ACTIONS.**—The penultimate sentence of section 1416 (22 U.S.C. 3776) is amended—

(1) by striking out “one year” the first place it appears and inserting in lieu thereof “180 days”; and

(2) by striking out “claim, or” and all that follows through “of 1985,” and inserting in lieu thereof “claim or the date of the enactment of the Panama Canal Transition Facilitation Act of 1997,”.

SEC. 3544. TOLLS FOR SMALL VESSELS.

Section 1602(a) (22 U.S.C. 3792(a)) is amended—

(1) in the first sentence, by striking out “supply ships, and yachts” and inserting in lieu thereof “and supply ships”; and

(2) by adding at the end the following new sentence: “Tolls for small vessels (including yachts), as defined by the Commission, may be set at rates determined by the Commission without regard to the preceding provisions of this subsection.”.

SEC. 3545. DATE OF ACTUARIAL EVALUATION OF FECA LIABILITY.

Section 5(a) of the Panama Canal Commission Compensation Fund Act of 1988 (22 U.S.C. 3715c(a)) is amended by striking out “Upon the termination of the Panama Canal Commission” and inserting in lieu thereof “By March 31, 1998”.

SEC. 3546. APPOINTMENT OF NOTARIES PUBLIC.

Section 1102a (22 U.S.C. 3612a) is amended—

(1) by redesignating subsection (g) as subsection (h); and

(2) by inserting after subsection (f) the following new subsection:

“(g)(1) The Commission may appoint any United States citizen to have the general powers of a notary public to perform, on behalf of Commission employees and their dependents outside the United States, any notarial act that a notary public is required or authorized to perform within the United States. Unless an earlier expiration is provided by the terms of the appointment, any such appointment shall expire three months after the Canal Transfer Date.

“(2) Every notarial act performed by a person acting as a notary under paragraph (1) shall be as valid, and of like force and effect within the United States, as if executed by or before a duly authorized and competent notary public in the United States.

“(3) The signature of any person acting as a notary under paragraph (1), when it appears with the title of that person’s office, is prima facie evidence that the signature is genuine, that the person holds the designated title, and that the person is authorized to perform a notarial act.”.

SEC. 3547. COMMERCIAL SERVICES.

Section 1102b (22 U.S.C. 3612b) is amended by adding at the end the following new subsection:

“(e) The Commission may conduct and promote commercial activities related to the management, operation, or maintenance of the Panama Canal. Any such commercial activity shall be carried out consistent with the Panama Canal Treaty of 1977 and related agreements.”.

SEC. 3548. TRANSFER FROM PRESIDENT TO COMMISSION OF CERTAIN REGULATORY FUNCTIONS RELATING TO EMPLOYMENT CLASSIFICATION APPEALS.

Sections 1221(a) and 1222(a) (22 U.S.C. 3661(a), 3662(a)) are amended by striking out “President” and inserting in lieu thereof “Commission”.

SEC. 3549. ENHANCED PRINTING AUTHORITY.

Section 1306(a) (22 U.S.C. 3714b(a)) is amended by striking out “Section 501” and inserting in lieu thereof “Sections 501 through 517 and 1101 through 1123”.

SEC. 3550. TECHNICAL AND CONFORMING AMENDMENTS.

(a) CLERICAL AMENDMENTS.—The table of contents in section 1 is amended—

(1) by striking out the item relating to section 1210 and inserting in lieu thereof the following:

“Sec. 1210. Air transportation.”;

(2) by striking out the items relating to sections 1215, 1219, and 1225;

(3) by inserting after the item relating to section 1232 the following new item:

“Sec. 1233. Transition separation incentive payments.”;

and

(4) by inserting after the item relating to the heading of title III the following:

“CHAPTER 1—PROCUREMENT

“Sec. 3101. Procurement system.

“Sec. 3102. Panama Canal Board of Contract Appeals.”.

(b) AMENDMENT TO REFLECT PRIOR CHANGE IN COMPENSATION OF ADMINISTRATOR.—Section 5315 of title 5, United States Code, is amended by striking out the following:

“Administrator of the Panama Canal Commission.”.

(c) AMENDMENTS TO REFLECT CHANGE IN TRAVEL AND TRANSPORTATION EXPENSES AUTHORITY.—(1) Section 5724(a)(3) of title 5, United States Code, is amended by striking out “, the Commonwealth of Puerto Rico,” and all that follows through “Panama Canal Act of 1979” and inserting in lieu thereof “or the Commonwealth of Puerto Rico”.

(2) Section 5724a(j) of such title is amended—

(A) by inserting “and” after “Northern Mariana Islands,”; and

(B) by striking out “United States, and” and all that follows through the period at the end and inserting in lieu thereof “United States.”.

5 USC 5724 note.

(3) The amendments made by this subsection shall take effect on January 1, 1999.

(d) MISCELLANEOUS TECHNICAL AMENDMENTS.—

(1) Section 3(b) (22 U.S.C. 3602(b)) is amended by striking out “the Canal Zone Code” and all that follows through “other laws” the second place it appears and inserting in lieu thereof “laws of the United States and regulations issued pursuant to such laws”.

(2)(A) The following provisions are each amended by striking out “the effective date of this Act” and inserting in lieu thereof “October 1, 1979”: sections 3(b), 3(c), 1112(b), and 1321(c)(1).

22 USC 3602,
3622, 3731.

(B) Section 1321(c)(2) is amended by striking out “such effective date” and inserting in lieu thereof “October 1, 1979”.

(C) Section 1231(c)(3)(A) (22 U.S.C. 3671(c)(3)(A)) is amended by striking out “the day before the effective date of this Act” and inserting in lieu thereof “September 30, 1979”.

(3) Section 1102a(h), as redesignated by section 3546(1), is amended by striking out “section 1102B” and inserting in lieu thereof “section 1102b”.

(4) Section 1110(b)(2) (22 U.S.C. 3620(b)(2)) is amended by striking out “section 16 of the Act of August 1, 1956 (22 U.S.C. 2680a),” and inserting in lieu thereof “section 207 of the Foreign Service Act of 1980 (22 U.S.C. 3927)”.

(5) Section 1212(b)(3) (22 U.S.C. 3652(b)(3)) is amended by striking out “as last in effect before the effective date of section 3530 of the Panama Canal Act Amendments of 1996” and inserting in lieu thereof “as in effect on September 22, 1996”.

(6) Section 1243(c)(2) (22 U.S.C. 3681(c)(2)) is amended by striking out “retroactivity” and inserting in lieu thereof “retroactively”.

(7) Section 1341(f) (22 U.S.C. 3751(f)) is amended by striking out “sections 1302(c)” and inserting in lieu thereof “sections 1302(b)”.

TITLE XXXVI—MARITIME ADMINISTRATION

Sec. 3601. Authorization of appropriations for fiscal year 1998.

Sec. 3602. Repeal of obsolete annual report requirement concerning relative cost of shipbuilding in the various coastal districts of the United States.

Sec. 3603. Provisions relating to maritime security fleet program.

Sec. 3604. Authority to utilize replacement vessels and capacity.

Sec. 3605. Authority to convey National Defense Reserve Fleet vessel.

Sec. 3606. Determination of gross tonnage for purposes of tank vessel double hull requirements.

SEC. 3601. AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 1998.

Funds are hereby authorized to be appropriated for fiscal year 1998, to be available without fiscal year limitation if so provided in appropriation Acts, for the use of the Department of Transportation for the Maritime Administration as follows:

(1) For expenses necessary for operations and training activities, \$70,000,000.

(2) For expenses under the loan guarantee program authorized by title XI of the Merchant Marine Act, 1936 (46 U.S.C. App. 1271 et seq.), \$39,000,000 of which—

(A) \$35,000,000 is for the cost (as defined in section 502(5) of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a(5))) of loan guarantees under the program; and

(B) \$4,000,000 is for administrative expenses related to loan guarantee commitments under the program.

SEC. 3602. REPEAL OF OBSOLETE ANNUAL REPORT REQUIREMENT CONCERNING RELATIVE COST OF SHIPBUILDING IN THE VARIOUS COASTAL DISTRICTS OF THE UNITED STATES.

(a) REPEAL.—Section 213 of the Merchant Marine Act, 1936 (46 U.S.C. App. 1123), is amended by striking out paragraph (c).

(b) CONFORMING AMENDMENTS.—Such section is further amended—

(1) by striking out “on—” in the matter preceding paragraph (a) and inserting in lieu thereof “on the following.”;

(2) by redesignating paragraphs (a) and (b) as paragraphs (1) and (2), respectively;

(3) by striking out the semicolon at the end of each of those paragraphs and inserting in lieu thereof a period; and

(4) by realigning those paragraphs so as to be indented 2 ems from the left margin.

SEC. 3603. PROVISIONS RELATING TO MARITIME SECURITY FLEET PROGRAM.

(a) AUTHORITY OF CONTRACTORS TO OPERATE SELF-PROPELLED TANK VESSELS IN NONCONTIGUOUS DOMESTIC TRADES.—Section 656(b) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1187e(b)) is amended by inserting “(1)” after “(b)”, and by adding at the end the following new paragraph:

“(2) Subsection (a) shall not apply to operation by a contractor of a self-propelled tank vessel in a noncontiguous domestic trade, or to ownership by a contractor of an interest in a self-propelled tank vessel that operates in a noncontiguous domestic trade.”.

(b) RELIEF FROM DELAY IN CERTAIN OPERATIONS FOLLOWING DOCUMENTATION.—Section 652(c) of the Merchant Marine Act, 1936

46 USC app.
1187a.

(46 U.S.C. 1187a(c)) is amended by adding at the end the following: “The restrictions of section 901(b)(1) of this Act concerning the building, rebuilding, or documentation of a vessel in a foreign country shall not apply to a vessel for any day the operator of that vessel is receiving payments under an operating agreement under this subtitle.”.

SEC. 3604. AUTHORITY TO UTILIZE REPLACEMENT VESSELS AND CAPACITY.

Section 653(d)(1) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1187b(d)(1)) is amended to read as follows:

“(1) a contractor or other person that commits to make available a vessel or vessel capacity under the Emergency Preparedness Program or another primary sealift readiness program approved by the Secretary of Defense may, during the activation of that vessel or capacity under that program, operate or employ in foreign commerce a foreign-flag vessel or foreign-flag vessel capacity as a temporary replacement for the activated vessel or capacity; and”.

SEC. 3605. AUTHORITY TO CONVEY NATIONAL DEFENSE RESERVE FLEET VESSEL.

(a) **AUTHORITY TO CONVEY.**—The Secretary of Transportation may convey all right, title, and interest of the Federal Government in and to the vessel GOLDEN BEAR (United States official number 239932) to the Artship Foundation, located in Oakland, California (in this section referred to as the “recipient”), for use as a multicultural center for the arts.

(b) **TERMS OF CONVEYANCE.**—

(1) **DELIVERY OF VESSEL.**—In carrying out subsection (a), the Secretary shall deliver the vessel—

(A) at the place where the vessel is located on the date of conveyance;

(B) in its condition on that date; and

(C) at no cost to the Federal Government.

(2) **REQUIRED CONDITIONS.**—The Secretary may not convey a vessel under this section unless—

(A) the recipient agrees to hold the Government harmless for any claims arising from exposure to hazardous material, including asbestos and polychlorinated biphenyls, after conveyance of the vessel, except for claims arising before the date of the conveyance or from use of the vessel by the Government after that date; and

(B) the recipient has available, for use to restore the vessel, in the form of cash, liquid assets, or a written loan commitment, financial resources of at least \$100,000.

(3) **ADDITIONAL TERMS.**—The Secretary may require such additional terms in connection with the conveyance authorized by this section as the Secretary considers appropriate.

(c) **OTHER UNNEEDED EQUIPMENT.**—The Secretary may convey to the recipient of the vessel conveyed under this section any unneeded equipment from other vessels in the National Defense Reserve Fleet, for use to restore the vessel conveyed under this section to museum quality.

SEC. 3606. DETERMINATION OF GROSS TONNAGE FOR PURPOSES OF TANK VESSEL DOUBLE HULL REQUIREMENTS.

Section 3703a of title 46, United States Code, is amended by adding at the end the following:

“(e)(1) For the purposes of this section and except as otherwise provided in paragraphs (2) and (3) of this subsection, the gross tonnage of a vessel shall be the gross tonnage that would have been recognized by the Secretary on July 1, 1997, as the tonnage measured under section 14502 of this title, or as an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title.

“(2)(A) The Secretary may waive the application of paragraph (1) to a tank vessel if—

“(i) the owner of the tank vessel applies to the Secretary for the waiver before January 1, 1998;

“(ii) the Secretary determines that—

“(I) the owner of the tank vessel has entered into a binding agreement to alter the tank vessel in a shipyard in the United States to reduce the gross tonnage of the tank vessel by converting a portion of the cargo tanks of the tank vessel into protectively located segregated ballast tanks; and

“(II) that conversion will result in a significant reduction in the risk of a discharge of oil;

“(iii) at least 60 days before the date of the issuance of the waiver, the Secretary—

“(I) publishes notice that the Secretary has received the application and made the determinations required by clause (ii), including a description of the agreement entered into pursuant to clause (ii)(I); and

“(II) provides an opportunity for submission of comments regarding the application; and

“(iv) the alterations referred to in clause (ii)(I) are completed before the later of—

“(I) the date by which the first special survey of the tank vessel is required to be completed after the date of the enactment of the National Defense Authorization Act for Fiscal Year 1998; or

“(II) July 1, 1999.

“(B) A waiver under subparagraph (A) shall not be effective after the expiration of the 3-year period beginning on the first date on which the tank vessel would have been prohibited by subsection (c) from operating if the alterations referred to in subparagraph (A)(ii)(I) were not made.

“(3) This subsection does not apply to a tank vessel that, before July 1, 1997, had undergone, or was the subject of a contract for, alterations that reduce the gross tonnage of the tank vessel, as shown by reliable evidence acceptable to the Secretary.”.

Approved November 18, 1997.

LEGISLATIVE HISTORY—H.R. 1119 (S. 924) (S. 936):

HOUSE REPORTS: No. 105–132 (Comm. on National Security) and 105–340 (Comm. of Conference).

SENATE REPORTS: No. 105–29 accompanying S. 924 and S. 936 (Comm. on Armed Services).

CONGRESSIONAL RECORD, Vol. 143 (1997):

June 19, 20, 23–25, considered and passed House.

July 11, considered and passed Senate, amended.

Oct. 28, House agreed to conference report.

Nov. 5, Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Nov. 18, Presidential statement.



Public Law 105–86
105th Congress

An Act

Making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1998, and for other purposes.

Nov. 18, 1997
[H.R. 2160]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1998, and for other purposes, namely:

Agriculture,
Rural
Development,
Food and Drug
Administration,
and Related
Agencies
Appropriations
Act, 1998.

TITLE I

AGRICULTURAL PROGRAMS

PRODUCTION, PROCESSING, AND MARKETING

OFFICE OF THE SECRETARY

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses of the Office of the Secretary of Agriculture, and not to exceed \$75,000 for employment under 5 U.S.C. 3109, \$2,836,000: *Provided*, That not to exceed \$11,000 of this amount, along with any unobligated balances of representation funds in the Foreign Agricultural Service, shall be available for official reception and representation expenses, not otherwise provided for, as determined by the Secretary: *Provided further*, That none of the funds appropriated or otherwise made available by this Act may be used to pay the salaries and expenses of personnel of the Department of Agriculture to carry out section 793(c)(1)(C) of Public Law 104–127: *Provided further*, That none of the funds made available by this Act may be used to enforce section 793(d) of Public Law 104–127.

EXECUTIVE OPERATIONS

CHIEF ECONOMIST

For necessary expenses of the Chief Economist, including economic analysis, risk assessment, cost-benefit analysis, and the functions of the World Agricultural Outlook Board, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1622g), and including employment pursuant to the second sentence of section

706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed \$5,000 is for employment under 5 U.S.C. 3109, \$5,048,000.

NATIONAL APPEALS DIVISION

For necessary expenses of the National Appeals Division, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed \$25,000 is for employment under 5 U.S.C. 3109, \$11,718,000.

OFFICE OF BUDGET AND PROGRAM ANALYSIS

For necessary expenses of the Office of Budget and Program Analysis, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed \$5,000 is for employment under 5 U.S.C. 3109, \$5,986,000.

OFFICE OF THE CHIEF INFORMATION OFFICER

For necessary expenses of the Office of the Chief Information Officer, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed \$10,000 is for employment under 5 U.S.C. 3109, \$4,773,000.

OFFICE OF THE CHIEF FINANCIAL OFFICER

For necessary expenses of the Office of the Chief Financial Officer, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed \$10,000 is for employment under 5 U.S.C. 3109, \$4,283,000: *Provided*, That the Chief Financial Officer shall actively market cross-servicing activities of the National Finance Center.

OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION

For necessary salaries and expenses of the Office of the Assistant Secretary for Administration to carry out the programs funded in this Act, \$613,000.

AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS

(INCLUDING TRANSFERS OF FUNDS)

For payment of space rental and related costs pursuant to Public Law 92-313, including authorities pursuant to the 1984 delegation of authority from the Administrator of General Services to the Department of Agriculture under 40 U.S.C. 486, for programs and activities of the Department which are included in this Act, and for the operation, maintenance, and repair of Agriculture buildings, \$123,385,000: *Provided*, That in the event an agency within the Department should require modification of space needs, the Secretary of Agriculture may transfer a share of that agency's appropriation made available by this Act to this appropriation, or may transfer a share of this appropriation to that agency's appropriation, but such transfers shall not exceed 5 percent of

the funds made available for space rental and related costs to or from this account. In addition, for construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities as necessary to carry out the programs of the Department, where not otherwise provided, \$5,000,000, to remain available until expended; and in addition, for necessary relocation expenses of the Department's agencies, \$2,700,000, to remain available until expended; making a total appropriation of \$131,085,000.

HAZARDOUS WASTE MANAGEMENT

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses of the Department of Agriculture, to comply with the requirement of section 107(g) of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. 9607(g), and section 6001 of the Resource Conservation and Recovery Act, 42 U.S.C. 6961, \$15,700,000, to remain available until expended: *Provided*, That appropriations and funds available herein to the Department for Hazardous Waste Management may be transferred to any agency of the Department for its use in meeting all requirements pursuant to the above Acts on Federal and non-Federal lands.

DEPARTMENTAL ADMINISTRATION

(INCLUDING TRANSFERS OF FUNDS)

For Departmental Administration, \$27,231,000, to provide for necessary expenses for management support services to offices of the Department and for general administration and disaster management of the Department, repairs and alterations, and other miscellaneous supplies and expenses not otherwise provided for and necessary for the practical and efficient work of the Department, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed \$10,000 is for employment under 5 U.S.C. 3109: *Provided*, That this appropriation shall be reimbursed from applicable appropriations in this Act for travel expenses incident to the holding of hearings as required by 5 U.S.C. 551–558.

OFFICE OF THE ASSISTANT SECRETARY FOR CONGRESSIONAL RELATIONS

(INCLUDING TRANSFERS OF FUNDS)

For necessary salaries and expenses of the Office of the Assistant Secretary for Congressional Relations to carry out the programs funded in this Act, including programs involving intergovernmental affairs and liaison within the executive branch, \$3,668,000: *Provided*, That no other funds appropriated to the Department by this Act shall be available to the Department for support of activities of congressional relations: *Provided further*, That not less than \$2,241,000 shall be transferred to agencies funded in this Act to maintain personnel at the agency level.

OFFICE OF COMMUNICATIONS

For necessary expenses to carry on services relating to the coordination of programs involving public affairs, for the dissemination of agricultural information, and the coordination of information, work, and programs authorized by Congress in the Department, \$8,138,000, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed \$10,000 shall be available for employment under 5 U.S.C. 3109, and not to exceed \$2,000,000 may be used for farmers' bulletins.

OFFICE OF THE INSPECTOR GENERAL

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses of the Office of the Inspector General, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and the Inspector General Act of 1978, \$63,128,000, including such sums as may be necessary for contracting and other arrangements with public agencies and private persons pursuant to section 6(a)(9) of the Inspector General Act of 1978, including a sum not to exceed \$50,000 for employment under 5 U.S.C. 3109; and including a sum not to exceed \$95,000 for certain confidential operational expenses including the payment of informants, to be expended under the direction of the Inspector General pursuant to Public Law 95-452 and section 1337 of Public Law 97-98: *Provided*, That funds transferred to the Office of the Inspector General through forfeiture proceedings or from the Department of Justice Assets Forfeiture Fund or the Department of the Treasury Forfeiture Fund, as a participating agency, as an equitable share from the forfeiture of property in investigations in which the Office of the Inspector General participates, or through the granting of a Petition for Remission or Mitigation, shall be deposited to the credit of this account for law enforcement activities authorized under the Inspector General Act of 1978, to remain available until expended.

OFFICE OF THE GENERAL COUNSEL

For necessary expenses of the Office of the General Counsel, \$28,524,000.

OFFICE OF THE UNDER SECRETARY FOR RESEARCH, EDUCATION AND ECONOMICS

For necessary salaries and expenses of the Office of the Under Secretary for Research, Education and Economics to administer the laws enacted by the Congress for the Economic Research Service, the National Agricultural Statistics Service, the Agricultural Research Service, and the Cooperative State Research, Education, and Extension Service, \$540,000.

ECONOMIC RESEARCH SERVICE

For necessary expenses of the Economic Research Service in conducting economic research and analysis, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627) and other

laws, \$71,604,000: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225).

NATIONAL AGRICULTURAL STATISTICS SERVICE

For necessary expenses of the National Agricultural Statistics Service in conducting statistical reporting and service work, including crop and livestock estimates, statistical coordination and improvements, marketing surveys, and the Census of Agriculture, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621–1627) and other laws, \$118,048,000, of which up to \$36,327,000 shall be available until expended for the Census of Agriculture: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$40,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That, notwithstanding any other provision of law, the Secretary of Agriculture shall conduct the 1997 Census of Agriculture, to the extent practicable, pursuant to the provisions of title 13, United States Code.

13 USC 142 note.

AGRICULTURAL RESEARCH SERVICE

For necessary expenses to enable the Agricultural Research Service to perform agricultural research and demonstration relating to production, utilization, marketing, and distribution (not otherwise provided for); home economics or nutrition and consumer use including the acquisition, preservation, and dissemination of agricultural information; and for acquisition of lands by donation, exchange, or purchase at a nominal cost not to exceed \$100, \$744,605,000: *Provided*, That appropriations hereunder shall be available for temporary employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$115,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That appropriations hereunder shall be available for the operation and maintenance of aircraft and the purchase of not to exceed one for replacement only: *Provided further*, That appropriations hereunder shall be available pursuant to 7 U.S.C. 2250 for the construction, alteration, and repair of buildings and improvements, but unless otherwise provided, the cost of constructing any one building shall not exceed \$250,000, except for greenhouses which shall each be limited to \$1,000,000, and except for ten buildings to be constructed or improved at a cost not to exceed \$500,000 each, and the cost of altering any one building during the fiscal year shall not exceed 10 percent of the current replacement value of the building or \$250,000, whichever is greater: *Provided further*, That the limitations on alterations contained in this Act shall not apply to modernization or replacement of existing facilities at Beltsville, Maryland: *Provided further*, That the foregoing limitations shall not apply to replacement of buildings needed to carry out the Act of April 24, 1948 (21 U.S.C. 113a): *Provided further*, That funds may be received from any State, other political subdivision, organization, or individual for the purpose of establishing or operating any research facility or research project of the Agricultural Research Service, as authorized by law: *Provided further*, That the item under the heading “AGRICULTURAL RESEARCH SERVICE”

7 USC 2254.

in title I of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1996 (Public Law 104-37; 109 Stat. 304), is amended by striking the penultimate proviso, relating to conveyance of the Pecan Genetics and Improvement Research Laboratory.

None of the funds in the foregoing paragraph shall be available to carry out research related to the production, processing or marketing of tobacco or tobacco products.

BUILDINGS AND FACILITIES

For acquisition of land, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities as necessary to carry out the agricultural research programs of the Department of Agriculture, where not otherwise provided, \$80,630,000, to remain available until expended (7 U.S.C. 2209b): *Provided*, That funds may be received from any State, other political subdivision, organization, or individual for the purpose of establishing any research facility of the Agricultural Research Service, as authorized by law.

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

RESEARCH AND EDUCATION ACTIVITIES

For payments to agricultural experiment stations, for cooperative forestry and other research, for facilities, and for other expenses, including \$168,734,000 to carry into effect the provisions of the Hatch Act (7 U.S.C. 361a-i); \$20,497,000 for grants for cooperative forestry research (16 U.S.C. 582a-a7); \$27,735,000 for payments to the 1890 land-grant colleges, including Tuskegee University (7 U.S.C. 3222); \$51,495,000 for special grants for agricultural research (7 U.S.C. 450i(c)); \$15,048,000 for special grants for agricultural research on improved pest control (7 U.S.C. 450i(c)); \$97,200,000 for competitive research grants (7 U.S.C. 450i(b)); \$4,775,000 for the support of animal health and disease programs (7 U.S.C. 3195); \$650,000 for supplemental and alternative crops and products (7 U.S.C. 3319d); \$550,000 for grants for research pursuant to the Critical Agricultural Materials Act of 1984 (7 U.S.C. 178) and section 1472 of the Food and Agriculture Act of 1977 (7 U.S.C. 3318), to remain available until expended; \$3,000,000 for higher education graduate fellowships grants (7 U.S.C. 3152(b)(6)), to remain available until expended (7 U.S.C. 2209b); \$4,350,000 for higher education challenge grants (7 U.S.C. 3152(b)(1)); \$1,000,000 for a higher education minority scholars program (7 U.S.C. 3152(b)(5)), to remain available until expended (7 U.S.C. 2209b); \$2,500,000 for an education grants program for Hispanic-serving Institutions (7 U.S.C. 3241); \$4,000,000 for aquaculture grants (7 U.S.C. 3322); \$8,000,000 for sustainable agriculture research and education (7 U.S.C. 5811); \$9,200,000 for a program of capacity building grants (7 U.S.C. 3152(b)(4)) to colleges eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321-326 and 328), including Tuskegee University, to remain available until expended (7 U.S.C. 2209b); \$1,450,000 for payments to the 1994 Institutions pursuant to section 534(a)(1) of Public Law 103-382; and \$11,226,000 for necessary expenses of Research

and Education Activities, of which not to exceed \$100,000 shall be for employment under 5 U.S.C. 3109; in all, \$431,410,000.

None of the funds in the foregoing paragraph shall be available to carry out research related to the production, processing or marketing of tobacco or tobacco products.

NATIVE AMERICAN INSTITUTIONS ENDOWMENT FUND

For establishment of a Native American institutions endowment fund, as authorized by Public Law 103–382 (7 U.S.C. 301 note), \$4,600,000.

EXTENSION ACTIVITIES

Payments to States, the District of Columbia, Puerto Rico, Guam, the Virgin Islands, Micronesia, Northern Marianas, and American Samoa: For payments for cooperative extension work under the Smith-Lever Act, to be distributed under sections 3(b) and 3(c) of said Act, and under section 208(c) of Public Law 93–471, for retirement and employees' compensation costs for extension agents and for costs of penalty mail for cooperative extension agents and State extension directors, \$268,493,000; payments for extension work at the 1994 Institutions under the Smith-Lever Act (7 U.S.C. 343(b)(3)), \$2,000,000; payments for the nutrition and family education program for low-income areas under section 3(d) of the Act, \$58,695,000; payments for the pest management program under section 3(d) of the Act, \$10,783,000; payments for the farm safety program under section 3(d) of the Act, \$2,855,000; payments for the pesticide impact assessment program under section 3(d) of the Act, \$3,214,000; payments to upgrade 1890 land-grant college research, extension, and teaching facilities as authorized by section 1447 of Public Law 95–113 (7 U.S.C. 3222b), \$7,549,000, to remain available until expended; payments for the rural development centers under section 3(d) of the Act, \$908,000; payments for a groundwater quality program under section 3(d) of the Act, \$9,061,000; payments for the agricultural telecommunications program, as authorized by Public Law 101–624 (7 U.S.C. 5926), \$900,000; payments for youth-at-risk programs under section 3(d) of the Act, \$9,554,000; payments for a food safety program under section 3(d) of the Act, \$2,365,000; payments for carrying out the provisions of the Renewable Resources Extension Act of 1978, \$3,192,000; payments for Indian reservation agents under section 3(d) of the Act, \$1,672,000; payments for sustainable agriculture programs under section 3(d) of the Act, \$3,309,000; payments for rural health and safety education as authorized by section 2390 of Public Law 101–624 (7 U.S.C. 2661 note, 2662), \$2,628,000; payments for cooperative extension work by the colleges receiving the benefits of the second Morrill Act (7 U.S.C. 321–326 and 328) and Tuskegee University, \$25,090,000; and for Federal administration and coordination including administration of the Smith-Lever Act, and the Act of September 29, 1977 (7 U.S.C. 341–349), and section 1361(c) of the Act of October 3, 1980 (7 U.S.C. 301 note), and to coordinate and provide program leadership for the extension work of the Department and the several States and insular possessions, \$11,108,000; in all, \$423,376,000: *Provided*, That funds hereby appropriated pursuant to section 3(c) of the Act of June 26, 1953, and section 506 of the Act of June 23, 1972, shall not be paid to any State, the District of Columbia, Puerto Rico, Guam,

or the Virgin Islands, Micronesia, Northern Marianas, and American Samoa prior to availability of an equal sum from non-Federal sources for expenditure during the current fiscal year.

OFFICE OF THE ASSISTANT SECRETARY FOR MARKETING AND
REGULATORY PROGRAMS

For necessary salaries and expenses of the Office of the Assistant Secretary for Marketing and Regulatory Programs to administer programs under the laws enacted by the Congress for the Animal and Plant Health Inspection Service, the Agricultural Marketing Service, and the Grain Inspection, Packers and Stockyards Administration, \$618,000.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

SALARIES AND EXPENSES

(INCLUDING TRANSFERS OF FUNDS)

For expenses, not otherwise provided for, including those pursuant to the Act of February 28, 1947 (21 U.S.C. 114b-c), necessary to prevent, control, and eradicate pests and plant and animal diseases; to carry out inspection, quarantine, and regulatory activities; to discharge the authorities of the Secretary of Agriculture under the Act of March 2, 1931 (46 Stat. 1468; 7 U.S.C. 426-426b); and to protect the environment, as authorized by law, \$426,282,000, of which \$4,500,000 shall be available for the control of outbreaks of insects, plant diseases, animal diseases and for control of pest animals and birds to the extent necessary to meet emergency conditions: *Provided*, That no funds shall be used to formulate or administer a brucellosis eradication program for the current fiscal year that does not require minimum matching by the States of at least 40 percent: *Provided further*, That this appropriation shall be available for field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$40,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That this appropriation shall be available for the operation and maintenance of aircraft and the purchase of not to exceed four, of which two shall be for replacement only: *Provided further*, That, in addition, in emergencies which threaten any segment of the agricultural production industry of this country, the Secretary may transfer from other appropriations or funds available to the agencies or corporations of the Department such sums as he may deem necessary, to be available only in such emergencies for the arrest and eradication of contagious or infectious disease or pests of animals, poultry, or plants, and for expenses in accordance with the Act of February 28, 1947, and section 102 of the Act of September 21, 1944, and any unexpended balances of funds transferred for such emergency purposes in the next preceding fiscal year shall be merged with such transferred amounts: *Provided further*, That appropriations hereunder shall be available pursuant to law (7 U.S.C. 2250) for the repair and alteration of leased buildings and improvements, but unless otherwise provided the cost of altering any one building during the fiscal year shall not exceed 10 percent of the current replacement value of the building.

In fiscal year 1998 the agency is authorized to collect fees to cover the total costs of providing technical assistance, goods, or services requested by States, other political subdivisions, domestic and international organizations, foreign governments, or individuals, provided that such fees are structured such that any entity's liability for such fees is reasonably based on the technical assistance, goods, or services provided to the entity by the agency, and such fees shall be credited to this account, to remain available until expended, without further appropriation, for providing such assistance, goods, or services.

Of the total amount available under this heading in fiscal year 1998, \$88,000,000 shall be derived from user fees deposited in the Agricultural Quarantine Inspection User Fee Account.

BUILDINGS AND FACILITIES

For plans, construction, repair, preventive maintenance, environmental support, improvement, extension, alteration, and purchase of fixed equipment or facilities, as authorized by 7 U.S.C. 2250, and acquisition of land as authorized by 7 U.S.C. 428a, \$4,200,000, to remain available until expended.

AGRICULTURAL MARKETING SERVICE

MARKETING SERVICES

For necessary expenses to carry on services related to consumer protection, agricultural marketing and distribution, transportation, and regulatory programs, as authorized by law, and for administration and coordination of payments to States; including field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$90,000 for employment under 5 U.S.C. 3109, \$46,592,000, including funds for the wholesale market development program for the design and development of wholesale and farmer market facilities for the major metropolitan areas of the country: *Provided*, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but the cost of altering any one building during the fiscal year shall not exceed 10 percent of the current replacement value of the building.

Fees may be collected for the cost of standardization activities, as established by regulation pursuant to law (31 U.S.C. 9701).

LIMITATION ON ADMINISTRATIVE EXPENSES

Not to exceed \$59,521,000 (from fees collected) shall be obligated during the current fiscal year for administrative expenses: *Provided*, That if crop size is understated and/or other uncontrollable events occur, the agency may exceed this limitation by up to 10 percent with notification to the Appropriations Committees.

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY (SECTION 32)

(INCLUDING TRANSFERS OF FUNDS)

Funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) shall be used only for commodity program expenses as authorized therein, and other related operating

expenses, except for: (1) transfers to the Department of Commerce as authorized by the Fish and Wildlife Act of August 8, 1956; (2) transfers otherwise provided in this Act; and (3) not more than \$10,690,000 for formulation and administration of marketing agreements and orders pursuant to the Agricultural Marketing Agreement Act of 1937, and the Agricultural Act of 1961.

PAYMENTS TO STATES AND POSSESSIONS

For payments to departments of agriculture, bureaus and departments of markets, and similar agencies for marketing activities under section 204(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b)), \$1,200,000.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses to carry out the provisions of the United States Grain Standards Act, for the administration of the Packers and Stockyards Act, for certifying procedures used to protect purchasers of farm products, and the standardization activities related to grain under the Agricultural Marketing Act of 1946, including field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$25,000 for employment under 5 U.S.C. 3109, \$23,928,000: *Provided*, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but the cost of altering any one building during the fiscal year shall not exceed 10 percent of the current replacement value of the building.

INSPECTION AND WEIGHING SERVICES

LIMITATION ON INSPECTION AND WEIGHING SERVICE EXPENSES

Not to exceed \$43,092,000 (from fees collected) shall be obligated during the current fiscal year for inspection and weighing services: *Provided*, That if grain export activities require additional supervision and oversight, or other uncontrollable factors occur, this limitation may be exceeded by up to 10 percent with notification to the Appropriations Committees.

OFFICE OF THE UNDER SECRETARY FOR FOOD SAFETY

For necessary salaries and expenses of the Office of the Under Secretary for Food Safety to administer the laws enacted by the Congress for the Food Safety and Inspection Service, \$446,000.

FOOD SAFETY AND INSPECTION SERVICE

For necessary expenses to carry on services authorized by the Federal Meat Inspection Act, the Poultry Products Inspection Act, and the Egg Products Inspection Act, \$589,263,000, of which \$5,000,000 shall be available for obligation only after promulgation of a final rule to implement the provisions of subsection (e) of section 5 of the Egg Products Inspection Act (21 U.S.C. 1034(e)), and in addition, \$1,000,000 may be credited to this account from fees collected for the cost of laboratory accreditation as authorized

by section 1017 of Public Law 102–237: *Provided*, That this appropriation shall not be available for shell egg surveillance under section 5(d) of the Egg Products Inspection Act (21 U.S.C. 1034(d)): *Provided further*, That this appropriation shall be available for field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$75,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but the cost of altering any one building during the fiscal year shall not exceed 10 percent of the current replacement value of the building.

OFFICE OF THE UNDER SECRETARY FOR FARM AND FOREIGN
AGRICULTURAL SERVICES

For necessary salaries and expenses of the Office of the Under Secretary for Farm and Foreign Agricultural Services to administer the laws enacted by Congress for the Farm Service Agency, the Foreign Agricultural Service, the Risk Management Agency, and the Commodity Credit Corporation, \$572,000.

FARM SERVICE AGENCY

SALARIES AND EXPENSES

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses for carrying out the administration and implementation of programs administered by the Farm Service Agency, \$700,659,000: *Provided*, That the Secretary is authorized to use the services, facilities, and authorities (but not the funds) of the Commodity Credit Corporation to make program payments for all programs administered by the Agency: *Provided further*, That other funds made available to the Agency for authorized activities may be advanced to and merged with this account: *Provided further*, That these funds shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$1,000,000 shall be available for employment under 5 U.S.C. 3109.

STATE MEDIATION GRANTS

For grants pursuant to section 502(b) of the Agricultural Credit Act of 1987 (7 U.S.C. 5101–5106), \$2,000,000.

DAIRY INDEMNITY PROGRAM

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses involved in making indemnity payments to dairy farmers for milk or cows producing such milk and manufacturers of dairy products who have been directed to remove their milk or dairy products from commercial markets because it contained residues of chemicals registered and approved for use by the Federal Government, and in making indemnity payments for milk, or cows producing such milk, at a fair market value to any dairy farmer who is directed to remove his milk from commercial markets because of: (1) the presence of products of nuclear

radiation or fallout if such contamination is not due to the fault of the farmer; or (2) residues of chemicals or toxic substances not included under the first sentence of the Act of August 13, 1968 (7 U.S.C. 450j), if such chemicals or toxic substances were not used in a manner contrary to applicable regulations or labeling instructions provided at the time of use and the contamination is not due to the fault of the farmer, \$550,000, to remain available until expended (7 U.S.C. 2209b): *Provided*, That none of the funds contained in this Act shall be used to make indemnity payments to any farmer whose milk was removed from commercial markets as a result of his willful failure to follow procedures prescribed by the Federal Government: *Provided further*, That this amount shall be transferred to the Commodity Credit Corporation: *Provided further*, That the Secretary is authorized to utilize the services, facilities, and authorities of the Commodity Credit Corporation for the purpose of making dairy indemnity disbursements.

AGRICULTURAL CREDIT INSURANCE FUND PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

For gross obligations for the principal amount of direct and guaranteed loans as authorized by 7 U.S.C. 1928-1929, to be available from funds in the Agricultural Credit Insurance Fund, as follows: farm ownership loans, \$460,000,000 of which \$400,000,000 shall be for guaranteed loans; operating loans, \$2,395,000,000 of which \$1,700,000,000 shall be for unsubsidized guaranteed loans and \$200,000,000 shall be for subsidized guaranteed loans; Indian tribe land acquisition loans as authorized by 25 U.S.C. 488, \$1,000,000; for emergency insured loans, \$25,000,000 to meet the needs resulting from natural disasters; for boll weevil eradication program loans as authorized by 7 U.S.C. 1989, \$34,653,000; and for credit sales of acquired property, \$25,000,000.

For the cost of direct and guaranteed loans, including the cost of modifying loans as defined in section 502 of the Congressional Budget Act of 1974, as follows: farm ownership loans, \$21,380,000 of which \$15,440,000 shall be for guaranteed loans; operating loans, \$71,394,000 of which \$19,890,000 shall be for unsubsidized guaranteed loans and \$19,280,000 shall be for subsidized guaranteed loans; Indian tribe land acquisition loans as authorized by 25 U.S.C. 488, \$132,000; for emergency insured loans, \$6,008,000 to meet the needs resulting from natural disasters; for boll weevil eradication program loans as authorized by 7 U.S.C. 1989, \$250,000; and for credit sales of acquired property, \$3,255,000.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, \$219,861,000 of which \$209,861,000 shall be transferred to and merged with the "Farm Service Agency, Salaries and Expenses" account.

RISK MANAGEMENT AGENCY

For administrative and operating expenses, as authorized by the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 6933), \$64,000,000: *Provided*, That not to exceed \$700 shall be available for official reception and representation expenses, as authorized by 7 U.S.C. 1506(i). In addition, notwithstanding the provisions of section 516(a)(1)(B) of the Federal Crop Insurance Act (7 U.S.C. 1516(a)(1)(B)), for discretionary expenses,

\$188,571,000 for the payment of administrative and operating expenses of approved insurance providers.

CORPORATIONS

The following corporations and agencies are hereby authorized to make expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act as may be necessary in carrying out the programs set forth in the budget for the current fiscal year for such corporation or agency, except as hereinafter provided.

FEDERAL CROP INSURANCE CORPORATION FUND

For payments as authorized by section 516 of the Federal Crop Insurance Act, such sums as may be necessary, to remain available until expended (7 U.S.C. 2209b).

COMMODITY CREDIT CORPORATION FUND

REIMBURSEMENT FOR NET REALIZED LOSSES

For fiscal year 1998, such sums as may be necessary to reimburse the Commodity Credit Corporation for net realized losses sustained, but not previously reimbursed (estimated to be \$783,507,000 in the President's fiscal year 1998 Budget Request (H. Doc. 105–3)), but not to exceed \$783,507,000, pursuant to section 2 of the Act of August 17, 1961 (15 U.S.C. 713a–11).

OPERATIONS AND MAINTENANCE FOR HAZARDOUS WASTE MANAGEMENT

For fiscal year 1998, the Commodity Credit Corporation shall not expend more than \$5,000,000 for expenses to comply with the requirement of section 107(g) of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. 9607(g), and section 6001 of the Resource Conservation and Recovery Act, 42 U.S.C. 6961: *Provided*, That expenses shall be for operations and maintenance costs only and that other hazardous waste management costs shall be paid for by the USDA Hazardous Waste Management appropriation in this Act.

TITLE II

CONSERVATION PROGRAMS

OFFICE OF THE UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT

For necessary salaries and expenses of the Office of the Under Secretary for Natural Resources and Environment to administer the laws enacted by the Congress for the Forest Service and the Natural Resources Conservation Service, \$693,000.

NATURAL RESOURCES CONSERVATION SERVICE

CONSERVATION OPERATIONS

For necessary expenses for carrying out the provisions of the Act of April 27, 1935 (16 U.S.C. 590a–f) including preparation of conservation plans and establishment of measures to conserve soil and water (including farm irrigation and land drainage and such special measures for soil and water management as may be necessary to prevent floods and the siltation of reservoirs and to control agricultural related pollutants); operation of conservation plant materials centers; classification and mapping of soil; dissemination of information; acquisition of lands, water, and interests therein for use in the plant materials program by donation, exchange, or purchase at a nominal cost not to exceed \$100 pursuant to the Act of August 3, 1956 (7 U.S.C. 428a); purchase and erection or alteration or improvement of permanent and temporary buildings; and operation and maintenance of aircraft, \$633,231,000, to remain available until expended (7 U.S.C. 2209b), of which not less than \$5,835,000 is for snow survey and water forecasting and not less than \$8,825,000 is for operation and establishment of the plant materials centers: *Provided*, That appropriations hereunder shall be available pursuant to 7 U.S.C. 2250 for construction and improvement of buildings and public improvements at plant materials centers, except that the cost of alterations and improvements to other buildings and other public improvements shall not exceed \$250,000: *Provided further*, That when buildings or other structures are erected on non-Federal land, that the right to use such land is obtained as provided in 7 U.S.C. 2250a: *Provided further*, That this appropriation shall be available for technical assistance and related expenses to carry out programs authorized by section 202(c) of title II of the Colorado River Basin Salinity Control Act of 1974 (43 U.S.C. 1592(c)): *Provided further*, That no part of this appropriation may be expended for soil and water conservation operations under the Act of April 27, 1935 (16 U.S.C. 590a–f) in demonstration projects: *Provided further*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225) and not to exceed \$25,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That qualified local engineers may be temporarily employed at per diem rates to perform the technical planning work of the Service (16 U.S.C. 590e–2): *Provided further*, That the Secretary is authorized to transfer ownership of land, buildings and related improvements of the plant materials facilities located at Bow, Washington, to the Skagit Conservation District.

WATERSHED SURVEYS AND PLANNING

For necessary expenses to conduct research, investigation, and surveys of watersheds of rivers and other waterways, and for small watershed investigations and planning, in accordance with the Watershed Protection and Flood Prevention Act approved August 4, 1954 (16 U.S.C. 1001–1009), \$11,190,000: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$110,000 shall be available for employment under 5 U.S.C. 3109.

WATERSHED AND FLOOD PREVENTION OPERATIONS

For necessary expenses to carry out preventive measures, including but not limited to research, engineering operations, methods of cultivation, the growing of vegetation, rehabilitation of existing works and changes in use of land, in accordance with the Watershed Protection and Flood Prevention Act approved August 4, 1954 (16 U.S.C. 1001–1005, 1007–1009), the provisions of the Act of April 27, 1935 (16 U.S.C. 590a–f), and in accordance with the provisions of laws relating to the activities of the Department, \$101,036,000, to remain available until expended (7 U.S.C. 2209b) (of which up to \$15,000,000 may be available for the watersheds authorized under the Flood Control Act approved June 22, 1936 (33 U.S.C. 701, 16 U.S.C. 1006a)): *Provided*, That not to exceed \$50,000,000 of this appropriation shall be available for technical assistance: *Provided further*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$200,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That not to exceed \$1,000,000 of this appropriation is available to carry out the purposes of the Endangered Species Act of 1973 (Public Law 93–205), including cooperative efforts as contemplated by that Act to relocate endangered or threatened species to other suitable habitats as may be necessary to expedite project construction.

RESOURCE CONSERVATION AND DEVELOPMENT

For necessary expenses in planning and carrying out projects for resource conservation and development and for sound land use pursuant to the provisions of section 32(e) of title III of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1010–1011; 76 Stat. 607), the Act of April 27, 1935 (16 U.S.C. 590a–f), and the Agriculture and Food Act of 1981 (16 U.S.C. 3451–3461), \$34,377,000, to remain available until expended (7 U.S.C. 2209b): *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$50,000 shall be available for employment under 5 U.S.C. 3109.

FORESTRY INCENTIVES PROGRAM

For necessary expenses, not otherwise provided for, to carry out the program of forestry incentives, as authorized in the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101), including technical assistance and related expenses, \$6,325,000, to remain available until expended, as authorized by that Act.

OUTREACH FOR SOCIALLY DISADVANTAGED FARMERS

For grants and contracts pursuant to section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279), \$3,000,000, to remain available until expended.

TITLE III

RURAL ECONOMIC AND COMMUNITY DEVELOPMENT
PROGRAMS

OFFICE OF THE UNDER SECRETARY FOR RURAL DEVELOPMENT

For necessary salaries and expenses of the Office of the Under Secretary for Rural Development to administer programs under the laws enacted by the Congress for the Rural Housing Service, the Rural Business-Cooperative Service, and the Rural Utilities Service of the Department of Agriculture, \$588,000.

RURAL COMMUNITY ADVANCEMENT PROGRAM

(INCLUDING TRANSFERS OF FUNDS)

For the cost of direct loans, loan guarantees, and grants, as authorized by 7 U.S.C. 1926, 1926a, 1926c, and 1932, except for sections 381E–H, 381N, and 381O of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009f), \$652,197,000, to remain available until expended, of which \$27,062,000 shall be for rural community programs described in section 381E(d)(1) of the Consolidated Farm and Rural Development Act; of which \$577,242,000 shall be for the rural utilities programs described in section 381E(d)(2) of such Act; and of which \$47,893,000 shall be for the rural business and cooperative development programs described in section 381E(d)(3) of such Act: *Provided*, That section 381E(d)(3)(B) of such Act is amended by inserting after the phrase “business and industry”, the words “direct and”: *Provided further*, That of the amount appropriated for the rural business and cooperative development programs, not to exceed \$500,000 shall be made available for a grant to a qualified national organization to provide technical assistance for rural transportation in order to promote economic development: *Provided further*, That of the amount appropriated for rural utilities programs, not to exceed \$20,000,000 shall be for water and waste disposal systems to benefit the Colonias along the United States/Mexico border, including grants pursuant to section 306C of such Act; not to exceed \$15,000,000 shall be for water and waste disposal systems for rural and native villages in Alaska pursuant to section 306D of such Act; not to exceed \$15,000,000 shall be for technical assistance grants for rural waste systems pursuant to section 306(a)(14) of such Act; and not to exceed \$5,200,000 shall be for contracting with qualified national organizations for a circuit rider program to provide technical assistance for rural water systems: *Provided further*, That of the total amounts appropriated, not to exceed \$20,048,000 shall be available through June 30, 1998, for empowerment zones and enterprise communities, as authorized by Public Law 103–66, of which \$1,200,000 shall be for rural community programs described in section 381E(d)(1) of such Act; of which \$18,700,000 shall be for the rural utilities programs described in section 381E(d)(2) of such Act; of which \$148,000 shall be for the rural business and cooperative development programs described in section 381E(d)(3) of such Act: *Provided further*, That any obligated and unobligated balances available for prior years for the “Rural Water and Waste Disposal Grants”, “Rural Water and Waste Disposal Loans Program Account”, “Emergency Community Water Assistance Grants”, “Solid

7 USC 2009d.

Waste Management Grants”, the community facility grant program in the “Rural Housing Assistance Program Account”, “Community Facility Loans Program Account”, “Rural Business Enterprise Grants”, “Rural Business and Industry Loans Program Account”, and “Local Technical Assistance and Planning Grants” shall be transferred to and merged with this account.

RURAL HOUSING SERVICE

RURAL HOUSING INSURANCE FUND PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

For gross obligations for the principal amount of direct and guaranteed loans as authorized by title V of the Housing Act of 1949, to be available from funds in the rural housing insurance fund, as follows: \$4,000,000,000 for loans to section 502 borrowers, as determined by the Secretary, of which \$3,000,000,000 shall be for unsubsidized guaranteed loans; \$30,000,000 for section 504 housing repair loans; \$19,700,000 for section 538 guaranteed multi-family housing loans; \$15,000,000 for section 514 farm labor housing; \$128,640,000 for section 515 rental housing; \$600,000 for section 524 site loans; \$25,000,000 for credit sales of acquired property; and \$587,000 for section 523 self-help housing land development loans.

For the cost of direct and guaranteed loans, including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, as follows: section 502 loans, \$135,000,000, of which \$6,900,000 shall be for unsubsidized guaranteed loans; section 504 housing repair loans, \$10,300,000; section 538 multi-family housing guaranteed loans, \$1,200,000; section 514 farm labor housing, \$7,388,000; section 515 rental housing, \$68,745,000; credit sales of acquired property, \$3,492,000; and section 523 self-help housing land development loans, \$17,000.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, \$354,785,000, which shall be transferred to and merged with the appropriation for “Rural Housing Service—Salaries and Expenses”.

RENTAL ASSISTANCE PROGRAM

For rental assistance agreements entered into or renewed pursuant to the authority under section 521(a)(2) or agreements entered into in lieu of debt forgiveness or payments for eligible households as authorized by section 502(c)(5)(D) of the Housing Act of 1949, \$541,397,000; and in addition such sums as may be necessary, as authorized by section 521(c) of the Act, to liquidate debt incurred prior to fiscal year 1992 to carry out the rental assistance program under section 521(a)(2) of the Act: *Provided*, That of this amount not more than \$5,900,000 shall be available for debt forgiveness or payments for eligible households as authorized by section 502(c)(5)(D) of the Act, and not to exceed \$10,000 per project for advances to nonprofit organizations or public agencies to cover direct costs (other than purchase price) incurred in purchasing projects pursuant to section 502(c)(5)(C) of the Act: *Provided further*, That agreements entered into or renewed during fiscal year 1998 shall be funded for a five-year period, although the

life of any such agreement may be extended to fully utilize amounts obligated.

MUTUAL AND SELF-HELP HOUSING GRANTS

For grants and contracts pursuant to section 523(b)(1)(A) of the Housing Act of 1949 (42 U.S.C. 1490c), \$26,000,000, to remain available until expended (7 U.S.C. 2209b).

RURAL COMMUNITY FIRE PROTECTION GRANTS

For grants pursuant to section 7 of the Cooperative Forestry Assistance Act of 1978 (Public Law 95–313), \$2,000,000 to fund up to 50 percent of the cost of organizing, training, and equipping rural volunteer fire departments.

RURAL HOUSING ASSISTANCE GRANTS

(INCLUDING TRANSFERS OF FUNDS)

For grants and contracts for housing for domestic farm labor, very low-income housing repair, supervisory and technical assistance, compensation for construction defects, and rural housing preservation made by the Rural Housing Service as authorized by 42 U.S.C. 1474, 1479(c), 1486, 1490c, 1490e, and 1490m, \$45,720,000, to remain available until expended: *Provided*, That any obligated and unobligated balances available from prior years in “Rural Housing for Domestic Farm Labor”, “Supervisory and Technical Assistance Grants”, “Very Low-Income Housing Repair Grants”, “Compensation for Construction Defects”, and “Rural Housing Preservation Grants” shall be transferred to and merged with this account: *Provided further*, That of the total amount appropriated, \$1,200,000 shall be for empowerment zones and enterprise communities, as authorized by Public Law 103–66: *Provided further*, That if such funds are not obligated for empowerment zones and enterprise communities by June 30, 1998, they shall remain available for other authorized purposes under this head.

SALARIES AND EXPENSES

For necessary expenses of the Rural Housing Service, including administering the programs authorized by the Consolidated Farm and Rural Development Act, title V of the Housing Act of 1949, and cooperative agreements, \$58,804,000: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$520,000 may be used for employment under 5 U.S.C. 3109.

RURAL BUSINESS-COOPERATIVE SERVICE

RURAL DEVELOPMENT LOAN FUND PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

For the cost of direct loans, \$16,888,000, as authorized by the Rural Development Loan Fund (42 U.S.C. 9812(a)): *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of

1974: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans of \$35,000,000: *Provided further*, That through June 30, 1998, of the total amount appropriated, \$3,345,000 shall be available for the cost of direct loans for empowerment zones and enterprise communities, as authorized by title XIII of the Omnibus Budget Reconciliation Act of 1993, to subsidize gross obligations for the principal amount of direct loans, \$7,246,000.

In addition, for administrative expenses to carry out the direct loan programs, \$3,482,000 shall be transferred to and merged with the appropriation for “Rural Business-Cooperative Service—Salaries and Expenses”.

RURAL ECONOMIC DEVELOPMENT LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

For the principal amount of direct loans, as authorized under section 313 of the Rural Electrification Act, for the purpose of promoting rural economic development and job creation projects, \$25,000,000.

For the cost of direct loans, including the cost of modifying loans as defined in section 502 of the Congressional Budget Act of 1974, \$5,978,000.

Of the funds derived from interest on the cushion of credit payments in fiscal year 1998, as authorized by section 313 of the Rural Electrification Act of 1936, \$5,978,000 shall not be obligated and \$5,978,000 are rescinded.

ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION REVOLVING FUND

For necessary expenses to carry out the Alternative Agricultural Research and Commercialization Act of 1990 (7 U.S.C. 5901–5908), \$7,000,000 are appropriated to the Alternative Agricultural Research and Commercialization Corporation Revolving Fund.

RURAL COOPERATIVE DEVELOPMENT GRANTS

For rural cooperative development grants authorized under section 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932), \$3,000,000, of which up to \$1,300,000 may be available for cooperative agreements for the appropriate technology transfer for rural areas program.

SALARIES AND EXPENSES

For necessary expenses of the Rural Business-Cooperative Service, including administering the programs authorized by the Consolidated Farm and Rural Development Act; section 1323 of the Food Security Act of 1985; the Cooperative Marketing Act of 1926; for activities relating to the marketing aspects of cooperatives, including economic research findings, as authorized by the Agricultural Marketing Act of 1946; for activities with institutions concerning the development and operation of agricultural cooperatives; and for cooperative agreements; \$25,680,000: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944

(7 U.S.C. 2225), and not to exceed \$260,000 may be used for employment under 5 U.S.C. 3109.

RURAL UTILITIES SERVICE

RURAL ELECTRIFICATION AND TELECOMMUNICATIONS LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

Insured loans pursuant to the authority of section 305 of the Rural Electrification Act of 1936 (7 U.S.C. 935), shall be made as follows: 5 percent rural electrification loans, \$125,000,000; 5 percent rural telecommunications loans, \$75,000,000; cost of money rural telecommunications loans, \$300,000,000; municipal rate rural electric loans, \$500,000,000; and loans made pursuant to section 306 of that Act, rural electric, \$300,000,000 and rural telecommunications, \$120,000,000, to remain available until expended.

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, including the cost of modifying loans, of direct and guaranteed loans authorized by the Rural Electrification Act of 1936 (7 U.S.C. 935 and 936), as follows: cost of direct loans, \$12,265,000; cost of municipal rate loans, \$21,100,000; cost of money rural telecommunications loans, \$60,000; cost of loans guaranteed pursuant to section 306, \$2,760,000: *Provided*, That notwithstanding section 305(d)(2) of the Rural Electrification Act of 1936, borrower interest rates may exceed 7 percent per year.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, \$29,982,000, which shall be transferred to and merged with the appropriation for “Rural Utilities Service—Salaries and Expenses”.

RURAL TELEPHONE BANK PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

The Rural Telephone Bank is hereby authorized to make such expenditures, within the limits of funds available to such corporation in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as may be necessary in carrying out its authorized programs for the current fiscal year. During fiscal year 1998 and within the resources and authority available, gross obligations for the principal amount of direct loans shall be \$175,000,000.

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, including the cost of modifying loans, of direct loans authorized by the Rural Electrification Act of 1936 (7 U.S.C. 935), \$3,710,000.

In addition, for administrative expenses necessary to carry out the loan programs, \$3,000,000, which shall be transferred to and merged with the appropriation for “Rural Utilities Service—Salaries and Expenses”.

DISTANCE LEARNING AND MEDICAL LINK PROGRAM

For the cost of direct loans and grants, as authorized by 7 U.S.C. 950aaa et seq., \$12,530,000, to remain available until

expended, to be available for loans and grants for telemedicine and distance learning services in rural areas: *Provided*, That the costs of direct loans shall be as defined in section 502 of the Congressional Budget Act of 1974.

SALARIES AND EXPENSES

For necessary expenses of the Rural Utilities Service, including administering the programs authorized by the Rural Electrification Act of 1936, and the Consolidated Farm and Rural Development Act, and for cooperative agreements, \$33,000,000: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$105,000 may be used for employment under 5 U.S.C. 3109.

TITLE IV

DOMESTIC FOOD PROGRAMS

OFFICE OF THE UNDER SECRETARY FOR FOOD, NUTRITION AND CONSUMER SERVICES

For necessary salaries and expenses of the Office of the Under Secretary for Food, Nutrition and Consumer Services to administer the laws enacted by the Congress for the Food and Consumer Service, \$554,000.

CHILD NUTRITION PROGRAMS

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses to carry out the National School Lunch Act (42 U.S.C. 1751 et seq.), except section 21, and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), except sections 17 and 21; \$7,767,816,000, to remain available through September 30, 1999, of which \$2,616,425,000 is hereby appropriated and \$5,151,391,000 shall be derived by transfer from funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c): *Provided*, That none of the funds made available under this heading shall be used for studies and evaluations: *Provided further*, That up to \$4,124,000 shall be available for independent verification of school food service claims.

SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)

For necessary expenses to carry out the special supplemental nutrition program as authorized by section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786), \$3,924,000,000, to remain available through September 30, 1999: *Provided*, That none of the funds made available under this heading shall be used for studies and evaluations: *Provided further*, That up to \$12,000,000 may be used to carry out the farmers' market nutrition program from any funds not needed to maintain current caseload levels: *Provided further*, That notwithstanding sections 17(g), (h), and (i) of such Act, the Secretary shall adjust fiscal year 1998 State allocations to reflect food funds available to the State from fiscal year 1997 under sections 17(i)(3)(A)(ii) and 17(i)(3)(D): *Provided further*, That the

Secretary shall allocate funds recovered from fiscal year 1997 first to States to maintain stability funding levels, as defined by regulations promulgated under section 17(g), and then to give first priority for the allocation of any remaining funds to States whose funding is less than their fair share of funds, as defined by regulations promulgated under section 17(g): *Provided further*, That none of the funds in this Act shall be available to pay administrative expenses of WIC clinics except those that have an announced policy of prohibiting smoking within the space used to carry out the program: *Provided further*, That none of the funds provided in this account shall be available for the purchase of infant formula except in accordance with the cost containment and competitive bidding requirements specified in section 17 of the Child Nutrition Act of 1966: *Provided further*, That State agencies required to procure infant formula using a competitive bidding system may use funds appropriated by this Act to purchase infant formula under a cost containment contract entered into after September 30, 1996, only if the contract was awarded to the bidder offering the lowest net price, as defined by section 17(b)(20) of the Child Nutrition Act of 1966, unless the State agency demonstrates to the satisfaction of the Secretary that the weighted average retail price for different brands of infant formula in the State does not vary by more than five percent.

FOOD STAMP PROGRAM

For necessary expenses to carry out the Food Stamp Act (7 U.S.C. 2011 et seq.), \$25,140,479,000, of which \$100,000,000 shall be placed in reserve for use only in such amounts and at such times as may become necessary to carry out program operations: *Provided*, That funds provided herein shall be expended in accordance with section 16 of the Food Stamp Act: *Provided further*, That this appropriation shall be subject to any work registration or workfare requirements as may be required by law: *Provided further*, That none of the funds made available under this heading shall be used for studies and evaluations.

COMMODITY ASSISTANCE PROGRAM

For necessary expenses to carry out the commodity supplemental food program as authorized by section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) and for administrative expenses pursuant to section 204 of the Emergency Food Assistance Act of 1983, \$141,000,000, to remain available through September 30, 1999: *Provided*, That none of these funds shall be available to reimburse the Commodity Credit Corporation for commodities donated to the program.

FOOD DONATIONS PROGRAMS FOR SELECTED GROUPS

For necessary expenses to carry out section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note), and section 311 of the Older Americans Act of 1965 (42 U.S.C. 3030a), \$141,165,000, to remain available through September 30, 1999.

FOOD PROGRAM ADMINISTRATION

For necessary administrative expenses of the domestic food programs funded under this Act, \$107,619,000, of which \$5,000,000 shall be available only for simplifying procedures, reducing overhead costs, tightening regulations, improving food stamp coupon handling, and assistance in the prevention, identification, and prosecution of fraud and other violations of law: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$150,000 shall be available for employment under 5 U.S.C. 3109.

TITLE V

FOREIGN ASSISTANCE AND RELATED PROGRAMS

FOREIGN AGRICULTURAL SERVICE AND GENERAL SALES MANAGER

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses of the Foreign Agricultural Service, including carrying out title VI of the Agricultural Act of 1954 (7 U.S.C. 1761–1768), market development activities abroad, and for enabling the Secretary to coordinate and integrate activities of the Department in connection with foreign agricultural work, including not to exceed \$128,000 for representation allowances and for expenses pursuant to section 8 of the Act approved August 3, 1956 (7 U.S.C. 1766), \$135,561,000, of which \$3,231,000 may be transferred from the Export Loan Program account in this Act, and \$1,035,000 may be transferred from the Public Law 480 program account in this Act: *Provided*, That the Service may utilize advances of funds, or reimburse this appropriation for expenditures made on behalf of Federal agencies, public and private organizations and institutions under agreements executed pursuant to the agricultural food production assistance programs (7 U.S.C. 1736) and the foreign assistance programs of the International Development Cooperation Administration (22 U.S.C. 2392).

None of the funds in the foregoing paragraph shall be available to promote the sale or export of tobacco or tobacco products.

PUBLIC LAW 480 PROGRAM AND GRANT ACCOUNTS

(INCLUDING TRANSFERS OF FUNDS)

For expenses during the current fiscal year, not otherwise recoverable, and unrecovered prior years' costs, including interest thereon, under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691, 1701–1715, 1721–1726, 1727–1727f, and 1731–1736g), as follows: (1) \$226,900,000 for Public Law 480 title I credit, including Food for Progress programs; (2) \$17,608,000 is hereby appropriated for ocean freight differential costs for the shipment of agricultural commodities pursuant to title I of said Act and the Food for Progress Act of 1985; (3) \$837,000,000 is hereby appropriated for commodities supplied in connection with dispositions abroad pursuant to title II of said Act; and (4) \$30,000,000 is hereby appropriated for commodities supplied in connection with dispositions abroad pursuant to title III of said Act: *Provided*, That not to exceed 15 percent of the funds made

available to carry out any title of said Act may be used to carry out any other title of said Act: *Provided further*, That such sums shall remain available until expended (7 U.S.C. 2209b).

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, of direct credit agreements as authorized by the Agricultural Trade Development and Assistance Act of 1954, and the Food for Progress Act of 1985, including the cost of modifying credit agreements under said Act, \$176,596,000.

In addition, for administrative expenses to carry out the Public Law 480 title I credit program, and the Food for Progress Act of 1985, to the extent funds appropriated for Public Law 480 are utilized, \$1,850,000.

COMMODITY CREDIT CORPORATION EXPORT LOANS PROGRAM ACCOUNT
(INCLUDING TRANSFERS OF FUNDS)

For administrative expenses to carry out the Commodity Credit Corporation's export guarantee program, GSM 102 and GSM 103, \$3,820,000; to cover common overhead expenses as permitted by section 11 of the Commodity Credit Corporation Charter Act and in conformity with the Federal Credit Reform Act of 1990, of which not to exceed \$3,231,000 may be transferred to and merged with the appropriation for the salaries and expenses of the Foreign Agricultural Service, and of which not to exceed \$589,000 may be transferred to and merged with the appropriation for the salaries and expenses of the Farm Service Agency.

EXPORT CREDIT

The Commodity Credit Corporation shall make available not less than \$5,500,000,000 in credit guarantees under its export credit guarantee program extended to finance the export sales of United States agricultural commodities and the products thereof, as authorized by section 202(a) and (b) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641).

EMERGING MARKETS EXPORT CREDIT

The Commodity Credit Corporation shall make available not less than \$200,000,000 in credit guarantees under its export guarantee program for credit expended to finance the export sales of United States agricultural commodities and the products thereof to emerging markets, as authorized by section 1542 of Public Law 101–624 (7 U.S.C. 5622 note).

TITLE VI

RELATED AGENCIES AND FOOD AND DRUG
ADMINISTRATION

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOOD AND DRUG ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses of the Food and Drug Administration, including hire and purchase of passenger motor vehicles; for rental

of special purpose space in the District of Columbia or elsewhere; and for miscellaneous and emergency expenses of enforcement activities, authorized and approved by the Secretary and to be accounted for solely on the Secretary's certificate, not to exceed \$25,000; \$948,705,000, of which not to exceed \$91,204,000 in fees pursuant to section 736 of the Federal Food, Drug, and Cosmetic Act may be credited to this appropriation and remain available until expended: *Provided*, That fees derived from applications received during fiscal year 1998 shall be subject to the fiscal year 1998 limitation: *Provided further*, That none of these funds shall be used to develop, establish, or operate any program of user fees authorized by 31 U.S.C. 9701.

In addition, fees pursuant to section 354 of the Public Health Service Act may be credited to this account, to remain available until expended.

In addition, fees pursuant to section 801 of the Federal Food, Drug, and Cosmetic Act may be credited to this account, to remain available until expended.

BUILDINGS AND FACILITIES

For plans, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities of or used by the Food and Drug Administration, where not otherwise provided, \$21,350,000, to remain available until expended (7 U.S.C. 2209b).

RENTAL PAYMENTS (FDA)

(INCLUDING TRANSFERS OF FUNDS)

For payment of space rental and related costs pursuant to Public Law 92–313 for programs and activities of the Food and Drug Administration which are included in this Act, \$46,294,000: *Provided*, That in the event the Food and Drug Administration should require modification of space needs, a share of the salaries and expenses appropriation may be transferred to this appropriation, or a share of this appropriation may be transferred to the salaries and expenses appropriation, but such transfers shall not exceed 5 percent of the funds made available for rental payments (FDA) to or from this account.

DEPARTMENT OF THE TREASURY

FINANCIAL MANAGEMENT SERVICE

PAYMENTS TO THE FARM CREDIT SYSTEM FINANCIAL ASSISTANCE CORPORATION

For necessary payments to the Farm Credit System Financial Assistance Corporation by the Secretary of the Treasury, as authorized by section 6.28(c) of the Farm Credit Act of 1971, for reimbursement of interest expenses incurred by the Financial Assistance Corporation on obligations issued through 1994, as authorized, \$7,728,000.

INDEPENDENT AGENCIES

COMMODITY FUTURES TRADING COMMISSION

For necessary expenses to carry out the provisions of the Commodity Exchange Act (7 U.S.C. 1 et seq.), including the purchase and hire of passenger motor vehicles; the rental of space (to include multiple year leases) in the District of Columbia and elsewhere; and not to exceed \$25,000 for employment under 5 U.S.C. 3109; \$58,101,000, including not to exceed \$1,000 for official reception and representation expenses: *Provided*, That the Commission is authorized to charge reasonable fees to attendees of Commission sponsored educational events and symposia to cover the Commission's costs of providing those events and symposia, and notwithstanding 31 U.S.C. 3302, said fees shall be credited to this account, to be available without further appropriation.

FARM CREDIT ADMINISTRATION

LIMITATION ON ADMINISTRATIVE EXPENSES

Not to exceed \$34,423,000 (from assessments collected from farm credit institutions and from the Federal Agricultural Mortgage Corporation) shall be obligated during the current fiscal year for administrative expenses as authorized under 12 U.S.C. 2249: *Provided*, That this limitation shall not apply to expenses associated with receiverships.

TITLE VII—GENERAL PROVISIONS

SEC. 701. Within the unit limit of cost fixed by law, appropriations and authorizations made for the Department of Agriculture for the fiscal year 1998 under this Act shall be available for the purchase, in addition to those specifically provided for, of not to exceed 394 passenger motor vehicles, of which 391 shall be for replacement only, and for the hire of such vehicles.

SEC. 702. Funds in this Act available to the Department of Agriculture shall be available for uniforms or allowances therefor as authorized by law (5 U.S.C. 5901–5902).

7 USC 1623a.

SEC. 703. Not less than \$1,500,000 of the appropriations of the Department of Agriculture in this Act for research and service work authorized by the Acts of August 14, 1946, and July 28, 1954 (7 U.S.C. 427, 1621–1629), and by chapter 63 of title 31, United States Code, shall be available for contracting in accordance with said Acts and chapter.

SEC. 704. The cumulative total of transfers to the Working Capital Fund for the purpose of accumulating growth capital for data services and National Finance Center operations shall not exceed \$2,000,000: *Provided*, That no funds in this Act appropriated to an agency of the Department shall be transferred to the Working Capital Fund without the approval of the agency administrator.

7 USC 2209b.

SEC. 705. New obligational authority provided for the following appropriation items in this Act shall remain available until expended (7 U.S.C. 2209b): Animal and Plant Health Inspection Service, the contingency fund to meet emergency conditions, fruit fly program, and integrated systems acquisition project; Farm Service Agency, salaries and expenses funds made available to county

committees; and Foreign Agricultural Service, middle-income country training program.

New obligational authority for the boll weevil program; up to 10 percent of the screwworm program of the Animal and Plant Health Inspection Service; Food Safety and Inspection Service, field automation and information management project; funds appropriated for rental payments; funds for the Native American Institutions Endowment Fund in the Cooperative State Research, Education, and Extension Service; and funds for the competitive research grants (7 U.S.C. 450i(b)), shall remain available until expended.

SEC. 706. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 707. Not to exceed \$50,000 of the appropriations available to the Department of Agriculture in this Act shall be available to provide appropriate orientation and language training pursuant to Public Law 94–449.

SEC. 708. No funds appropriated by this Act may be used to pay negotiated indirect cost rates on cooperative agreements or similar arrangements between the United States Department of Agriculture and nonprofit institutions in excess of 10 percent of the total direct cost of the agreement when the purpose of such cooperative arrangements is to carry out programs of mutual interest between the two parties. This does not preclude appropriate payment of indirect costs on grants and contracts with such institutions when such indirect costs are computed on a similar basis for all agencies for which appropriations are provided in this Act.

SEC. 709. Notwithstanding any other provision of this Act, commodities acquired by the Department in connection with Commodity Credit Corporation and section 32 price support operations may be used, as authorized by law (15 U.S.C. 714c and 7 U.S.C. 612c), to provide commodities to individuals in cases of hardship as determined by the Secretary of Agriculture.

7 USC 612c note.

SEC. 710. None of the funds in this Act shall be available to reimburse the General Services Administration for payment of space rental and related costs in excess of the amounts specified in this Act; nor shall this or any other provision of law require a reduction in the level of rental space or services below that of fiscal year 1997 or prohibit an expansion of rental space or services with the use of funds otherwise appropriated in this Act. Further, no agency of the Department of Agriculture, from funds otherwise available, shall reimburse the General Services Administration for payment of space rental and related costs provided to such agency at a percentage rate which is greater than is available in the case of funds appropriated in this Act.

SEC. 711. None of the funds in this Act shall be available to restrict the authority of the Commodity Credit Corporation to lease space for its own use or to lease space on behalf of other agencies of the Department of Agriculture when such space will be jointly occupied.

SEC. 712. With the exception of grants awarded under the Small Business Innovation Development Act of 1982, Public Law 97–219 (15 U.S.C. 638), none of the funds in this Act shall be available to pay indirect costs on research grants awarded competitively by the Cooperative State Research, Education, and Extension

Service that exceed 14 percent of total Federal funds provided under each award.

SEC. 713. Notwithstanding any other provisions of this Act, all loan levels provided in this Act shall be considered estimates, not limitations.

SEC. 714. Appropriations to the Department of Agriculture for the cost of direct and guaranteed loans made available in fiscal year 1998 shall remain available until expended to cover obligations made in fiscal year 1998 for the following accounts: the rural development loan fund program account; the Rural Telephone Bank program account; the rural electrification and telecommunications loans program account; and the rural economic development loans program account.

SEC. 715. Such sums as may be necessary for fiscal year 1998 pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.

7 USC 2208 note.

SEC. 716. HEREAFTER: (a) COMPLIANCE WITH BUY AMERICAN ACT.—None of the funds made available in this Act may be expended by an entity unless the entity agrees that in expending the funds the entity will comply with sections 2 through 4 of the Act of March 3, 1933 (41 U.S.C. 10a–10c; popularly known as the “Buy American Act”).

(b) SENSE OF CONGRESS; REQUIREMENT REGARDING NOTICE.—

(1) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—In the case of any equipment or product that may be authorized to be purchased with financial assistance provided using funds made available in this Act, it is the sense of the Congress that entities receiving the assistance should, in expending the assistance, purchase only American-made equipment and products.

(2) NOTICE TO RECIPIENTS OF ASSISTANCE.—In providing financial assistance using funds made available in this Act, the head of each Federal agency shall provide to each recipient of the assistance a notice describing the statement made in paragraph (1) by the Congress.

(c) PROHIBITION OF CONTRACTS WITH PERSONS FALSELY LABELING PRODUCTS AS MADE IN AMERICA.—If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a “Made in America” inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, the person shall be ineligible to receive any contract or subcontract made with funds made available in this Act, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

SEC. 717. Notwithstanding the Federal Grant and Cooperative Agreement Act, marketing services of the Agricultural Marketing Service and the Animal and Plant Health Inspection Service may use cooperative agreements to reflect a relationship between the Agricultural Marketing Service or the Animal and Plant Health Inspection Service and a State or Cooperator to carry out agricultural marketing programs or to carry out programs to protect the Nation’s animal and plant resources.

SEC. 718. None of the funds in this Act may be used to retire more than 5 percent of the Class A stock of the Rural Telephone

Bank or to maintain any account or subaccount within the accounting records of the Rural Telephone Bank the creation of which has not specifically been authorized by statute: *Provided*, That notwithstanding any other provision of law, none of the funds appropriated or otherwise made available in this Act may be used to transfer to the Treasury or to the Federal Financing Bank any unobligated balance of the Rural Telephone Bank telephone liquidating account which is in excess of current requirements and such balance shall receive interest as set forth for financial accounts in section 505(c) of the Federal Credit Reform Act of 1990.

SEC. 719. None of the funds made available in this Act may be used to provide assistance to, or to pay the salaries of personnel who carry out a market promotion/market access program pursuant to section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) that provides assistance to the United States Mink Export Development Council or any mink industry trade association.

SEC. 720. Of the funds made available by this Act, not more than \$1,000,000 shall be used to cover necessary expenses of activities related to all advisory committees, panels, commissions, and task forces of the Department of Agriculture except for panels used to comply with negotiated rule makings and panels used to evaluate competitively awarded grants.

SEC. 721. None of the funds appropriated or otherwise made available by this Act shall be used to pay the salaries and expenses of personnel who carry out an export enhancement program if the aggregate amount of funds and/or commodities under such program exceeds \$150,000,000.

SEC. 722. None of the funds appropriated in this Act may be used to carry out the provisions of section 918 of Public Law 104-127, the Federal Agriculture Improvement and Reform Act.

SEC. 723. No employee of the Department of Agriculture may be detailed or assigned from an agency or office funded by this Act to any other agency or office of the Department for more than 30 days unless the individual's employing agency or office is fully reimbursed by the receiving agency or office for the salary and expenses of the employee for the period of assignment.

SEC. 724. None of the funds appropriated or otherwise made available to the Department of Agriculture shall be used to transmit or otherwise make available to any non-Department of Agriculture employee questions or responses to questions that are a result of information requested for the appropriations hearing process.

SEC. 725. None of the funds appropriated or otherwise made available in this Act may be expended or obligated to fund the activities of the Western Director and Special Assistant to the Secretary within the Office of the Secretary of Agriculture or any similar position.

SEC. 726. None of the funds made available to the Department of Agriculture by this Act may be used to acquire new information technology systems or significant upgrades, as determined by the Office of the Chief Information Officer, without the approval of the Chief Information Officer and the concurrence of the Executive Information Technology Investment Review Board.

SEC. 727. (a) None of the funds provided by this Act, or provided by previous Appropriations Acts to the agencies funded by this Act that remain available for obligation or expenditure in fiscal year 1998, or provided from any accounts in the Treasury of the United States derived by the collection of fees available to the

agencies funded by this Act, shall be available for obligation or expenditure through a reprogramming of funds which: (1) creates new programs; (2) eliminates a program, project, or activity; (3) increases funds or personnel by any means for any project or activity for which funds have been denied or restricted; (4) relocates an office or employees; (5) reorganizes offices, programs, or activities; or (6) contracts out or privatizes any functions or activities presently performed by Federal employees; unless the Appropriations Committees of both Houses of Congress are notified fifteen days in advance of such reprogramming of funds.

(b) None of the funds provided by this Act, or provided by previous Appropriations Acts to the agencies funded by this Act that remain available for obligation or expenditure in fiscal year 1998, or provided from any accounts in the Treasury of the United States derived by the collection of fees available to the agencies funded by this Act, shall be available for obligation or expenditure for activities, programs, or projects through a reprogramming of funds in excess of \$500,000 or 10 percent, whichever is less, that: (1) augments existing programs, projects, or activities; (2) reduces by 10 percent funding for any existing program, project, or activity, or numbers of personnel by 10 percent as approved by Congress; or (3) results from any general savings from a reduction in personnel which would result in a change in existing programs, activities, or projects as approved by Congress; unless the Appropriations Committees of both Houses of Congress are notified fifteen days in advance of such reprogramming of funds.

SEC. 728. Section 3(c) of the Federal Noxious Weed Act of 1974 (7 U.S.C. 2802(c)) is amended by inserting before the period at the end the following: “, and includes kudzu (*Pueraria lobata* Dc)”.

South Carolina.
Loans.
Grants.

SEC. 729. Notwithstanding section 520 of the Housing Act of 1949, (42 U.S.C. 1490) the Martin Luther King area of Pawley’s Island, South Carolina, located in Georgetown County, shall be eligible for loans and grants under section 504 of the Housing Act of 1949.

SEC. 730. None of the funds made available to the Food and Drug Administration by this Act shall be used to close or relocate the Food and Drug Administration Division of Drug Analysis in St. Louis, Missouri.

Effective date.

SEC. 731. Effective on October 1, 1998, section 136(a) of the Agricultural Market Transition Act (7 U.S.C. 7236(a)) is amended—

(1) in paragraph (1)—

(A) by striking “Subject to paragraph (4), during” and inserting “During”; and

(B) in subparagraph (B), by striking “130” and inserting “134”;

(2) by striking paragraph (4); and

(3) by redesignating paragraph (5) as paragraph (4).

SEC. 732. STUDY OF NORTHEAST INTERSTATE DAIRY COMPACT.

(a) DEFINITIONS.—In this section:

(1) CHILD, SENIOR, AND LOW-INCOME NUTRITION PROGRAMS.—The term “child, senior, and low-income nutrition programs” includes—

(A) the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);

(B) the school lunch program established under the National School Lunch Act (42 U.S.C. 1751 et seq.);

(C) the summer food service program for children established under section 13 of that Act (42 U.S.C. 1761);

(D) the child and adult care food program established under section 17 of that Act (42 U.S.C. 1766);

(E) the special milk program established under section 3 of the Child Nutrition Act of 1966 (42 U.S.C. 1772);

(F) the school breakfast program established under section 4 of that Act (42 U.S.C. 1773);

(G) the special supplemental nutrition program for women, infants, and children authorized under section 17 of that Act (42 U.S.C. 1786); and

(H) the nutrition programs and projects carried out under part C of title III of the Older Americans Act of 1965 (42 U.S.C. 3030e et seq.).

(2) COMPACT.—The term “Compact” means the Northeast Interstate Dairy Compact.

(3) NORTHEAST INTERSTATE DAIRY COMPACT.—The term “Northeast Interstate Dairy Compact” means the Northeast Interstate Dairy Compact referred to in section 147 of the Agricultural Market Transition Act (7 U.S.C. 7256).

(4) DIRECTOR.—The term “Director” means the Director of the Office of Management and Budget.

(b) EVALUATION.—Not later than December 31, 1997, the Director shall conduct, complete, and transmit to Congress a comprehensive economic evaluation of the direct and indirect effects of the Northeast Interstate Dairy Compact and other factors which affect the price of fluid milk.

(c) COMPONENTS.—In conducting the evaluation, the Director shall consider, among other factors, the effects of implementation of the rules and regulations of the Northeast Interstate Dairy Compact Commission, such as rules and regulations relating to over-order Class I pricing and pooling provisions. This evaluation shall consider such effects prior to implementation of the Compact and that would have occurred in the absence of the implementation of the Compact. The evaluation shall include an analysis of the impacts on—

(1) child, senior, and low-income nutrition programs including impacts on schools and institutions participating in the programs, on program recipients, and other factors;

(2) the wholesale and retail cost of fluid milk;

(3) the level of milk production, the number of cows, the number of dairy farms, and milk utilization in the Compact region, including—

(A) changes in the level of milk production, the number of cows, and the number of dairy farms in the Compact region relative to trends in the level of milk production and trends in the number of cows and dairy farms prior to implementation of the Compact;

(B) changes in the disposition of bulk and packaged milk for Class I, II, or III use produced in the Compact region to areas outside the region relative to the milk disposition to areas outside the region;

(C) changes in—

(i) the share of milk production for Class I use of the total milk production in the Compact region; and

(ii) the share of milk production for Class II and Class III use of the total milk production in the Compact region;

(4) dairy farmers and dairy product manufacturers in States and regions outside the Compact region with respect to the impact of changes in milk production, and the impact of any changes in disposition of milk originating in the Compact region, on national milk supply levels and farm level milk prices nationally; and

(5) the cost of carrying out the milk price support program established under section 141 of the Agricultural Market Transition Act (7 U.S.C. 7251).

(d) ADDITIONAL STATES AND COMPACTS.—The Director shall evaluate and incorporate into the evaluation required under subsection (b) an evaluation of the economic impact of adding additional States to the Compact for the purpose of increasing prices paid to milk producers.

SEC. 733. From proceeds earned from the sale of grain in the disaster reserve established in the Agricultural Act of 1970, the Secretary may use up to an additional \$2,000,000 to implement a livestock indemnity program as established in Public Law 105-18.

SEC. 734. PLANTING OF WILD RICE ON CONTRACT ACREAGE.—None of the funds appropriated in this Act may be used to administer the provision of contract payments to a producer under the Agricultural Market Transition Act (7 U.S.C. 7201 et seq.) for contract acreage on which wild rice is planted unless the contract payment is reduced by an acre for each contract acre planted to wild rice.

SEC. 735. RURAL HOUSING PROGRAMS. (a) HOUSING IN UNDERSERVED AREAS PROGRAM.—The first sentence of section 509(f)(4)(A) of the Housing Act of 1949 (42 U.S.C. 1479(f)(4)(A)) is amended by striking “fiscal year 1997” and inserting “fiscal year 1998”.

(b) HOUSING AND RELATED FACILITIES FOR ELDERLY PERSONS AND FAMILIES AND OTHER LOW-INCOME PERSONS AND FAMILIES.—

(1) AUTHORITY TO MAKE LOANS.—Section 515(b)(4) of the Housing Act of 1949 (42 U.S.C. 1485(b)(4)) is amended by striking “September 30, 1997” and inserting “September 30, 1998”.

(2) SET-ASIDE FOR NONPROFIT ENTITIES.—The first sentence of section 515(w)(1) of the Housing Act of 1949 (42 U.S.C. 1485(w)(1)) is amended by striking “fiscal year 1997” and inserting “fiscal year 1998”.

(3) LOAN TERM.—Section 515 of the Housing Act of 1949 (42 U.S.C. 1485) is amended—

(A) in subsection (a)(2), by striking “up to fifty” and inserting “up to 30”; and

(B) in subsection (b)—

(i) by striking paragraph (2) and inserting the following:

“(2) such a loan may be made for a period of up to 30 years from the making of the loan, but the Secretary may provide for periodic payments based on an amortization schedule of 50 years with a final payment of the balance due at the end of the term of the loan;”;

(ii) in paragraph (5), by striking “and” at the end;

(iii) in paragraph (6), by striking the period at the end and inserting “; and”; and

(iv) by adding at the end the following:

“(7) the Secretary may make a new loan to the current borrower to finance the final payment of the original loan for an additional period not to exceed twenty years, if—

“(A) the Secretary determines—

“(i) it is more cost-efficient and serves the tenant base more effectively to maintain the current property than to build a new property in the same location; or

“(ii) the property has been maintained to such an extent that it warrants retention in the current portfolio because it can be expected to continue providing decent, safe, and affordable rental units for the balance of the loan; and

“(B) the Secretary determines—

“(i) current market studies show that a need for low-income rural rental housing still exists for that area; and

“(ii) any other criteria established by the Secretary has been met.”.

(c) LOAN GUARANTEES FOR MULTIFAMILY RENTAL HOUSING IN RURAL AREAS.—Section 538 of the Housing Act of 1949 (42 U.S.C. 1490p-2) is amended—

(1) in subsection (q), by striking paragraph (2) and inserting the following:

“(2) ANNUAL LIMITATION ON AMOUNT OF LOAN GUARANTEE.—In each fiscal year, the Secretary may enter into commitments to guarantee loans under this section only to the extent that the costs of the guarantees entered into in such fiscal year do not exceed such amount as may be provided in appropriation Acts for such fiscal year.”;

(2) by striking subsection (t) and inserting the following:

“(t) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal year 1998 for costs (as such term is defined in section 502 of the Congressional Budget Act of 1974) of loan guarantees made under this section such sums as may be necessary for such fiscal year.”; and

(3) in subsection (u), by striking “1996” and inserting “1998”.

This Act may be cited as the “Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1998”.

Approved November 18, 1997.

LEGISLATIVE HISTORY—H.R. 2160 (S. 1033):

HOUSE REPORTS: Nos. 105–178 (Comm. on Appropriations) and 105–252 (Comm. of Conference).

SENATE REPORTS: No. 105–51 accompanying S. 1033 (Comm. on Appropriations).
CONGRESSIONAL RECORD, Vol. 143 (1997):

July 16, 17, 22, 24, considered and passed House.

Sept. 2, 3, considered and passed Senate, amended, in lieu of S. 1033.

Oct. 6, House agreed to conference report.

Oct. 29, Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Nov. 18, Presidential statement.

Nov. 20, President’s special message on line item veto.

FEDERAL REGISTER, Vol. 62 (1997):

Nov. 24, Cancellation of items pursuant to the Line Item Veto Act.



Public Law 105–87
105th Congress

An Act

To designate the United States Post Office building located at 153 East 110th Street, New York, New York, as the “Oscar Garcia Rivera Post Office Building”.

Nov. 19, 1997
[H.R. 282]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The United States Post Office building located at 153 East 110th Street, New York, New York, shall be known and designated as the “Oscar Garcia Rivera Post Office Building”.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the United States Post Office building referred to in section 1 shall be deemed to be a reference to the “Oscar Garcia Rivera Post Office Building”.

Approved November 19, 1997.

LEGISLATIVE HISTORY—H.R. 282:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Oct. 21, considered and passed House.

Nov. 9, considered and passed Senate.



Public Law 105–88
105th Congress

An Act

Nov. 19, 1997
[H.R. 681]

To designate the United States Post Office building located at 313 East Broadway in Glendale, California, as the “Carlos J. Moorhead Post Office Building”.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The United States Post Office building located at 313 East Broadway in Glendale, California, shall be known and designated as the “Carlos J. Moorhead Post Office Building”.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the building referred to in section 1 shall be deemed to be a reference to the “Carlos J. Moorhead Post Office Building”.

Approved November 19, 1997.

LEGISLATIVE HISTORY—H.R. 681:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Oct. 21, considered and passed House.

Nov. 9, considered and passed Senate.



Public Law 105–89
105th Congress

An Act

To promote the adoption of children in foster care.

Nov. 19, 1997

[H.R. 867]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Adoption and Safe Families Act of 1997”.

(b) **TABLE OF CONTENTS.**—The table of contents of this Act is as follows:

Adoption and
Safe Families Act
of 1997.

42 USC 1305
note.

Sec. 1. Short title; table of contents.

**TITLE I—REASONABLE EFFORTS AND SAFETY REQUIREMENTS FOR
FOSTER CARE AND ADOPTION PLACEMENTS**

- Sec. 101. Clarification of the reasonable efforts requirement.
- Sec. 102. Including safety in case plan and case review system requirements.
- Sec. 103. States required to initiate or join proceedings to terminate parental rights for certain children in foster care.
- Sec. 104. Notice of reviews and hearings; opportunity to be heard.
- Sec. 105. Use of the Federal Parent Locator Service for child welfare services.
- Sec. 106. Criminal records checks for prospective foster and adoptive parents.
- Sec. 107. Documentation of efforts for adoption or location of a permanent home.

**TITLE II—INCENTIVES FOR PROVIDING PERMANENT FAMILIES FOR
CHILDREN**

- Sec. 201. Adoption incentive payments.
- Sec. 202. Adoptions across State and county jurisdictions.
- Sec. 203. Performance of States in protecting children.

TITLE III—ADDITIONAL IMPROVEMENTS AND REFORMS

- Sec. 301. Authority to approve more child protection demonstration projects.
- Sec. 302. Permanency hearings.
- Sec. 303. Kinship care.
- Sec. 304. Clarification of eligible population for independent living services.
- Sec. 305. Reauthorization and expansion of family preservation and support services.
- Sec. 306. Health insurance coverage for children with special needs.
- Sec. 307. Continuation of eligibility for adoption assistance payments on behalf of children with special needs whose initial adoption has been dissolved.
- Sec. 308. State standards to ensure quality services for children in foster care.

TITLE IV—MISCELLANEOUS

- Sec. 401. Preservation of reasonable parenting.
- Sec. 402. Reporting requirements.
- Sec. 403. Sense of Congress regarding standby guardianship.
- Sec. 404. Temporary adjustment of Contingency Fund for State Welfare Programs.
- Sec. 405. Coordination of substance abuse and child protection services.
- Sec. 406. Purchase of American-made equipment and products.

TITLE V—EFFECTIVE DATE

- Sec. 501. Effective date.

TITLE I—REASONABLE EFFORTS AND SAFETY REQUIREMENTS FOR FOSTER CARE AND ADOPTION PLACEMENTS

SEC. 101. CLARIFICATION OF THE REASONABLE EFFORTS REQUIRE- MENT.

(a) IN GENERAL.—Section 471(a)(15) of the Social Security Act (42 U.S.C. 671(a)(15)) is amended to read as follows:

“(15) provides that—

“(A) in determining reasonable efforts to be made with respect to a child, as described in this paragraph, and in making such reasonable efforts, the child’s health and safety shall be the paramount concern;

“(B) except as provided in subparagraph (D), reasonable efforts shall be made to preserve and reunify families—

“(i) prior to the placement of a child in foster care, to prevent or eliminate the need for removing the child from the child’s home; and

“(ii) to make it possible for a child to safely return to the child’s home;

“(C) if continuation of reasonable efforts of the type described in subparagraph (B) is determined to be inconsistent with the permanency plan for the child, reasonable efforts shall be made to place the child in a timely manner in accordance with the permanency plan, and to complete whatever steps are necessary to finalize the permanent placement of the child;

“(D) reasonable efforts of the type described in subparagraph (B) shall not be required to be made with respect to a parent of a child if a court of competent jurisdiction has determined that—

“(i) the parent has subjected the child to aggravated circumstances (as defined in State law, which definition may include but need not be limited to abandonment, torture, chronic abuse, and sexual abuse);

“(ii) the parent has—

“(I) committed murder (which would have been an offense under section 1111(a) of title 18, United States Code, if the offense had occurred in the special maritime or territorial jurisdiction of the United States) of another child of the parent;

“(II) committed voluntary manslaughter (which would have been an offense under section 1112(a) of title 18, United States Code, if the offense had occurred in the special maritime or territorial jurisdiction of the United States) of another child of the parent;

“(III) aided or abetted, attempted, conspired, or solicited to commit such a murder or such a voluntary manslaughter; or

“(IV) committed a felony assault that results in serious bodily injury to the child or another child of the parent; or

“(iii) the parental rights of the parent to a sibling have been terminated involuntarily;

“(E) if reasonable efforts of the type described in subparagraph (B) are not made with respect to a child as a result of a determination made by a court of competent jurisdiction in accordance with subparagraph (D)—

“(i) a permanency hearing (as described in section 475(5)(C)) shall be held for the child within 30 days after the determination; and

“(ii) reasonable efforts shall be made to place the child in a timely manner in accordance with the permanency plan, and to complete whatever steps are necessary to finalize the permanent placement of the child; and

“(F) reasonable efforts to place a child for adoption or with a legal guardian may be made concurrently with reasonable efforts of the type described in subparagraph (B);”.

(b) **DEFINITION OF LEGAL GUARDIANSHIP.**—Section 475 of such Act (42 U.S.C. 675) is amended by adding at the end the following:

“(7) The term ‘legal guardianship’ means a judicially created relationship between child and caretaker which is intended to be permanent and self-sustaining as evidenced by the transfer to the caretaker of the following parental rights with respect to the child: protection, education, care and control of the person, custody of the person, and decisionmaking. The term ‘legal guardian’ means the caretaker in such a relationship.”.

(c) **CONFORMING AMENDMENT.**—Section 472(a)(1) of such Act (42 U.S.C. 672(a)(1)) is amended by inserting “for a child” before “have been made”.

(d) **RULE OF CONSTRUCTION.**—Part E of title IV of such Act (42 U.S.C. 670–679) is amended by inserting after section 477 the following:

“SEC. 478. RULE OF CONSTRUCTION.

42 USC 678.

“Nothing in this part shall be construed as precluding State courts from exercising their discretion to protect the health and safety of children in individual cases, including cases other than those described in section 471(a)(15)(D).”.

SEC. 102. INCLUDING SAFETY IN CASE PLAN AND CASE REVIEW SYSTEM REQUIREMENTS.

Title IV of the Social Security Act (42 U.S.C. 601 et seq.) is amended—

(1) in section 422(b)(10)(B)—

42 USC 622.

(A) in clause (iii)(I), by inserting “safe and” after “where”; and

(B) in clause (iv), by inserting “safely” after “remain”; and

(2) in section 475—

42 USC 675.

(A) in paragraph (1)—

(i) in subparagraph (A), by inserting “safety and” after “discussion of the”; and

(ii) in subparagraph (B)—

(I) by inserting “safe and” after “child receives”; and

(II) by inserting “safe” after “return of the child to his own”; and

(B) in paragraph (5)—

(i) in subparagraph (A), in the matter preceding clause (i), by inserting “a safe setting that is” after “placement in”; and

(ii) in subparagraph (B)—

(I) by inserting “the safety of the child,” after “determine”; and

(II) by inserting “and safely maintained in” after “returned to”.

SEC. 103. STATES REQUIRED TO INITIATE OR JOIN PROCEEDINGS TO TERMINATE PARENTAL RIGHTS FOR CERTAIN CHILDREN IN FOSTER CARE.

(a) **REQUIREMENT FOR PROCEEDINGS.**—Section 475(5) of the Social Security Act (42 U.S.C. 675(5)) is amended—

(1) by striking “and” at the end of subparagraph (C);

(2) by striking the period at the end of subparagraph (D) and inserting “; and”; and

(3) by adding at the end the following:

“(E) in the case of a child who has been in foster care under the responsibility of the State for 15 of the most recent 22 months, or, if a court of competent jurisdiction has determined a child to be an abandoned infant (as defined under State law) or has made a determination that the parent has committed murder of another child of the parent, committed voluntary manslaughter of another child of the parent, aided or abetted, attempted, conspired, or solicited to commit such a murder or such a voluntary manslaughter, or committed a felony assault that has resulted in serious bodily injury to the child or to another child of the parent, the State shall file a petition to terminate the parental rights of the child’s parents (or, if such a petition has been filed by another party, seek to be joined as a party to the petition), and, concurrently, to identify, recruit, process, and approve a qualified family for an adoption, unless—

“(i) at the option of the State, the child is being cared for by a relative;

“(ii) a State agency has documented in the case plan (which shall be available for court review) a compelling reason for determining that filing such a petition would not be in the best interests of the child; or

“(iii) the State has not provided to the family of the child, consistent with the time period in the State case plan, such services as the State deems necessary for the safe return of the child to the child’s home, if reasonable efforts of the type described in section 471(a)(15)(B)(ii) are required to be made with respect to the child.”.

(b) **DETERMINATION OF BEGINNING OF FOSTER CARE.**—Section 475(5) of the Social Security Act (42 U.S.C. 675(5)), as amended by subsection (a), is amended—

(1) by striking “and” at the end of subparagraph (D);

(2) by striking the period at the end of subparagraph (E) and inserting “; and”; and

(3) by adding at the end the following:

“(F) a child shall be considered to have entered foster care on the earlier of—

“(i) the date of the first judicial finding that the child has been subjected to child abuse or neglect; or

“(ii) the date that is 60 days after the date on which the child is removed from the home.”.

(c) TRANSITION RULES.—

42 USC 675 note.

(1) NEW FOSTER CHILDREN.—In the case of a child who enters foster care (within the meaning of section 475(5)(F) of the Social Security Act) under the responsibility of a State after the date of the enactment of this Act—

(A) if the State comes into compliance with the amendments made by subsection (a) of this section before the child has been in such foster care for 15 of the most recent 22 months, the State shall comply with section 475(5)(E) of the Social Security Act with respect to the child when the child has been in such foster care for 15 of the most recent 22 months; and

(B) if the State comes into such compliance after the child has been in such foster care for 15 of the most recent 22 months, the State shall comply with such section 475(5)(E) with respect to the child not later than 3 months after the end of the first regular session of the State legislature that begins after such date of enactment.

(2) CURRENT FOSTER CHILDREN.—In the case of children in foster care under the responsibility of the State on the date of the enactment of this Act, the State shall—

(A) not later than 6 months after the end of the first regular session of the State legislature that begins after such date of enactment, comply with section 475(5)(E) of the Social Security Act with respect to not less than $\frac{1}{3}$ of such children as the State shall select, giving priority to children for whom the permanency plan (within the meaning of part E of title IV of the Social Security Act) is adoption and children who have been in foster care for the greatest length of time;

(B) not later than 12 months after the end of such first regular session, comply with such section 475(5)(E) with respect to not less than $\frac{2}{3}$ of such children as the State shall select; and

(C) not later than 18 months after the end of such first regular session, comply with such section 475(5)(E) with respect to all of such children.

(3) TREATMENT OF 2-YEAR LEGISLATIVE SESSIONS.—For purposes of this subsection, in the case of a State that has a 2-year legislative session, each year of the session is deemed to be a separate regular session of the State legislature.

(4) REQUIREMENTS TREATED AS STATE PLAN REQUIREMENTS.—For purposes of part E of title IV of the Social Security Act, the requirements of this subsection shall be treated as State plan requirements imposed by section 471(a) of such Act.

(d) RULE OF CONSTRUCTION.—Nothing in this section or in part E of title IV of the Social Security Act (42 U.S.C. 670 et seq.), as amended by this Act, shall be construed as precluding State courts or State agencies from initiating the termination of

42 USC 675 note.

parental rights for reasons other than, or for timelines earlier than, those specified in part E of title IV of such Act, when such actions are determined to be in the best interests of the child, including cases where the child has experienced multiple foster care placements of varying durations.

SEC. 104. NOTICE OF REVIEWS AND HEARINGS; OPPORTUNITY TO BE HEARD.

Section 475(5) of the Social Security Act (42 U.S.C. 675(5)), as amended by section 103, is amended—

- (1) by striking “and” at the end of subparagraph (E);
- (2) by striking the period at the end of subparagraph (F) and inserting “; and”; and
- (3) by adding at the end the following:

“(G) the foster parents (if any) of a child and any preadoptive parent or relative providing care for the child are provided with notice of, and an opportunity to be heard in, any review or hearing to be held with respect to the child, except that this subparagraph shall not be construed to require that any foster parent, preadoptive parent, or relative providing care for the child be made a party to such a review or hearing solely on the basis of such notice and opportunity to be heard.”.

SEC. 105. USE OF THE FEDERAL PARENT LOCATOR SERVICE FOR CHILD WELFARE SERVICES.

Section 453 of the Social Security Act (42 U.S.C. 653) is amended—

- (1) in subsection (a)(2)—
 - (A) in the matter preceding subparagraph (A), by inserting “or making or enforcing child custody or visitation orders,” after “obligations,”; and
 - (B) in subparagraph (A)—
 - (i) by striking “or” at the end of clause (ii);
 - (ii) by striking the comma at the end of clause (iii) and inserting “; or”; and
 - (iii) by inserting after clause (iii) the following:
“(iv) who has or may have parental rights with respect to a child,”; and
- (2) in subsection (c)—
 - (A) by striking the period at the end of paragraph (3) and inserting “; and”; and
 - (B) by adding at the end the following:
“(4) a State agency that is administering a program operated under a State plan under subpart 1 of part B, or a State plan approved under subpart 2 of part B or under part E.”.

SEC. 106. CRIMINAL RECORDS CHECKS FOR PROSPECTIVE FOSTER AND ADOPTIVE PARENTS.

Section 471(a) of the Social Security Act (42 U.S.C. 671(a)) is amended—

- (1) by striking “and” at the end of paragraph (18);
- (2) by striking the period at the end of paragraph (19) and inserting “; and”; and
- (3) by adding at the end the following:
“(20)(A) unless an election provided for in subparagraph (B) is made with respect to the State, provides procedures

for criminal records checks for any prospective foster or adoptive parent before the foster or adoptive parent may be finally approved for placement of a child on whose behalf foster care maintenance payments or adoption assistance payments are to be made under the State plan under this part, including procedures requiring that—

“(i) in any case in which a record check reveals a felony conviction for child abuse or neglect, for spousal abuse, for a crime against children (including child pornography), or for a crime involving violence, including rape, sexual assault, or homicide, but not including other physical assault or battery, if a State finds that a court of competent jurisdiction has determined that the felony was committed at any time, such final approval shall not be granted; and

“(ii) in any case in which a record check reveals a felony conviction for physical assault, battery, or a drug-related offense, if a State finds that a court of competent jurisdiction has determined that the felony was committed within the past 5 years, such final approval shall not be granted; and

“(B) subparagraph (A) shall not apply to a State plan if the Governor of the State has notified the Secretary in writing that the State has elected to make subparagraph (A) inapplicable to the State, or if the State legislature, by law, has elected to make subparagraph (A) inapplicable to the State.”.

SEC. 107. DOCUMENTATION OF EFFORTS FOR ADOPTION OR LOCATION OF A PERMANENT HOME.

Section 475(1) of the Social Security Act (42 U.S.C. 675(1)) is amended—

(1) in the last sentence—

(A) by striking “the case plan must also include”; and

(B) by redesignating such sentence as subparagraph

(D) and indenting appropriately; and

(2) by adding at the end the following:

“(E) In the case of a child with respect to whom the permanency plan is adoption or placement in another permanent home, documentation of the steps the agency is taking to find an adoptive family or other permanent living arrangement for the child, to place the child with an adoptive family, a fit and willing relative, a legal guardian, or in another planned permanent living arrangement, and to finalize the adoption or legal guardianship. At a minimum, such documentation shall include child specific recruitment efforts such as the use of State, regional, and national adoption exchanges including electronic exchange systems.”.

TITLE II—INCENTIVES FOR PROVIDING PERMANENT FAMILIES FOR CHILDREN

SEC. 201. ADOPTION INCENTIVE PAYMENTS.

(a) IN GENERAL.—Part E of title IV of the Social Security Act (42 U.S.C. 670–679) is amended by inserting after section 473 the following:

42 USC 673b.

“SEC. 473A. ADOPTION INCENTIVE PAYMENTS.

“(a) GRANT AUTHORITY.—Subject to the availability of such amounts as may be provided in advance in appropriations Acts for this purpose, the Secretary shall make a grant to each State that is an incentive-eligible State for a fiscal year in an amount equal to the adoption incentive payment payable to the State under this section for the fiscal year, which shall be payable in the immediately succeeding fiscal year.

“(b) INCENTIVE-ELIGIBLE STATE.—A State is an incentive-eligible State for a fiscal year if—

“(1) the State has a plan approved under this part for the fiscal year;

“(2) the number of foster child adoptions in the State during the fiscal year exceeds the base number of foster child adoptions for the State for the fiscal year;

“(3) the State is in compliance with subsection (c) for the fiscal year;

“(4) in the case of fiscal years 2001 and 2002, the State provides health insurance coverage to any child with special needs (as determined under section 473(c)) for whom there is in effect an adoption assistance agreement between a State and an adoptive parent or parents; and

“(5) the fiscal year is any of fiscal years 1998 through 2002.

“(c) DATA REQUIREMENTS.—

“(1) IN GENERAL.—A State is in compliance with this subsection for a fiscal year if the State has provided to the Secretary the data described in paragraph (2)—

“(A) for fiscal years 1995 through 1997 (or, if the first fiscal year for which the State seeks a grant under this section is after fiscal year 1998, the fiscal year that precedes such first fiscal year); and

“(B) for each succeeding fiscal year that precedes the fiscal year.

“(2) DETERMINATION OF NUMBERS OF ADOPTIONS.—

“(A) DETERMINATIONS BASED ON AFCARS DATA.—Except as provided in subparagraph (B), the Secretary shall determine the numbers of foster child adoptions and of special needs adoptions in a State during each of fiscal years 1995 through 2002, for purposes of this section, on the basis of data meeting the requirements of the system established pursuant to section 479, as reported by the State and approved by the Secretary by August 1 of the succeeding fiscal year.

“(B) ALTERNATIVE DATA SOURCES PERMITTED FOR FISCAL YEARS 1995 THROUGH 1997.—For purposes of the determination described in subparagraph (A) for fiscal years 1995 through 1997, the Secretary may use data from a source

or sources other than that specified in subparagraph (A) that the Secretary finds to be of equivalent completeness and reliability, as reported by a State by November 30, 1997, and approved by the Secretary by March 1, 1998.

“(3) NO WAIVER OF AFCARS REQUIREMENTS.—This section shall not be construed to alter or affect any requirement of section 479 or of any regulation prescribed under such section with respect to reporting of data by States, or to waive any penalty for failure to comply with such a requirement.

“(d) ADOPTION INCENTIVE PAYMENT.—

“(1) IN GENERAL.—Except as provided in paragraph (2), the adoption incentive payment payable to a State for a fiscal year under this section shall be equal to the sum of—

“(A) \$4,000, multiplied by the amount (if any) by which the number of foster child adoptions in the State during the fiscal year exceeds the base number of foster child adoptions for the State for the fiscal year; and

“(B) \$2,000, multiplied by the amount (if any) by which the number of special needs adoptions in the State during the fiscal year exceeds the base number of special needs adoptions for the State for the fiscal year.

“(2) PRO RATA ADJUSTMENT IF INSUFFICIENT FUNDS AVAILABLE.—For any fiscal year, if the total amount of adoption incentive payments otherwise payable under this section for a fiscal year exceeds the amount appropriated pursuant to subsection (h) for the fiscal year, the amount of the adoption incentive payment payable to each State under this section for the fiscal year shall be—

“(A) the amount of the adoption incentive payment that would otherwise be payable to the State under this section for the fiscal year; multiplied by

“(B) the percentage represented by the amount so appropriated for the fiscal year, divided by the total amount of adoption incentive payments otherwise payable under this section for the fiscal year.

“(e) 2-YEAR AVAILABILITY OF INCENTIVE PAYMENTS.—Payments to a State under this section in a fiscal year shall remain available for use by the State through the end of the succeeding fiscal year.

“(f) LIMITATIONS ON USE OF INCENTIVE PAYMENTS.—A State shall not expend an amount paid to the State under this section except to provide to children or families any service (including post-adoption services) that may be provided under part B or E. Amounts expended by a State in accordance with the preceding sentence shall be disregarded in determining State expenditures for purposes of Federal matching payments under sections 423, 434, and 474.

“(g) DEFINITIONS.—As used in this section:

“(1) FOSTER CHILD ADOPTION.—The term ‘foster child adoption’ means the final adoption of a child who, at the time of adoptive placement, was in foster care under the supervision of the State.

“(2) SPECIAL NEEDS ADOPTION.—The term ‘special needs adoption’ means the final adoption of a child for whom an adoption assistance agreement is in effect under section 473.

“(3) BASE NUMBER OF FOSTER CHILD ADOPTIONS.—The term ‘base number of foster child adoptions for a State’ means—

“(A) with respect to fiscal year 1998, the average number of foster child adoptions in the State in fiscal years 1995, 1996, and 1997; and

“(B) with respect to any subsequent fiscal year, the number of foster child adoptions in the State in the fiscal year for which the number is the greatest in the period that begins with fiscal year 1997 and ends with the fiscal year preceding such subsequent fiscal year.

“(4) BASE NUMBER OF SPECIAL NEEDS ADOPTIONS.—The term ‘base number of special needs adoptions for a State’ means—

“(A) with respect to fiscal year 1998, the average number of special needs adoptions in the State in fiscal years 1995, 1996, and 1997; and

“(B) with respect to any subsequent fiscal year, the number of special needs adoptions in the State in the fiscal year for which the number is the greatest in the period that begins with fiscal year 1997 and ends with the fiscal year preceding such subsequent fiscal year.

“(h) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—

“(1) IN GENERAL.—For grants under subsection (a), there are authorized to be appropriated to the Secretary \$20,000,000 for each of fiscal years 1999 through 2003.

“(2) AVAILABILITY.—Amounts appropriated under paragraph (1) are authorized to remain available until expended, but not after fiscal year 2003.

“(i) TECHNICAL ASSISTANCE.—

“(1) IN GENERAL.—The Secretary may, directly or through grants or contracts, provide technical assistance to assist States and local communities to reach their targets for increased numbers of adoptions and, to the extent that adoption is not possible, alternative permanent placements, for children in foster care.

“(2) DESCRIPTION OF THE CHARACTER OF THE TECHNICAL ASSISTANCE.—The technical assistance provided under paragraph (1) may support the goal of encouraging more adoptions out of the foster care system, when adoptions promote the best interests of children, and may include the following:

“(A) The development of best practice guidelines for expediting termination of parental rights.

“(B) Models to encourage the use of concurrent planning.

“(C) The development of specialized units and expertise in moving children toward adoption as a permanency goal.

“(D) The development of risk assessment tools to facilitate early identification of the children who will be at risk of harm if returned home.

“(E) Models to encourage the fast tracking of children who have not attained 1 year of age into pre-adoptive placements.

“(F) Development of programs that place children into pre-adoptive families without waiting for termination of parental rights.

“(3) TARGETING OF TECHNICAL ASSISTANCE TO THE COURTS.—Not less than 50 percent of any amount appropriated pursuant to paragraph (4) shall be used to provide technical assistance to the courts.

“(4) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—To carry out this subsection, there are authorized to be appropriated to the Secretary of Health and Human Services not to exceed \$10,000,000 for each of fiscal years 1998 through 2000.”.

(b) DISCRETIONARY CAP ADJUSTMENT FOR ADOPTION INCENTIVE PAYMENTS.—

(1) SECTION 251 AMENDMENT.—Section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901(b)(2)), as amended by section 10203(a)(4) of the Balanced Budget Act of 1997, is amended by adding at the end the following new subparagraph:

Ante, p. 698.

“(G) ADOPTION INCENTIVE PAYMENTS.—Whenever a bill or joint resolution making appropriations for fiscal year 1999, 2000, 2001, 2002, or 2003 is enacted that specifies an amount for adoption incentive payments pursuant to this part for the Department of Health and Human Services—

“(i) the adjustments for new budget authority shall be the amounts of new budget authority provided in that measure for adoption incentive payments, but not to exceed \$20,000,000; and

“(ii) the adjustment for outlays shall be the additional outlays flowing from such amount.”.

(2) SECTION 314 AMENDMENT.—Section 314(b) of the Congressional Budget Act of 1974, as amended by section 10114(a) of the Balanced Budget Act of 1997, is amended—

Ante, p. 688.

(A) by striking “or” at the end of paragraph (4);

(B) by striking the period at the end of paragraph

(5) and inserting “; or”; and

(C) by adding at the end the following:

“(6) in the case of an amount for adoption incentive payments (as defined in section 251(b)(2)(G) of the Balanced Budget and Emergency Deficit Control Act of 1985) for fiscal year 1999, 2000, 2001, 2002, or 2003 for the Department of Health and Human Services, an amount not to exceed \$20,000,000.”.

SEC. 202. ADOPTIONS ACROSS STATE AND COUNTY JURISDICTIONS.

(a) STATE PLAN FOR CHILD WELFARE SERVICES REQUIREMENT.—Section 422(b) of the Social Security Act (42 U.S.C. 622(b)) is amended—

(1) in paragraph (10), by striking “and” at the end;

(2) in paragraph (11), by striking the period and inserting “; and”; and

(3) by adding at the end the following:

“(12) contain assurances that the State shall develop plans for the effective use of cross-jurisdictional resources to facilitate timely adoptive or permanent placements for waiting children.”.

(b) CONDITION OF ASSISTANCE.—Section 474 of such Act (42 U.S.C. 674) is amended by adding at the end the following:

“(e) Notwithstanding subsection (a), a State shall not be eligible for any payment under this section if the Secretary finds that, after the date of the enactment of this subsection, the State has—

“(1) denied or delayed the placement of a child for adoption when an approved family is available outside of the jurisdiction with responsibility for handling the case of the child; or

42 USC 5111
note.

“(2) failed to grant an opportunity for a fair hearing, as described in section 471(a)(12), to an individual whose allegation of a violation of paragraph (1) of this subsection is denied by the State or not acted upon by the State with reasonable promptness.”.

(c) STUDY OF INTERJURISDICTIONAL ADOPTION ISSUES.—

(1) IN GENERAL.—The Comptroller General of the United States shall—

(A) study and consider how to improve procedures and policies to facilitate the timely and permanent adoptions of children across State and county jurisdictions; and

(B) examine, at a minimum, interjurisdictional adoption issues—

(i) concerning the recruitment of prospective adoptive families from other States and counties;

(ii) concerning the procedures to grant reciprocity to prospective adoptive family home studies from other States and counties;

(iii) arising from a review of the comity and full faith and credit provided to adoption decrees and termination of parental rights orders from other States; and

(iv) concerning the procedures related to the administration and implementation of the Interstate Compact on the Placement of Children.

(2) REPORT TO THE CONGRESS.—Not later than 1 year after the date of the enactment of this Act, the Comptroller General shall submit to the appropriate committees of the Congress a report that includes—

(A) the results of the study conducted under paragraph (1); and

(B) recommendations on how to improve procedures to facilitate the interjurisdictional adoption of children, including interstate and intercounty adoptions, so that children will be assured timely and permanent placements.

SEC. 203. PERFORMANCE OF STATES IN PROTECTING CHILDREN.

(a) ANNUAL REPORT ON STATE PERFORMANCE.—Part E of title IV of the Social Security Act (42 U.S.C. 670 et seq.) is amended by adding at the end the following:

42 USC 679b.

“SEC. 479A. ANNUAL REPORT.

“The Secretary, in consultation with Governors, State legislatures, State and local public officials responsible for administering child welfare programs, and child welfare advocates, shall—

“(1) develop a set of outcome measures (including length of stay in foster care, number of foster care placements, and number of adoptions) that can be used to assess the performance of States in operating child protection and child welfare programs pursuant to parts B and E to ensure the safety of children;

“(2) to the maximum extent possible, the outcome measures should be developed from data available from the Adoption and Foster Care Analysis and Reporting System;

“(3) develop a system for rating the performance of States with respect to the outcome measures, and provide to the States an explanation of the rating system and how scores are determined under the rating system;

“(4) prescribe such regulations as may be necessary to ensure that States provide to the Secretary the data necessary to determine State performance with respect to each outcome measure, as a condition of the State receiving funds under this part; and

“(5) on May 1, 1999, and annually thereafter, prepare and submit to the Congress a report on the performance of each State on each outcome measure, which shall examine the reasons for high performance and low performance and, where possible, make recommendations as to how State performance could be improved.”.

(b) DEVELOPMENT OF PERFORMANCE-BASED INCENTIVE SYSTEM.—The Secretary of Health and Human Services, in consultation with State and local public officials responsible for administering child welfare programs and child welfare advocates, shall study, develop, and recommend to Congress an incentive system to provide payments under parts B and E of title IV of the Social Security Act (42 U.S.C. 620 et seq., 670 et seq.) to any State based on the State’s performance under such a system. Such a system shall, to the extent the Secretary determines feasible and appropriate, be based on the annual report required by section 479A of the Social Security Act (as added by subsection (a) of this section) or on any proposed modifications of the annual report. Not later than 6 months after the date of the enactment of this Act, the Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a progress report on the feasibility, timetable, and consultation process for conducting such a study. Not later than 15 months after such date of enactment, the Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate the final report on a performance-based incentive system. The report may include other recommendations for restructuring the program and payments under parts B and E of title IV of the Social Security Act.

42 USC 679b
note.

TITLE III—ADDITIONAL IMPROVEMENTS AND REFORMS

SEC. 301. EXPANSION OF CHILD WELFARE DEMONSTRATION PROJECTS.

(a) IN GENERAL.—Section 1130(a) of the Social Security Act (42 U.S.C. 1320a–9) is amended to read as follows:

“(a) AUTHORITY TO APPROVE DEMONSTRATION PROJECTS.—

“(1) IN GENERAL.—The Secretary may authorize States to conduct demonstration projects pursuant to this section which the Secretary finds are likely to promote the objectives of part B or E of title IV.

“(2) LIMITATION.—The Secretary may authorize not more than 10 demonstration projects under paragraph (1) in each of fiscal years 1998 through 2002.

“(3) CERTAIN TYPES OF PROPOSALS REQUIRED TO BE CONSIDERED.—

“(A) If an appropriate application therefor is submitted, the Secretary shall consider authorizing a demonstration project which is designed to identify and address barriers

that result in delays to adoptive placements for children in foster care.

“(B) If an appropriate application therefor is submitted, the Secretary shall consider authorizing a demonstration project which is designed to identify and address parental substance abuse problems that endanger children and result in the placement of children in foster care, including through the placement of children with their parents in residential treatment facilities (including residential treatment facilities for post-partum depression) that are specifically designed to serve parents and children together in order to promote family reunification and that can ensure the health and safety of the children in such placements.

“(C) If an appropriate application therefor is submitted, the Secretary shall consider authorizing a demonstration project which is designed to address kinship care.

“(4) LIMITATION ON ELIGIBILITY.—The Secretary may not authorize a State to conduct a demonstration project under this section if the State fails to provide health insurance coverage to any child with special needs (as determined under section 473(c)) for whom there is in effect an adoption assistance agreement between a State and an adoptive parent or parents.

“(5) REQUIREMENT TO CONSIDER EFFECT OF PROJECT ON TERMS AND CONDITIONS OF CERTAIN COURT ORDERS.—In considering an application to conduct a demonstration project under this section that has been submitted by a State in which there is in effect a court order determining that the State’s child welfare program has failed to comply with the provisions of part B or E of title IV, or with the Constitution of the United States, the Secretary shall take into consideration the effect of approving the proposed project on the terms and conditions of the court order related to the failure to comply.”.

42 USC 1320a–9
note.

(b) RULE OF CONSTRUCTION.—Nothing in the amendment made by subsection (a) shall be construed as affecting the terms and conditions of any demonstration project approved under section 1130 of the Social Security Act (42 U.S.C. 1320a–9) before the date of the enactment of this Act.

(c) AUTHORITY TO EXTEND DURATION OF DEMONSTRATIONS.—Section 1130(d) of such Act (42 U.S.C. 1320a–9(d)) is amended by inserting “, unless in the judgment of the Secretary, the demonstration project should be allowed to continue” before the period.

SEC. 302. PERMANENCY HEARINGS.

Section 475(5)(C) of the Social Security Act (42 U.S.C. 675(5)(C)) is amended—

- (1) by striking “dispositional” and inserting “permanency”;
- (2) by striking “eighteen” and inserting “12”;
- (3) by striking “original placement” and inserting “date the child is considered to have entered foster care (as determined under subparagraph (F))”; and
- (4) by striking “future status of” and all that follows through “long term basis” and inserting “permanency plan for the child that includes whether, and if applicable when, the child will be returned to the parent, placed for adoption and the State will file a petition for termination of parental rights, or referred for legal guardianship, or (in cases where

the State agency has documented to the State court a compelling reason for determining that it would not be in the best interests of the child to return home, be referred for termination of parental rights, or be placed for adoption, with a fit and willing relative, or with a legal guardian) placed in another planned permanent living arrangement”.

SEC. 303. KINSHIP CARE.

42 USC 5113
note.

(a) **REPORT.**—

(1) **IN GENERAL.**—The Secretary of Health and Human Services shall—

(A) not later than June 1, 1998, convene the advisory panel provided for in subsection (b)(1) and prepare and submit to the advisory panel an initial report on the extent to which children in foster care are placed in the care of a relative (in this section referred to as “kinship care”); and

(B) not later than June 1, 1999, submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a final report on the matter described in subparagraph (A), which shall—

(i) be based on the comments submitted by the advisory panel pursuant to subsection (b)(2) and other information and considerations; and

(ii) include the policy recommendations of the Secretary with respect to the matter.

(2) **REQUIRED CONTENTS.**—Each report required by paragraph (1) shall—

(A) include, to the extent available for each State, information on—

(i) the policy of the State regarding kinship care;

(ii) the characteristics of the kinship care providers (including age, income, ethnicity, and race, and the relationship of the kinship care providers to the children);

(iii) the characteristics of the household of such providers (such as number of other persons in the household and family composition);

(iv) how much access to the child is afforded to the parent from whom the child has been removed;

(v) the cost of, and source of funds for, kinship care (including any subsidies such as medicaid and cash assistance);

(vi) the permanency plan for the child and the actions being taken by the State to achieve the plan;

(vii) the services being provided to the parent from whom the child has been removed; and

(viii) the services being provided to the kinship care provider; and

(B) specifically note the circumstances or conditions under which children enter kinship care.

(b) **ADVISORY PANEL.**—

(1) **ESTABLISHMENT.**—The Secretary of Health and Human Services, in consultation with the Chairman of the Committee on Ways and Means of the House of Representatives and the Chairman of the Committee on Finance of the Senate, shall convene an advisory panel which shall include parents, foster

parents, relative caregivers, former foster children, State and local public officials responsible for administering child welfare programs, private persons involved in the delivery of child welfare services, representatives of tribal governments and tribal courts, judges, and academic experts.

(2) DUTIES.—The advisory panel convened pursuant to paragraph (1) shall review the report prepared pursuant to subsection (a), and, not later than October 1, 1998, submit to the Secretary comments on the report.

SEC. 304. CLARIFICATION OF ELIGIBLE POPULATION FOR INDEPENDENT LIVING SERVICES.

Section 477(a)(2)(A) of the Social Security Act (42 U.S.C. 677(a)(2)(A)) is amended by inserting “(including children with respect to whom such payments are no longer being made because the child has accumulated assets, not to exceed \$5,000, which are otherwise regarded as resources for purposes of determining eligibility for benefits under this part)” before the comma.

SEC. 305. REAUTHORIZATION AND EXPANSION OF FAMILY PRESERVATION AND SUPPORT SERVICES.

(a) REAUTHORIZATION OF FAMILY PRESERVATION AND SUPPORT SERVICES.—

(1) IN GENERAL.—Section 430(b) of the Social Security Act (42 U.S.C. 629(b)) is amended—

(A) in paragraph (4), by striking “or” at the end;

(B) in paragraph (5), by striking the period and inserting a semicolon; and

(C) by adding at the end the following:

“(6) for fiscal year 1999, \$275,000,000;

“(7) for fiscal year 2000, \$295,000,000; and

“(8) for fiscal year 2001, \$305,000,000.”.

(2) CONTINUATION OF RESERVATION OF CERTAIN AMOUNTS.—Paragraphs (1) and (2) of section 430(d) of the Social Security Act (42 U.S.C. 629(d)(1) and (2)) are each amended by striking “and 1998” and inserting “1998, 1999, 2000, and 2001”.

(3) CONFORMING AMENDMENTS.—Section 13712 of the Omnibus Budget Reconciliation Act of 1993 (42 U.S.C. 670 note) is amended—

(A) in subsection (c), by striking “1998” each place it appears and inserting “2001”; and

(B) in subsection (d)(2), by striking “and 1998” and inserting “1998, 1999, 2000, and 2001”.

(b) EXPANSION FOR TIME-LIMITED FAMILY REUNIFICATION SERVICES AND ADOPTION PROMOTION AND SUPPORT SERVICES.—

(1) ADDITIONS TO STATE PLAN.—Section 432 of the Social Security Act (42 U.S.C. 629b) is amended—

(A) in subsection (a)—

(i) in paragraph (4), by striking “and community-based family support services” and inserting “, community-based family support services, time-limited family reunification services, and adoption promotion and support services,”; and

(ii) in paragraph (5)(A), by striking “and community-based family support services” and inserting “, community-based family support services, time-limited family reunification services, and adoption promotion and support services”; and

(B) in subsection (b)(1), by striking “and family support” and inserting “, family support, time-limited family reunification, and adoption promotion and support”.

(2) DEFINITIONS OF TIME-LIMITED FAMILY REUNIFICATION SERVICES AND ADOPTION PROMOTION AND SUPPORT SERVICES.—Section 431(a) of the Social Security Act (42 U.S.C. 629a(a)) is amended by adding at the end the following:

“(7) TIME-LIMITED FAMILY REUNIFICATION SERVICES.—

“(A) IN GENERAL.—The term ‘time-limited family reunification services’ means the services and activities described in subparagraph (B) that are provided to a child that is removed from the child’s home and placed in a foster family home or a child care institution and to the parents or primary caregiver of such a child, in order to facilitate the reunification of the child safely and appropriately within a timely fashion, but only during the 15-month period that begins on the date that the child, pursuant to section 475(5)(F), is considered to have entered foster care.

“(B) SERVICES AND ACTIVITIES DESCRIBED.—The services and activities described in this subparagraph are the following:

“(i) Individual, group, and family counseling.

“(ii) Inpatient, residential, or outpatient substance abuse treatment services.

“(iii) Mental health services.

“(iv) Assistance to address domestic violence.

“(v) Services designed to provide temporary child care and therapeutic services for families, including crisis nurseries.

“(vi) Transportation to or from any of the services and activities described in this subparagraph.

“(8) ADOPTION PROMOTION AND SUPPORT SERVICES.—The term ‘adoption promotion and support services’ means services and activities designed to encourage more adoptions out of the foster care system, when adoptions promote the best interests of children, including such activities as pre- and post-adoptive services and activities designed to expedite the adoption process and support adoptive families.”

(3) ADDITIONAL CONFORMING AMENDMENTS.—

(A) PURPOSES.—Section 430(a) of the Social Security Act (42 U.S.C. 629(a)) is amended by striking “and community-based family support services” and inserting “, community-based family support services, time-limited family reunification services, and adoption promotion and support services”.

(B) PROGRAM TITLE.—The heading of subpart 2 of part B of title IV of the Social Security Act (42 U.S.C. 629 et seq.) is amended to read as follows:

“Subpart 2—Promoting Safe and Stable Families”.

(c) EMPHASIZING THE SAFETY OF THE CHILD.—

(1) REQUIRING ASSURANCES THAT THE SAFETY OF CHILDREN SHALL BE OF PARAMOUNT CONCERN.—Section 432(a) of the Social Security Act (42 U.S.C. 629b(a)) is amended—

(A) by striking “and” at the end of paragraph (7);

(B) by striking the period at the end of paragraph (8); and

(C) by adding at the end the following:

“(9) contains assurances that in administering and conducting service programs under the plan, the safety of the children to be served shall be of paramount concern.”.

(2) DEFINITIONS OF FAMILY PRESERVATION AND FAMILY SUPPORT SERVICES.—Section 431(a) of the Social Security Act (42 U.S.C. 629a(a)) is amended—

(A) in paragraph (1)—

(i) in subparagraph (A), by inserting “safe and” before “appropriate” each place it appears; and

(ii) in subparagraph (B), by inserting “safely” after “remain”; and

(B) in paragraph (2)—

(i) by inserting “safety and” before “well-being”; and

(ii) by striking “stable” and inserting “safe, stable,”.

(d) CLARIFICATION OF MAINTENANCE OF EFFORT REQUIREMENT.—

(1) DEFINITION OF NON-FEDERAL FUNDS.—Section 431(a) of the Social Security Act (42 U.S.C. 629a(a)), as amended by subsection (b)(2), is amended by adding at the end the following:

“(9) NON-FEDERAL FUNDS.—The term ‘non-Federal funds’ means State funds, or at the option of a State, State and local funds.”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) takes effect as if included in the enactment of section 13711 of the Omnibus Budget Reconciliation Act of 1993 (Public Law 103-33; 107 Stat. 649).

42 USC 629a
note.

SEC. 306. HEALTH INSURANCE COVERAGE FOR CHILDREN WITH SPECIAL NEEDS.

Section 471(a) of the Social Security Act (42 U.S.C. 671(a)), as amended by section 106, is amended—

(1) in paragraph (19), by striking “and” at the end;

(2) in paragraph (20), by striking the period and inserting “; and”; and

(3) by adding at the end the following:

“(21) provides for health insurance coverage (including, at State option, through the program under the State plan approved under title XIX) for any child who has been determined to be a child with special needs, for whom there is in effect an adoption assistance agreement (other than an agreement under this part) between the State and an adoptive parent or parents, and who the State has determined cannot be placed with an adoptive parent or parents without medical assistance because such child has special needs for medical, mental health, or rehabilitative care, and that with respect to the provision of such health insurance coverage—

“(A) such coverage may be provided through 1 or more State medical assistance programs;

“(B) the State, in providing such coverage, shall ensure that the medical benefits, including mental health benefits, provided are of the same type and kind as those that would be provided for children by the State under title XIX;

“(C) in the event that the State provides such coverage through a State medical assistance program other than the program under title XIX, and the State exceeds its funding for services under such other program, any such child shall be deemed to be receiving aid or assistance under the State plan under this part for purposes of section 1902(a)(10)(A)(i)(I); and

“(D) in determining cost-sharing requirements, the State shall take into consideration the circumstances of the adopting parent or parents and the needs of the child being adopted consistent, to the extent coverage is provided through a State medical assistance program, with the rules under such program.”.

SEC. 307. CONTINUATION OF ELIGIBILITY FOR ADOPTION ASSISTANCE PAYMENTS ON BEHALF OF CHILDREN WITH SPECIAL NEEDS WHOSE INITIAL ADOPTION HAS BEEN DISSOLVED.

(a) CONTINUATION OF ELIGIBILITY.—Section 473(a)(2) of the Social Security Act (42 U.S.C. 673(a)(2)) is amended by adding at the end the following: “Any child who meets the requirements of subparagraph (C), who was determined eligible for adoption assistance payments under this part with respect to a prior adoption, who is available for adoption because the prior adoption has been dissolved and the parental rights of the adoptive parents have been terminated or because the child’s adoptive parents have died, and who fails to meet the requirements of subparagraphs (A) and (B) but would meet such requirements if the child were treated as if the child were in the same financial and other circumstances the child was in the last time the child was determined eligible for adoption assistance payments under this part and the prior adoption were treated as never having occurred, shall be treated as meeting the requirements of this paragraph for purposes of paragraph (1)(B)(ii).”.

(b) APPLICABILITY.—The amendment made by subsection (a) shall only apply to children who are adopted on or after October 1, 1997. 42 USC 673 note.

SEC. 308. STATE STANDARDS TO ENSURE QUALITY SERVICES FOR CHILDREN IN FOSTER CARE.

Section 471(a) of the Social Security Act (42 U.S.C. 671(a)), as amended by sections 106 and 306, is amended—

(1) in paragraph (20), by striking “and” at the end;

(2) in paragraph (21), by striking the period and inserting “; and”; and

(3) by adding at the end the following:

“(22) provides that, not later than January 1, 1999, the State shall develop and implement standards to ensure that children in foster care placements in public or private agencies are provided quality services that protect the safety and health of the children.”.

TITLE IV—MISCELLANEOUS

SEC. 401. PRESERVATION OF REASONABLE PARENTING.

42 USC 671 note.

Nothing in this Act is intended to disrupt the family unnecessarily or to intrude inappropriately into family life, to prohibit

the use of reasonable methods of parental discipline, or to prescribe a particular method of parenting.

42 USC 671 note. **SEC. 402. REPORTING REQUIREMENTS.**

Any information required to be reported under this Act shall be supplied to the Secretary of Health and Human Services through data meeting the requirements of the Adoption and Foster Care Analysis and Reporting System established pursuant to section 479 of the Social Security Act (42 U.S.C. 679), to the extent such data is available under that system. The Secretary shall make such modifications to regulations issued under section 479 of such Act with respect to the Adoption and Foster Care Analysis and Reporting System as may be necessary to allow States to obtain data that meets the requirements of such system in order to satisfy the reporting requirements of this Act.

SEC. 403. SENSE OF CONGRESS REGARDING STANDBY GUARDIANSHIP.

It is the sense of Congress that the States should have in effect laws and procedures that permit any parent who is chronically ill or near death, without surrendering parental rights, to designate a standby guardian for the parent's minor children, whose authority would take effect upon—

- (1) the death of the parent;
- (2) the mental incapacity of the parent; or
- (3) the physical debilitation and consent of the parent.

SEC. 404. TEMPORARY ADJUSTMENT OF CONTINGENCY FUND FOR STATE WELFARE PROGRAMS.

(a) **REDUCTION OF APPROPRIATION.**—Section 403(b)(2) of the Social Security Act (42 U.S.C. 603(b)(2)) is amended by inserting “, reduced by the sum of the dollar amounts specified in paragraph (6)(C)(ii)” before the period.

(b) **INCREASE IN STATE REMITTANCES.**—Section 403(b)(6) of such Act (42 U.S.C. 603(b)(6)) is amended by adding at the end the following:

“(C) **ADJUSTMENT OF STATE REMITTANCES.**—

“(i) **IN GENERAL.**—The amount otherwise required by subparagraph (A) to be remitted by a State for a fiscal year shall be increased by the lesser of—

“(I) the total adjustment for the fiscal year, multiplied by the adjustment percentage for the State for the fiscal year; or

“(II) the unadjusted net payment to the State for the fiscal year.

“(ii) **TOTAL ADJUSTMENT.**—As used in clause (i), the term ‘total adjustment’ means—

“(I) in the case of fiscal year 1998, \$2,000,000;

“(II) in the case of fiscal year 1999, \$9,000,000;

“(III) in the case of fiscal year 2000, \$16,000,000; and

“(IV) in the case of fiscal year 2001, \$13,000,000.

“(iii) **ADJUSTMENT PERCENTAGE.**—As used in clause (i), the term ‘adjustment percentage’ means, with respect to a State and a fiscal year—

“(I) the unadjusted net payment to the State for the fiscal year; divided by

“(II) the sum of the unadjusted net payments to all States for the fiscal year.

“(iv) UNADJUSTED NET PAYMENT.—As used in this subparagraph, the term, ‘unadjusted net payment’ means with respect to a State and a fiscal year—

“(I) the total amount paid to the State under paragraph (3) in the fiscal year; minus

“(II) the amount that, in the absence of this subparagraph, would be required by subparagraph (A) or by section 409(a)(10) to be remitted by the State in respect of the payment.”.

(c) RECOMMENDATIONS FOR IMPROVING THE OPERATION OF THE CONTINGENCY FUND.—Not later than March 1, 1998, the Secretary of Health and Human Services shall make recommendations to the Congress for improving the operation of the Contingency Fund for State Welfare Programs.

SEC. 405. COORDINATION OF SUBSTANCE ABUSE AND CHILD PROTECTION SERVICES.

Reports.
42 USC 613 note.

Within 1 year after the date of the enactment of this Act, the Secretary of Health and Human Services, based on information from the Substance Abuse and Mental Health Services Administration and the Administration for Children and Families in the Department of Health of Human Services, shall prepare and submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report which describes the extent and scope of the problem of substance abuse in the child welfare population, the types of services provided to such population, and the outcomes resulting from the provision of such services to such population. The report shall include recommendations for any legislation that may be needed to improve coordination in providing such services to such population.

SEC. 406. PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.

42 USC 671 note.

(a) IN GENERAL.—It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available under this Act should be American-made.

(b) NOTICE REQUIREMENT.—In providing financial assistance to, or entering into any contract with, any entity using funds made available under this Act, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (a) by the Congress.

TITLE V—EFFECTIVE DATE42 USC 622 note. **SEC. 501. EFFECTIVE DATE.**

(a) **IN GENERAL.**—Except as otherwise provided in this Act, the amendments made by this Act take effect on the date of enactment of this Act.

(b) **DELAY PERMITTED IF STATE LEGISLATION REQUIRED.**—In the case of a State plan under part B or E of title IV of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirements imposed by the amendments made by this Act, the State plan shall not be regarded as failing to comply with the requirements of such part solely on the basis of the failure of the plan to meet such additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

Approved November 19, 1997.

LEGISLATIVE HISTORY—H.R. 867:

HOUSE REPORTS: No. 105–77 (Comm. on Ways and Means).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Apr. 30, considered and passed House.

Nov. 8, considered and passed Senate, amended.

Nov. 13, House concurred in Senate amendment with an amendment. Senate concurred in House amendment.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Nov. 19, Presidential remarks.



Public Law 105–90
105th Congress

An Act

To designate the building in Indianapolis, Indiana, which houses the operations of the Indianapolis Main Post Office as the “Andrew Jacobs, Jr. Post Office Building”.

Nov. 19, 1997
[H.R. 1057]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The building in Indianapolis, Indiana, which houses the operations of the Indianapolis Main Post Office shall be known and designated as the “Andrew Jacobs, Jr. Post Office Building”.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the building referred to in section 1 shall be deemed to be a reference to the “Andrew Jacobs, Jr. Post Office Building”.

Approved November 19, 1997.

LEGISLATIVE HISTORY—H.R. 1057:

CONGRESSIONAL RECORD, Vol. 143 (1997):

June 17, considered and passed House.

Nov. 9, considered and passed Senate.



Public Law 105–91
105th Congress

An Act

Nov. 19, 1997
[H.R. 1058]

To designate the facility of the United States Postal Service under construction at 150 West Margaret Drive in Terre Haute, Indiana, as the “John T. Myers Post Office Building”.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The facility of the United States Postal Service under construction at 150 West Margaret Drive in Terre Haute, Indiana, shall be known and designated as the “John T. Myers Post Office Building”.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the facility referred to in section 1 shall be deemed to be a reference to the “John T. Myers Post Office Building”.

Approved November 19, 1997.

LEGISLATIVE HISTORY—H.R. 1058:

CONGRESSIONAL RECORD, Vol. 143 (1997):

June 17, considered and passed House.

Nov. 9, considered and passed Senate.



Public Law 105–92
105th Congress

An Act

To amend title I of the Employee Retirement Income Security Act of 1974 to encourage retirement income savings.

Nov. 19, 1997

[H.R. 1377]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Savings Are Vital
to Everyone's
Retirement Act
of 1997,
29 USC 1001
note.

SECTION 1. SHORT TITLE.

This Act may be cited as the “Savings Are Vital to Everyone’s Retirement Act of 1997”.

SEC. 2. FINDINGS AND PURPOSE.

29 USC 1146
note.

(a) **FINDINGS.**—The Congress finds as follows:

(1) The impending retirement of the baby boom generation will severely strain our already overburdened entitlement system, necessitating increased reliance on pension and other personal savings.

(2) Studies have found that less than a third of Americans have even tried to calculate how much they will need to have saved by retirement, and that less than 20 percent are very confident they will have enough money to live comfortably throughout their retirement.

(3) A leading obstacle to expanding retirement savings is the simple fact that far too many Americans—particularly the young—are either unaware of, or without the knowledge and resources necessary to take advantage of, the extensive benefits offered by our retirement savings system.

(b) **PURPOSE.**—It is the purpose of this Act—

(1) to advance the public’s knowledge and understanding of retirement savings and its critical importance to the future well-being of American workers and their families;

(2) to provide for a periodic, bipartisan national retirement savings summit in conjunction with the White House to elevate the issue of savings to national prominence; and

(3) to initiate the development of a broad-based, public education program to encourage and enhance individual commitment to a personal retirement savings strategy.

SEC. 3. OUTREACH BY THE DEPARTMENT OF LABOR.

(a) **IN GENERAL.**—Part 5 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1131 et seq.) is amended by adding at the end the following new section:

“OUTREACH TO PROMOTE RETIREMENT INCOME SAVINGS

29 USC 1146.

“SEC. 516. (a) IN GENERAL.—The Secretary shall maintain an ongoing program of outreach to the public designed to effectively promote retirement income savings by the public.

“(b) METHODS.—The Secretary shall carry out the requirements of subsection (a) by means which shall ensure effective communication to the public, including publication of public service announcements, public meetings, creation of educational materials, and establishment of a site on the Internet.

“(c) INFORMATION TO BE MADE AVAILABLE.—The information to be made available by the Secretary as part of the program of outreach required under subsection (a) shall include the following:

“(1) a description of the vehicles currently available to individuals and employers for creating and maintaining retirement income savings, specifically including information explaining to employers, in simple terms, the characteristics and operation of the different retirement savings vehicles, including the steps to establish each such vehicle; and

“(2) information regarding matters relevant to establishing retirement income savings, such as—

“(A) the forms of retirement income savings;

“(B) the concept of compound interest;

“(C) the importance of commencing savings early in life;

“(D) savings principles;

“(E) the importance of prudence and diversification in investing;

“(F) the importance of the timing of investments; and

“(G) the impact on retirement savings of life’s uncertainties, such as living beyond one’s life expectancy.

“(d) ESTABLISHMENT OF SITE ON THE INTERNET.—The Secretary shall establish a permanent site on the Internet concerning retirement income savings. The site shall contain at least the following information:

“(1) a means for individuals to calculate their estimated retirement savings needs, based on their retirement income goal as a percentage of their preretirement income;

“(2) a description in simple terms of the common types of retirement income savings arrangements available to both individuals and employers (specifically including small employers), including information on the amount of money that can be placed into a given vehicle, the tax treatment of the money, the amount of accumulation possible through different typical investment options and interest rate projections, and a directory of resources of more descriptive information;

“(3) materials explaining to employers in simple terms, the characteristics and operation of the different retirement savings arrangements for their workers and what the basic legal requirements are under this Act and the Internal Revenue Code of 1986, including the steps to establish each such arrangement;

“(4) copies of all educational materials developed by the Department of Labor, and by other Federal agencies in consultation with such Department, to promote retirement income savings by workers and employers; and

“(5) links to other sites maintained on the Internet by governmental agencies and nonprofit organizations that provide additional detail on retirement income savings arrangements and related topics on savings or investing.

“(e) COORDINATION.—The Secretary shall coordinate the outreach program under this section with similar efforts undertaken by other public and private entities.”.

(b) CONFORMING AMENDMENT.—The table of contents in section 1 of such Act is amended by inserting after the item relating to section 514 the following new items:

“Sec. 515. Delinquent contributions.

“Sec. 516. Outreach to promote retirement income savings.”.

SEC. 4. NATIONAL SUMMIT ON RETIREMENT SAVINGS.

(a) IN GENERAL.—Part 5 of subtitle B of title I of the Employee Retirement Income Security Act of 1974, as amended by section 3 of this Act, is amended by adding at the end the following new section:

“NATIONAL SUMMIT ON RETIREMENT SAVINGS

“SEC. 517. (a) AUTHORITY TO CALL SUMMIT.—Not later than July 15, 1998, the President shall convene a National Summit on Retirement Income Savings at the White House, to be co-hosted by the President and the Speaker and the Minority Leader of the House of Representatives and the Majority Leader and Minority Leader of the Senate. Such a National Summit shall be convened thereafter in 2001 and 2005 on or after September 1 of each year involved. Such a National Summit shall—

President.
29 USC 1147.

“(1) advance the public’s knowledge and understanding of retirement savings and its critical importance to the future well-being of American workers and their families;

“(2) facilitate the development of a broad-based, public education program to encourage and enhance individual commitment to a personal retirement savings strategy;

“(3) develop recommendations for additional research, reforms, and actions in the field of private pensions and individual retirement savings; and

“(4) disseminate the report of, and information obtained by, the National Summit and exhibit materials and works of the National Summit.

“(b) PLANNING AND DIRECTION.—The National Summit shall be planned and conducted under the direction of the Secretary, in consultation with, and with the assistance of, the heads of such other Federal departments and agencies as the President may designate. Such assistance may include the assignment of personnel. The Secretary shall, in planning and conducting the National Summit, consult with the congressional leaders specified in subsection (e)(2). The Secretary shall also, in carrying out the Secretary’s duties under this subsection, consult and coordinate with at least one organization made up of private sector businesses and associations partnered with Government entities to promote long-term financial security in retirement through savings.

“(c) PURPOSE OF NATIONAL SUMMIT.—The purpose of the National Summit shall be—

“(1) to increase the public awareness of the value of personal savings for retirement;

“(2) to advance the public’s knowledge and understanding of retirement savings and its critical importance to the future well-being of American workers and their families;

“(3) to facilitate the development of a broad-based, public education program to encourage and enhance individual commitment to a personal retirement savings strategy;

“(4) to identify the problems workers have in setting aside adequate savings for retirement;

“(5) to identify the barriers which employers, especially small employers, face in assisting their workers in accumulating retirement savings;

“(6) to examine the impact and effectiveness of individual employers to promote personal savings for retirement among their workers and to promote participation in company savings options;

“(7) to examine the impact and effectiveness of government programs at the Federal, State, and local levels to educate the public about, and to encourage, retirement income savings;

“(8) to develop such specific and comprehensive recommendations for the legislative and executive branches of the Government and for private sector action as may be appropriate for promoting private pensions and individual retirement savings; and

“(9) to develop recommendations for the coordination of Federal, State, and local retirement income savings initiatives among the Federal, State, and local levels of government and for the coordination of such initiatives.

“(d) SCOPE OF NATIONAL SUMMIT.—The scope of the National Summit shall consist of issues relating to individual and employer-based retirement savings and shall not include issues relating to the old-age, survivors, and disability insurance program under title II of the Social Security Act.

“(e) NATIONAL SUMMIT PARTICIPANTS.—

“(1) IN GENERAL.—To carry out the purposes of the National Summit, the National Summit shall bring together—

“(A) professionals and other individuals working in the fields of employee benefits and retirement savings;

“(B) Members of Congress and officials in the executive branch;

“(C) representatives of State and local governments;

“(D) representatives of private sector institutions, including individual employers, concerned about promoting the issue of retirement savings and facilitating savings among American workers; and

“(E) representatives of the general public.

“(2) STATUTORILY REQUIRED PARTICIPATION.—The participants in the National Summit shall include the following individuals or their designees:

“(A) the Speaker and the Minority Leader of the House of Representatives;

“(B) the Majority Leader and the Minority Leader of the Senate;

“(C) the Chairman and ranking Member of the Committee on Education and the Workforce of the House of Representatives;

“(D) the Chairman and ranking Member of the Committee on Labor and Human Resources of the Senate;

“(E) the Chairman and ranking Member of the Special Committee on Aging of the Senate;

“(F) the Chairman and ranking Member of the Subcommittees on Labor, Health and Human Services, and Education of the Senate and House of Representatives; and

“(G) the parties referred to in subsection (b).

“(3) ADDITIONAL PARTICIPANTS.—

“(A) IN GENERAL.—There shall be not more than 200 additional participants. Of such additional participants—

“(i) one-half shall be appointed by the President, in consultation with the elected leaders of the President’s party in Congress (either the Speaker of the House of Representatives or the Minority Leader of the House of Representatives, and either the Majority Leader or the Minority Leader of the Senate; and

“(ii) one-half shall be appointed by the elected leaders of Congress of the party to which the President does not belong (one-half of that allotment to be appointed by either the Speaker of the House of Representatives or the Minority Leader of the House of Representatives, and one-half of that allotment to be appointed by either the Majority Leader or the Minority Leader of the Senate).

“(B) APPOINTMENT REQUIREMENTS.—The additional participants described in subparagraph (A) shall be—

“(i) appointed not later than January 31, 1998;

“(ii) selected without regard to political affiliation or past partisan activity; and

“(iii) representative of the diversity of thought in the fields of employee benefits and retirement income savings.

“(4) PRESIDING OFFICERS.—The National Summit shall be presided over equally by representatives of the executive and legislative branches.

“(f) NATIONAL SUMMIT ADMINISTRATION.—

“(1) ADMINISTRATION.—In administering this section, the Secretary shall—

“(A) request the cooperation and assistance of such other Federal departments and agencies and other parties referred to in subsection (b) as may be appropriate in the carrying out of this section;

“(B) furnish all reasonable assistance to State agencies, area agencies, and other appropriate organizations to enable them to organize and conduct conferences in conjunction with the National Summit;

“(C) make available for public comment a proposed agenda for the National Summit that reflects to the greatest extent possible the purposes for the National Summit set out in this section;

“(D) prepare and make available background materials for the use of participants in the National Summit that the Secretary considers necessary; and

“(E) appoint and fix the pay of such additional personnel as may be necessary to carry out the provisions of this section without regard to provisions of title 5, United States Code, governing appointments in the competitive

Public
information.

service, and without regard to chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

“(2) DUTIES.—The Secretary shall, in carrying out the responsibilities and functions of the Secretary under this section, and as part of the National Summit, ensure that—

“(A) the National Summit shall be conducted in a manner that ensures broad participation of Federal, State, and local agencies and private organizations, professionals, and others involved in retirement income savings and provides a strong basis for assistance to be provided under paragraph (1)(B);

“(B) the agenda prepared under paragraph (1)(C) for the National Summit is published in the Federal Register; and

“(C) the personnel appointed under paragraph (1)(E) shall be fairly balanced in terms of points of views represented and shall be appointed without regard to political affiliation or previous partisan activities.

“(3) NONAPPLICATION OF FACA.—The provisions of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the National Summit.

“(g) REPORT.—The Secretary shall prepare a report describing the activities of the National Summit and shall submit the report to the President, the Speaker and Minority Leader of the House of Representatives, the Majority and Minority Leaders of the Senate, and the chief executive officers of the States not later than 90 days after the date on which the National Summit is adjourned.

“(h) DEFINITION.—For purposes of this section, the term ‘State’ means a State, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, and any other territory or possession of the United States.

“(i) AUTHORIZATION OF APPROPRIATIONS.—

“(1) IN GENERAL.—There is authorized to be appropriated for fiscal years beginning on or after October 1, 1997, such sums as are necessary to carry out this section.

“(2) AUTHORIZATION TO ACCEPT PRIVATE CONTRIBUTIONS.—In order to facilitate the National Summit as a public-private partnership, the Secretary may accept private contributions, in the form of money, supplies, or services, to defray the costs of the National Summit.

“(j) FINANCIAL OBLIGATION FOR FISCAL YEAR 1998.—The financial obligation for the Department of Labor for fiscal year 1998 shall not exceed the lesser of—

“(1) one-half of the costs of the National Summit; or

“(2) \$250,000.

The private sector organization described in subsection (b) and contracted with by the Secretary shall be obligated for the balance of the cost of the National Summit.

“(k) CONTRACTS.—The Secretary may enter into contracts to carry out the Secretary’s responsibilities under this section. The Secretary shall enter into a contract on a sole-source basis to ensure the timely completion of the National Summit in fiscal year 1998.”.

Federal Register,
publication.

(b) CONFORMING AMENDMENT.—The table of contents in section 1 of such Act, as amended by section 3 of this Act, is amended by inserting after the item relating to section 516 the following new item:

“Sec. 517. National Summit on Retirement Savings.”.

Approved November 19, 1997.

LEGISLATIVE HISTORY—H.R. 1377:

HOUSE REPORTS: No. 105–104 (Comm. on Education and the Workforce).

CONGRESSIONAL RECORD, Vol. 143 (1997):

May 21, considered and passed House.

Nov. 7, considered and passed Senate, amended.

Nov. 9, House concurred in Senate amendment.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Nov. 19, Presidential statement.



Public Law 105–93
105th Congress

An Act

Nov. 19, 1997
[H.R. 1479]

To designate the Federal building and United States courthouse located at 300 Northeast First Avenue in Miami, Florida, as the “David W. Dyer Federal Building and United States Courthouse”.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The Federal building and United States courthouse located at 300 Northeast First Avenue in Miami, Florida, shall be known and designated as the “David W. Dyer Federal Building and United States Courthouse”.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the Federal building referred to in section 1 shall be deemed to be a reference to the “David W. Dyer Federal Building and United States Courthouse”.

Approved November 19, 1997.

LEGISLATIVE HISTORY—H.R. 1479 (S. 681):

HOUSE REPORTS: No. 105–227 (Comm. on Transportation and Infrastructure).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Oct. 28, 29, considered and passed House.

Nov. 9, considered and passed Senate.



Public Law 105–94
105th Congress

An Act

To redesignate the United States courthouse located at 100 Franklin Street in Dublin, Georgia, as the “J. Roy Rowland United States Courthouse”.

Nov. 19, 1997
[H.R. 1484]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REDESIGNATION.

The United States courthouse located at 100 Franklin Street in Dublin, Georgia, and known as the Dublin Federal Courthouse, shall be known and designated as the “J. Roy Rowland United States Courthouse”.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the United States courthouse referred to in section 1 shall be deemed to be a reference to the “J. Roy Rowland United States Courthouse”.

Approved November 19, 1997.

LEGISLATIVE HISTORY—H.R. 1484 (S. 715):

HOUSE REPORTS: No. 105–226 (Comm. on Transportation and Infrastructure).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Oct. 28, 29, considered and passed House.

Nov. 9, considered and passed Senate.



Public Law 105–95
105th Congress

An Act

Nov. 19, 1997
[H.R. 1747]

To amend the John F. Kennedy Center Act to authorize the design and construction of additions to the parking garage and certain site improvements, and for other purposes.

John F. Kennedy
Center Parking
Improvement Act
of 1997.
20 USC 76h note.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “John F. Kennedy Center Parking Improvement Act of 1997”.

SEC. 2. PARKING GARAGE ADDITIONS AND SITE IMPROVEMENTS.

Section 3 of the John F. Kennedy Center Act (20 U.S.C. 76i) is amended—

(1) by striking the section heading and all that follows through “The Board” and inserting the following:

“SEC. 3. JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS.

“(a) IN GENERAL.—The Board”; and

(2) by adding at the end the following:

“(b) PARKING GARAGE ADDITIONS AND SITE IMPROVEMENTS.—

“(1) IN GENERAL.—Substantially in accordance with the plan entitled ‘Site Master Plan—Drawing Number 1997–2 April 29, 1997,’ and map number NCR 844/82571, the Board may design and construct—

“(A) an addition to the parking garage at each of the north and south ends of the John F. Kennedy Center for the Performing Arts; and

“(B) site improvements and modifications.

“(2) AVAILABILITY.—The plan shall be on file and available for public inspection in the office of the Secretary of the Center.

“(3) LIMITATION ON USE OF APPROPRIATED FUNDS.—No appropriated funds may be used to pay the costs (including the repayment of obligations incurred to finance costs) of—

“(A) the design and construction of an addition to the parking garage authorized under paragraph (1)(A);

“(B) the design and construction of site improvements and modifications authorized under paragraph (1)(B) that the Board specifically designates will be financed using sources other than appropriated funds; or

“(C) any project to acquire large screen format equipment for an interpretive theater, or to produce an interpretive film, that the Board specifically designates will be financed using sources other than appropriated funds.”.

SEC. 3. PEDESTRIAN AND VEHICULAR ACCESS.

(a) DUTIES OF THE BOARD.—Section 4(a)(1) of the John F. Kennedy Center Act (20 U.S.C. 76j(a)(1)) is amended—

- (1) by striking “and” at the end of subparagraph (G);
- (2) by striking the period at the end of subparagraph (H) and inserting “; and”; and
- (3) by adding at the end the following:

“(I) ensure that safe and convenient access to the site of the John F. Kennedy Center for the Performing Arts is provided for pedestrians and vehicles.”.

(b) POWERS OF THE BOARD.—Section 5 of such Act (20 U.S.C. 76k) is amended by adding at the end the following:

“(g) PEDESTRIAN AND VEHICULAR ACCESS.—Subject to approval of the Secretary of the Interior under section 4(a)(2)(F), the Board shall develop plans and carry out projects to improve pedestrian and vehicular access to the John F. Kennedy Center for the Performing Arts.”.

SEC. 4. DEFINITION OF BUILDING AND SITE.

Section 13 of the John F. Kennedy Center Act (20 U.S.C. 76s) and section 9(3) of the Act of October 24, 1951 (40 U.S.C. 193v), are each amended by inserting after “numbered 844/82563, and dated April 20, 1994” the following: “(as amended by the map entitled ‘Transfer of John F. Kennedy Center for the Performing Arts’, numbered 844/82563A and dated May 22, 1997)”.

Approved November 19, 1997.

LEGISLATIVE HISTORY—H.R. 1747 (S. 797):

HOUSE REPORTS: No. 105–130 (Comm. on Transportation and Infrastructure).

SENATE REPORTS: No. 105–30 accompanying S. 797 (Comm. on Environment and Public Works).

CONGRESSIONAL RECORD, Vol. 143 (1997):

June 17, considered and passed House.

Nov. 7, considered and passed Senate.



Public Law 105–96
105th Congress

An Act

Nov. 19, 1997
[H.R. 1787]

To assist in the conservation of Asian elephants by supporting and providing financial resources for the conservation programs of nations within the range of Asian elephants and projects of persons with demonstrated expertise in the conservation of Asian elephants.

Asian Elephant
Conservation Act
of 1997.
16 USC 4261
note.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Asian Elephant Conservation Act of 1997”.

16 USC 4261.

SEC. 2. FINDINGS.

The Congress finds the following:

(1) Asian elephant populations in nations within the range of Asian elephants have continued to decline to the point that the long-term survival of the species in the wild is in serious jeopardy.

(2) The Asian elephant is listed as an endangered species under section 4 of the Endangered Species Act of 1973 and under appendix I of the Convention on International Trade of Endangered Species of Wild Fauna and Flora.

(3) Because the challenges facing the conservation of Asian elephants are so great, resources to date have not been sufficient to cope with the continued loss of habitat and the consequent diminution of Asian elephant populations.

(4) The Asian elephant is a flagship species for the conservation of tropical forest habitats in which it is found and provides the consequent benefit from such conservation to numerous other species of wildlife including many other endangered species.

(5) Among the threats to the Asian elephant in addition to habitat loss are population fragmentation, human-elephant conflict, poaching for ivory, meat, hide, bones and teeth, and capture for domestication.

(6) To reduce, remove, or otherwise effectively address these threats to the long-term viability of populations of Asian elephants in the wild will require the joint commitment and effort of nations within the range of Asian elephants, the United States and other countries, and the private sector.

16 USC 4262.

SEC. 3. PURPOSES.

The purposes of this Act are the following:

(1) To perpetuate healthy populations of Asian elephants.

(2) To assist in the conservation and protection of Asian elephants by supporting the conservation programs of Asian elephant range states and the CITES Secretariat.

(3) To provide financial resources for those programs.

SEC. 4. DEFINITIONS.

16 USC 4263.

In this Act:

(1) The term “CITES” means the Convention on International Trade in Endangered Species of Wild Fauna and Flora, signed on March 3, 1973, and its appendices.

(2) The term “conservation” means the use of methods and procedures necessary to bring Asian elephants to the point at which there are sufficient populations in the wild to ensure that the species does not become extinct, including all activities associated with scientific resource management, such as conservation, protection, restoration, acquisition, and management of habitat; research and monitoring of known populations; assistance in the development of management plans for managed elephant ranges; CITES enforcement; law enforcement through community participation; translocation of elephants; conflict resolution initiatives; and community outreach and education.

(3) The term “Fund” means the Asian Elephant Conservation Fund established under section 6(a).

(4) The term “Secretary” means the Secretary of the Interior.

(5) The term “Administrator” means the Administrator of the Agency for International Development.

SEC. 5. ASIAN ELEPHANT CONSERVATION ASSISTANCE.

16 USC 4264.

(a) IN GENERAL.—The Secretary, subject to the availability of funds and in consultation with the Administrator, shall use amounts in the Fund to provide financial assistance for projects for the conservation of Asian elephants for which final project proposals are approved by the Secretary in accordance with this section.

(b) PROJECT PROPOSAL.—Any relevant wildlife management authority of a nation within the range of Asian elephants whose activities directly or indirectly affect Asian elephant populations, the CITES Secretariat, or any person with demonstrated expertise in the conservation of Asian elephants, may submit to the Secretary a project proposal under this section. Each proposal shall include the following:

(1) The name of the individual responsible for conducting the project.

(2) A succinct statement of the purposes of the project.

(3) A description of the qualifications of the individuals who will conduct the project.

(4) An estimate of the funds and time required to complete the project.

(5) Evidence of support of the project by appropriate governmental entities of countries in which the project will be conducted, if the Secretary determines that the support is required for the success of the project.

(6) Information regarding the source and amount of matching funding available to the applicant.

(7) Any other information the Secretary considers to be necessary for evaluating the eligibility of the project for funding under this Act.

(c) PROJECT REVIEW AND APPROVAL.—

(1) IN GENERAL.—Within 30 days after receiving a final project proposal, the Secretary shall provide a copy of the proposal to the Administrator. The Secretary shall review each final project proposal to determine if it meets the criteria set forth in subsection (d).

(2) CONSULTATION; APPROVAL OR DISAPPROVAL.—Not later than 6 months after receiving a final project proposal, and subject to the availability of funds, the Secretary, after consulting with the Administrator, shall—

(A) request written comments on the proposal from each country within which the project is to be conducted;

(B) after requesting those comments, approve or disapprove the proposal; and

(C) provide written notification of that approval or disapproval to the person who submitted the proposal, the Administrator, and each of those countries.

(d) CRITERIA FOR APPROVAL.—The Secretary may approve a final project proposal under this section if the project will enhance programs for conservation of Asian elephants by assisting efforts to—

(1) implement conservation programs;

(2) address the conflicts between humans and elephants that arise from competition for the same habitat;

(3) enhance compliance with provisions of CITES and laws of the United States or a foreign country that prohibit or regulate the taking or trade of Asian elephants or regulate the use and management of Asian elephant habitat;

(4) develop sound scientific information on the condition of Asian elephant habitat, Asian elephant population numbers and trends, or the threats to such habitat, numbers, or trends; or

(5) promote cooperative projects on those topics with other foreign governments, affected local communities, nongovernmental organizations, or others in the private sector.

(e) PROJECT SUSTAINABILITY.—To the maximum extent practical, in determining whether to approve project proposals under this section, the Secretary shall give consideration to projects which will enhance sustainable integrated conservation development programs to ensure effective, long-term conservation of Asian elephants.

(f) PROJECT REPORTING.—Each person who receives assistance under this section for a project shall provide periodic reports, as the Secretary considers necessary, to the Secretary and the Administrator. Each report shall include all information required by the Secretary, after consulting with the Administrator, for evaluating the progress and success of the project.

(g) MATCHING FUNDS.—In determining whether to approve project proposals under this section, the Secretary shall give priority to those projects for which there exists some measure of matching funds.

(h) LIMITATION ON USE FOR CAPTIVE BREEDING.—Amounts provided as a grant under this Act may not be used for captive breeding of Asian elephants other than for release in the wild.

SEC. 6. ASIAN ELEPHANT CONSERVATION FUND.

16 USC 4265.

(a) **ESTABLISHMENT.**—There is established in the general fund of the Treasury a separate account to be known as the “Asian Elephant Conservation Fund”, which shall consist of amounts deposited into the Fund by the Secretary of the Treasury under subsection (b).

(b) **DEPOSITS INTO THE FUND.**—The Secretary of the Treasury shall deposit into the Fund—

(1) all amounts received by the Secretary in the form of donations under subsection (d); and

(2) other amounts appropriated to the Fund.

(c) **USE.**—

(1) **IN GENERAL.**—Subject to paragraph (2), the Secretary may use amounts in the Fund without further appropriation to provide assistance under section 5.

(2) **ADMINISTRATION.**—Of amounts in the Fund available for each fiscal year, the Secretary may use not more than 3 percent to administer the Fund.

(d) **ACCEPTANCE AND USE OF DONATIONS.**—The Secretary may accept and use donations to provide assistance under section 5. Amounts received by the Secretary in the form of donations shall be transferred to the Secretary of the Treasury for deposit into the Fund.

SEC. 7. AUTHORIZATION OF APPROPRIATIONS.

16 USC 4266.

There are authorized to be appropriated to the Fund \$5,000,000 for each of fiscal years 1998, 1999, 2000, 2001, and 2002 to carry out this Act, which may remain available until expended.

Approved November 19, 1997.

LEGISLATIVE HISTORY—H.R. 1787 (S. 1287):**HOUSE REPORTS:** No. 105–266, Pt. 1 (Comm. on Resources).**SENATE REPORTS:** No. 105–142 accompanying S. 1287 (Comm. on Environment and Public Works).**CONGRESSIONAL RECORD**, Vol. 143 (1997):

Oct. 21, considered and passed House.

Nov. 8, considered and passed Senate.



Public Law 105–97
105th Congress

An Act

Nov. 19, 1997
[H.R. 2129]

To designate the United States Post Office located at 150 North 3rd Street in Steubenville, Ohio, as the “Douglas Applegate Post Office”.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The United States Post Office located at 150 North 3rd Street in Steubenville, Ohio, shall be known and designated as the “Douglas Applegate Post Office”.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the United States Post Office referred to in section 1 shall be deemed to be a reference to the “Douglas Applegate Post Office”.

Approved November 19, 1997.

LEGISLATIVE HISTORY—H.R. 2129:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Oct. 21, considered and passed House.

Nov. 9, considered and passed Senate.



Public Law 105–98
105th Congress

An Act

To amend title 38, United States Code, to provide a cost-of-living adjustment in the rates of disability compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for survivors of such veterans.

Nov. 19, 1997
[H.R. 2367]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCES TO TITLE 38, UNITED STATES CODE.

(a) **SHORT TITLE.**—This Act may be cited as the “Veterans’ Compensation Rate Amendments of 1997”.

(b) **REFERENCES.**—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

Veterans’
Compensation
Rate
Amendments
of 1997.
38 USC 101 note.

SEC. 2. DISABILITY COMPENSATION.

(a) **INCREASE IN RATES.**—Section 1114 is amended—

(1) by striking out “\$87” in subsection (a) and inserting in lieu thereof “\$95”;

(2) by striking out “\$166” in subsection (b) and inserting in lieu thereof “\$182”;

(3) by striking out “\$253” in subsection (c) and inserting in lieu thereof “\$279”;

(4) by striking out “\$361” in subsection (d) and inserting in lieu thereof “\$399”;

(5) by striking out “\$515” in subsection (e) and inserting in lieu thereof “\$569”;

(6) by striking out “\$648” in subsection (f) and inserting in lieu thereof “\$717”;

(7) by striking out “\$819” in subsection (g) and inserting in lieu thereof “\$905”;

(8) by striking out “\$948” in subsection (h) and inserting in lieu thereof “\$1,049”;

(9) by striking out “\$1,067” in subsection (i) and inserting in lieu thereof “\$1,181”;

(10) by striking out “\$1,774” in subsection (j) and inserting in lieu thereof “\$1,964”;

(11) in subsection (k)—

(A) by striking out “\$70” both places it appears and inserting in lieu thereof “\$75”; and

(B) by striking out “\$2,207” and “\$3,093” and inserting in lieu thereof “\$2,443” and “\$3,426”, respectively;

(12) by striking out “\$2,207” in subsection (l) and inserting in lieu thereof “\$2,443”;

(13) by striking out “\$2,432” in subsection (m) and inserting in lieu thereof “\$2,694”;

(14) by striking out “\$2,768” in subsection (n) and inserting in lieu thereof “\$3,066”;

(15) by striking out “\$3,093” each place it appears in subsections (o) and (p) and inserting in lieu thereof “\$3,426”;

(16) by striking out “\$1,328” and “\$1,978” in subsection (r) and inserting in lieu thereof “\$1,471” and “\$2,190”, respectively; and

(17) by striking out “\$1,985” in subsection (s) and inserting in lieu thereof “\$2,199”.

38 USC 1114
note.

(b) **SPECIAL RULE.**—The Secretary of Veterans Affairs may authorize administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85-857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

SEC. 3. ADDITIONAL COMPENSATION FOR DEPENDENTS.

Section 1115(1) is amended—

(1) by striking out “\$105” in clause (A) and inserting in lieu thereof “\$114”;

(2) by striking out “\$178” and “\$55” in clause (B) and inserting in lieu thereof “\$195” and “\$60”, respectively;

(3) by striking out “\$72” and “\$55” in clause (C) and inserting in lieu thereof “\$78” and “\$60”, respectively;

(4) by striking out “\$84” in clause (D) and inserting in lieu thereof “\$92”;

(5) by striking out “\$195” in clause (E) and inserting in lieu thereof “\$215”; and

(6) by striking out “\$164” in clause (F) and inserting in lieu thereof “\$180”.

SEC. 4. CLOTHING ALLOWANCE FOR CERTAIN DISABLED VETERANS.

Section 1162 is amended by striking out “\$478” and inserting in lieu thereof “\$528”.

SEC. 5. DEPENDENCY AND INDEMNITY COMPENSATION FOR SURVIVING SPOUSES.

(a) **NEW LAW RATES.**—Section 1311(a) is amended—

(1) by striking out “\$769” in paragraph (1) and inserting in lieu thereof “\$850”; and

(2) by striking out “\$169” in paragraph (2) and inserting in lieu thereof “\$185”.

(b) OLD LAW RATES.—The table in subsection (a)(3) is amended to read as follows:

“Pay grade	Monthly rate	Pay grade	Monthly rate
E-1	\$850	W-4	\$1,017
E-2	850	O-1	898
E-3	850	O-2	928
E-4	850	O-3	992
E-5	850	O-4	1,049
E-6	850	O-5	1,155
E-7	879	O-6	1,302
E-8	928	O-7	1,406
E-9	1,968	O-8	1,541
W-1	898	O-9	1,651
W-2	934	O-10	21,811
W-3	962		

“¹If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse’s rate shall be \$1,044.

“²If the veteran served as Chairman or Vice Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, Commandant of the Marine Corps, or Commandant of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse’s rate shall be \$1,941.”

(c) ADDITIONAL DIC FOR CHILDREN.—Section 1311(b) is amended by striking out “\$100” and all that follows and inserting in lieu thereof “\$215 for each such child.”

(d) AID AND ATTENDANCE ALLOWANCE.—Section 1311(c) is amended by striking out “\$195” and inserting in lieu thereof “\$215”.

(e) HOUSEBOUND RATE.—Section 1311(d) is amended by striking out “\$95” and inserting in lieu thereof “\$104”.

SEC. 6. DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN.

(a) DIC FOR ORPHAN CHILDREN.—Section 1313(a) is amended—

(1) by striking out “\$327” in paragraph (1) and inserting in lieu thereof “\$361”;

(2) by striking out “\$471” in paragraph (2) and inserting in lieu thereof “\$520”;

(3) by striking out “\$610” in paragraph (3) and inserting in lieu thereof “\$675”; and

(4) by striking out “\$610” and “\$120” in paragraph (4) and inserting in lieu thereof “\$675” and “\$132”, respectively.

(b) SUPPLEMENTAL DIC FOR DISABLED ADULT CHILDREN.—Section 1314 is amended—

(1) by striking out “\$195” in subsection (a) and inserting in lieu thereof “\$215”;

(2) by striking out “\$327” in subsection (b) and inserting in lieu thereof “\$361”; and

(3) by striking out “\$166” in subsection (c) and inserting in lieu thereof “\$182”.

SEC. 7. EFFECTIVE DATE.

The amendments made by this Act shall take effect on December 1, 1997.

Approved November 19, 1997.

LEGISLATIVE HISTORY—H.R. 2367 (S. 987):

HOUSE REPORTS: No. 105–320 (Comm. on Veterans' Affairs).

SENATE REPORTS: No. 105–120 accompanying S. 987 (Comm. on Veterans' Affairs).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Oct. 31, considered and passed House.

Nov. 5, considered and passed Senate.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Nov. 19, Presidential statement.



Public Law 105–99
105th Congress

An Act

To designate the United States Post Office located at 450 North Centre Street in Pottsville, Pennsylvania, as the “Peter J. McCloskey Postal Facility”.

Nov. 19, 1997
[H.R. 2564]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The United States Post Office located at 450 North Centre Street in Pottsville, Pennsylvania, shall be known and designated as the “Peter J. McCloskey Postal Facility”.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the United States Post Office referred to in section 1 shall be deemed to be a reference to the “Peter J. McCloskey Postal Facility”.

Approved November 19, 1997.

LEGISLATIVE HISTORY—H.R. 2564:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Oct. 21, considered and passed House.

Nov. 9, considered and passed Senate.



Public Law 105–100
105th Congress

An Act

Nov. 19, 1997
[H.R. 2607]

Making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1998, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the District of Columbia for the fiscal year ending September 30, 1998, and for other purposes, namely:

District of
Columbia
Appropriations
Act, 1998.

TITLE I—FISCAL YEAR 1998 APPROPRIATIONS

FEDERAL FUNDS

FEDERAL PAYMENT FOR MANAGEMENT REFORM

For payment to the District of Columbia, as authorized by section 11103(c) of the National Capital Revitalization and Self-Government Improvement Act of 1997, Public Law 105–33, \$8,000,000, to remain available until September 30, 1999, which shall be deposited into an escrow account of the District of Columbia Financial Responsibility and Management Assistance Authority and shall be disbursed from such escrow account pursuant to the instructions of the Authority only for a program of management reform pursuant to sections 11101–11106 of the District of Columbia Management Reform Act of 1997, Public Law 105–33.

FEDERAL CONTRIBUTION TO THE OPERATIONS OF THE NATION’S
CAPITAL

For a Federal contribution to the District of Columbia toward the costs of the operation of the government of the District of Columbia, \$190,000,000, which shall be deposited into an escrow account held by the District of Columbia Financial Responsibility and Management Assistance Authority, which shall allocate the funds to the Mayor at such intervals and in accordance with such terms and conditions as it considers appropriate to implement the financial plan for the year: *Provided*, That these funds may be used by the District of Columbia for the costs of advances to the District government as authorized by section 11402 of the National Capital Revitalization and Self-Government Improvement Act of 1997, Public Law 105–33: *Provided further*, That not less than \$30,000,000 shall be used by the District of Columbia to repay the accumulated general fund deficit.

FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA CORRECTIONS
TRUSTEE OPERATIONS

For payment to the District of Columbia Corrections Trustee, \$169,000,000 for the administration and operation of correctional facilities and for the administrative operating costs of the Office of the Corrections Trustee, as authorized by section 11202 of the National Capital Revitalization and Self-Government Improvement Act of 1997, Public Law 105-33.

FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA CORRECTIONS
TRUSTEE FOR CORRECTIONAL FACILITIES, CONSTRUCTION AND
REPAIR

For payment to the District of Columbia Corrections Trustee for Correctional Facilities, \$302,000,000, to remain available until expended, of which not less than \$294,900,000 is available for transfer to the Federal Prison System, as authorized by section 11202 of the National Capital Revitalization and Self-Government Improvement Act of 1997, Public Law 105-33.

FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA

CRIMINAL JUSTICE SYSTEM

(INCLUDING TRANSFER OF FUNDS)

Notwithstanding any other provision of law, \$108,000,000 for payment to the Joint Committee on Judicial Administration in the District of Columbia for operation of the District of Columbia Courts, including pension costs: *Provided*, That said sums shall be paid quarterly by the Treasury of the United States based on quarterly apportionments approved by the Office of Management and Budget, with payroll and financial services to be provided on a contractual basis with the General Services Administration, said services to include the preparation and submission of monthly financial reports to the President and to the Committees on Appropriations of the Senate and House of Representatives, the Committee on Governmental Affairs of the Senate, and the Committee on Government Reform and Oversight of the House of Representatives; of which not to exceed \$750,000 shall be available for establishment and operations of the District of Columbia Truth in Sentencing Commission as authorized by section 11211 of the National Capital Revitalization and Self-Government Improvement Act of 1997, Public Law 105-33.

Notwithstanding any other provision of law, for an additional amount, \$43,000,000, for payment to the Offender Supervision Trustee to be available only for obligation by the Offender Supervision Trustee; of which \$26,855,000 shall be available for Parole, Adult Probation and Offender Supervision; of which \$9,000,000 shall be available to the Public Defender Service; of which \$6,345,000 shall be available to the Pretrial Services Agency; and of which not to exceed \$800,000 shall be transferred to the United States Parole Commission to implement section 11231 of the National Capital Revitalization and Self-Government Improvement Act of 1997, Public Law 105-33.

DISTRICT OF COLUMBIA FUNDS

OPERATING EXPENSES

DIVISION OF EXPENSES

The following amounts are appropriated for the District of Columbia for the current fiscal year out of the general fund of the District of Columbia, except as otherwise specifically provided.

GOVERNMENTAL DIRECTION AND SUPPORT

Governmental direction and support, \$105,177,000 (including \$84,316,000 from local funds, \$14,013,000 from Federal funds, and \$6,848,000 from other funds): *Provided*, That not to exceed \$2,500 for the Mayor, \$2,500 for the Chairman of the Council of the District of Columbia, and \$2,500 for the City Administrator shall be available from this appropriation for official purposes: *Provided further*, That any program fees collected from the issuance of debt shall be available for the payment of expenses of the debt management program of the District of Columbia: *Provided further*, That no revenues from Federal sources shall be used to support the operations or activities of the Statehood Commission and Statehood Compact Commission: *Provided further*, That the District of Columbia shall identify the sources of funding for Admission to Statehood from its own locally generated revenues: *Provided further*, That \$240,000 shall be available for citywide special elections: *Provided further*, That all employees permanently assigned to work in the Office of the Mayor shall be paid from funds allocated to the Office of the Mayor.

ECONOMIC DEVELOPMENT AND REGULATION

Economic development and regulation, \$120,072,000 (including \$40,377,000 from local funds, \$42,065,000 from Federal funds, and \$37,630,000 from other funds), together with \$12,000,000 collected in the form of BID tax revenue collected by the District of Columbia on behalf of business improvement districts pursuant to the Business Improvement Districts Act of 1996, effective May 29, 1996 (D.C. Law 11-134; D.C. Code, sec. 1-2271 et seq.), and the Business Improvement Districts Temporary Amendment Act of 1997 (Bill 12-230).

PUBLIC SAFETY AND JUSTICE

Public safety and justice, including purchase or lease of 135 passenger-carrying vehicles for replacement only, including 130 for police-type use and five for fire-type use, without regard to the general purchase price limitation for the current fiscal year, \$529,739,000 (including \$510,326,000 from local funds, \$13,519,000 from Federal funds, and \$5,894,000 from other funds): *Provided*, That the Metropolitan Police Department is authorized to replace not to exceed 25 passenger-carrying vehicles and the Department of Fire and Emergency Medical Services of the District of Columbia is authorized to replace not to exceed five passenger-carrying vehicles annually whenever the cost of repair to any damaged vehicle exceeds three-fourths of the cost of the replacement: *Provided further*, That not to exceed \$500,000 shall be available from

this appropriation for the Chief of Police for the prevention and detection of crime: *Provided further*, That the Metropolitan Police Department shall provide quarterly reports to the Committees on Appropriations of the House and Senate on efforts to increase efficiency and improve the professionalism in the department: *Provided further*, That notwithstanding any other provision of law, or Mayor's Order 86-45, issued March 18, 1986, the Metropolitan Police Department's delegated small purchase authority shall be \$500,000: *Provided further*, That the District of Columbia government may not require the Metropolitan Police Department to submit to any other procurement review process, or to obtain the approval of or be restricted in any manner by any official or employee of the District of Columbia government, for purchases that do not exceed \$500,000: *Provided further*, That the Mayor shall reimburse the District of Columbia National Guard for expenses incurred in connection with services that are performed in emergencies by the National Guard in a militia status and are requested by the Mayor, in amounts that shall be jointly determined and certified as due and payable for these services by the Mayor and the Commanding General of the District of Columbia National Guard: *Provided further*, That such sums as may be necessary for reimbursement to the District of Columbia National Guard under the preceding proviso shall be available from this appropriation, and the availability of the sums shall be deemed as constituting payment in advance for emergency services involved: *Provided further*, That the Metropolitan Police Department is authorized to maintain 3,800 sworn officers, with leave for a 50 officer attrition: *Provided further*, That no more than 15 members of the Metropolitan Police Department shall be detailed or assigned to the Executive Protection Unit, until the Chief of Police submits a recommendation to the Council for its review: *Provided further*, That \$100,000 shall be available for inmates released on medical and geriatric parole: *Provided further*, That not less than \$2,254,754 shall be available to support a pay raise for uniformed firefighters, when authorized by the District of Columbia Council and the District of Columbia Financial Responsibility and Management Assistance Authority, which funding will be made available as savings achieved through actions within the appropriated budget: *Provided further*, That, commencing on December 31, 1997, the Metropolitan Police Department shall provide to the Committees on Appropriations of the Senate and House of Representatives, the Committee on Governmental Affairs of the Senate, and the Committee on Government Reform and Oversight of the House of Representatives, quarterly reports on the status of crime reduction in each of the 83 police service areas established throughout the District of Columbia: *Provided further*, That funds appropriated for expenses under the District of Columbia Criminal Justice Act, approved September 3, 1974 (88 Stat. 1090; Public Law 93-412; D.C. Code, sec. 11-2601 et seq.), for the fiscal year ending September 30, 1998, shall be available for obligations incurred under the Act in each fiscal year since inception in fiscal year 1975: *Provided further*, That funds appropriated for expenses under the District of Columbia Neglect Representation Equity Act of 1984, effective March 13, 1985 (D.C. Law 5-129; D.C. Code, sec. 16-2304), for the fiscal year ending September 30, 1998, shall be available for obligations incurred under the Act in each fiscal year since inception in fiscal year 1985: *Provided further*, That funds appropriated for expenses under

Reports.

Reports.

the District of Columbia Guardianship, Protective Proceedings, and Durable Power of Attorney Act of 1986, effective February 27, 1987 (D.C. Law 6-204; D.C. Code, sec. 21-2060), for the fiscal year ending September 30, 1998, shall be available for obligations incurred under the Act in each fiscal year since inception in fiscal year 1989.

PUBLIC EDUCATION SYSTEM

Public education system, including the development of national defense education programs, \$672,444,000 (including \$530,197,000 from local funds, \$112,806,000 from Federal funds, and \$29,441,000 from other funds), to be allocated as follows: \$564,129,000 (including \$460,143,000 from local funds, \$98,491,000 from Federal funds, and \$5,495,000 from other funds), for the public schools of the District of Columbia; \$8,900,000 from local funds for the District of Columbia Teachers' Retirement Fund; \$3,376,000 from local funds (not including funds already made available for District of Columbia public schools) for public charter schools: *Provided*, That if the entirety of this allocation has not been provided as payments to any public charter schools currently in operation through the per pupil funding formula, the funds shall be available for new public charter schools on a per pupil basis: *Provided further*, That \$400,000 be available to the District of Columbia Public Charter School Board for administrative costs: *Provided further*, That if the entirety of this allocation has not been provided as payment to one or more public charter schools by May 1, 1998, and remains unallocated, the funds shall be deposited into a special revolving loan fund described in section 172 of this Act to be used solely to assist existing or new public charter schools in meeting startup and operating costs: *Provided further*, That the Emergency Transitional Education Board of Trustees of the District of Columbia shall report to Congress not later than 120 days after the date of enactment of this Act on the capital needs of each public charter school and whether the current per pupil funding formula should reflect these needs: *Provided further*, That until the Emergency Transitional Education Board of Trustees reports to Congress as provided in the preceding proviso, the Emergency Transitional Education Board of Trustees shall take appropriate steps to provide public charter schools with assistance to meet capital expenses in a manner that is equitable with respect to assistance provided to other District of Columbia public schools: *Provided further*, That the Emergency Transitional Education Board of Trustees shall report to Congress not later than November 1, 1998, on the implementation of their policy to give preference to newly created District of Columbia public charter schools for surplus public school property; \$74,087,000 (including \$37,791,000 from local funds, \$12,804,000 from Federal funds, and \$23,492,000 from other funds) for the University of the District of Columbia; \$22,036,000 (including \$20,424,000 from local funds, \$1,158,000 from Federal funds, and \$454,000 from other funds) for the Public Library; \$2,057,000 (including \$1,704,000 from local funds and \$353,000 from Federal funds) for the Commission on the Arts and Humanities: *Provided further*, That the public schools of the District of Columbia are authorized to accept not to exceed 31 motor vehicles for exclusive use in the driver education program: *Provided further*, That not to exceed \$2,500 for the Superintendent of Schools, \$2,500 for

the President of the University of the District of Columbia, and \$2,000 for the Public Librarian shall be available from this appropriation for official purposes: *Provided further*, That not less than \$1,200,000 shall be available for local school allotments in a restricted line item: *Provided further*, That not less than \$4,500,000 shall be available to support kindergarten aides in a restricted line item: *Provided further*, That not less than \$2,800,000 shall be available to support substitute teachers in a restricted line item: *Provided further*, That not less than \$1,788,000 shall be available in a restricted line item for school counselors: *Provided further*, That this appropriation shall not be available to subsidize the education of nonresidents of the District of Columbia at the University of the District of Columbia, unless the Board of Trustees of the University of the District of Columbia adopts, for the fiscal year ending September 30, 1998, a tuition rate schedule that will establish the tuition rate for nonresident students at a level no lower than the nonresident tuition rate charged at comparable public institutions of higher education in the metropolitan area.

HUMAN SUPPORT SERVICES

Human support services, \$1,718,939,000 (including \$789,350,000 from local funds, \$886,702,000 from Federal funds, and \$42,887,000 from other funds): *Provided*, That \$21,089,000 of this appropriation, to remain available until expended, shall be available solely for District of Columbia employees' disability compensation: *Provided further*, That a peer review committee shall be established to review medical payments and the type of service received by a disability compensation claimant: *Provided further*, That the District of Columbia shall not provide free government services such as water, sewer, solid waste disposal or collection, utilities, maintenance, repairs, or similar services to any legally constituted private nonprofit organization (as defined in section 411(5) of Public Law 100-77, approved July 22, 1987) providing emergency shelter services in the District, if the District would not be qualified to receive reimbursement pursuant to the Stewart B. McKinney Homeless Assistance Act, approved July 22, 1987 (101 Stat. 485; Public Law 100-77; 42 U.S.C. 11301 et seq.).

PUBLIC WORKS

Public works, including rental of one passenger-carrying vehicle for use by the Mayor and three passenger-carrying vehicles for use by the Council of the District of Columbia and leasing of passenger-carrying vehicles, \$241,934,000 (including \$227,983,000 from local funds, \$3,350,000 from Federal funds, and \$10,601,000 from other funds): *Provided*, That this appropriation shall not be available for collecting ashes or miscellaneous refuse from hotels and places of business: *Provided further*, That \$3,000,000 shall be available for the lease financing, operation, and maintenance of two mechanical street sweepers, one flusher truck, five packer trucks, one front-end loader, and various public litter containers: *Provided further*, That \$2,400,000 shall be available for recycling activities.

FINANCING AND OTHER USES

Financing and other uses, \$454,773,000 (including for payment to the Washington Convention Center, \$5,400,000 from local funds; reimbursement to the United States of funds loaned in compliance with An Act to provide for the establishment of a modern, adequate, and efficient hospital center in the District of Columbia, approved August 7, 1946 (60 Stat. 896; Public Law 79-648); section 1 of An Act to authorize the Commissioners of the District of Columbia to borrow funds for capital improvement programs and to amend provisions of law relating to Federal Government participation in meeting costs of maintaining the Nation's Capital City, approved June 6, 1958 (72 Stat. 183; Public Law 85-451; D.C. Code, sec. 9-219); section 4 of An Act to authorize the Commissioners of the District of Columbia to plan, construct, operate, and maintain a sanitary sewer to connect the Dulles International Airport with the District of Columbia system, approved June 12, 1960 (74 Stat. 211; Public Law 86-515); and sections 723 and 743(f) of the District of Columbia Home Rule Act of 1973, approved December 24, 1973, as amended (87 Stat. 821; Public Law 93-198; D.C. Code, sec. 47-321, note; 91 Stat. 1156; Public Law 95-131; D.C. Code, sec. 9-219, note), including interest as required thereby, \$384,430,000 from local funds; for the purpose of eliminating the \$331,589,000 general fund accumulated deficit as of September 30, 1990, \$39,020,000 from local funds, as authorized by section 461(a) of the District of Columbia Home Rule Act, approved December 24, 1973, as amended (105 Stat. 540; Public Law 102-106; D.C. Code, sec. 47-321(a)(1); for payment of interest on short-term borrowing, \$12,000,000 from local funds; for lease payments in accordance with the Certificates of Participation involving the land site underlying the building located at One Judiciary Square, \$7,923,000 from local funds; for human resources development, including costs of increased employee training, administrative reforms, and an executive compensation system, \$6,000,000 from local funds); for equipment leases, the Mayor may finance \$13,127,000 of equipment cost, plus cost of issuance not to exceed two percent of the par amount being financed on a lease purchase basis with a maturity not to exceed five years: *Provided*, That \$75,000 is allocated to the Department of Corrections, \$8,000,000 for the Public Schools, \$50,000 for the Public Library, \$260,000 for the Department of Human Services, \$244,000 for the Department of Recreation and Parks, and \$4,498,000 for the Department of Public Works.

ENTERPRISE FUNDS

ENTERPRISE AND OTHER USES

Enterprise and other uses, \$15,725,000 (including for the Cable Television Enterprise Fund, established by the Cable Television Communications Act of 1981, effective October 22, 1983 (D.C. Law 5-36; D.C. Code, sec. 43-1801 et seq.), \$2,467,000 (including \$2,135,000 from local funds and \$332,000 from other funds); for the Public Service Commission, \$4,547,000 (including \$4,250,000 from local funds, \$117,000 from Federal funds, and \$180,000 from other funds); for the Office of the People's Counsel, \$2,428,000 from local funds; for the Office of Banking and Financial Institutions, \$600,000 (including \$100,000 from local funds and \$500,000

from other funds); for the Department of Insurance and Securities Regulation, \$5,683,000 from other funds).

WATER AND SEWER AUTHORITY AND THE WASHINGTON AQUEDUCT

For the Water and Sewer Authority and the Washington Aqueduct, \$297,310,000 from other funds (including \$263,425,000 for the Water and Sewer Authority and \$33,885,000 for the Washington Aqueduct) of which \$41,423,000 shall be apportioned and payable to the District's debt service fund for repayment of loans and interest incurred for capital improvement projects.

LOTTERY AND CHARITABLE GAMES CONTROL BOARD

For the Lottery and Charitable Games Control Board, established by the District of Columbia Appropriation Act for the fiscal year ending September 30, 1982, approved December 4, 1981 (95 Stat. 1174, 1175; Public Law 97-91), as amended, for the purpose of implementing the Law to Legalize Lotteries, Daily Numbers Games, and Bingo and Raffles for Charitable Purposes in the District of Columbia, effective March 10, 1981 (D.C. Law 3-172; D.C. Code, secs. 2-2501 et seq. and 22-1516 et seq.), \$213,500,000: *Provided*, That the District of Columbia shall identify the source of funding for this appropriation title from the District's own locally generated revenues: *Provided further*, That no revenues from Federal sources shall be used to support the operations or activities of the Lottery and Charitable Games Control Board.

STARPLEX FUND

For the Starplex Fund, \$5,936,000 from other funds for expenses incurred by the Armory Board in the exercise of its powers granted by An Act To Establish A District of Columbia Armory Board, and for other purposes, approved June 4, 1948 (62 Stat. 339; D.C. Code, sec. 2-301 et seq.) and the District of Columbia Stadium Act of 1957, approved September 7, 1957 (71 Stat. 619; Public Law 85-300; D.C. Code, sec. 2-321 et seq.): *Provided*, That the Mayor shall submit a budget for the Armory Board for the forthcoming fiscal year as required by section 442(b) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 824; Public Law 93-198; D.C. Code, sec. 47-301(b)).

D.C. GENERAL HOSPITAL

For the District of Columbia General Hospital, established by Reorganization Order No. 57 of the Board of Commissioners, effective August 15, 1953, \$97,019,000, of which \$44,335,000 shall be derived by transfer from the general fund and \$52,684,000 shall be derived from other funds.

D.C. RETIREMENT BOARD

For the D.C. Retirement Board, established by section 121 of the District of Columbia Retirement Reform Act of 1979, approved November 17, 1979 (93 Stat. 866; D.C. Code, sec. 1-711), \$16,762,000 from the earnings of the applicable retirement funds to pay legal, management, investment, and other fees and administrative expenses of the District of Columbia Retirement Board:

Reports.

Provided, That the District of Columbia Retirement Board shall provide to the Congress and to the Council of the District of Columbia a quarterly report of the allocations of charges by fund and of expenditures of all funds: *Provided further*, That the District of Columbia Retirement Board shall provide the Mayor, for transmittal to the Council of the District of Columbia, an itemized accounting of the planned use of appropriated funds in time for each annual budget submission and the actual use of such funds in time for each annual audited financial report.

CORRECTIONAL INDUSTRIES FUND

For the Correctional Industries Fund, established by the District of Columbia Correctional Industries Establishment Act, approved October 3, 1964 (78 Stat. 1000; Public Law 88-622), \$3,332,000 from other funds.

WASHINGTON CONVENTION CENTER ENTERPRISE FUND

For the Washington Convention Center Enterprise Fund, \$46,400,000, of which \$5,400,000 shall be derived by transfer from the general fund.

DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND
MANAGEMENT ASSISTANCE AUTHORITY

For the District of Columbia Financial Responsibility and Management Assistance Authority, established by section 101(a) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995, approved April 17, 1995 (109 Stat. 97; Public Law 104-8), \$3,220,000.

CAPITAL OUTLAY

Expiration date.

For construction projects, \$269,330,000 (including \$31,100,000 for the highway trust fund, \$105,485,000 from local funds, and \$132,745,000 in Federal funds), to remain available until expended: *Provided*, That funds for use of each capital project implementing agency shall be managed and controlled in accordance with all procedures and limitations established under the Financial Management System: *Provided further*, That all funds provided by this appropriation title shall be available only for the specific projects and purposes intended: *Provided further*, That notwithstanding the foregoing, all authorizations for capital outlay projects, except those projects covered by the first sentence of section 23(a) of the Federal-Aid Highway Act of 1968, approved August 23, 1968 (82 Stat. 827; Public Law 90-495; D.C. Code, sec. 7-134, note), for which funds are provided by this appropriation title, shall expire on September 30, 1999, except authorizations for projects as to which funds have been obligated in whole or in part prior to September 30, 1999: *Provided further*, That, upon expiration of any such project authorization, the funds provided herein for the project shall lapse.

DEFICIT REDUCTION AND REVITALIZATION

For deficit reduction and revitalization, \$201,090,000, to be deposited into an escrow account held by the District of Columbia Financial Responsibility and Management Assistance Authority

(hereafter in this section referred to as “Authority”), which shall allocate the funds to the Mayor, or such other District official as the Authority may deem appropriate, at such intervals and in accordance with such terms and conditions as the Authority considers appropriate: *Provided*, That these funds shall only be used for reduction of the accumulated general fund deficit; capital expenditures, including debt service; and management and productivity improvements, as allocated by the Authority: *Provided further*, That no funds may be obligated until a plan for their use is approved by the Authority: *Provided further*, That the Authority shall inform the Committees on Appropriations of the Senate and House of Representatives, the Committee on Governmental Affairs of the Senate, and the Committee on Government Reform and Oversight of the House of Representatives of the approved plans.

GENERAL PROVISIONS

SECTION 101. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to 5 U.S.C. 3109, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.

Contracts.
Public
information.

SEC. 102. Except as otherwise provided in this Act, all vouchers covering expenditures of appropriations contained in this Act shall be audited before payment by the designated certifying official and the vouchers as approved shall be paid by checks issued by the designated disbursing official.

SEC. 103. Whenever in this Act an amount is specified within an appropriation for particular purposes or objects of expenditure, such amount, unless otherwise specified, shall be considered as the maximum amount that may be expended for said purpose or object rather than an amount set apart exclusively therefor.

SEC. 104. Appropriations in this Act shall be available, when authorized by the Mayor, for allowances for privately owned automobiles and motorcycles used for the performance of official duties at rates established by the Mayor: *Provided*, That such rates shall not exceed the maximum prevailing rates for such vehicles as prescribed in the Federal Property Management Regulations 101-7 (Federal Travel Regulations).

SEC. 105. Appropriations in this Act shall be available for expenses of travel and for the payment of dues of organizations concerned with the work of the District of Columbia government, when authorized by the Mayor: *Provided*, That the Council of the District of Columbia and the District of Columbia Courts may expend such funds without authorization by the Mayor.

SEC. 106. There are appropriated from the applicable funds of the District of Columbia such sums as may be necessary for making refunds and for the payment of judgments that have been entered against the District of Columbia government: *Provided*, That nothing contained in this section shall be construed as modifying or affecting the provisions of section 11(c)(3) of title XII of the District of Columbia Income and Franchise Tax Act of 1947, approved March 31, 1956 (70 Stat. 78; Public Law 84-460; D.C. Code, sec. 47-1812.11(c)(3)).

SEC. 107. Appropriations in this Act shall be available for the payment of public assistance without reference to the requirement of section 544 of the District of Columbia Public Assistance Act of 1982, effective April 6, 1982 (D.C. Law 4-101; D.C. Code, sec. 3-205.44), and for the non-Federal share of funds necessary to qualify for Federal assistance under the Juvenile Delinquency Prevention and Control Act of 1968, approved July 31, 1968 (82 Stat. 462; Public Law 90-445; 42 U.S.C. 3801 et seq.).

SEC. 108. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 109. No funds appropriated in this Act for the District of Columbia government for the operation of educational institutions, the compensation of personnel, or for other educational purposes may be used to permit, encourage, facilitate, or further partisan political activities. Nothing herein is intended to prohibit the availability of school buildings for the use of any community or partisan political group during non-school hours.

SEC. 110. None of the funds appropriated in this Act shall be made available to pay the salary of any employee of the District of Columbia government whose name, title, grade, salary, past work experience, and salary history are not available for inspection by the House and Senate Committees on Appropriations, the Subcommittee on the District of Columbia of the House Committee on Government Reform and Oversight, the Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia of the Senate Committee on Governmental Affairs, and the Council of the District of Columbia, or their duly authorized representative.

SEC. 111. There are appropriated from the applicable funds of the District of Columbia such sums as may be necessary for making payments authorized by the District of Columbia Revenue Recovery Act of 1977, effective September 23, 1977 (D.C. Law 2-20; D.C. Code, sec. 47-421 et seq.).

SEC. 112. No part of this appropriation shall be used for publicity or propaganda purposes or implementation of any policy including boycott designed to support or defeat legislation pending before Congress or any State legislature.

Reports.

SEC. 113. At the start of the fiscal year, the Mayor shall develop an annual plan, by quarter and by project, for capital outlay borrowings: *Provided*, That within a reasonable time after the close of each quarter, the Mayor shall report to the Council of the District of Columbia and the Congress the actual borrowings and spending progress compared with projections.

SEC. 114. The Mayor shall not borrow any funds for capital projects unless the Mayor has obtained prior approval from the Council of the District of Columbia, by resolution, identifying the projects and amounts to be financed with such borrowings.

SEC. 115. The Mayor shall not expend any moneys borrowed for capital projects for the operating expenses of the District of Columbia government.

SEC. 116. None of the funds appropriated by this Act may be obligated or expended by reprogramming except pursuant to advance approval of the reprogramming granted according to the procedure set forth in the Joint Explanatory Statement of the Committee of Conference (House Report No. 96-443), which accompanied the District of Columbia Appropriation Act, 1980, approved

October 30, 1979 (93 Stat. 713; Public Law 96-93), as modified in House Report No. 98-265, and in accordance with the Reprogramming Policy Act of 1980, effective September 16, 1980 (D.C. Law 3-100; D.C. Code, sec. 47-361 et seq.): *Provided*, That for the fiscal year ending September 30, 1998 the above shall apply except as modified by Public Law 104-8.

Applicability.

SEC. 117. None of the Federal funds provided in this Act shall be obligated or expended to provide a personal cook, chauffeur, or other personal servants to any officer or employee of the District of Columbia.

SEC. 118. None of the Federal funds provided in this Act shall be obligated or expended to procure passenger automobiles as defined in the Automobile Fuel Efficiency Act of 1980, approved October 10, 1980 (94 Stat. 1824; Public Law 96-425; 15 U.S.C. 2001(2)), with an Environmental Protection Agency estimated miles per gallon average of less than 22 miles per gallon: *Provided*, That this section shall not apply to security, emergency rescue, or armored vehicles.

SEC. 119. (a) Notwithstanding section 422(7) of the District of Columbia Home Rule Act of 1973, approved December 24, 1973 (87 Stat. 790; Public Law 93-198; D.C. Code, sec. 1-242(7)), the City Administrator shall be paid, during any fiscal year, a salary at a rate established by the Mayor, not to exceed the rate established for level IV of the Executive Schedule under 5 U.S.C. 5315.

(b) For purposes of applying any provision of law limiting the availability of funds for payment of salary or pay in any fiscal year, the highest rate of pay established by the Mayor under subsection (a) of this section for any position for any period during the last quarter of calendar year 1997 shall be deemed to be the rate of pay payable for that position for September 30, 1997.

(c) Notwithstanding section 4(a) of the District of Columbia Redevelopment Act of 1945, approved August 2, 1946 (60 Stat. 793; Public Law 79-592; D.C. Code, sec. 5-803(a)), the Board of Directors of the District of Columbia Redevelopment Land Agency shall be paid, during any fiscal year, per diem compensation at a rate established by the Mayor.

SEC. 120. Notwithstanding any other provisions of law, the provisions of the District of Columbia Government Comprehensive Merit Personnel Act of 1978, effective March 3, 1979 (D.C. Law 2-139; D.C. Code, sec. 1-601.1 et seq.), enacted pursuant to section 422(3) of the District of Columbia Home Rule Act of 1973, approved December 24, 1973 (87 Stat. 790; Public Law 93-198; D.C. Code, sec. 1-242(3)), shall apply with respect to the compensation of District of Columbia employees: *Provided*, That for pay purposes, employees of the District of Columbia government shall not be subject to the provisions of title 5, United States Code.

Applicability.

SEC. 121. The Director of the Department of Administrative Services may pay rentals and repair, alter, and improve rented premises, without regard to the provisions of section 322 of the Economy Act of 1932 (Public Law 72-212; 40 U.S.C. 278a), based upon a determination by the Director that, by reason of circumstances set forth in such determination, the payment of these rents and the execution of this work, without reference to the limitations of section 322, is advantageous to the District in terms of economy, efficiency, and the District's best interest.

SEC. 122. No later than 30 days after the end of the first quarter of the fiscal year ending September 30, 1998, the Mayor

of the District of Columbia shall submit to the Council of the District of Columbia the new fiscal year 1998 revenue estimates as of the end of the first quarter of fiscal year 1998. These estimates shall be used in the budget request for the fiscal year ending September 30, 1999. The officially revised estimates at midyear shall be used for the midyear report.

SEC. 123. No sole source contract with the District of Columbia government or any agency thereof may be renewed or extended without opening that contract to the competitive bidding process as set forth in section 303 of the District of Columbia Procurement Practices Act of 1985, effective February 21, 1986 (D.C. Law 6-85; D.C. Code, sec. 1-1183.3), except that the District of Columbia government or any agency thereof may renew or extend sole source contracts for which competition is not feasible or practical: *Provided*, That the determination as to whether to invoke the competitive bidding process has been made in accordance with duly promulgated rules and procedures and said determination has been reviewed and approved by the District of Columbia Financial Responsibility and Management Assistance Authority.

SEC. 124. For purposes of the Balanced Budget and Emergency Deficit Control Act of 1985, approved December 12, 1985 (99 Stat. 1037; Public Law 99-177), as amended, the term “program, project, and activity” shall be synonymous with and refer specifically to each account appropriating Federal funds in this Act, and any sequestration order shall be applied to each of the accounts rather than to the aggregate total of those accounts: *Provided*, That sequestration orders shall not be applied to any account that is specifically exempted from sequestration by the Balanced Budget and Emergency Deficit Control Act of 1985, approved December 12, 1985 (99 Stat. 1037; Public Law 99-177), as amended.

Sequestration.

SEC. 125. In the event a sequestration order is issued pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, approved December 12, 1985 (99 Stat. 1037; Public Law 99-177), as amended, after the amounts appropriated to the District of Columbia for the fiscal year involved have been paid to the District of Columbia, the Mayor of the District of Columbia shall pay to the Secretary of the Treasury, within 15 days after receipt of a request therefor from the Secretary of the Treasury, such amounts as are sequestered by the order: *Provided*, That the sequestration percentage specified in the order shall be applied proportionately to each of the Federal appropriation accounts in this Act that are not specifically exempted from sequestration by the Balanced Budget and Emergency Deficit Control Act of 1985, approved December 12, 1985 (99 Stat. 1037; Public Law 99-177), as amended.

Applicability.

SEC. 126. (a) An entity of the District of Columbia government may accept and use a gift or donation during fiscal year 1998 if—

(1) the Mayor approves the acceptance and use of the gift or donation: *Provided*, That the Council of the District of Columbia may accept and use gifts without prior approval by the Mayor; and

(2) the entity uses the gift or donation to carry out its authorized functions or duties.

Records.
Public
information.

(b) Each entity of the District of Columbia government shall keep accurate and detailed records of the acceptance and use of any gift or donation under subsection (a) of this section, and shall make such records available for audit and public inspection.

(c) For the purposes of this section, the term “entity of the District of Columbia government” includes an independent agency of the District of Columbia.

(d) This section shall not apply to the District of Columbia Board of Education, which may, pursuant to the laws and regulations of the District of Columbia, accept and use gifts to the public schools without prior approval by the Mayor.

SEC. 127. None of the Federal funds provided in this Act may be used by the District of Columbia to provide for salaries, expenses, or other costs associated with the offices of United States Senator or United States Representative under section 4(d) of the District of Columbia Statehood Constitutional Convention Initiatives of 1979, effective March 10, 1981 (D.C. Law 3-171; D.C. Code, sec. 1-113(d)).

SEC. 128. The University of the District of Columbia shall submit to the Congress, the Mayor, the District of Columbia Financial Responsibility and Management Assistance Authority, and the Council of the District of Columbia no later than fifteen (15) calendar days after the end of each month a report that sets forth—

Reports.

(1) current month expenditures and obligations, year-to-date expenditures and obligations, and total fiscal year expenditure projections versus budget broken out on the basis of control center, responsibility center, and object class, and for all funds, non-appropriated funds, and capital financing;

(2) a list of each account for which spending is frozen and the amount of funds frozen, broken out by control center, responsibility center, detailed object, and for all funding sources;

(3) a list of all active contracts in excess of \$10,000 annually, which contains the name of each contractor; the budget to which the contract is charged, broken out on the basis of control center and responsibility center, and contract identifying codes used by the University of the District of Columbia; payments made in the last month and year-to-date, the total amount of the contract and total payments made for the contract and any modifications, extensions, renewals; and specific modifications made to each contract in the last month;

(4) all reprogramming requests and reports that have been made by the University of the District of Columbia within the last month in compliance with applicable law; and

(5) changes made in the last month to the organizational structure of the University of the District of Columbia, displaying previous and current control centers and responsibility centers, the names of the organizational entities that have been changed, the name of the staff member supervising each entity affected, and the reasons for the structural change.

SEC. 129. Funds authorized or previously appropriated to the government of the District of Columbia by this or any other Act to procure the necessary hardware and installation of new software, conversion, testing, and training to improve or replace its financial management system are also available for the acquisition of accounting and financial management services and the leasing of necessary hardware, software or any other related goods or services, as determined by the District of Columbia Financial Responsibility and Management Assistance Authority.

SEC. 130. Section 456 of the District of Columbia Home Rule Act of 1973, approved December 24, 1973 (87 Stat. 790; Public Law 93-198; D.C. Code, secs. 47-231 et seq.) is amended—

- (1) in subsection (a)(1), by—
 - (A) striking “1995” and inserting “1998”;
 - (B) striking “Mayor” and inserting “District of Columbia Financial Responsibility and Management Assistance Authority”; and
 - (C) striking “Committee on the District of Columbia” and inserting “Committee on Government Reform and Oversight”;
- (2) in subsection (b)(1), by—
 - (A) striking “1997” and inserting “1999”;
 - (B) striking “Mayor” and inserting “Authority”; and
 - (C) striking “Committee on the District of Columbia” and inserting “Committee on Government Reform and Oversight”;
- (3) in subsection (b)(3), by striking “Committee on the District of Columbia” and inserting “Committee on Government Reform and Oversight”;
- (4) in subsection (c)(1), by—
 - (A) striking “1995” and inserting “1997”;
 - (B) striking “Mayor” and inserting “Chief Financial Officer”; and
 - (C) striking “Committee on the District of Columbia” and inserting “Committee on Government Reform and Oversight”;
- (5) in subsection (c)(2)(A), by—
 - (A) striking “1997” and inserting “1999”;
 - (B) striking “Mayor” and inserting “Chief Financial Officer”; and
 - (C) striking “Committee on the District of Columbia” and inserting “Committee on Government Reform and Oversight”;
- (6) in subsection (c)(2)(B), by striking “Committee on the District of Columbia” and inserting “Committee on Government Reform and Oversight”; and
- (7) in subsection (d)(1), by—
 - (A) striking “1994” and inserting “1997”;
 - (B) striking “Mayor” and inserting “Chief Financial Officer”; and
 - (C) striking “Committee on the District of Columbia” and inserting “Committee on Government Reform and Oversight”.

Applicability.

SEC. 131. For purposes of the appointment of the head of a department of the government of the District of Columbia under section 11105(a) of the National Capital Revitalization and Self-Improvement Act of 1997, Public Law 105-33, the following rules shall apply:

- (1) After the Mayor notifies the Council under paragraph (1)(A)(ii) of such section of the nomination of an individual for appointment, the Council shall meet to determine whether to confirm or reject the nomination.
- (2) If the Council fails to confirm or reject the nomination during the 7-day period described in paragraph (1)(A)(iii) of such section, the Council shall be deemed to have confirmed the nomination.

(3) For purposes of paragraph (1)(B) of such section, if the Council does not confirm a nomination (or is not deemed to have confirmed a nomination) during the 30-day period described in such paragraph, the Mayor shall be deemed to have failed to nominate an individual during such period to fill the vacancy in the position of the head of the department.

SEC. 132. None of the funds appropriated under this Act shall be expended for any abortion except where the life of the mother would be endangered if the fetus were carried to term or where the pregnancy is the result of an act of rape or incest.

Abortion.

SEC. 133. None of the funds made available in this Act may be used to implement or enforce the Health Care Benefits Expansion Act of 1992 (D.C. Law 9-114; D.C. Code, sec. 36-1401 et seq.) or to otherwise implement or enforce any system of registration of unmarried, cohabiting couples (whether homosexual, heterosexual, or lesbian), including but not limited to registration for the purpose of extending employment, health, or governmental benefits to such couples on the same basis as such benefits are extended to legally married couples.

Domestic partners.

SEC. 134. The Emergency Transitional Education Board of Trustees shall submit to the Congress, the Mayor, the District of Columbia Financial Responsibility and Management Assistance Authority, and the Council of the District of Columbia no later than fifteen (15) calendar days after the end of each month a report that sets forth—

Reports.

(1) current month expenditures and obligations, year-to-date expenditures and obligations, and total fiscal year expenditure projections versus budget broken out on the basis of control center, responsibility center, agency reporting code, and object class, and for all funds, including capital financing;

(2) a list of each account for which spending is frozen and the amount of funds frozen, broken out by control center, responsibility center, detailed object, and agency reporting code, and for all funding sources;

(3) a list of all active contracts in excess of \$10,000 annually, which contains the name of each contractor; the budget to which the contract is charged, broken out on the basis of control center, responsibility center, and agency reporting code; and contract identifying codes used by the D.C. Public Schools; payments made in the last month and year-to-date, the total amount of the contract and total payments made for the contract and any modifications, extensions, renewals; and specific modifications made to each contract in the last month;

(4) all reprogramming requests and reports that are required to be, and have been, submitted to the Board of Education; and

(5) changes made in the last month to the organizational structure of the D.C. Public Schools, displaying previous and current control centers and responsibility centers, the names of the organizational entities that have been changed, the name of the staff member supervising each entity affected, and the reasons for the structural change.

SEC. 135. (a) IN GENERAL.—The Emergency Transitional Education Board of Trustees of the District of Columbia and the University of the District of Columbia shall annually compile an accurate and verifiable report on the positions and employees in

Records.
Reports.

the public school system and the university, respectively. The annual report shall set forth—

(1) the number of validated schedule A positions in the District of Columbia public schools and the University of the District of Columbia for fiscal year 1997, fiscal year 1998, and thereafter on a full-time equivalent basis, including a compilation of all positions by control center, responsibility center, funding source, position type, position title, pay plan, grade, and annual salary; and

(2) a compilation of all employees in the District of Columbia public schools and the University of the District of Columbia as of the preceding December 31, verified as to its accuracy in accordance with the functions that each employee actually performs, by control center, responsibility center, agency reporting code, program (including funding source), activity, location for accounting purposes, job title, grade and classification, annual salary, and position control number.

(b) SUBMISSION.—The annual report required by subsection (a) of this section shall be submitted to the Congress, the Mayor, the District of Columbia Council, the Consensus Commission, and the Authority, not later than February 15 of each year.

Effective date.

SEC. 136. (a) No later than October 1, 1997, or within 15 calendar days after the date of the enactment of the District of Columbia Appropriations Act, 1998, whichever occurs later, and each succeeding year, the Emergency Transitional Education Board of Trustees and the University of the District of Columbia shall submit to the appropriate congressional committees, the Mayor, the District of Columbia Council, the Consensus Commission, and the District of Columbia Financial Responsibility and Management Assistance Authority, a revised appropriated funds operating budget for the public school system and the University of the District of Columbia for such fiscal year that is in the total amount of the approved appropriation and that realigns budgeted data for personal services and other-than-personal services, respectively, with anticipated actual expenditures.

(b) The revised budget required by subsection (a) of this section shall be submitted in the format of the budget that the Emergency Transitional Education Board of Trustees and the University of the District of Columbia submit to the Mayor of the District of Columbia for inclusion in the Mayor's budget submission to the Council of the District of Columbia pursuant to section 442 of the District of Columbia Home Rule Act, Public Law 93-198, as amended (D.C. Code, sec. 47-301).

SEC. 137. The Emergency Transitional Education Board of Trustees, the Board of Trustees of the University of the District of Columbia, the Board of Library Trustees, and the Board of Governors of the University of the District of Columbia School of Law shall vote on and approve their respective annual or revised budgets before submission to the Mayor of the District of Columbia for inclusion in the Mayor's budget submission to the Council of the District of Columbia in accordance with section 442 of the District of Columbia Home Rule Act, Public Law 93-198, as amended (D.C. Code, sec. 47-301), or before submitting their respective budgets directly to the Council.

SEC. 138. (a) CEILING ON TOTAL OPERATING EXPENSES.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the total amount appropriated in this Act for operating expenses for the District of Columbia for fiscal year 1998 under the caption “Division of Expenses” shall not exceed the lesser of—

(A) the sum of the total revenues of the District of Columbia for such fiscal year; or

(B) \$4,811,906,000 (of which \$118,269,000 shall be from intra-District funds), which amount may be increased by the following:

(i) proceeds of one-time transactions, which are expended for emergency or unanticipated operating or capital needs approved by the District of Columbia Financial Responsibility and Management Assistance Authority; and

(ii) additional expenditures which the Chief Financial Officer of the District of Columbia certifies will produce additional revenues during such fiscal year at least equal to 200 percent of such additional expenditures, and which are approved by the District of Columbia Financial Responsibility and Management Assistance Authority.

(C) to the extent that the sum of the total revenues of the District of Columbia for such fiscal year exceed the total amount provided for in subparagraph (B) above, the Chief Financial Officer of the District of Columbia, with the approval of the District of Columbia Financial Responsibility and Management Assistance Authority, may credit up to ten percent (10%) of the amount of such difference, not to exceed \$3,300,000, to a reserve fund which may be expended for operating purposes in future fiscal years, in accordance with the financial plans and budgets for such years.

(2) ENFORCEMENT.—The Chief Financial Officer of the District of Columbia and the District of Columbia Financial Responsibility and Management Assistance Authority (hereafter in this section referred to as “Authority”) shall take such steps as are necessary to assure that the District of Columbia meets the requirements of this section, including the apportioning by the Chief Financial Officer of the appropriations and funds made available to the District during fiscal year 1998, except that the Chief Financial Officer may not reprogram for operating expenses any funds derived from bonds, notes, or other obligations issued for capital projects.

(b) ACCEPTANCE AND USE OF GRANTS NOT INCLUDED IN CEILING.—

(1) IN GENERAL.—Notwithstanding subsection (a), the Mayor in consultation with the Chief Financial Officer of the District of Columbia during a control year, as defined in section 305(4) of Public Law 104-8, as amended, 109 Stat. 152, may accept, obligate, and expend Federal, private, and other grants received by the District government that are not reflected in the amounts appropriated in this Act.

(2) REQUIREMENT OF CHIEF FINANCIAL OFFICER REPORT AND FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY APPROVAL.—No such Federal, private, or other grant

may be accepted, obligated, or expended pursuant to paragraph (1) until—

(A) the Chief Financial Officer of the District submits to the Authority a report setting forth detailed information regarding such grant; and

(B) the Authority has reviewed and approved the acceptance, obligation, and expenditure of such grant in accordance with review and approval procedures consistent with the provisions of the District of Columbia Financial Responsibility and Management Assistance Act of 1995.

(3) PROHIBITION ON SPENDING IN ANTICIPATION OF APPROVAL OR RECEIPT.—No amount may be obligated or expended from the general fund or other funds of the District government in anticipation of the approval or receipt of a grant under paragraph (2)(B) or in anticipation of the approval or receipt of a Federal, private, or other grant not subject to such paragraph.

(4) MONTHLY REPORTS.—The Chief Financial Officer of the District of Columbia shall prepare a monthly report setting forth detailed information regarding all Federal, private, and other grants subject to this subsection. Each such report shall be submitted to the Council of the District of Columbia, and to the Committees on Appropriations of the House of Representatives and the Senate, not later than 15 days after the end of the month covered by the report.

(c) REPORT ON EXPENDITURES BY FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY.—Not later than 20 calendar days after the end of each fiscal quarter starting October 1, 1997, the District of Columbia Financial Responsibility and Management Assistance Authority shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Government Reform and Oversight of the House, and the Committee on Governmental Affairs of the Senate providing an itemized accounting of all non-appropriated funds obligated or expended by the Authority for the quarter. The report shall include information on the date, amount, purpose, and vendor name, and a description of the services or goods provided with respect to the expenditures of such funds.

SEC. 139. The District of Columbia Emergency Transitional Education Board of Trustees shall, subject to the contract approval provisions of Public Law 104-8—

(A) develop a comprehensive plan to identify and accomplish energy conservation measures to achieve maximum cost-effective energy and water savings;

(B) enter into innovative financing and contractual mechanisms including, but not limited to, utility demand-side management programs and energy savings performance contracts and water conservation performance contracts: *Provided*, That the terms of such contracts do not exceed 25 years; and

(C) permit and encourage each department or agency and other instrumentality of the District of Columbia to participate in programs conducted by any gas, electric or water utility of the management of electricity or gas demand or for energy or water conservation.

SEC. 140. If a department or agency of the government of the District of Columbia is under the administration of a court-appointed receiver or other court-appointed official during fiscal

year 1998 or any succeeding fiscal year, the receiver or official shall prepare and submit to the Mayor, for inclusion in the annual budget of the District of Columbia for the year, annual estimates of the expenditures and appropriations necessary for the maintenance and operation of the department or agency. All such estimates shall be forwarded by the Mayor to the Council, for its action pursuant to sections 446 and 603(c) of the District of Columbia Home Rule Act, without revision but subject to the Mayor's recommendations. Notwithstanding any provision of the District of Columbia Home Rule Act, the Council may comment or make recommendations concerning such annual estimates but shall have no authority under such Act to revise such estimates.

SEC. 141. In addition to amounts appropriated or otherwise made available, \$12,000,000 is hereby appropriated to the National Park Service and shall be available only for the United States Park Police operations in the District of Columbia.

SEC. 142. The District government shall maintain for fiscal year 1998 the same funding levels as provided in fiscal year 1997 for homeless services in the District of Columbia.

SEC. 143. The District of Columbia Financial Responsibility and Management Assistance Authority and the Chief Executive Officer of the District of Columbia public schools are hereby directed to report to the Appropriations Committees of the Senate and the House of Representatives, the Senate Committee on Governmental Affairs and the Committee on Government Reform and Oversight of the House of Representatives not later than April 1, 1998, on all measures necessary and steps to be taken to ensure that the District's public schools open on time to begin the 1998-1999 academic year. Reports.

SEC. 144. There are appropriated from applicable funds of the District of Columbia such sums as may be necessary to hire 12 additional inspectors for the Alcoholic Beverage Commission. Of the additional inspectors, 6 shall focus their responsibilities on the enforcement of laws relating to the sale of alcohol to minors.

SEC. 145. (a) Not later than 6 months after the date of enactment of this Act, the General Accounting Office shall conduct and submit to Congress a study of—

(1) the District of Columbia's alcoholic beverage tax structure and its relation to surrounding jurisdictions;

(2) the effects of the District of Columbia's lower excise taxes on alcoholic beverages on consumption of alcoholic beverages in the District of Columbia;

(3) ways in which the District of Columbia's tax structure can be revised to bring it into conformity with the higher levels in surrounding jurisdictions; and

(4) ways in which those increased revenues can be used to lower consumption and promote abstinence from alcohol among young people.

(b) The study should consider whether—

(1) alcohol is being sold in proximity to schools and other areas where children are likely to be; and

(2) creation of alcohol-free zones in areas frequented by children would be useful in deterring underage alcohol consumption.

SEC. 146. (a) Of the amounts appropriated in this Act to the District of Columbia, funds may be expended to—

(1) hire 5 additional inspectors for the Department of Consumer and Regulatory Affairs to focus on monitoring day care centers and home day care operations; and

(2) hire 5 additional Department of Human Services monitors to focus on selecting quality day care centers eligible for public financing and monitoring safety standards at such centers.

(b) Nothing in this section shall be deemed to supersede or otherwise preempt the development and implementation of the management reform plan for the Department of Consumer and Regulatory Affairs and the Department of Human Services as authorized in the District of Columbia Management Reform Act of 1997 (subtitle B, title XI, Public Law 105-33).

Nation's Capital
Bicentennial
Designation Act.

SEC. 147. (a) SHORT TITLE; FINDINGS; PURPOSE.—

(1) SHORT TITLE.—This section may be cited as the “Nation’s Capital Bicentennial Designation Act”.

(2) FINDINGS.—The Senate finds that—

(A) the year 2000 will mark the 200th anniversary of Washington, D.C. as the Nation’s permanent capital, commencing when the Government moved from Philadelphia to the Federal City;

(B) the framers of the Constitution provided for the establishment of a special district to serve as “the seat of Government of the United States”;

(C) the site for the city was selected under the direction of President George Washington, with construction initiated in 1791;

(D) in submitting his design to Congress, Major Pierre Charles L’Enfant included numerous parks, fountains, and sweeping avenues designed to reflect a vision as grand and as ambitious as the American experience itself;

(E) the capital city was named after President George Washington to commemorate and celebrate his triumph in building the Nation;

(F) as the seat of Government of the United States for almost 200 years, the Nation’s capital has been a center of American culture and a world symbol of freedom and democracy;

(G) from Washington, D.C., President Abraham Lincoln labored to preserve the Union and the Reverend Martin Luther King, Jr. led an historic march that energized the civil rights movement, reminding America of its promise of liberty and justice for all; and

(H) the Government of the United States must continually work to ensure that the Nation’s capital is and remains the shining city on the hill.

(3) PURPOSE.—The purposes of this section are to—

(A) designate the year 2000 as the “Year of National Bicentennial Celebration for Washington, D.C.—the Nation’s Capital”; and

(B) establish the Presidents’ Day holiday in the year 2000 as a day of national celebration for the 200th anniversary of Washington, D.C.

(b) NATION’S CAPITAL NATIONAL BICENTENNIAL.—

(1) IN GENERAL.—The year 2000 is designated as the “Year of the National Bicentennial Celebration for Washington, D.C.—the Nation’s Capital” and the Presidents’ Day Federal holiday

in the year 2000 is designated as a day of national celebration for the 200th anniversary of Washington, D.C.

(2) SENSE OF THE SENATE.—It is the sense of the Senate that all Federal entities should coordinate with and assist the Nation's Capital Bicentennial Celebration, a nonprofit 501(c)(3) entity, organized and operating pursuant to the laws of the District of Columbia, to ensure the success of events and projects undertaken to renew and celebrate the bicentennial of the establishment of Washington, D.C. as the Nation's capital.

SEC. 148. Notwithstanding section 602(c)(1) of the District of Columbia Home Rule Act (D.C. Code, sec. 1-233(c)(1)), General Obligation Bond Act of 1998 (D.C. Bill 12-371), if enacted by the Council of the District of Columbia and approved by the District of Columbia Financial Responsibility and Management Assistance Authority, shall take effect on the date of such approval or the date of the enactment of this Act, whichever is later.

SEC. 149. (a) Notwithstanding any other provision of law, rule, or regulation, an employee of the District of Columbia public schools shall be—

(1) classified as an Educational Service employee;

(2) placed under the personnel authority of the Board of Education; and

(3) subject to all Board of Education rules.

(b) School-based personnel shall constitute a separate competitive area from nonschool-based personnel who shall not compete with school-based personnel for retention purposes.

SEC. 150. (a) RESTRICTIONS ON USE OF OFFICIAL VEHICLES.—

(1) None of the funds made available by this Act or by any other Act may be used to provide any officer or employee of the District of Columbia with an official vehicle unless the officer or employee uses the vehicle only in the performance of the officer's or employee's official duties. For purposes of this paragraph, the term "official duties" does not include travel between the officer's or employee's residence and workplace (except in the case of a police officer who resides in the District of Columbia).

(2) The Chief Financial Officer of the District of Columbia shall submit, by December 15, 1997, an inventory, as of September 30, 1997, of all vehicles owned, leased or operated by the District of Columbia government. The inventory shall include, but not be limited to, the department to which the vehicle is assigned; the year and make of the vehicle; the acquisition date and cost; the general condition of the vehicle; annual operating and maintenance costs; current mileage; and whether the vehicle is allowed to be taken home by a District officer or employee and if so, the officer or employee's title and resident location.

Records.

(b) SOURCE OF PAYMENT FOR EMPLOYEES DETAILED WITHIN GOVERNMENT.—For purposes of determining the amount of funds expended by any entity within the District of Columbia government during fiscal year 1998 and each succeeding fiscal year, any expenditures of the District government attributable to any officer or employee of the District government who provides services which are within the authority and jurisdiction of the entity (including any portion of the compensation paid to the officer or employee attributable to the time spent in providing such services) shall be treated as expenditures made from the entity's budget, without

regard to whether the officer or employee is assigned to the entity or otherwise treated as an officer or employee of the entity.

(c) RESTRICTING PROVIDERS FROM WHOM EMPLOYEES MAY RECEIVE DISABILITY COMPENSATION SERVICES.—

(1) IN GENERAL.—Section 2303(a) of the District of Columbia Comprehensive Merit Personnel Act of 1978 (D.C. Code, sec. 1-624.3(a)) is amended by striking paragraph (3) and all that follows and inserting the following:

“(3) By or on the order of the District of Columbia government medical officers and hospitals, or by or on the order of a physician or managed care organization designated or approved by the Mayor.”.

(2) SERVICES FURNISHED.—Section 2303 of such Act (D.C. Code, sec. 1-624.3) is amended by adding at the end the following new subsection:

“(c)(1) An employee to whom services, appliances, or supplies are furnished pursuant to subsection (a) shall be provided with such services, appliances, and supplies (including reasonable transportation incident thereto) by a managed care organization or other health care provider designated by the Mayor, in accordance with such rules, regulations, and instructions as the Mayor considers appropriate.

“(2) Any expenses incurred as a result of furnishing services, appliances, or supplies which are authorized by the Mayor under paragraph (1) shall be paid from the Employees’ Compensation Fund.

“(3) Any medical service provided pursuant to this subsection shall be subject to utilization review under section 2323.”.

(3) REPEAL PENALTY FOR DELAYED PAYMENT OF COMPENSATION.—Section 2324 of such Act (D.C. Code, sec. 1-624.24) is amended by striking subsection (c).

(4) DEFINITIONS.—Section 2301 of such Act (D.C. Code, sec. 1-624.1) is amended—

(A) in the first sentence of subsection (c), by inserting “and as designated by the Mayor to provide services to injured employees” after “State law”; and

(B) by adding at the end the following new subsection:

“(r)(1) The term ‘managed care organization’ means an organization of physicians and allied health professionals organized to and capable of providing systematic and comprehensive medical care and treatment of injured employees which is designated by the Mayor to provide such care and treatment under this title.

“(2) The term ‘allied health professional’ means a medical care provider (including a nurse, physical therapist, laboratory technician, X-ray technician, social worker, or other provider who provides such care within the scope of practice under applicable law) who is employed by or affiliated with a managed care organization.”.

(5) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to services, supplies, or appliances furnished under title XXIII of the District of Columbia Merit Personnel Act of 1978 on or after the date of the enactment of this Act.

(d) MODIFICATION OF REDUCTION IN FORCE PROCEDURES.—The District of Columbia Government Comprehensive Merit Personnel Act of 1978 (D.C. Code, sec. 1-601.1 et seq.), as amended by section 140(b) of the District of Columbia Appropriations Act, 1997 (Public

Applicability.

Law 104-194), is amended by adding at the end the following new section:

“SEC. 2408. ABOLISHMENT OF POSITIONS FOR FISCAL YEAR 1998.

“(a) Notwithstanding any other provision of law, regulation, or collective bargaining agreement either in effect or to be negotiated while this legislation is in effect for the fiscal year ending September 30, 1998, each agency head is authorized, within the agency head’s discretion, to identify positions for abolishment.

“(b) Prior to February 1, 1998, each personnel authority (other than a personnel authority of an agency which is subject to a management reform plan under subtitle B of title XI of the Balanced Budget Act of 1997) shall make a final determination that a position within the personnel authority is to be abolished.

“(c) Notwithstanding any rights or procedures established by any other provision of this title, any District government employee, regardless of date of hire, who encumbers a position identified for abolishment shall be separated without competition or assignment rights, except as provided in this section.

“(d) An employee affected by the abolishment of a position pursuant to this section who, but for this section would be entitled to compete for retention, shall be entitled to one round of lateral competition pursuant to Chapter 24 of the District of Columbia Personnel Manual, which shall be limited to positions in the employee’s competitive level.

“(e) Each employee selected for separation pursuant to this section shall be given written notice of at least 30 days before the effective date of his or her separation. Notice.

“(f) Neither the establishment of a competitive area smaller than an agency, nor the determination that a specific position is to be abolished, nor separation pursuant to this section shall be subject to review except that—

“(1) an employee may file a complaint contesting a determination or a separation pursuant to title XV of this Act or section 303 of the Human Rights Act of 1977 (D.C. Code, sec. 1-2543); and

“(2) an employee may file with the Office of Employee Appeals an appeal contesting that the separation procedures of subsections (d) and (e) were not properly applied.

“(g) An employee separated pursuant to this section shall be entitled to severance pay in accordance with title XI of this Act, except that the following shall be included in computing creditable service for severance pay for employees separated pursuant to this section— Severance pay.

“(1) four years for an employee who qualified for veterans preference under this Act, and

“(2) three years for an employee who qualified for residency preference under this Act.

“(h) Separation pursuant to this section shall not affect an employee’s rights under either the Agency Reemployment Priority Program or the Displaced Employee Program established pursuant to Chapter 24 of the District Personnel Manual.

“(i) With respect to agencies which are not subject to a management reform plan under subtitle B of title XI of the Balanced Budget Act of 1997, the Mayor shall submit to the Council a listing of all positions to be abolished by agency and responsibility Listing.

Termination
notice.

center by March 1, 1998 or upon the delivery of termination notices to individual employees.

“(j) Notwithstanding the provisions of section 1708 or section 2402(d), the provisions of this Act shall not be deemed negotiable.

“(k) A personnel authority shall cause a 30-day termination notice to be served, no later than September 1, 1998, on any incumbent employee remaining in any position identified to be abolished pursuant to subsection (b) of this section.

“(l) In the case of an agency which is subject to a management reform plan under subtitle B of title XI of the Balanced Budget Act of 1997, the authority provided by this section shall be exercised to carry out the agency’s management reform plan, and this section shall otherwise be implemented solely in a manner consistent with such plan.”

SEC. 151. (a) COMPLIANCE WITH BUY AMERICAN ACT.—None of the funds made available in this Act may be expended by an entity unless the entity agrees that in expending the funds the entity will comply with the Buy American Act (41 U.S.C. 10a–10c).

(b) SENSE OF CONGRESS; REQUIREMENT REGARDING NOTICE.—

(1) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—In the case of any equipment or product that may be authorized to be purchased with financial assistance provided using funds made available in this Act, it is the sense of the Congress that entities receiving the assistance should, in expending the assistance, purchase only American-made equipment and products to the greatest extent practicable.

(2) NOTICE TO RECIPIENTS OF ASSISTANCE.—In providing financial assistance using funds made available in this Act, the head of each agency of the Federal or District of Columbia government shall provide to each recipient of the assistance a notice describing the statement made in paragraph (1) by the Congress.

(c) PROHIBITION OF CONTRACTS WITH PERSONS FALSELY LABELING PRODUCTS AS MADE IN AMERICA.—If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a “Made in America” inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, the person shall be ineligible to receive any contract or subcontract made with funds made available in this Act, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

SEC. 152. (a) CAP ON STIPENDS OF RETIREMENT BOARD MEMBERS.—Section 121(c)(1) of the District of Columbia Retirement Reform Act (D.C. Code, sec. 1-711(c)(1)) is amended by striking the period at the end and inserting the following: “, and the total amount to which a member may be entitled under this subsection during a year (beginning with 1998) may not exceed \$5,000.”

(b) RESUMPTION OF CERTAIN TERMINATED ANNUITIES PAID TO CHILD SURVIVORS OF DISTRICT OF COLUMBIA POLICE AND FIRE-FIGHTERS.—

(1) IN GENERAL.—Subsection (k)(5) of the Policemen and Firemen’s Retirement and Disability Act (D.C. Code, sec. 4-622(e)) is amended by adding at the end the following new subparagraph:

“(D) If the annuity of a child under subparagraph (A) or subparagraph (B) terminates because of marriage and such marriage ends, the annuity shall resume on the first day of the month in which it ends, but only if the individual is not otherwise ineligible for the annuity.”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to any termination of marriage taking effect on or after November 1, 1993, except that benefits shall be payable only with respect to amounts accruing for periods beginning on the first day of the month beginning after the later of such termination of marriage or such date of enactment. Applicability.

SEC. 153. (a) IN GENERAL.—The Council of the District of Columbia shall annually review and adjust the amount of the monthly assistance payment that may be made under the Temporary Assistance for Needy Families Program so that such payment is comparable with the monthly assistance payments made under such program in Maryland and Virginia counties that are contiguous to the District of Columbia.

(b) EFFECTIVE DATE.—Subsection (a) shall apply with respect to fiscal year 1998 and each succeeding fiscal year. Applicability.

SEC. 154. Effective as if included in the enactment of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, section 517 of such Act (110 Stat. 1321-248) is amended by striking “October 1, 1991” and inserting “the date of the enactment of this Act”.

SEC. 155. REQUIRING PLACEMENT OF INSPECTOR GENERAL HOTLINE ON PERMIT AND LICENSE APPLICATION FORMS.—

(1) IN GENERAL.—Each District of Columbia permit or license application form printed after the expiration of the 30-day period which begins on the date of the enactment of this Act shall include the telephone number established by the Inspector General of the District of Columbia for reporting instances of waste, fraud, and abuse, together with a brief description of the uses and purposes of such number.

(2) QUARTERLY REPORTS ON USE OF NUMBER.—Not later than 10 days after the end of such calendar quarter of each fiscal year (beginning with fiscal year 1998), the Inspector General of the District of Columbia shall submit a report to Congress on the number and nature of the calls received through the telephone number described in paragraph (1) during the quarter and on the waste, fraud, and abuse detected as a result of such calls.

SEC. 156. (a) IN GENERAL.—Notwithstanding any other provision of law (including any law or regulation providing for collective bargaining or the enforcement of any collective bargaining agreement) or collective bargaining agreement, any payment made by the District of Columbia after the expiration of the 45-day period which begins on the date of the enactment of this Act to any person shall be made by—

(1) direct deposit through electronic funds transfer to a checking, savings, or other account designated by the person; or

(2) a check delivered through the United States Postal Service to the person's place of residence or business.

(b) REGULATIONS.—The Chief Financial Officer of the District of Columbia is authorized to issue rules to carry out this section.

SEC. 157. (a) DEPOSIT OF ANNUAL FEDERAL CONTRIBUTION WITH AUTHORITY.—

(1) **IN GENERAL.**—The District of Columbia Financial Responsibility and Management Assistance Act of 1995, as amended by section 11601(b)(2) of the Balanced Budget Act of 1997, is amended by inserting after section 204 the following new section:

“SEC. 205. DEPOSIT OF ANNUAL FEDERAL CONTRIBUTION WITH AUTHORITY.

“(a) IN GENERAL.—

“(1) DEPOSIT INTO ESCROW ACCOUNT.—In the case of a fiscal year which is a control year, the Secretary of the Treasury shall deposit any Federal contribution to the District of Columbia for the year authorized under section 11601(c)(2) of the Balanced Budget Act of 1997 into an escrow account held by the Authority, which shall allocate the funds to the Mayor at such intervals and in accordance with such terms and conditions as it considers appropriate to implement the financial plan for the year. In establishing such terms and conditions, the Authority shall give priority to using the Federal contribution for cash flow management and the payment of outstanding bills owed by the District government.

“(2) EXCEPTION FOR AMOUNTS WITHHELD FOR ADVANCES.—Paragraph (1) shall not apply with respect to any portion of the Federal contribution which is withheld by the Secretary of the Treasury in accordance with section 605(b)(2) of title VI of the District of Columbia Revenue Act of 1939 to reimburse the Secretary for advances made under title VI of such Act.

“(b) EXPENDITURE OF FUNDS FROM ACCOUNT IN ACCORDANCE WITH AUTHORITY INSTRUCTIONS.—Any funds allocated by the Authority to the Mayor from the escrow account described in paragraph (1) may be expended by the Mayor only in accordance with the terms and conditions established by the Authority at the time the funds are allocated.”.

(2) CLERICAL AMENDMENT.—The table of contents for such Act is amended by inserting after the item relating to section 204 the following new item:

“Sec. 205. Deposit of annual Federal contribution with Authority.”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the enactment of the Balanced Budget Act of 1997.

(b) DISHONORED CHECK COLLECTION.—The Act entitled “An Act to authorize the Commissioners of the District of Columbia to prescribe penalties for the handling and collection of dishonored checks”, approved September 28, 1965 (D.C. Code, sec. 1-357) is amended—

(1) in subsection (a) by inserting after the third sentence the following: “The Mayor may enter into a contract to collect the amount of the original obligation.”; and

(2) by adding at the end the following new subsections:

“(c) In a case in which the amount of a dishonored or unpaid check is collected as a result of a contract, the Mayor shall collect any costs or expenses incurred to collect such amount from such person who gives or causes to be given, in payment of any obligation or liability due the government of the District of Columbia, a check which is subsequently dishonored or not duly paid. In a

case in which the amount of a dishonored or unpaid check is collected as a result of an action at law or in equity, such costs and expenses shall include litigation expenses and attorney's fees.

“(d) An action at law or in equity for the recovery of any amount owed to the District as a result of subsection (c), including any litigation expenses or attorney's fees may be initiated—

“(1) by the Corporation Counsel of the District of Columbia; or

“(2) in a case in which the Corporation Counsel does not exercise his or her authority, by the person who provides collection services as a result of a contract with the Mayor.

“(e) Nothing in this section may be construed to eliminate the Mayor's exclusive authority with respect to any obligations and liabilities of the District of Columbia.”.

(c) CONFORMING REFERENCES TO INTERNAL REVENUE CODE OF 1986.—Section 4(28A) of the District of Columbia Income and Franchise Act of 1947 (D.C. Code, sec. 47-1801.4(28A)) is amended to read as follows:

“(28A) The term ‘Internal Revenue Code of 1986’ means the Internal Revenue Code of 1986 (100 Stat. 2085; 26 U.S.C. 1 et seq.), as amended through August 20, 1996. The provisions of the Internal Revenue Code of 1986 shall be effective on the same dates that they are effective for Federal tax purposes.”.

(d) STANDARD FOR REVIEW OF RECOMMENDATIONS OF BUSINESS REGULATORY REFORM COMMISSION IN REVIEW OF REGULATIONS BY AUTHORITY.—Section 11701(a)(1) of the Balanced Budget Act of 1997 is amended by striking the second sentence and inserting the following: “In carrying out such review, the Authority shall include an explicit reference to each recommendation made by the Business Regulatory Reform Commission pursuant to the Business Regulatory Reform Commission Act of 1994 (D.C. Code, sec. 2-4101 et seq.), together with specific findings and conclusions with respect to each such recommendation.”.

(e) TECHNICAL CORRECTIONS RELATING TO BALANCED BUDGET ACT OF 1997.—(1) Effective as if included in the enactment of the Balanced Budget Act of 1997, section 453(c) of the District of Columbia Home Rule Act (D.C. Code, sec. 47-304.1(c)), as amended by section 11243(d) of the Balanced Budget Act of 1997, is amended to read as follows:

Effective date.

“(c) Subsection (a) shall not apply to amounts appropriated or otherwise made available to the Council, the District of Columbia Financial Responsibility and Management Assistance Authority established under section 101(a) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995, or the District of Columbia Water and Sewer Authority established pursuant to the Water and Sewer Authority Establishment and Department of Public Works Reorganization Act of 1996.”.

(2) Section 11201(g)(2)(A)(ii) of the Balanced Budget Act of 1997 is amended—

Ante, p. 734.

(A) in the heading, by striking “DEPARTMENT OF PARKS AND RECREATION” and inserting “PARKS AUTHORITY”; and

(B) by striking “Department of Parks and Recreation” and inserting “Parks Authority”.

(f) REPEAL OF PRIOR NOTICE REQUIREMENT FOR FEDERAL ACTIVITIES AFFECTING REAL PROPERTY IN DISTRICT OF COLUMBIA.—

40 USC 138.

Effective date. Effective October 1, 1997, the Balanced Budget Act of 1997 (Public Law 105–33) is amended by striking section 11715.

40 USC 138 note. SEC. 158. Notwithstanding any provision of any federally granted charter or any other provision of law, the real property of the National Education Association located in the District of Columbia shall be subject to taxation by the District of Columbia in the same manner as any similar organization.

SEC. 159. (a) Section 501(c)(4) of the District of Columbia Police and Firemen's Act of 1958 (D.C. Code, sec. 4–416(c)(4)) is amended by striking “locality pay” and inserting “longevity pay”.

Effective date. (b) The amendment made by subsection (a) is effective on the date of enactment of Public Law 105–61.

SEC. 160. In addition to amounts appropriated or otherwise made available, \$3,000,000 is appropriated for the purpose of funding a Medicare Coordinated Care Demonstration Project in the District of Columbia as specified in section 4016(b)(2)(C) of the Balanced Budget Act of 1997.

SEC. 161. Nothing in this Act shall be construed to authorize any office, agency or entity to expend funds for programs or functions for which a reorganization plan is required but has not been approved by the District of Columbia Financial Responsibility and Management Assistance Authority (hereafter in this section referred to as “Authority”). Appropriations made by this Act for such programs or functions are conditioned only on the approval by the Authority of the required reorganization plans.

Effective date. SEC. 162. Effective as if included in the enactment of subtitle J of title IV of the Balanced Budget Act of 1997 (Public Law 105–33) the Social Security Act is amended as follows:

42 USC 1396b note.

(1) The fourth sentence of section 1905(b) of such Act (42 U.S.C. 1396d(b)) is amended by inserting “for the State for a fiscal year, and that do not exceed the amount of the State’s allotment under section 2104 (not taking into account reductions under section 2104(d)(2)) for the fiscal year reduced by the amount of any payments made under section 2105 to the State from such allotment for such fiscal year,” after “subsection (u)(3)”.

(2) Section 1905(u) of such Act (42 U.S.C. 1396d(u)) is amended—

(A) in paragraph (1)(B), by striking “paragraph (2)” and inserting “the fourth sentence of subsection (b)”;

(B) in paragraph (2)(A), by striking “(C), but not in excess” and all that follows up to the period at the end and inserting “(B)”;

(C) by striking subparagraphs (B) and (C) of paragraph (2) and inserting the following:

“(B) For purposes of this paragraph, the term ‘optional targeted low-income child’ means a targeted low-income child as defined in section 2110(b)(1) (determined without regard to that portion of subparagraph (C) of such section concerning eligibility for medical assistance under this title) who would not qualify for medical assistance under the State plan under this title as in effect on March 31, 1997 (but taking into account the expansion of age of eligibility effected through the operation of section 1902(l)(1)(D)).”;

(D) in paragraph (3)—

(i) by striking “described in this subparagraph” and inserting “described in this paragraph”; and

(ii) by striking “April 15, 1997” and inserting “March 31, 1997”; and

(E) by adding at the end the following:

“(4) The limitations on payment under subsections (f) and (g) of section 1108 shall not apply to Federal payments made under section 1903(a)(1) based on an enhanced FMAP described in section 2105(b).”.

(3) Section 2110(b) of such Act (42 U.S.C. 1397jj(b)) is amended—

(A) in paragraph (1)(B)(ii) to read as follows:

“(ii) is a child—

“(I) whose family income (as determined under the State child health plan) exceeds the medicaid applicable income level (as defined in paragraph (4)), but does not exceed 50 percentage points above the medicaid applicable income level;

“(II) whose family income (as so determined) does not exceed the medicaid applicable income level (as defined in paragraph (4) but determined as if ‘June 1, 1997’ were substituted for ‘March 31, 1997’); or

“(III) who resides in a State that does not have a medicaid applicable income level (as defined in paragraph (4)); and”;

(B) in paragraph (4)—

(i) by striking “June 1, 1997” and inserting “March 31, 1997”; and

(ii) by inserting “or 1905(n)(2) (as selected by a State)” after “1902(l)(2)”.

(4) Section 1903(f)(4) of such Act (42 U.S.C. 1396b(f)(4)) is amended by striking “or 1905(p)(1)” and inserting “1905(p)(1), or 1905(u)”.

(5) Section 2105(c)(2)(A) of such Act (42 U.S.C. 1397ee(c)(2)(A)) is amended to read as follows—

“(A) IN GENERAL.—Except as provided in this paragraph, payment shall not be made under subsection (a) for expenditures for items described in subsection (a) (other than paragraph (1)) for a fiscal year to the extent the total of such expenditures (for which payment is made under such subsection) exceeds 10 percent of the sum of—

“(i) the total of such expenditures for such fiscal year, and

“(ii) the total expenditures for medical assistance by the State under title XIX for which Federal payments made under section 1903(a)(1) are based on an enhanced FMAP described in section 2105(b) for such fiscal year.”.

(6) Section 2104 of such Act (42 U.S.C. 1397dd) is amended—

(A) in subsection (d)(1), by striking “for calendar quarters” and inserting “for expenditures claimed by the State”; and

(B) by striking subsection (d)(2) and inserting the following:

“(2) the amount (if any) of the payments made to that State under section 1903(a) for expenditures claimed by the State during such fiscal year that is attributable to the provision of medical assistance to a child for which payment is

made under section 1903(a)(1) on the basis of an enhanced FMAP under the fourth sentence of section 1905(b).”.

(7) Section 2105 of such Act (42 U.S.C. 1397ee) is amended by adding at the end the following:

“(f) FLEXIBILITY IN SUBMITTAL OF CLAIMS.—Nothing in this section or subsections (e) and (f) of section 2104 shall be construed as preventing a State from claiming as expenditures in the quarter expenditures that were incurred in a previous quarter.”.

(8) Section 2104 of such Act (42 U.S.C. 1397dd) is amended—

(A) in subsection (a)(1), by striking “\$4,275,000,000” and inserting “\$4,295,000,000”;

(B) in subsection (b)(4), by striking “Subject to paragraph (5), in” and inserting “In”; and

(C) in subsection (c)—

(i) in paragraph (2)(C), by inserting “the” before “Virgin Islands”, and

(ii) in paragraphs (3)(C) and (3)(E), by striking “the” and inserting “The”.

(9) Section 2110(c)(3) of such Act (42 U.S.C. 1397jj(c)(3)) is amended by striking “2191” and inserting “2791”.

SEC. 163. The Administrator of General Services is authorized to amend the use restriction contained in the Administrator’s 1956 conveyance of land to the City of Bonham, Texas, mandated by Public Law 586 of the 84th Congress. The amended use restriction will limit the property to State veterans, nursing homes and public safety communications purposes only.

SEC. 164. Notwithstanding any other provision of law, rule, or regulation, the evaluation process and instruments for evaluating District of Columbia public schools employees shall be a non-negotiable item for collective bargaining purposes.

SEC. 165. There are appropriated from such funds of the District of Columbia, as are deemed appropriate by the District of Columbia Financial Responsibility and Management Assistance Authority, \$2,600,000, for the Fire and Emergency Medical Services Department for a 5 percent pay increase for uniformed firefighters.

SEC. 166. Notwithstanding any other provision of Federal or District of Columbia law applicable to a reemployed annuitant’s entitlement to retirement or pension benefits, the Director of the Office of Personnel Management may waive the provisions of section 8344 of title 5 of the United States Code for any reemployed annuitants appointed heretofore or hereafter as a Trustee under section 11202 or 11232 of the National Capital Revitalization and Self-Government Improvement Act of 1997, or, at the request of such a Trustee, for any employee of such Trustee.

SEC. 167. Section 2203(i)(2)(A) of the District of Columbia School Reform Act of 1995 (Public Law 104-134; 110 Stat. 3009-504; D.C. Code 31-2853.13(i)(2)(A)) is amended to read as follows:

“(A) IN GENERAL.—

“(i) ANNUAL LIMIT.—Subject to subparagraph (B) and clause (ii), during calendar year 1997, and during each subsequent calendar year, each eligible chartering authority shall not approve more than 10 petitions to establish a public charter school under this subtitle.

“(ii) TIMETABLE.—Any petition approved under clause (i) shall be approved during an application approval period that terminates on April 1 of each year. Such an approval

period may commence before or after January 1 of the calendar year in which it terminates, except that any petition approved at any time during such an approval period shall count, for purposes of clause (i), against the total number of petitions approved during the calendar year in which the approval period terminates.”

SEC. 168. Section 2205(a) of the District of Columbia School Reform Act of 1995 (Public Law 104-134; 110 Stat. 1321-122; D.C. Code 31-2853.15(a)) is amended by striking “7,” and inserting “15,”.

SEC. 169. Section 2214(g) of the District of Columbia School Reform Act of 1995 (Public Law 104-134; 110 Stat. 1321-133; D.C. Code 31-2853.24(g)) is amended by inserting “to the Board” after “appropriated”.

SEC. 170. Section 2401(b)(3)(B) of the District of Columbia School Reform Act of 1995 (Public Law 104-134; 110 Stat. 1321-137; D.C. Code 31-2853.41(b)(3)(B)) is amended—

(1) in clause (i), by striking “or”;

(2) in clause (ii), by striking the period at the end and inserting “; or”; and

(3) by adding at the end the following:

“(iii) to whom the school provides room and board in a residential setting.”.

SEC. 171. Section 2401(b)(3) of the District of Columbia School Reform Act of 1995 (Public Law 104-134; 110 Stat. 1321-137; D.C. Code 31-2853.41(b)(3)) is amended by adding at the end the following:

“(C) ADJUSTMENT FOR FACILITIES COSTS.—Notwithstanding paragraph (2), the Mayor and the District of Columbia Council, in consultation with the Board of Education and the Superintendent, shall adjust the amount of the annual payment under paragraph (1) to increase the amount of such payment for a public charter school to take into account leases or purchases of, or improvements to, real property, if the school, not later than April 1 of the fiscal year preceding the payment, requests such an adjustment.”.

SEC. 172. (a) PAYMENTS TO NEW CHARTER SCHOOLS.—Section 2403(b) of the District of Columbia School Reform Act of 1995 (Public Law 104-134; 110 Stat. 1321-140; D.C. Code 31-2853.43(b)) is amended to read as follows:

“(b) PAYMENTS TO NEW SCHOOLS.—

“(1) ESTABLISHMENT OF FUND.—There is established in the general fund of the District of Columbia a fund to be known as the ‘New Charter School Fund’.

“(2) CONTENTS OF FUND.—The New Charter School Fund shall consist of—

“(A) unexpended and unobligated amounts appropriated from local funds for public charter schools for fiscal year 1997 and subsequent fiscal years that reverted to the general fund of the District of Columbia;

“(B) amounts credited to the fund in accordance with this subsection upon the receipt by a public charter school described in paragraph (5) of its first initial payment under subsection (a)(2)(A) or its first final payment under subsection (a)(2)(B); and

“(C) any interest earned on such amounts.

“(3) EXPENDITURES FROM FUND.—

“(A) IN GENERAL.—Not later than June 1, 1998, and not later than June 1 of each year thereafter, the Chief Financial Officer of the District of Columbia shall pay, from the New Charter School Fund, to each public charter school described in paragraph (5), an amount equal to 25 percent of the amount yielded by multiplying the uniform dollar amount used in the formula established under section 2401(b) by the total anticipated enrollment as set forth in the petition to establish the public charter school.

“(B) PRO RATA REDUCTION.—If the amounts in the New Charter School Fund for any year are insufficient to pay the full amount that each public charter school described in paragraph (5) is eligible to receive under this subsection for such year, the Chief Financial Officer of the District of Columbia shall ratably reduce such amounts for such year on the basis of the formula described in section 2401(b).

“(C) FORM OF PAYMENT.—Payments under this subsection shall be made by electronic funds transfer from the New Charter School Fund to a bank designated by a public charter school.

“(4) CREDITS TO FUND.—Upon the receipt by a public charter school described in paragraph (5) of—

“(A) its first initial payment under subsection (a)(2)(A), the Chief Financial Officer of the District of Columbia shall credit the New Charter School Fund with 75 percent of the amount paid to the school under paragraph (3); and

“(B) its first final payment under subsection (a)(2)(B), the Chief Financial Officer of the District of Columbia shall credit the New Charter School Fund with 25 percent of the amount paid to the school under paragraph (3).

“(5) SCHOOLS DESCRIBED.—A public charter school described in this paragraph is a public charter school that—

“(A) did not enroll any students during any portion of the fiscal year preceding the most recent fiscal year for which funds are appropriated to carry out this subsection; and

“(B) operated as a public charter school during the most recent fiscal year for which funds are appropriated to carry out this subsection.

“(6) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Chief Financial Officer of the District of Columbia such sums as may be necessary to carry out this subsection for each fiscal year.”.

(b) REDUCTION OF ANNUAL PAYMENT.—

(1) INITIAL PAYMENT.—Section 2403(a)(2)(A) of the District of Columbia School Reform Act (Public Law 104-134; 110 Stat. 1321-139; D.C. Code 31-2853.43(a)(2)(A)) is amended to read as follows:

“(A) INITIAL PAYMENT.—

“(i) IN GENERAL.—Except as provided in clause (ii), not later than October 15, 1996, and not later than October 15 of each year thereafter, the Mayor shall transfer, by electronic funds transfer, an amount

equal to 75 percent of the amount of the annual payment for each public charter school determined by using the formula established pursuant to section 2401(b) to a bank designated by such school.

“(ii) REDUCTION IN CASE OF NEW SCHOOL.—In the case of a public charter school that has received a payment under subsection (b) in the fiscal year immediately preceding the fiscal year in which a transfer under clause (i) is made, the amount transferred to the school under clause (i) shall be reduced by an amount equal to 75 percent of the amount of the payment under subsection (b).”

(2) FINAL PAYMENT.—Section 2403(a)(2)(B) of the District of Columbia School Reform Act (Public Law 104-134; 110 Stat. 1321-139; D.C. Code 31-2853.43(a)(2)(B)) is amended—

(A) in clause (i)—

(i) by inserting “IN GENERAL.—” before “Except”; and

(ii) by striking “clause (ii),” and inserting “clauses (ii) and (iii),”;

(B) in clause (ii), by inserting “ADJUSTMENT FOR ENROLLMENT.—” before “Not later than March 15, 1997,”; and

(C) by adding at the end the following:

“(iii) REDUCTION IN CASE OF NEW SCHOOL.—In the case of a public charter school that has received a payment under subsection (b) in the fiscal year immediately preceding the fiscal year in which a transfer under clause (i) is made, the amount transferred to the school under clause (i) shall be reduced by an amount equal to 25 percent of the amount of the payment under subsection (b).”

This title may be cited as the “District of Columbia Appropriations Act, 1998”.

TITLE II—CLARIFICATION OF ELIGIBILITY FOR RELIEF FROM REMOVAL AND DEPORTATION FOR CERTAIN ALIENS

SEC. 201. SHORT TITLE.—This title may be cited as the “Nicaraguan Adjustment and Central American Relief Act”.

SEC. 202. ADJUSTMENT OF STATUS OF CERTAIN NICARAGUANS AND CUBANS. (a) ADJUSTMENT OF STATUS.—

(1) IN GENERAL.—Notwithstanding section 245(c) of the Immigration and Nationality Act, the status of any alien described in subsection (b) shall be adjusted by the Attorney General to that of an alien lawfully admitted for permanent residence, if the alien—

(A) applies for such adjustment before April 1, 2000; and

(B) is otherwise eligible to receive an immigrant visa and is otherwise admissible to the United States for permanent residence, except in determining such admissibility the grounds for inadmissibility specified in paragraphs (4), (5), (6)(A), and (7)(A) of section 212(a) of the Immigration and Nationality Act shall not apply.

(2) RELATIONSHIP OF APPLICATION TO CERTAIN ORDERS.—An alien present in the United States who has been ordered

Nicaraguan
Adjustment and
Central
American Relief
Act.
8 USC 1101 note.
8 USC 1255 note.

excluded, deported, removed, or ordered to depart voluntarily from the United States under any provision of the Immigration and Nationality Act may, notwithstanding such order, apply for adjustment of status under paragraph (1). Such an alien may not be required, as a condition of submitting or granting such application, to file a separate motion to reopen, reconsider, or vacate such order. If the Attorney General grants the application, the Attorney General shall cancel the order. If the Attorney General renders a final administrative decision to deny the application, the order shall be effective and enforceable to the same extent as if the application had not been made.

(b) ALIENS ELIGIBLE FOR ADJUSTMENT OF STATUS.—

(1) IN GENERAL.—The benefits provided by subsection (a) shall apply to any alien who is a national of Nicaragua or Cuba and who has been physically present in the United States for a continuous period, beginning not later than December 1, 1995, and ending not earlier than the date the application for adjustment under such subsection is filed, except an alien shall not be considered to have failed to maintain continuous physical presence by reason of an absence, or absences, from the United States for any periods in the aggregate not exceeding 180 days.

(2) PROOF OF COMMENCEMENT OF CONTINUOUS PRESENCE.—For purposes of establishing that the period of continuous physical presence referred to in paragraph (1) commenced not later than December 1, 1995, an alien—

(A) shall demonstrate that the alien, prior to December 1, 1995—

(i) applied to the Attorney General for asylum;

(ii) was issued an order to show cause under section 242 or 242B of the Immigration and Nationality Act (as in effect prior to April 1, 1997);

(iii) was placed in exclusion proceedings under section 236 of such Act (as so in effect);

(iv) applied for adjustment of status under section 245 of such Act;

(v) applied to the Attorney General for employment authorization;

(vi) performed service, or engaged in a trade or business, within the United States which is evidenced by records maintained by the Commissioner of Social Security; or

(vii) applied for any other benefit under the Immigration and Nationality Act by means of an application establishing the alien's presence in the United States prior to December 1, 1995; or

(B) shall make such other demonstration of physical presence as the Attorney General may provide for by regulation.

(c) STAY OF REMOVAL; WORK AUTHORIZATION.—

(1) IN GENERAL.—The Attorney General shall provide by regulation for an alien subject to a final order of deportation or removal to seek a stay of such order based on the filing of an application under subsection (a).

(2) DURING CERTAIN PROCEEDINGS.—Notwithstanding any provision of the Immigration and Nationality Act, the Attorney General shall not order any alien to be removed from the

United States, if the alien is in exclusion, deportation, or removal proceedings under any provision of such Act and has applied for adjustment of status under subsection (a), except where the Attorney General has rendered a final administrative determination to deny the application.

(3) WORK AUTHORIZATION.—The Attorney General may authorize an alien who has applied for adjustment of status under subsection (a) to engage in employment in the United States during the pendency of such application and may provide the alien with an “employment authorized” endorsement or other appropriate document signifying authorization of employment, except that if such application is pending for a period exceeding 180 days, and has not been denied, the Attorney General shall authorize such employment.

(d) ADJUSTMENT OF STATUS FOR SPOUSES AND CHILDREN.—

(1) IN GENERAL.—Notwithstanding section 245(c) of the Immigration and Nationality Act, the status of an alien shall be adjusted by the Attorney General to that of an alien lawfully admitted for permanent residence, if—

(A) the alien is a national of Nicaragua or Cuba;

(B) the alien is the spouse, child, or unmarried son or daughter, of an alien whose status is adjusted to that of an alien lawfully admitted for permanent residence under subsection (a), except that in the case of such an unmarried son or daughter, the son or daughter shall be required to establish that they have been physically present in the United States for a continuous period, beginning not later than December 1, 1995, and ending not earlier than the date the application for adjustment under this subsection is filed;

(C) the alien applies for such adjustment and is physically present in the United States on the date the application is filed;

(D) the alien is otherwise eligible to receive an immigrant visa and is otherwise admissible to the United States for permanent residence, except in determining such admissibility the grounds for exclusion specified in paragraphs (4), (5), (6)(A), and (7)(A) of section 212(a) of the Immigration and Nationality Act shall not apply; and

(E) applies for such adjustment before April 1, 2000.

(2) PROOF OF CONTINUOUS PRESENCE.—For purposes of establishing the period of continuous physical presence referred to in paragraph (1)(B), an alien—

(A) shall demonstrate that such period commenced not later than December 1, 1995, in a manner consistent with subsection (b)(2); and

(B) shall not be considered to have failed to maintain continuous physical presence by reason of an absence, or absences, from the United States for any period in the aggregate not exceeding 180 days.

(e) AVAILABILITY OF ADMINISTRATIVE REVIEW.—The Attorney General shall provide to applicants for adjustment of status under subsection (a) the same right to, and procedures for, administrative review as are provided to—

(1) applicants for adjustment of status under section 245 of the Immigration and Nationality Act; or

(2) aliens subject to removal proceedings under section 240 of such Act.

(f) LIMITATION ON JUDICIAL REVIEW.—A determination by the Attorney General as to whether the status of any alien should be adjusted under this section is final and shall not be subject to review by any court.

(g) NO OFFSET IN NUMBER OF VISAS AVAILABLE.—When an alien is granted the status of having been lawfully admitted for permanent residence pursuant to this section, the Secretary of State shall not be required to reduce the number of immigrant visas authorized to be issued under any provision of the Immigration and Nationality Act.

(h) APPLICATION OF IMMIGRATION AND NATIONALITY ACT PROVISIONS.—Except as otherwise specifically provided in this section, the definitions contained in the Immigration and Nationality Act shall apply in the administration of this section. Nothing contained in this section shall be held to repeal, amend, alter, modify, affect, or restrict the powers, duties, functions, or authority of the Attorney General in the administration and enforcement of such Act or any other law relating to immigration, nationality, or naturalization. The fact that an alien may be eligible to be granted the status of having been lawfully admitted for permanent residence under this section shall not preclude the alien from seeking such status under any other provision of law for which the alien may be eligible.

SEC. 203. MODIFICATION OF CERTAIN TRANSITION RULES. (a) TRANSITIONAL RULES WITH REGARD TO SUSPENSION OF DEPORTATION.—

(1) IN GENERAL.—Section 309(c)(5) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (Public Law 104-208; division C; 110 Stat. 3009-627) is amended to read as follows:

“(5) TRANSITIONAL RULES WITH REGARD TO SUSPENSION OF DEPORTATION.—

“(A) IN GENERAL.—Subject to subparagraphs (B) and (C), paragraphs (1) and (2) of section 240A(d) of the Immigration and Nationality Act (relating to continuous residence or physical presence) shall apply to orders to show cause (including those referred to in section 242B(a)(1) of the Immigration and Nationality Act, as in effect before the title III-A effective date), issued before, on, or after the date of the enactment of this Act.

“(B) EXCEPTION FOR CERTAIN ORDERS.—In any case in which the Attorney General elects to terminate and reinstate proceedings in accordance with paragraph (3) of this subsection, paragraphs (1) and (2) of section 240A(d) of the Immigration and Nationality Act shall not apply to an order to show cause issued before April 1, 1997.

“(C) SPECIAL RULE FOR CERTAIN ALIENS GRANTED TEMPORARY PROTECTION FROM DEPORTATION.—

“(i) IN GENERAL.—For purposes of calculating the period of continuous physical presence under section 244(a) of the Immigration and Nationality Act (as in effect before the title III-A effective date) or section 240A of such Act (as in effect after the title III-A effective date), subparagraph (A) and paragraphs (1) and (2) of section 240A(d) of the Immigration and

Nationality Act shall not apply in the case of an alien, regardless of whether the alien is in exclusion or deportation proceedings before the title III-A effective date, who has not been convicted at any time of an aggravated felony (as defined in section 101(a) of the Immigration and Nationality Act) and—

“(I) was not apprehended after December 19, 1990, at the time of entry, and is—

“(aa) a Salvadoran national who first entered the United States on or before September 19, 1990, and who registered for benefits pursuant to the settlement agreement in *American Baptist Churches, et al. v. Thornburgh* (ABC), 760 F. Supp. 796 (N.D. Cal. 1991) on or before October 31, 1991, or applied for temporary protected status on or before October 31, 1991; or

“(bb) a Guatemalan national who first entered the United States on or before October 1, 1990, and who registered for benefits pursuant to such settlement agreement on or before December 31, 1991;

“(II) is a Guatemalan or Salvadoran national who filed an application for asylum with the Immigration and Naturalization Service on or before April 1, 1990;

“(III) is the spouse or child (as defined in section 101(b)(1) of the Immigration and Nationality Act) of an individual, at the time a decision is rendered to suspend the deportation, or cancel the removal, of such individual, if the individual has been determined to be described in this clause (excluding this subclause and subclause (IV));

“(IV) is the unmarried son or daughter of an alien parent, at the time a decision is rendered to suspend the deportation, or cancel the removal, of such alien parent, if—

“(aa) the alien parent has been determined to be described in this clause (excluding this subclause and subclause (III)); and

“(bb) in the case of a son or daughter who is 21 years of age or older at the time such decision is rendered, the son or daughter entered the United States on or before October 1, 1990; or

“(V) is an alien who entered the United States on or before December 31, 1990, who filed an application for asylum on or before December 31, 1991, and who, at the time of filing such application, was a national of the Soviet Union, Russia, any republic of the former Soviet Union, Latvia, Estonia, Lithuania, Poland, Czechoslovakia, Romania, Hungary, Bulgaria, Albania, East Germany, Yugoslavia, or any state of the former Yugoslavia.

“(ii) LIMITATION ON JUDICIAL REVIEW.—A determination by the Attorney General as to whether an alien satisfies the requirements of this clause (i) is

final and shall not be subject to review by any court. Nothing in the preceding sentence shall be construed as limiting the application of section 242(a)(2)(B) of the Immigration and Nationality Act (as in effect after the title III–A effective date) to other eligibility determinations pertaining to discretionary relief under this Act.”.

(2) CONFORMING AMENDMENT.—Subsection (c) of section 309 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (Public Law 104–208; division C; 110 Stat. 3009–625) is amended by striking the subsection designation and the subsection heading and inserting the following:

8 USC 1101 note.

“(c) TRANSITION FOR CERTAIN ALIENS.—”.

(b) SPECIAL RULE FOR CANCELLATION OF REMOVAL.—Section 309 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (Public Law 104–208; 110 Stat. 3009–625) is amended by adding at the end the following:

8 USC 1101 note.

“(f) SPECIAL RULE FOR CANCELLATION OF REMOVAL.—

“(1) IN GENERAL.—Subject to the provisions of the Immigration and Nationality Act (as in effect after the title III–A effective date), other than subsections (b)(1), (d)(1), and (e) of section 240A of such Act (but including section 242(a)(2)(B) of such Act), the Attorney General may, under section 240A of such Act, cancel removal of, and adjust to the status of an alien lawfully admitted for permanent residence, an alien who is inadmissible or deportable from the United States, if the alien applies for such relief, the alien is described in subsection (c)(5)(C)(i) of this section, and—

“(A) the alien—

“(i) is not inadmissible or deportable under paragraph (2) or (3) of section 212(a) or paragraph (2), (3), or (4) of section 237(a) of the Immigration and Nationality Act and is not an alien described in section 241(b)(3)(B)(i) of such Act;

“(ii) has been physically present in the United States for a continuous period of not less than 7 years immediately preceding the date of such application;

“(iii) has been a person of good moral character during such period; and

“(iv) establishes that removal would result in extreme hardship to the alien or to the alien’s spouse, parent, or child, who is a citizen of the United States or an alien lawfully admitted for permanent residence; or

“(B) the alien—

“(i) is inadmissible or deportable under section 212(a)(2), 237(a)(2) (other than 237(a)(2)(A)(iii)), or 237(a)(3) of the Immigration and Nationality Act;

“(ii) is not an alien described in section 241(b)(3)(B)(i) or 101(a)(43) of such Act;

“(iii) has been physically present in the United States for a continuous period of not less than 10 years immediately following the commission of an act, or the assumption of a status, constituting a ground for removal;

“(iv) has been a person of good moral character during such period; and

“(v) establishes that removal would result in exceptional and extremely unusual hardship to the alien or to the alien’s spouse, parent, or child, who is a citizen of the United States or an alien lawfully admitted for permanent residence.

“(2) TREATMENT OF CERTAIN BREAKS IN PRESENCE.—Section 240A(d)(2) shall apply for purposes of calculating any period of continuous physical presence under this subsection, except that the reference to subsection (b)(1) in such section shall be considered to be a reference to paragraph (1) of this section.”.

Applicability.

(c) MOTIONS TO REOPEN DEPORTATION OR REMOVAL PROCEEDINGS.—Section 309 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (Public Law 104–208; 110 Stat. 3009–625), as amended by subsection (b), is further amended by adding at the end the following:

8 USC 1101 note.

“(g) MOTIONS TO REOPEN DEPORTATION OR REMOVAL PROCEEDINGS.—Notwithstanding any limitation imposed by law on motions to reopen removal or deportation proceedings (except limitations premised on an alien’s conviction of an aggravated felony (as defined in section 101(a) of the Immigration and Nationality Act)), any alien who has become eligible for cancellation of removal or suspension of deportation as a result of the amendments made by section 203 of the Nicaraguan Adjustment and Central American Relief Act may file one motion to reopen removal or deportation proceedings to apply for cancellation of removal or suspension of deportation. The Attorney General shall designate a specific time period in which all such motions to reopen are required to be filed. The period shall begin not later than 60 days after the date of the enactment of the Nicaraguan Adjustment and Central American Relief Act and shall extend for a period not to exceed 240 days.”.

(d) TEMPORARY REDUCTION IN DIVERSITY VISAS.—

8 USC 1151 note.

(1) Beginning in fiscal year 1999, subject to paragraph (2), the number of visas available for a fiscal year under section 201(e) of the Immigration and Nationality Act shall be reduced by 5,000 from the number of visas available under that section for such fiscal year.

(2) In no case shall the reduction under paragraph (1) for a fiscal year exceed the amount by which—

(A) one-half of the total number of individuals described in subclauses (I), (II), (III), and (IV) of section 309(c)(5)(C) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 who have adjusted their status to that of aliens lawfully admitted for permanent residence under the Nicaraguan Adjustment and Central American Relief Act as of the end of the previous fiscal year exceeds—

(B) the total of the reductions in available visas under this subsection for all previous fiscal years.

(e) TEMPORARY REDUCTION IN OTHER WORKERS’ VISAS.—

8 USC 1153 note.

(1) Beginning in the fiscal year following the fiscal year in which a visa has been made available under section 203(b)(3)(A)(iii) of the Immigration and Nationality Act for all aliens who are the beneficiary of a petition approved under section 204 of such Act as of the date of the enactment of this Act for classification under section 203(b)(3)(A)(iii) of such Act, subject to paragraph (2), visas available under section 203(b)(3)(A)(iii) of that Act shall be reduced by 5,000 from

the number of visas otherwise available under that section for such fiscal year.

(2) In no case shall the reduction under paragraph (1) for a fiscal year exceed the amount by which—

(A) the number computed under subsection (d)(2)(A), exceeds—

(B) the total of the reductions in available visas under this subsection for all previous fiscal years.

8 USC 1101 note.

(f) EFFECTIVE DATE.—The amendments made by this section to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 shall take effect as if included in the enactment of such Act.

SEC. 204. LIMITATION ON CANCELLATIONS OF REMOVAL AND SUSPENSIONS OF DEPORTATION. (a) ANNUAL LIMITATION.—Section 240A(e) of the Immigration and Nationality Act (8 U.S.C. 1229b(e)) is amended to read as follows:

“(e) ANNUAL LIMITATION.—

“(1) AGGREGATE LIMITATION.—Subject to paragraphs (2) and (3), the Attorney General may not cancel the removal and adjust the status under this section, nor suspend the deportation and adjust the status under section 244(a) (as in effect before the enactment of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996), of a total of more than 4,000 aliens in any fiscal year. The previous sentence shall apply regardless of when an alien applied for such cancellation and adjustment, or such suspension and adjustment, and whether such an alien had previously applied for suspension of deportation under such section 244(a). The numerical limitation under this paragraph shall apply to the aggregate number of decisions in any fiscal year to cancel the removal (and adjust the status) of an alien, or suspend the deportation (and adjust the status) of an alien, under this section or such section 244(a).

Applicability.

“(2) FISCAL YEAR 1997.—For fiscal year 1997, paragraph (1) shall only apply to decisions to cancel the removal of an alien, or suspend the deportation of an alien, made after April 1, 1997. Notwithstanding any other provision of law, the Attorney General may cancel the removal or suspend the deportation, in addition to the normal allotment for fiscal year 1998, of a number of aliens equal to 4,000 less the number of such cancellations of removal and suspensions of deportation granted in fiscal year 1997 after April 1, 1997.

“(3) EXCEPTION FOR CERTAIN ALIENS.—Paragraph (1) shall not apply to the following:

“(A) Aliens described in section 309(c)(5)(C)(i) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (as amended by the Nicaraguan Adjustment and Central American Relief Act).

“(B) Aliens in deportation proceedings prior to April 1, 1997, who applied for suspension of deportation under section 244(a)(3) (as in effect before the date of the enactment of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996).”.

(b) CANCELLATION OF REMOVAL AND ADJUSTMENT OF STATUS FOR CERTAIN NONPERMANENT RESIDENTS.—Section 240A(b) of the Immigration and Nationality Act (8 U.S.C. 1229b(b)) is amended in each of paragraphs (1) and (2) by striking “may cancel removal in the case of an alien” and inserting “may cancel removal of, and adjust to the status of an alien lawfully admitted for permanent residence, an alien”.

(c) RECORDATION OF DATE.—Section 240A(b)(3) of the Immigration and Nationality Act (8 U.S.C. 1229b(b)(3)) is amended to read as follows:

“(3) RECORDATION OF DATE.—With respect to aliens who the Attorney General adjusts to the status of an alien lawfully admitted for permanent residence under paragraph (1) or (2), the Attorney General shall record the alien’s lawful admission for permanent residence as of the date of the Attorney General’s cancellation of removal under paragraph (1) or (2).”.

(d) APRIL 1 EFFECTIVE DATE FOR AGGREGATE LIMITATION.—Section 309(c)(7) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (Public Law 104–208; division C; 110 Stat. 3009–627) is amended to read as follows:

“(7) LIMITATION ON SUSPENSION OF DEPORTATION.—After April 1, 1997, the Attorney General may not suspend the deportation and adjust the status under section 244 of the Immigration and Nationality Act (as in effect before the title III—A effective date) of any alien in any fiscal year, except in accordance with section 240A(e) of such Act. The previous sentence shall apply regardless of when an alien applied for such suspension and adjustment.”.

8 USC 1101 note.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (Public Law 104–208; 110 Stat. 3009–546).

8 USC 1229b note.

Approved November 19, 1997.

LEGISLATIVE HISTORY—H.R. 2607 (S. 1156):

HOUSE REPORTS: No. 105–298 (Comm. on Appropriations).

SENATE REPORTS: No. 105–75, accompanying S. 1156 (Comm. on Appropriations).
CONGRESSIONAL RECORD, Vol. 143 (1997):

Oct. 9, considered and passed House.

Nov. 9, considered and passed Senate, amended.

Nov. 12, House concurred in certain Senate amendments, with amendments; disagreed to another amendment.

Nov. 13, Senate concurred in House amendments; receded from its amendment.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Nov. 19, Presidential statement.



Public Law 105–101
105th Congress

An Act

Nov. 19, 1997
[S. 813]

To amend chapter 91 of title 18, United States Code, to provide criminal penalties for theft and willful vandalism at national cemeteries.

Veterans’
Cemetery Act of
1997.
28 USC 994 note.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Veterans’ Cemetery Protection Act of 1997”.

28 USC 994 note.

SEC. 2. SENTENCING FOR OFFENSES AGAINST PROPERTY AT NATIONAL CEMETERIES.

(a) IN GENERAL.—Pursuant to its authority under section 994 of title 28, United States Code, the United States Sentencing Commission shall review and amend the Federal sentencing guidelines to provide a sentencing enhancement of not less than 2 levels for any offense against the property of a national cemetery.

(b) COMMISSION DUTIES.—In carrying out subsection (a), the Sentencing Commission shall ensure that the sentences, guidelines, and policy statements for offenders convicted of an offense described in that subsection are—

(1) appropriately severe; and

(2) reasonably consistent with other relevant directives and with other Federal sentencing guidelines.

(c) DEFINITION OF NATIONAL CEMETERY.—In this section, the term “national cemetery” means a cemetery—

(1) in the National Cemetery System established under section 2400 of title 38, United States Code; or

(2) under the jurisdiction of the Secretary of the Army, the Secretary of the Navy, the Secretary of the Air Force, or the Secretary of the Interior.

Approved November 19, 1997.

LEGISLATIVE HISTORY—S. 813 (H.R. 1532):

HOUSE REPORTS: No. 105–142 accompanying H.R. 1532 (Comm. on the Judiciary).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 4, considered and passed Senate.

Nov. 8, considered and passed House.



Public Law 105–102
105th Congress

An Act

Nov. 20, 1997
[H.R. 1086]

To codify without substantive change laws related to transportation and to improve the United States Code.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TITLE 26, INTERNAL REVENUE CODE OF 1986.

Section 9503(e)(3) of the Internal Revenue Code of 1986 (26 U.S.C. 9503(e)(3)) is amended by striking “such Acts are in effect” and all that follows through the end of the paragraph and substituting “section 5338(a)(1) or (b)(1) and the Intermodal Surface Transportation Efficiency Act of 1991 were in effect on December 18, 1991”.

SEC. 2. TITLE 49, UNITED STATES CODE.

Title 49, United States Code, is amended as follows:

(1) In the item related to subchapter I in the analysis for chapter 5, strike—

“DUTIES AND”.

(2) In the heading for subchapter I of chapter 5, strike—

“AND”.

(3) In section 5108(f), strike “section 522(f)” and substitute “section 552(b)”.

(4) Section 5303(c) is amended as follows:

(A) In paragraph (1), insert “and sections 5304–5306 of this title” after “this section”.

(B) In paragraph (4)(A), strike “paragraph (3)” and substitute “paragraph (5)”.

(C) In paragraph (5)(A), insert “and sections 5304–5306 of this title” after “this section”.

(5) In item 155 in the subtitle analysis for subtitle IV, strike “AND TARIFFS”.

(6) In section 11904(a)(2), strike “a person” and substitute “person”.

(7) In section 11906, strike “of this title” and substitute “of this part”.

(8) In section 13506(a)(5), strike “1141j(a)” and substitute “1141j(a))”.

(9) In section 13703(a)(2), strike “subsection (a)” and substitute “paragraph (1)”.

(10) In section 13905(e)(1), strike “31144,” and substitute “31144”.

- (11) In section 14123(c)(2)(B), insert “in” before “no event”.
- (12) In section 14903(a), insert “a” before “civil penalty of not more than”.
- (13) In section 15101(a), strike “oversee of” and substitute “oversee”.
- (14) In the item related to section 15904 in the analysis for chapter 159, strike “certain” and substitute “pipeline”.
- (15) In section 15904(c)(1), strike “section 11501(b)” and substitute “15901(b)”.
- (16) In section 16101, redesignate subsection (d) as (c).
- (17) In item 305 in the subtitle analysis for subtitle VI, strike “NATIONAL AUTOMOBILE TITLE INFORMATION SYSTEM” and substitute “NATIONAL MOTOR VEHICLE TITLE INFORMATION SYSTEM”.
- (18) In section 30305(b)—
 - (A) in paragraph (8), as redesignated by section 207(b) of the Coast Guard Authorization Act of 1996 (Public Law 104–324; 110 Stat. 3908), strike “paragraph (2)” and substitute “subsection (a) of this section”; and
 - (B) redesignate paragraph (8), as redesignated by section 502(b)(1) of the Federal Aviation Reauthorization Act of 1996 (Public Law 104–264; 110 Stat. 3262), as paragraph (9).
- (19) In section 32706(c), strike “subchapter II of chapter 105” and substitute “subchapter I of chapter 135”.
- (20) In the analysis of subtitle VII, strike the item related to part D and substitute

“PART D—PUBLIC AIRPORTS

“491. METROPOLITAN WASHINGTON AIRPORTS 49101”.

- (21) In the item related to section 41502 in the analysis for chapter 415, strike “common”.
- (22) The catchline for section 41502 is amended by striking “common”.
- (23) In section 41713(b)(4)(B)(ii), strike “10102” and substitute “13102”.
- (24) In section 41714(d)(1), strike “sections 6005(c)(5) and 6009(e) of the Metropolitan Washington Airports Act of 1986” and substitute “sections 49104(a)(5) and 49111(e) of this title”.
- (25) In section 44936(f)(1)(C), strike “section 30305(b)(7)” and substitute “section 30305(b)(8) of this title”.
- (26) Insert after part C of subtitle VII the following:

“PART D—PUBLIC AIRPORTS

**“CHAPTER 491—METROPOLITAN WASHINGTON
AIRPORTS**

- “Sec.
- “49101. Findings.
- “49102. Purpose.
- “49103. Definitions.
- “49104. Lease of Metropolitan Washington Airports.
- “49105. Capital improvements, construction, and rehabilitation.
- “49106. Metropolitan Washington Airports Authority.
- “49107. Federal employees at Metropolitan Washington Airports.
- “49108. Limitations.
- “49109. Nonstop flights.
- “49110. Use of Dulles Airport Access Highway.

“49111. Relationship to and effect of other laws.

“49112. Separability and effect of judicial order.

“§ 49101. Findings

“Congress finds that—

“(1) the 2 federally owned airports in the metropolitan area of the District of Columbia constitute an important and growing part of the commerce, transportation, and economic patterns of Virginia, the District of Columbia, and the surrounding region;

“(2) Baltimore/Washington International Airport, owned and operated by Maryland, is an air transportation facility that provides service to the greater Metropolitan Washington region together with the 2 federally owned airports, and timely Federal-aid grants to Baltimore/Washington International Airport will provide additional capacity to meet the growing air traffic needs and to compete with other airports on a fair basis;

“(3) the United States Government has a continuing but limited interest in the operation of the 2 federally owned airports, which serve the travel and cargo needs of the entire Metropolitan Washington region as well as the District of Columbia as the national seat of government;

“(4) operation of the Metropolitan Washington Airports by an independent local authority will facilitate timely improvements at both airports to meet the growing demand of interstate air transportation occasioned by the Airline Deregulation Act of 1978 (Public Law 95-504; 92 Stat. 1705);

“(5) all other major air carrier airports in the United States are operated by public entities at the State, regional, or local level;

“(6) any change in status of the 2 airports must take into account the interest of nearby communities, the traveling public, air carriers, general aviation, airport employees, and other interested groups, as well as the interests of the United States Government and State governments involved;

“(7) in recognition of a perceived limited need for a Federal role in the management of these airports and the growing local interest, the Secretary of Transportation has recommended a transfer of authority from the Federal to the local/State level that is consistent with the management of major airports elsewhere in the United States;

“(8) an operating authority with representation from local jurisdictions, similar to authorities at all major airports in the United States, will improve communications with local officials and concerned residents regarding noise at the Metropolitan Washington Airports;

“(9) a commission of congressional, State, and local officials and aviation representatives has recommended to the Secretary that transfer of the federally owned airports be as a unit to an independent authority to be created by Virginia and the District of Columbia; and

“(10) the Federal interest in these airports can be provided through a lease mechanism which provides for local control and operation.

“§ 49102. Purpose

“(a) GENERAL.—The purpose of this chapter is to authorize the transfer of operating responsibility under long-term lease of the 2 Metropolitan Washington Airport properties as a unit, including access highways and other related facilities, to a properly constituted independent airport authority created by Virginia and the District of Columbia, in order to achieve local control, management, operation, and development of these important transportation assets.

“(b) INCLUSION OF BALTIMORE/WASHINGTON INTERNATIONAL AIRPORT NOT PRECLUDED.—This chapter does not prohibit the Airports Authority and Maryland from making an agreement to make Baltimore/Washington International Airport part of a regional airports authority, subject to terms agreed to by the Airports Authority, the Secretary of Transportation, Virginia, the District of Columbia, and Maryland.

“§ 49103. Definitions

“In this chapter—

“(1) ‘Airports Authority’ means the Metropolitan Washington Airports Authority, a public authority created by Virginia and the District of Columbia consistent with the requirements of section 49106 of this title.

“(2) ‘employee’ means any permanent Federal Aviation Administration personnel employed by the Metropolitan Washington Airports on June 7, 1987.

“(3) ‘Metropolitan Washington Airports’ means Washington National Airport and Washington Dulles International Airport.

“(4) ‘Washington Dulles International Airport’ means the airport constructed under the Act of September 7, 1950 (ch. 905, 64 Stat. 770), and includes the Dulles Airport Access Highway and Right-of-way, including the extension between Interstate Routes I-495 and I-66.

“(5) ‘Washington National Airport’ means the airport described in the Act of June 29, 1940 (ch. 444, 54 Stat. 686).

“§ 49104. Lease of Metropolitan Washington Airports

“(a) GENERAL.—The lease between the Secretary of Transportation and the Metropolitan Washington Airports Authority under section 6005(a) of the Metropolitan Washington Airports Act of 1986 (Public Law 99-500; 100 Stat. 1783-375; Public Law 99-591; 100 Stat. 3341-378), for the Metropolitan Washington Airports must provide during its 50-year term at least the following:

“(1) The Airports Authority shall operate, maintain, protect, promote, and develop the Metropolitan Washington Airports as a unit and as primary airports serving the Metropolitan Washington area.

“(2)(A) In this paragraph, ‘airport purposes’ means a use of property interests (except a sale) for—

“(i) aviation business or activities;

“(ii) activities necessary or appropriate to serve passengers or cargo in air commerce; or

“(iii) nonprofit, public use facilities that are not inconsistent with the needs of aviation.

“(B) During the period of the lease, the real property constituting the Metropolitan Washington Airports shall be used only for airport purposes.

“(C) If the Secretary decides that any part of the real property leased to the Airports Authority under this chapter is used for other than airport purposes, the Secretary shall—

“(i) direct that the Airports Authority take appropriate measures to have that part of the property be used for airport purposes; and

“(ii) retake possession of the property if the Airports Authority fails to have that part of the property be used for airport purposes within a reasonable period of time, as the Secretary decides.

“(3) The Airports Authority is subject to section 47107(a)–(c) and (e) of this title and to the assurances and conditions required of grant recipients under the Airport and Airway Improvement Act of 1982 (Public Law 97-248; 96 Stat. 671) as in effect on June 7, 1987. Notwithstanding section 47107(b) of this title, all revenues generated by the Metropolitan Washington Airports shall be expended for the capital and operating costs of the Metropolitan Washington Airports.

“(4) In acquiring by contract supplies or services for an amount estimated to be more than \$200,000, or awarding concession contracts, the Airports Authority to the maximum extent practicable shall obtain complete and open competition through the use of published competitive procedures. By a vote of 7 members, the Airports Authority may grant exceptions to the requirements of this paragraph.

“(5)(A) Except as provided in subparagraph (B) of this paragraph, all regulations of the Metropolitan Washington Airports (14 CFR part 159) become regulations of the Airports Authority as of June 7, 1987, and remain in effect until modified or revoked by the Airports Authority under procedures of the Airports Authority.

“(B) Sections 159.59(a) and 159.191 of title 14, Code of Federal Regulations, do not become regulations of the Airports Authority.

“(C) The Airports Authority may not increase or decrease the number of instrument flight rule takeoffs and landings authorized by the High Density Rule (14 CFR 93.121 et seq.) at Washington National Airport on October 18, 1986, and may not impose a limitation on the number of passengers taking off or landing at Washington National Airport.

“(6)(A) Except as specified in subparagraph (B) of this paragraph, the Airports Authority shall assume all rights, liabilities, and obligations of the Metropolitan Washington Airports on June 7, 1987, including leases, permits, licenses, contracts, agreements, claims, tariffs, accounts receivable, accounts payable, and litigation related to those rights and obligations, regardless whether judgment has been entered, damages awarded, or appeal taken. The Airports Authority must cooperate in allowing representatives of the Attorney General and the Secretary adequate access to employees and records when needed for the performance of duties and powers related to the period before June 7, 1987. The Airports Authority shall assume responsibility for the Federal Aviation Administration’s Master Plans for the Metropolitan Washington Airports.

“(B) The procedure for disputes resolution contained in any contract entered into on behalf of the United States Government before June 7, 1987, continues to govern the performance of the contract unless otherwise agreed to by the parties to the contract. Claims for monetary damages founded in tort, by or against the Government as the owner and operator of the Metropolitan Washington Airports, arising before June 7, 1987, shall be adjudicated as if the lease had not been entered into.

“(C) The Administration is responsible for reimbursing the Employees’ Compensation Fund, as provided in section 8147 of title 5, for compensation paid or payable after June 7, 1987, in accordance with chapter 81 of title 5 for any injury, disability, or death due to events arising before June 7, 1987, whether or not a claim was filed or was final on that date.

“(D) The Airports Authority shall continue all collective bargaining rights enjoyed by employees of the Metropolitan Washington Airports before June 7, 1987.

“(7) The Comptroller General may conduct periodic audits of the activities and transactions of the Airports Authority in accordance with generally accepted management principles, and under regulations the Comptroller General may prescribe. An audit shall be conducted where the Comptroller General considers it appropriate. All records and property of the Airports Authority shall remain in possession and custody of the Airports Authority.

“(8) The Airports Authority shall develop a code of ethics and financial disclosure to ensure the integrity of all decisions made by its board of directors and employees. The code shall include standards by which members of the board will decide, for purposes of section 49106(d) of this title, what constitutes a substantial financial interest and the circumstances under which an exception to the conflict of interest prohibition may be granted.

“(9) A landing fee imposed for operating an aircraft or revenues derived from parking automobiles—

“(A) at Washington Dulles International Airport may not be used for maintenance or operating expenses (excluding debt service, depreciation, and amortization) at Washington National Airport; and

“(B) at Washington National Airport may not be used for maintenance or operating expenses (excluding debt service, depreciation, and amortization) at Washington Dulles International Airport.

“(10) The Airports Authority shall compute the fees and charges for landing general aviation aircraft at the Metropolitan Washington Airports on the same basis as the landing fees for air carrier aircraft, except that the Airports Authority may require a minimum landing fee that is not more than the landing fee for aircraft weighing 12,500 pounds.

“(11) The Secretary shall include other terms applicable to the parties to the lease that are consistent with, and carry out, this chapter.

“(b) PAYMENTS.—Under the lease, the Airports Authority must pay to the general fund of the Treasury annually an amount, computed using the GNP Price Deflator, equal to \$3,000,000 in

1987 dollars. The Secretary and the Airports Authority may renegotiate the level of lease payments attributable to inflation costs every 10 years.

“(c) ENFORCEMENT OF LEASE PROVISIONS.—The district courts of the United States have jurisdiction to compel the Airports Authority and its officers and employees to comply with the terms of the lease. The Attorney General or an aggrieved party may bring an action on behalf of the Government.

“(d) EXTENSION OF LEASE.—The Secretary and the Airports Authority may at any time negotiate an extension of the lease.

“§ 49105. Capital improvements, construction, and rehabilitation

“(a) SENSE OF CONGRESS.—It is the sense of Congress that the Metropolitan Washington Airports Authority—

“(1) should pursue the improvement, construction, and rehabilitation of the facilities at Washington Dulles International Airport and Washington National Airport simultaneously; and

“(2) to the extent practicable, should cause the improvement, construction, and rehabilitation proposed by the Secretary of Transportation to be completed at Washington Dulles International Airport and Washington National Airport within 5 years after March 30, 1988.

“(b) SECRETARY’S ASSISTANCE.—The Secretary shall assist the 3 airports serving the District of Columbia metropolitan area in planning for operational and capital improvements at those airports and shall accelerate consideration of applications for United States Government financial assistance by whichever of the 3 airports is most in need of increasing airside capacity.

“§ 49106. Metropolitan Washington Airports Authority

“(a) STATUS.—The Metropolitan Washington Airports Authority shall be—

“(1) a public body corporate and politic with the powers and jurisdiction—

“(A) conferred upon it jointly by the legislative authority of Virginia and the District of Columbia or by either of them and concurred in by the legislative authority of the other jurisdiction; and

“(B) that at least meet the specifications of this section and section 49108 of this title;

“(2) independent of Virginia and its local governments, the District of Columbia, and the United States Government; and

“(3) a political subdivision constituted only to operate and improve the Metropolitan Washington Airports as primary airports serving the Metropolitan Washington area.

“(b) GENERAL AUTHORITY.—(1) The Airports Authority shall be authorized—

“(A) to acquire, maintain, improve, operate, protect, and promote the Metropolitan Washington Airports for public purposes;

“(B) to issue bonds from time to time in its discretion for public purposes, including paying any part of the cost of airport improvements, construction, and rehabilitation and the

acquisition of real and personal property, including operating equipment for the airports;

“(C) to acquire real and personal property by purchase, lease, transfer, or exchange;

“(D) to exercise the powers of eminent domain in Virginia that are conferred on it by Virginia;

“(E) to levy fees or other charges; and

“(F) to make and maintain agreements with employee organizations to the extent that the Federal Aviation Administration was authorized to do so on October 18, 1996.

“(2) Bonds issued under paragraph (1)(B) of this subsection—

“(A) are not a debt of Virginia, the District of Columbia, or a political subdivision of Virginia or the District of Columbia; and

“(B) may be secured by the Airports Authority’s revenues generally, or exclusively from the income and revenues of certain designated projects whether or not any part of the projects are financed from the proceeds of the bonds.

“(c) BOARD OF DIRECTORS.—(1) The Airports Authority shall be governed by a board of directors composed of the following 13 members:

“(A) 5 members appointed by the Governor of Virginia;

“(B) 3 members appointed by the Mayor of the District of Columbia;

“(C) 2 members appointed by the Governor of Maryland; and

“(D) 3 members appointed by the President with the advice and consent of the Senate.

“(2) The chairman of the board shall be appointed from among the members by majority vote of the members and shall serve until replaced by majority vote of the members.

“(3) Members of the board shall be appointed by the board for 6 years, except that of the members first appointed by the President after October 9, 1996, one shall be appointed for 4 years. A member may serve after the expiration of that member’s term until a successor has taken office.

“(4) A member of the board—

“(A) may not hold elective or appointive political office;

“(B) serves without compensation except for reasonable expenses incident to board functions; and

“(C) must reside within the Washington Standard Metropolitan Statistical Area, except that a member of the board appointed by the President must be a registered voter of a State other than Maryland, Virginia, or the District of Columbia.

“(5) A vacancy in the board shall be filled in the manner in which the original appointment was made. A member appointed to fill a vacancy occurring before the expiration of the term for which the member’s predecessor was appointed shall be appointed only for the remainder of that term.

“(6)(A) Not more than 2 of the members of the board appointed by the President may be of the same political party.

“(B) In carrying out their duties on the board, members appointed by the President shall ensure that adequate consideration is given to the national interest.

“(C) The members to be appointed under paragraph (1)(D) of this subsection must be appointed before October 1, 1997. If

the deadline is not met, the Secretary of Transportation and the Airports Authority are subject to the limitations of section 49108 of this title until all members referred to in paragraph (1)(D) are appointed.

“(D) A member appointed by the President may be removed by the President for cause.

“(7) Eight votes are required to approve bond issues and the annual budget.

“(d) CONFLICTS OF INTEREST.—Members of the board and their immediate families may not be employed by or otherwise hold a substantial financial interest in any enterprise that has or is seeking a contract or agreement with the Airports Authority or is an aeronautical, aviation services, or airport services enterprise that otherwise has interests that can be directly affected by the Airports Authority. The official appointing a member may make an exception if the financial interest is completely disclosed when the member is appointed and the member does not participate in board decisions that directly affect the interest.

“(e) CERTAIN ACTIONS TO BE TAKEN BY REGULATION.—An action of the Airports Authority changing, or having the effect of changing, the hours of operation of, or the type of aircraft serving, either of the Metropolitan Washington Airports may be taken only by regulation of the Airports Authority.

“(f) ADMINISTRATIVE.—To assist the Secretary in carrying out this chapter, the Secretary may hire 2 staff individuals to be paid by the Airports Authority. The Airports Authority shall provide clerical and support staff that the Secretary may require.

“(g) REVIEW OF CONTRACTING PROCEDURES.—The Comptroller General shall review contracts of the Airports Authority to decide whether the contracts were awarded by procedures that follow sound Government contracting principles and comply with section 49104(a)(4) of this title. The Comptroller General shall submit periodic reports of the conclusions reached as a result of the review to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate.

Reports.

“§ 49107. Federal employees at Metropolitan Washington Airports

“(a) LABOR AGREEMENTS.—(1) The Metropolitan Washington Airports Authority shall adopt all labor agreements that were in effect on June 7, 1987. Unless the parties otherwise agree, the agreements must be renegotiated before June 7, 1992.

“(2) Employee protection arrangements made under this section shall ensure, during the 50-year lease term, the continuation of all collective bargaining rights enjoyed by transferred employees retained by the Airports Authority.

“(b) CIVIL SERVICE RETIREMENT.—Any Federal employee who transferred to the Airports Authority and who on June 6, 1987, was subject to subchapter III of chapter 83 or chapter 84 of title 5, is subject to subchapter II of chapter 83 or chapter 84 for so long as continually employed by the Airports Authority without a break in service. For purposes of subchapter III of chapter 83 and chapter 84, employment by the Airports Authority without a break in continuity of service is deemed to be employment by the United States Government. The Airports Authority is the employing agency for purposes of subchapter III of chapter 83

and chapter 84 and shall contribute to the Civil Service Retirement and Disability Fund amounts required by subchapter III of chapter 83 and chapter 84.

“(c) ACCESS TO RECORDS.—The Airports Authority shall allow representatives of the Secretary of Transportation adequate access to employees and employee records of the Airports Authority when needed to carry out a duty or power related to the period before June 7, 1987. The Secretary shall provide the Airports Authority access to employee records of transferring employees for appropriate purposes.

“§ 49108. Limitations

“After October 1, 2001, the Secretary of Transportation may not approve an application of the Metropolitan Washington Airports Authority—

“(1) for an airport development project grant under subchapter I of chapter 471 of this title; or

“(2) to impose a passenger facility fee under section 40117 of this title.

“§ 49109. Nonstop flights

“An air carrier may not operate an aircraft nonstop in air transportation between Washington National Airport and another airport that is more than 1,250 statute miles away from Washington National Airport.

“§ 49110. Use of Dulles Airport Access Highway

“The Metropolitan Washington Airports Authority shall continue in effect and enforce section 4.2(1) and (2) of the Metropolitan Washington Airports Regulations, as in effect on February 1, 1995. The district courts of the United States have jurisdiction to compel the Airports Authority and its officers and employees to comply with this section. The Attorney General or an aggrieved party may bring an action on behalf of the United States Government.

“§ 49111. Relationship to and effect of other laws

“(a) SAME POWERS AND RESTRICTIONS UNDER OTHER LAWS.—To ensure that the Metropolitan Washington Airports Authority has the same proprietary powers and is subject to the same restrictions under United States law as any other airport except as otherwise provided in this chapter, during the period that the lease authorized by section 6005 of the Metropolitan Washington Airports Act of 1986 (Public Law 99-500; 100 Stat. 1783-375; Public Law 99-591; 100 Stat. 3341-378) is in effect—

“(1) the Metropolitan Washington Airports are deemed to be public airports for purposes of chapter 471 of this title; and

“(2) the Act of June 29, 1940 (ch. 444, 54 Stat. 686), the First Supplemental Civil Functions Appropriations Act, 1941 (ch. 780, 54 Stat. 1030), and the Act of September 7, 1950 (ch. 905, 64 Stat. 770), do not apply to the operation of the Metropolitan Washington Airports, and the Secretary of Transportation is relieved of all responsibility under those Acts.

“(b) INAPPLICABILITY OF CERTAIN LAWS.—The Metropolitan Washington Airports and the Airports Authority are not subject to the requirements of any law solely by reason of the retention

of the United States Government of the fee simple title to those airports.

“(c) POLICE POWER.—Virginia shall have concurrent police power authority over the Metropolitan Washington Airports, and the courts of Virginia may exercise jurisdiction over Washington National Airport.

“(d) PLANNING.—(1) The authority of the National Capital Planning Commission under section 5 of the Act of June 6, 1924 (40 U.S.C. 71d), does not apply to the Airports Authority.

“(2) The Airports Authority shall consult with—

“(A) the Commission and the Advisory Council on Historic Preservation before undertaking any major alterations to the exterior of the main terminal at Washington Dulles International Airport; and

“(B) the Commission before undertaking development that would alter the skyline of Washington National Airport when viewed from the opposing shoreline of the Potomac River or from the George Washington Parkway.

“(e) OPERATION LIMITATIONS.—The Administrator of the Federal Aviation Administration may not increase the number of instrument flight rule takeoffs and landings authorized for air carriers by the High Density Rule (14 CFR 93.121 et seq.) at Washington National Airport on October 18, 1986, and may not decrease the number of those takeoffs and landings except for reasons of safety.

“§ 49112. Separability and effect of judicial order

“(a) SEPARABILITY.—If any provision of this chapter, or the application of a provision of this chapter to a person or circumstance, is held invalid, the remainder of this chapter and the application of the provision to other persons or circumstances is not affected.

“(b) EFFECT OF JUDICIAL ORDER.—(1) If any provision of the Metropolitan Washington Airports Amendments Act of 1996 (title IX of Public Law 104-264; 110 Stat. 3274) or the amendments made by the Act, or the application of that provision to a person, circumstance, or venue, is held invalid by a judicial order, the Secretary of Transportation and the Metropolitan Washington Airports Authority shall be subject to section 49108 of this title from the day after the day the order is issued.

“(2) Any action of the Airports Authority that was required to be submitted to the Board of Review under section 6007(f)(4) of the Metropolitan Washington Airports Act of 1986 (Public Law 99-500; 100 Stat. 1783-380; Public Law 99-599; 100 Stat. 3341-383) before October 9, 1996, remains in effect and may not be set aside only because of a judicial order invalidating certain functions of the Board.”.

SEC. 3. TECHNICAL CHANGES TO OTHER LAWS.

(a) Effective November 15, 1995, section 333(a)(1) and (2) of the Department of Transportation and Related Agencies Appropriations Act, 1996 (Public Law 104-50; 109 Stat. 457) is amended to read as follows:

“(1) in subparagraph (B) ‘that extends the economic life of a bus for at least 5 years’; and

“(2) in subparagraph (C), ‘that extends the economic life of a bus for at least 8 years’.”.

- (b) Effective July 2, 1996, section 2(c) of the Anti-Car Theft Improvements Act of 1996 (Public Law 104–152; 110 Stat. 1384) is amended by striking “sections 30502 and 30503” and substituting “sections 30501(6), 30502, 30503, and 30504(a)(1)”. 49 USC 30501 note, 30501–30504.
- (c) Effective October 9, 1996, the Federal Aviation Reauthorization Act of 1996 (Public Law 104–264; 110 Stat. 3213) is amended as follows: 49 USC 106 note.
- (1) Section 123 is amended as follows: 49 USC 47117.
- (A) Subsection (b)(6) is amended to read as follows: “(6) in subparagraph (B), as so redesignated, by striking ‘at least 2.25’ and all that follows through ‘1996,’ and inserting ‘at least 4 percent for each of fiscal years 1997 and 1998; and”.
- (B) Add at the end the following:
- “(d) CONFORMING CROSS-REFERENCE.—Section 47117(e)(1)(A), as redesignated by subsection (b)(3) of this section, is amended by striking ‘47504(c)(1)’ and substituting ‘47504(c)’.”.
- (2) Section 124 is amended by striking subsection (d). 49 USC 47117.
- (3) Section 276 is amended by adding at the end the following: 49 USC 106.
- “(c) CONFORMING CROSS-REFERENCE.—Section 106(g)(1)(A) is amended by striking ‘45302, 45303’ and substituting ‘45302–45304’.”.
- (4) Sections 502(c) and 1220(b) are repealed. 49 USC 46301.
- (d) Effective October 11, 1996— 49 USC 40124 note.
- (1) Section 5 of the Act of October 11, 1996 (Public Law 104–287; 110 Stat. 3388), is amended as follows:
- (A) In clause (45)(A), strike “ENFORCEMENT,” and substitute “ENFORCEMENT:”.
- (B) Clause (69) is amended to read as follows: 49 USC 40121, 40124.
- “(69)(A) Add at the end of chapter 401 the following:
- ‘§ 40124. Interstate agreements for airport facilities**
- ‘Congress consents to a State making an agreement, not in conflict with a law of the United States, with another State to develop or operate an airport facility.’
- “(B) In the analysis for chapter 401, add at the end the following:
- ‘40124. Interstate agreements for airport facilities.’.”.
- (C) Clause (76) is repealed. 49 USC 45301.
- (D) Clause (79) is amended to read as follows: 49 USC 46316.
- “(79) In section 46316(b), strike ‘and sections 44701(a) and (b), 44702–44716, 44901, 44903(b) and (c), 44905, 44906, 44912–44915, and 44932–44938’ and substitute ‘chapter 447 (except section 44718(a)), and chapter 449 (except sections 44902, 44903(d), 44904, and 44907–44909)’.”.
- (E) Clause (84) is repealed. 49 USC 47128.
- (2) Section 8 of the Act of October 11, 1996 (Public Law 104–287; 110 Stat. 3400), is amended as follows:
- (A) In paragraph (1), strike “(77), (78)” and substitute “(77)–(79)”. 49 USC 5303 note.
- (B) Paragraph (2) is amended to read as follows: 49 USC 47117 note.
- “(2) The amendments made by section 5(81)(B), (82)(A), and (83)(A) shall take effect on September 30, 1998.”.
- (e) The General Aviation Revitalization Act of 1994 (Public Law 103–298; 108 Stat. 1552) is amended as follows: 49 USC 40101 note.

(1) In section 2(c), strike “the Federal Aviation Act of 1958 (49 U.S.C. App. 1301 et seq.)” and substitute “part A of subtitle VII of title 49, United States Code,”.

(2) In section 3—

(A) in paragraph (1), strike “section 101(5) of the Federal Aviation Act of 1958 (49 U.S.C. 1301(5))” and substitute “section 40102(a)(6) of title 49, United States Code”;

(B) in paragraph (2), strike “section 603(c) of the Federal Aviation Act of 1958 (49 U.S.C. 1423(c))” and substitute “section 44704(c)(1) of title 49, United States Code,”; and

(C) in paragraph (4), strike “section 603(a) of the Federal Aviation Act of 1958 (49 U.S.C. 1423(a))” and substitute “section 44704(a) of title 49, United States Code,”.

Effective dates.
49 USC 106 note.

(f) The amendments made by subsections (a) through (d) of this section shall take effect as if included in the provisions of the Acts to which the amendments relate.

49 USC note
prec. 101.

SEC. 4. LEGISLATIVE PURPOSE AND CONSTRUCTION.

(a) **NO SUBSTANTIVE CHANGE.**—This Act restates, without substantive change, laws enacted before May 1, 1997, that were replaced by this Act. This Act may not be construed as making a substantive change in the laws replaced. Laws enacted after April 30, 1997, that are inconsistent with this Act supersede this Act to the extent of the inconsistency.

(b) **REFERENCES.**—A reference to a law replaced by this Act, including a reference in a regulation, order, or other law, is deemed to refer to the corresponding provision enacted by this Act.

(c) **CONTINUING EFFECT.**—An order, rule, or regulation in effect under a law replaced by this Act continues in effect under the corresponding provision enacted by this Act until repealed, amended, or superseded.

(d) **ACTIONS AND OFFENSES UNDER PRIOR LAW.**—An action taken or an offense committed under a law replaced by this Act is deemed to have been taken or committed under the corresponding provision enacted by this Act.

(e) **INFERENCES.**—An inference of a legislative construction is not to be drawn by reason of the location in the United States Code of a provision enacted by this Act or by reason of a caption or catch line of the provision.

(f) **SEVERABILITY.**—If a provision enacted by this Act is held invalid, all valid provisions that are severable from the invalid provision remain in effect. If a provision enacted by this Act is held invalid in any of its applications, the provision remains valid for all valid applications that are severable from any of the invalid applications.

49 USC note
prec. 101.

SEC. 5. REPEALS.

(a) **INFERENCES OF REPEAL.**—The repeal of a law by this Act may not be construed as a legislative inference that the provision was or was not in effect before its repeal.

(b) REPEALER SCHEDULE.—The laws specified in the following schedule are repealed, except for rights and duties that matured, penalties that were incurred, and proceedings that were begun before the date of enactment of this Act:

Schedule of Laws Repealed

Statutes at Large

Date	Chapter or Public Law	Section	Statutes at Large		U.S. Code	
			Volume	Page	Title	Section
1996 Oct. 18	99–500 ...	6001–6012	100	1783–373
Oct. 30	99–591 ...	6001–6012	100	3341–376
1991 Dec. 18	102–240	7001–7004	105	2197
1996 Oct. 9	104–264	902–907	110	3274

Approved November 20, 1997.

LEGISLATIVE HISTORY—H.R. 1086:

HOUSE REPORTS: No. 105–153 (Comm. on the Judiciary).

CONGRESSIONAL RECORD, Vol. 143 (1997):

July 8, considered and passed House.

Nov. 8, considered and passed Senate.

Public Law 105–103
105th Congress

An Act

Nov. 20, 1997
[H.R. 2813]

To waive time limitations specified by law in order to allow the Medal of Honor to be awarded to Robert R. Ingram of Jacksonville, Florida, for acts of valor while a Navy Hospital Corpsman in the Republic of Vietnam during the Vietnam conflict.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AUTHORITY FOR AWARD OF MEDAL OF HONOR TO ROBERT R. INGRAM FOR VALOR DURING THE VIETNAM CONFLICT.

(a) **WAIVER OF TIME LIMITATIONS.**—Notwithstanding the time limitations specified in section 6248 of title 10, United States Code, or any other time limitation with respect to the awarding of certain medals to persons who served in the naval service, the President may award the Medal of Honor under section 6241 of that title to Robert R. Ingram of Jacksonville, Florida, for the acts of valor referred to in subsection (b).

(b) **ACTION DESCRIBED.**—The acts of valor referred to in subsection (a) are the actions of Robert R. Ingram on March 28, 1966, as a Hospital Corpsman Third Class in the Navy serving in the Republic of Vietnam with Company C of the First Battalion, Seventh Marines, during a combat operation designated as Operation Indiana.

Approved November 20, 1997.

LEGISLATIVE HISTORY—H.R. 2813:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 8, considered and passed House.

Nov. 10, considered and passed Senate.



Public Law 105–104
105th Congress

Joint Resolution

Granting the consent of Congress to the Apalachicola-Chattahoochee-Flint River
Basin Compact.

Nov. 20, 1997

[H.J. Res. 91]

*Resolved by the Senate and House of Representatives of the
United States of America in Congress assembled,*

State listing.

SECTION 1. CONGRESSIONAL CONSENT.

The Congress consents to the Apalachicola-Chattahoochee-Flint River Basin Compact entered into by the States of Alabama, Florida, and Georgia. The Compact is substantially as follows:

“Apalachicola-Chattahoochee-Flint River Basin Compact

“The States of Alabama, Florida and Georgia and the United States of America hereby agree to the following compact which shall become effective upon enactment of concurrent legislation by each respective state legislature and the Congress of the United States.

“SHORT TITLE

“This Act shall be known and may be cited as the ‘Apalachicola-Chattahoochee-Flint River Basin Compact’ and shall be referred to hereafter in this document as the ‘ACF Compact’ or ‘Compact’.

“ARTICLE I

“COMPACT PURPOSES

“This Compact among the States of Alabama, Florida and Georgia and the United States of America has been entered into for the purposes of promoting interstate comity, removing causes of present and future controversies, equitably apportioning the surface waters of the ACF, engaging in water planning, and developing and sharing common data bases.

“ARTICLE II

“SCOPE OF THE COMPACT

“This Compact shall extend to all of the waters arising within the drainage basin of the ACF in the states of Alabama, Florida and Georgia.

Apalachicola-
Chattahoochee-
Flint River Basin
Compact.

“ARTICLE III

“PARTIES

“The parties to this Compact are the states of Alabama, Florida and Georgia and the United States of America.

“ARTICLE IV

“DEFINITIONS

“For the purposes of this Compact, the following words, phrases and terms shall have the following meanings:

“(a) ‘ACF Basin’ or ‘ACF’ means the area of natural drainage into the Apalachicola River and its tributaries, the Chattahoochee River and its tributaries, and the Flint River and its tributaries. Any reference to the rivers within this Compact will be designated using the letters ‘ACF’ and when so referenced will mean each of these three rivers and each of the tributaries to each such river.

“(b) ‘Allocation formula’ means the methodology, in whatever form, by which the ACF Basin Commission determines an equitable apportionment of surface waters within the ACF Basin among the three states. Such formula may be represented by a table, chart, mathematical calculation or any other expression of the Commission’s apportionment of waters pursuant to this compact.

“(c) ‘Commission’ or ‘ACF Basin Commission’ means the Apalachicola-Chattahoochee-Flint River Basin Commission created and established pursuant to this Compact.

“(d) ‘Ground waters’ means waters within a saturated zone or stratum beneath the surface of land, whether or not flowing through known and definite channels.

“(e) ‘Person’ means any individual, firm, association, organization, partnership, business, trust, corporation, public corporation, company, the United States of America, any state, and all political subdivisions, regions, districts, municipalities, and public agencies thereof.

“(f) ‘Surface waters’ means waters upon the surface of the earth, whether contained in bounds created naturally or artificially or diffused. Water from natural springs shall be considered ‘surface waters’ when it exits from the spring onto the surface of the earth.

“(g) ‘United States’ means the executive branch of the government of the United States of America, and any department, agency, bureau or division thereof.

“(h) ‘Water Resource Facility’ means any facility or project constructed for the impoundment, diversion, retention, control or regulation of waters within the ACF Basin for any purpose.

“(i) ‘Water resources,’ or ‘waters’ means all surface waters and ground waters contained or otherwise originating within the ACF Basin.

“ARTICLE V

“CONDITIONS PRECEDENT TO LEGAL VIABILITY OF THE
COMPACT

“This Compact shall not be binding on any party until it has been enacted into law by the legislatures of the states of Alabama,

Florida and Georgia and by the Congress of the United States of America.

“ARTICLE VI

“ACF BASIN COMMISSION CREATED

“(a) There is hereby created an interstate administrative agency to be known as the ‘ACF Basin Commission.’ The Commission shall be comprised of one member representing the state of Alabama, one member representing the state of Florida, one member representing the state of Georgia, and one non-voting member representing the United States of America. The state members shall be known as ‘State Commissioners’ and the federal member shall be known as ‘Federal Commissioner.’ The ACF Basin Commission is a body politic and corporate, with succession for the duration of this Compact.

“(b) The Governor of each of the states shall serve as the State Commissioner for his or her state. Each State Commissioner shall appoint one or more alternate members and one of such alternates as designated by the State Commissioner shall serve in the State Commissioner’s place and carry out the functions of the State Commissioner, including voting on Commission matters, in the event the State Commissioner is unable to attend a meeting of the Commission. The alternate members from each state shall be knowledgeable in the field of water resources management. Unless otherwise provided by law of the state for which an alternate State Commissioner is appointed, each alternate State Commissioner shall serve at the pleasure of the State Commissioner. In the event of a vacancy in the office of an alternate, it shall be filled in the same manner as an original appointment.

“(c) The President of the United States of America shall appoint the Federal Commissioner who shall serve as the representative of all federal agencies with an interest in the ACF. The President shall also appoint an alternate Federal Commissioner to attend and participate in the meetings of the Commission in the event the Federal Commissioner is unable to attend meetings. When at meetings, the alternate Federal Commissioner shall possess all of the powers of the Federal Commissioner. The Federal Commissioner and alternate appointed by the President shall serve until they resign or their replacements are appointed.

President.

“(d) Each state shall have one vote on the ACF Basin Commission and the Commission shall make all decisions and exercise all powers by unanimous vote of the three State Commissioners. The Federal Commissioner shall not have a vote, but shall attend and participate in all meetings of the ACF Basin Commission to the same extent as the State Commissioners.

“(e) The ACF Basin Commission shall meet at least once a year at a date set at its initial meeting. Such initial meeting shall take place within ninety days of the ratification of the Compact by the Congress of the United States and shall be called by the chairman of the Commission. Special meetings of the Commission may be called at the discretion of the chairman of the Commission and shall be called by the chairman of the Commission upon written request of any member of the Commission. All members shall be notified of the time and place designated for any regular or special meeting at least five days prior to such meeting in one

of the following ways: by written notice mailed to the last mailing address given to the Commission by each member, by facsimile, telegram or by telephone. The Chairmanship of the Commission shall rotate annually among the voting members of the Commission on an alphabetical basis, with the first chairman to be the State Commissioner representing the State of Alabama.

“(f) All meetings of the Commission shall be open to the public.

“(g) The ACF Basin Commission, so long as the exercise of power is consistent with this Compact, shall have the following general powers:

“(1) to adopt bylaws and procedures governing its conduct;

“(2) to sue and be sued in any court of competent jurisdiction;

“(3) to retain and discharge professional, technical, clerical and other staff and such consultants as are necessary to accomplish the purposes of this Compact;

“(4) to receive funds from any lawful source and expend funds for any lawful purpose;

Contracts.

“(5) to enter into agreements or contracts, where appropriate, in order to accomplish the purposes of this Compact;

“(6) to create committees and delegate responsibilities;

“(7) to plan, coordinate, monitor, and make recommendations for the water resources of the ACF Basin for the purposes of, but not limited to, minimizing adverse impacts of floods and droughts and improving water quality, water supply, and conservation as may be deemed necessary by the Commission;

“(8) to participate with other governmental and non-governmental entities in carrying out the purposes of this Compact;

“(9) to conduct studies, to generate information regarding the water resources of the ACF Basin, and to share this information among the Commission members and with others;

“(10) to cooperate with appropriate state, federal, and local agencies or any other person in the development, ownership, sponsorship, and operation of water resource facilities in the ACF Basin; provided, however, that the Commission shall not own or operate a federally-owned water resource facility unless authorized by the United States Congress;

“(11) to acquire, receive, hold and convey such personal and real property as may be necessary for the performance of its duties under the Compact; provided, however, that nothing in this Compact shall be construed as granting the ACF Basin Commission authority to issue bonds or to exercise any right of eminent domain or power of condemnation;

“(12) to establish and modify an allocation formula for apportioning the surface waters of the ACF Basin among the states of Alabama, Florida and Georgia; and

“(13) to perform all functions required of it by this Compact and to do all things necessary, proper or convenient in the performance of its duties hereunder, either independently or in cooperation with any state or the United States.

“ARTICLE VII

“EQUITABLE APPORTIONMENT

“(a) It is the intent of the parties to this Compact to develop an allocation formula for equitably apportioning the surface waters

of the ACF Basin among the states while protecting the water quality, ecology and biodiversity of the ACF, as provided in the Clean Water Act, 33 U.S.C. Sections 1251 et seq., the Endangered Species Act, 16 U.S.C. Sections 1532 et seq., the National Environmental Policy Act, 42 U.S.C. Sections 4321 et seq., the Rivers and Harbors Act of 1899, 33 U.S.C. Sections 401 et seq., and other applicable federal laws. For this purpose, all members of the ACF Basin Commission, including the Federal Commissioner, shall have full rights to notice of and participation in all meetings of the ACF Basin Commission and technical committees in which the basis and terms and conditions of the allocation formula are to be discussed or negotiated. When an allocation formula is unanimously approved by the State Commissioners, there shall be an agreement among the states regarding an allocation formula. The allocation formula thus agreed upon shall become effective and binding upon the parties to this Compact upon receipt by the Commission of a letter of concurrence with said formula from the Federal Commissioner. If, however, the Federal Commissioner fails to submit a letter of concurrence to the Commission within two hundred ten (210) days after the allocation formula is agreed upon by the State Commissioners, the Federal Commissioner shall within forty-five (45) days thereafter submit to the ACF Basin Commission a letter of nonconcurrence with the allocation formula setting forth therein specifically and in detail the reasons for nonconcurrence; provided, however, the reasons for nonconcurrence as contained in the letter of nonconcurrence shall be based solely upon federal law. The allocation formula shall also become effective and binding upon the parties to this Compact if the Federal Commissioner fails to submit to the ACF Basin Commission a letter of nonconcurrence in accordance with this Article. Once adopted pursuant to this Article, the allocation formula may only be modified by unanimous decision of the State Commissioners and the concurrence by the Federal Commissioner in accordance with the procedures set forth in this Article.

“(b) The parties to this Compact recognize that the United States operates certain projects within the ACF Basin that may influence the water resources within the ACF Basin. The parties to this Compact further acknowledge and recognize that various agencies of the United States have responsibilities for administering certain federal laws and exercising certain federal powers that may influence the water resources within the ACF Basin. It is the intent of the parties to this Compact, including the United States, to achieve compliance with the allocation formula adopted in accordance with this Article. Accordingly, once an allocation formula is adopted, each and every officer, agency, and instrumentality of the United States shall have an obligation and duty, to the maximum extent practicable, to exercise their powers, authority, and discretion in a manner consistent with the allocation formula so long as the exercise of such powers, authority, and discretion is not in conflict with federal law.

“(c) Between the effective date of this Compact and the approval of the allocation formula under this Article, the signatories to this Compact agree that any person who is withdrawing, diverting, or consuming water resources of the ACF Basin as of the effective date of this Compact, may continue to withdraw, divert or consume such water resources in accordance with the laws of the state where such person resides or does business and in accordance

with applicable federal laws. The parties to this Compact further agree that any such person may increase the amount of water resources withdrawn, diverted or consumed to satisfy reasonable increases in the demand of such person for water between the effective date of this Compact and the date on which an allocation formula is approved by the ACF Basin Commission as permitted by applicable law. Each of the state parties to this Compact further agree to provide written notice to each of the other parties to this Compact in the event any person increases the withdrawal, diversion or consumption of such water resources by more than 10 million gallons per day on an average annual daily basis, or in the event any person, who was not withdrawing, diverting or consuming any water resources from the ACF Basin as of the effective date of this Compact, seeks to withdraw, divert or consume more than one million gallons per day on an average annual daily basis from such resources. This Article shall not be construed as granting any permanent, vested or perpetual rights to the amounts of water used between January 3, 1992 and the date on which the Commission adopts an allocation formula.

“(d) As the owner, operator, licensor, permitting authority or regulator of a water resource facility under its jurisdiction, each state shall be responsible for using its best efforts to achieve compliance with the allocation formula adopted pursuant to this Article. Each such state agrees to take such actions as may be necessary to achieve compliance with the allocation formula.

“(e) This Compact shall not commit any state to agree to any data generated by any study or commit any state to any allocation formula not acceptable to such state.

“ARTICLE VIII

“CONDITIONS RESULTING IN TERMINATION OF THE COMPACT

“(a) This Compact shall be terminated and thereby be void and of no further force and effect if any of the following events occur:

“(1) The legislatures of the states of Alabama, Florida and Georgia each agree by general laws enacted by each state within any three consecutive years that this Compact should be terminated.

“(2) The United States Congress enacts a law expressly repealing this Compact.

“(3) The States of Alabama, Florida and Georgia fail to agree on an equitable apportionment of the surface waters of the ACF as provided in Article VII(a) of this Compact by December 31, 1998, unless the voting members of the ACF Basin Commission unanimously agree to extend this deadline.

“(4) The Federal Commissioner submits to the Commission a letter of nonconcurrence in the initial allocation formula in accordance with Article VII(a) of the Compact, unless the voting members of the ACF Basin Commission unanimously agree to allow a single 45 day period in which the non-voting Federal Commissioner and the voting State Commissioners may renegotiate an allocation formula and the Federal Commissioner withdraws the letter of nonconcurrence upon completion of this renegotiation.

“(b) If the Compact is terminated in accordance with this Article it shall be of no further force and effect and shall not be the subject of any proceeding for the enforcement thereof in any federal or state court. Further, if so terminated, no party shall be deemed to have acquired a specific right to any quantity of water because it has become a signatory to this Compact.

“ARTICLE IX

“COMPLETION OF STUDIES PENDING ADOPTION OF ALLOCATION FORMULA

“The ACF Basin Commission, in conjunction with one or more interstate, federal, state or local agencies, is hereby authorized to participate in any study in process as of the effective date of this Compact, including, without limitation, all or any part of the Alabama-Coosa-Tallapoosa/Apalachicola-Chattahoochee-Flint River Basin Comprehensive Water Resource Study, as may be determined by the Commission in its sole discretion.

“ARTICLE X

“RELATIONSHIP TO OTHER LAWS

“(a) It is the intent of the party states and of the United States Congress by ratifying this Compact, that all state and federal officials enforcing, implementing or administering other state and federal laws affecting the ACF Basin shall, to the maximum extent practicable, enforce, implement or administer those laws in furtherance of the purposes of this Compact and the allocation formula adopted by the Commission insofar as such actions are not in conflict with applicable federal laws.

“(b) Nothing contained in this Compact shall be deemed to restrict the executive powers of the President in the event of a national emergency.

“(c) Nothing contained in this Compact shall impair or affect the constitutional authority of the United States or any of its powers, rights, functions or jurisdiction under other existing or future laws in and over the area or waters which are the subject of the Compact, including projects of the Commission, nor shall any act of the Commission have the effect of repealing, modifying or amending any federal law. All officers, agencies and instrumentalities of the United States shall exercise their powers and authority over water resources in the ACF Basin and water resource facilities, and to the maximum extent practicable, shall exercise their discretion in carrying out their responsibilities, powers, and authorities over water resources in the ACF Basin and water resource facilities in the ACF Basin in a manner consistent with and that effectuates the allocation formula developed pursuant to this Compact or any modification of the allocation formula so long as the actions are not in conflict with any applicable federal law. The United States Army Corps of Engineers, or its successors, and all other federal agencies and instrumentalities shall cooperate with the ACF Basin Commission in accomplishing the purposes of the Compact and fulfilling the obligations of each of the parties to the Compact regarding the allocation formula.

“(d) Once adopted by the three states and ratified by the United States Congress, this Compact shall have the full force

and effect of federal law, and shall supersede state and local laws operating contrary to the provisions herein or the purposes of this Compact; provided, however, nothing contained in this Compact shall be construed as affecting or intending to affect or in any way to interfere with the laws of the respective signatory states relating to water quality, and riparian rights as among persons exclusively within each state.

“ARTICLE XI

“PUBLIC PARTICIPATION

“All meetings of the Commission shall be open to the public. The signatory parties recognize the importance and necessity of public participation in activities of the Commission, including the development and adoption of the initial allocation formula and any modification thereto. Prior to the adoption of the initial allocation formula, the Commission shall adopt procedures ensuring public participation in the development, review, and approval of the initial allocation formula and any subsequent modification thereto. At a minimum, public notice to interested parties and a comment period shall be provided. The Commission shall respond in writing to relevant comments.

“ARTICLE XII

“FUNDING AND EXPENSES OF THE COMMISSION

“Commissioners shall serve without compensation from the ACF Basin Commission. All general operational funding required by the Commission and agreed to by the voting members shall obligate each state to pay an equal share of such agreed upon funding. Funds remitted to the Commission by a state in payment of such obligation shall not lapse; provided, however, that if any state fails to remit payment within 90 days after payment is due, such obligation shall terminate and any state which has made payment may have such payment returned. Costs of attendance and participation at meetings of the Commission by the Federal Commissioner shall be paid by the United States.

“ARTICLE XIII

“DISPUTE RESOLUTION

“(a) In the event of a dispute between two or more voting members of this Compact involving a claim relating to compliance with the allocation formula adopted by the Commission under this Compact, the following procedures shall govern:

“(1) Notice of claim shall be filed with the Commission by a voting member of this Compact and served upon each member of the Commission. The notice shall provide a written statement of the claim, including a brief narrative of the relevant matters supporting the claimant’s position.

“(2) Within twenty (20) days of the Commission’s receipt of a written statement of a claim, the party or parties to the Compact against whom the complaint is made may prepare a brief narrative of the relevant matters and file it with the Commission and serve it upon each member of the Commission.

“(3) Upon receipt of a claim and any response or responses thereto, the Commission shall convene as soon as reasonably practicable, but in no event later than twenty (20) days from receipt of any response to the claim, and shall determine if a resolution of the dispute is possible.

“(4) A resolution of a dispute under this Article through unanimous vote of the State Commissioners shall be binding upon the state parties and any state party determined to be in violation of the allocation formula shall correct such violation without delay.

“(5) If the Commission is unable to resolve the dispute within 10 days from the date of the meeting convened pursuant to subparagraph (a)(3) of this Article, the Commission shall select, by unanimous decision of the voting members of the Commission, an independent mediator to conduct a non-binding mediation of the dispute. The mediator shall not be a resident or domiciliary of any member state, shall not be an employee or agent of any member of the Commission, shall be a person knowledgeable in water resource management issues, and shall disclose any and all current or prior contractual or other relations to any member of the Commission. The expenses of the mediator shall be paid by the Commission. If the mediator becomes unwilling or unable to serve, the Commission by unanimous decision of the voting members of the Commission, shall appoint another independent mediator.

“(6) If the Commission fails to appoint an independent mediator to conduct a non-binding mediation of the dispute within seventy-five (75) days of the filing of the original claim or within thirty (30) days of the date on which the Commission learns that a mediator is unwilling or unable to serve, the party submitting the claim shall have no further obligation to bring the claim before the Commission and may proceed by pursuing any appropriate remedies, including any and all judicial remedies.

“(7) If an independent mediator is selected, the mediator shall establish the time and location for the mediation session or sessions and may request that each party to the Compact submit, in writing, to the mediator a statement of its position regarding the issue or issues in dispute. Such statements shall not be exchanged by the parties except upon the unanimous agreement of the parties to the mediation.

“(8) The mediator shall not divulge confidential information disclosed to the mediator by the parties or by witnesses, if any, in the course of the mediation. All records, reports, or other documents received by a mediator while serving as a mediator shall be considered confidential. The mediator shall not be compelled in any adversary proceeding or judicial forum to divulge the contents of such documents or the fact that such documents exist or to testify in regard to the mediation.

“(9) Each party to the mediation shall maintain the confidentiality of the information received during the mediation and shall not rely on or introduce in any judicial proceeding as evidence:

“a. Views expressed or suggestions made by another party regarding a settlement of the dispute;

“b. Proposals made or views expressed by the mediator; or

“c. The fact that another party to the hearing had or had not indicated a willingness to accept a proposal for settlement of the dispute.

“(10) The mediator may terminate the non-binding mediation session or sessions whenever, in the judgment of the mediator, further efforts to resolve the dispute would not lead to a resolution of the dispute between or among the parties. Any party to the dispute may terminate the mediation process at any time by giving written notification to the mediator and the Commission. If terminated prior to reaching a resolution, the party submitting the original claim to the Commission shall have no further obligation to bring its claim before the Commission and may proceed by pursuing any appropriate remedies, including any and all judicial remedies.

“(11) The mediator shall have no authority to require the parties to enter into a settlement of any dispute regarding the Compact. The mediator may simply attempt to assist the parties in reaching a mutually acceptable resolution of their dispute. The mediator is authorized to conduct joint and separate meetings with the parties to the mediation and to make oral or written recommendations for a settlement of the dispute.

“(12) At any time during the mediation process, the Commission is encouraged to take whatever steps it deems necessary to assist the mediator or the parties to resolve the dispute.

“(13) In the event of a proceeding seeking enforcement of the allocation formula, this Compact creates a cause of action solely for equitable relief. No action for money damages may be maintained. The party or parties alleging a violation of the Compact shall have the burden of proof.

“(b) In the event of a dispute between any voting member and the United States relating to a state’s noncompliance with the allocation formula as a result of actions or a refusal to act by officers, agencies or instrumentalities of the United States, the provisions set forth in paragraph (a) of this Article (other than the provisions of subparagraph (a)(4)) shall apply.

“(c) The United States may initiate dispute resolution under paragraph (a) in the same manner as other parties to this Compact.

“(d) Any signatory party who is affected by any action of the Commission, other than the adoption or enforcement of or compliance with the allocation formula, may file a complaint before the ACF Basin Commission seeking to enforce any provision of this Compact.

“(1) The Commission shall refer the dispute to an independent hearing officer or mediator, to conduct a hearing or mediation of the dispute. If the parties are unable to settle their dispute through mediation, a hearing shall be held by the Commission or its designated hearing officer. Following a hearing conducted by a hearing officer, the hearing officer shall submit a report to the Commission setting forth findings of fact and conclusions of law, and making recommendations to the Commission for the resolution of the dispute.

“(2) The Commission may adopt or modify the recommendations of the hearing officer within 60 days of submittal of the report. If the Commission is unable to reach unanimous agreement on the resolution of the dispute within 60 days of submittal of the report with the concurrence of the Federal Commissioner in disputes involving or affecting federal interests, the affected party may file an action in any court of competent jurisdiction to enforce the provisions of this Compact. The hearing officer’s report shall be of no force and effect and shall not be admissible as evidence in any further proceedings.

“(e) All actions under this Article shall be subject to the following provisions:

“(1) The Commission shall adopt guidelines and procedures for the appointment of hearing officers or independent mediators to conduct all hearings and mediations required under this Article. The hearing officer or mediator appointed under this Article shall be compensated by the Commission.

“(2) All hearings or mediations conducted under this article may be conducted utilizing the Federal Administrative Procedures Act, the Federal Rules of Civil Procedure, and the Federal Rules of Evidence. The Commission may also choose to adopt some or all of its own procedural and evidentiary rules for the conduct of hearings or mediations under this Compact.

“(3) Any action brought under this Article shall be limited to equitable relief only. This Compact shall not give rise to a cause of action for money damages.

“(4) Any signatory party bringing an action before the Commission under this Article shall have the burdens of proof and persuasion.

“ARTICLE XIV

“ENFORCEMENT

“The Commission may, upon unanimous decision, bring an action against any person to enforce any provision of this Compact, other than the adoption or enforcement of or compliance with the allocation formula, in any court of competent jurisdiction.

“ARTICLE XV

“IMPACTS ON OTHER STREAM SYSTEMS

“This Compact shall not be construed as establishing any general principle or precedent applicable to any other interstate streams.

“ARTICLE XVI

“IMPACT OF COMPACT ON USE OF WATER WITHIN THE BOUNDARIES OF THE COMPACTING STATES

“The provisions of this Compact shall not interfere with the right or power of any state to regulate the use and control of water within the boundaries of the state, providing such state action is not inconsistent with the allocation formula.

“ARTICLE XVII

“AGREEMENT REGARDING WATER QUALITY

“(a) The States of Alabama, Florida, and Georgia mutually agree to the principle of individual State efforts to control man-made water pollution from sources located and operating within each State and to the continuing support of each State in active water pollution control programs.

“(b) The States of Alabama, Florida, and Georgia agree to cooperate, through their appropriate State agencies, in the investigation, abatement, and control of sources of alleged interstate pollution within the ACF River Basin whenever such sources are called to their attention by the Commission.

“(c) The States of Alabama, Florida, and Georgia agree to cooperate in maintaining the quality of the waters of the ACF River Basin.

“(d) The States of Alabama, Florida, and Georgia agree that no State may require another state to provide water for the purpose of water quality control as a substitute for or in lieu of adequate waste treatment.

“ARTICLE XVIII

“EFFECT OF OVER OR UNDER DELIVERIES UNDER THE
COMPACT

“No state shall acquire any right or expectation to the use of water because of any other state’s failure to use the full amount of water allocated to it under this Compact.

“ARTICLE XIX

“SEVERABILITY

“If any portion of this Compact is held invalid for any reason, the remaining portions, to the fullest extent possible, shall be severed from the void portion and given the fullest possible force, effect, and application.

“ARTICLE XX

“NOTICE AND FORMS OF SIGNATURE

“Notice of ratification of this Compact by the legislature of each state shall promptly be given by the Governor of the ratifying state to the Governors of the other participating states. When all three state legislatures have ratified the Compact, notice of their mutual ratification shall be forwarded to the Congressional delegation of the signatory states for submission to the Congress of the United States for ratification. When the Compact is ratified by the Congress of the United States, the President, upon signing the Federal ratification legislation, shall promptly notify the Governors of the participating states and appoint the Federal Commissioner. The Compact shall be signed by all four Commissioners as their first order of business at their first meeting and shall be filed of record in the party states.”.

SEC. 2. INCONSISTENCY OF LANGUAGE.

The validity of the Compact consented to by this Act shall not be affected by any insubstantial difference in its form or language as adopted by the States.

SEC. 3. RIGHT TO ALTER, AMEND, OR REPEAL.

The right to alter, amend, or repeal this joint resolution is hereby expressly reserved.

SEC. 4. RESERVATIONS.

To ensure participation of Federal agencies during the development of the allocation formula and participation in all technical working groups and meetings in which the terms and conditions of the allocation formula are negotiated and to preserve Federal discretion under law, the consent of Congress to, and participation of the United States in, the Apalachicola-Chattahoochee-Flint River Basin Compact, is subject to the following conditions and reservations:

(1) Representatives of any Federal agency may attend any and all meetings of the Commission.

(2) Upon the request of the Federal Commissioner, representatives of any Federal agency may participate in any meetings of technical committees, if any, of the Commission at which the basis or terms and conditions of the allocation formula or modifications to the allocation formula are to be discussed or negotiated.

(3) The Federal Commissioner shall be given notice of any meeting of the Commission or any meeting of technical committees, if any, of the Commission at which compliance with the allocation formula by one or more officers, agencies, or instrumentalities of the United States is to be discussed.

(4) Under the provisions of Article VII(a), the Federal Commissioner may submit a letter of concurrence with the allocation formula unanimously adopted by the State Commissioners within 255 days of such adoption.

(5) No mediator shall be selected under Article XIII(b) or Article XIII(c) without the concurrence of the Federal Commissioner and no resolution of a dispute under Article XIII(c) shall be made binding on the United States without the concurrence of the Federal Commissioner.

(6) The obligations of employees, agencies, and instrumentalities of the United States pursuant to Articles VII(b), X(a), and X(c) to exercise their discretion, to the maximum extent practicable, in a manner consistent with the allocation formula shall not be construed to interfere with the ability of such employees, agencies, and instrumentalities to take actions during emergency situations.

(7) As among water right holders within any one State, nothing in this Compact shall be construed as affecting or intending to affect or in any way to interfere with the laws of the respective signatory States relating to riparian rights of the United States in and to the waters of the Apalachicola-Chattahoochee-Flint River Basin.

SEC. 5. EFFECTUATION.

(a) **FEDERAL AGENCY AUTHORITY.**—To carry out the purposes of this Compact, Federal agencies are authorized, as they may deem appropriate—

(1) to engage in cooperative relationships with the Commission;

(2) to conduct studies and monitoring programs in cooperation with the Commission;

(3) to enter into agreements to indemnify private landowners against liability that may arise from studies and monitoring programs undertaken in cooperation with the Commission; and

(4) to furnish assistance, including the provision of services, facilities, and personnel, to the Federal Commissioner.

(b) APPROPRIATIONS.—Appropriations are authorized as necessary for implementing the Compact, including appropriations for carrying out the functions of the Federal Commissioner and alternates and for employment of personnel by the Federal Commissioner.

Approved November 20, 1997.

LEGISLATIVE HISTORY—H.J. Res. 91:

HOUSE REPORTS: No. 105–369 (Comm. on the Judiciary).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 4, considered and passed House.

Nov. 7, considered and passed Senate.



Public Law 105–105
105th Congress

Joint Resolution

Granting the consent of Congress to the Alabama-Coosa-Tallapoosa River Basin Compact.

Nov. 20, 1997
[H.J. Res. 92]

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

Alabama.
Georgia.

SECTION 1. CONGRESSIONAL CONSENT.

The Congress consents to the Alabama-Coosa-Tallapoosa River Basin Compact entered into by the States of Alabama and Georgia. The compact is substantially as follows:

“Alabama-Coosa-Tallapoosa River Basin Compact

“The States of Alabama and Georgia and the United States of America hereby agree to the following compact which shall become effective upon enactment of concurrent legislation by each respective state legislature and the Congress of the United States

“SHORT TITLE

“This Act shall be known and may be cited as the ‘Alabama-Coosa-Tallapoosa River Basin Compact’ and shall be referred to hereafter in this document as the ‘ACT Compact’ or ‘Compact’.

“ARTICLE I

“COMPACT PURPOSES

“This Compact among the States of Alabama and Georgia and the United States of America has been entered into for the purposes of promoting interstate comity, removing causes of present and future controversies, equitably apportioning the surface waters of the ACT, engaging in water planning, and developing and sharing common data bases.

“ARTICLE II

“SCOPE OF THE COMPACT

“This Compact shall extend to all of the waters arising within the drainage basin of the ACT in the states of Alabama and Georgia.

Alabama-Coosa-
Tallapoosa River
Basin Compact.

“ARTICLE III

“PARTIES

“The parties to this Compact are the states of Alabama and Georgia and the United States of America.

“ARTICLE IV

“DEFINITIONS

“For the purposes of this Compact, the following words, phrases and terms shall have the following meanings:

“(a) ‘ACT Basin’ or ‘ACT’ means the area of natural drainage into the Alabama River and its tributaries, the Coosa River and its tributaries, and the Tallapoosa River and its tributaries. Any reference to the rivers within this Compact will be designated using the letters ‘ACT’ and when so referenced will mean each of these three rivers and each of the tributaries to each such river.

“(b) ‘Allocation formula’ means the methodology, in whatever form, by which the ACT Basin Commission determines an equitable apportionment of surface waters within the ACT Basin among the two states. Such formula may be represented by a table, chart, mathematical calculation or any other expression of the Commission’s apportionment of waters pursuant to this compact.

“(c) ‘Commission’ or ‘ACT Basin Commission’ means the Alabama-Coosa-Tallapoosa River Basin Commission created and established pursuant to this Compact.

“(d) ‘Ground waters’ means waters within a saturated zone or stratum beneath the surface of land, whether or not flowing through known and definite channels.

“(e) ‘Person’ means any individual, firm, association, organization, partnership, business, trust, corporation, public corporation, company, the United States of America, any state, and all political subdivisions, regions, districts, municipalities, and public agencies thereof.

“(f) ‘Surface waters’ means waters upon the surface of the earth, whether contained in bounds created naturally or artificially or diffused. Water from natural springs shall be considered ‘surface waters’ when it exits from the spring onto the surface of the earth.

“(g) ‘United States’ means the executive branch of the Government of the United States of America, and any department, agency, bureau or division thereof.

“(h) ‘Water Resource Facility’ means any facility or project constructed for the impoundment, diversion, retention, control or regulation of waters within the ACT Basin for any purpose.

“(i) ‘Water resources,’ or ‘waters’ means all surface waters and ground waters contained or otherwise originating within the ACT Basin.

“ARTICLE V

“CONDITIONS PRECEDENT TO LEGAL VIABILITY OF THE
COMPACT

“This Compact shall not be binding on any party until it has been enacted into law by the legislatures of the States of Alabama and Georgia and by the Congress of the United States of America.

“ARTICLE VI

“ACT BASIN COMMISSION CREATED

“(a) There is hereby created an interstate administrative agency to be known as the ‘ACT Basin Commission.’ The Commission shall be comprised of one member representing the State of Alabama, one member representing the State of Georgia, and one non-voting member representing the United States of America. The State members shall be known as ‘State Commissioners’ and the Federal member shall be known as ‘Federal Commissioner.’ The ACT Basin Commission is a body politic and corporate, with succession for the duration of this Compact.

“(b) The Governor of each of the States shall serve as the State Commissioner for his or her State. Each State Commissioner shall appoint one or more alternate members and one of such alternates as designated by the State Commissioner shall serve in the State Commissioner’s place and carry out the functions of the State Commissioner, including voting on Commission matters, in the event the State Commissioner is unable to attend a meeting of the Commission. The alternate members from each State shall be knowledgeable in the field of water resources management. Unless otherwise provided by law of the State for which an alternate State Commissioner is appointed, each alternate State Commissioner shall serve at the pleasure of the State Commissioner. In the event of a vacancy in the office of an alternate, it shall be filled in the same manner as an original appointment.

“(c) The President of the United States of America shall appoint the Federal Commissioner who shall serve as the representative of all Federal agencies with an interest in the ACT. The President shall also appoint an alternate Federal Commissioner to attend and participate in the meetings of the Commission in the event the Federal Commissioner is unable to attend meetings. When at meetings, the alternate Federal Commissioner shall possess all of the powers of the Federal Commissioner. The Federal Commissioner and alternate appointed by the President shall serve until they resign or their replacements are appointed.

President.

“(d) Each state shall have one vote on the ACT Basin Commission and the Commission shall make all decisions and exercise all powers by unanimous vote of the two State Commissioners. The Federal Commissioner shall not have a vote but shall attend and participate in all meetings of the ACT Basin Commission to the same extent as the State Commissioners.

“(e) The ACT Basin Commission shall meet at least once a year at a date set at its initial meeting. Such initial meeting shall take place within ninety days of the ratification of the Compact by the Congress of the United States and shall be called by the chairman of the Commission. Special meetings of the Commission may be called at the discretion of the chairman of the Commission

and shall be called by the chairman of the Commission upon written request of any member of the Commission. All members shall be notified of the time and place designated for any regular or special meeting at least five days prior to such meeting in one of the following ways: by written notice mailed to the last mailing address given to the Commission by each member, by facsimile, telegram or by telephone. The Chairmanship of the Commission shall rotate annually among the voting members of the Commission on an alphabetical basis, with the first chairman to be the State Commissioner representing the State of Alabama.

“(f) All meetings of the Commission shall be open to the public.

“(g) The ACT Basin Commission, so long as the exercise of power is consistent with this Compact, shall have the following general powers:

“(1) to adopt bylaws and procedures governing its conduct;

“(2) to sue and be sued in any court of competent jurisdiction;

“(3) to retain and discharge professional, technical, clerical and other staff and such consultants as are necessary to accomplish the purposes of this Compact;

“(4) to receive funds from any lawful source and expend funds for any lawful purpose;

Contracts.

“(5) to enter into agreements or contracts, where appropriate, in order to accomplish the purposes of this Compact;

“(6) to create committees and delegate responsibilities;

“(7) to plan, coordinate, monitor, and make recommendations for the water resources of the ACT Basin for the purposes of, but not limited to, minimizing adverse impacts of floods and droughts and improving water quality, water supply, and conservation as may be deemed necessary by the Commission;

“(8) to participate with other governmental and non-governmental entities in carrying out the purposes of this Compact;

“(9) to conduct studies, to generate information regarding the water resources of the ACT Basin, and to share this information among the Commission members and with others;

“(10) to cooperate with appropriate state, federal, and local agencies or any other person in the development, ownership, sponsorship, and operation of water resource facilities in the ACT Basin; provided, however, that the Commission shall not own or operate a federally-owned water resource facility unless authorized by the United States Congress;

“(11) to acquire, receive, hold and convey such personal and real property as may be necessary for the performance of its duties under the Compact; provided, however, that nothing in this Compact shall be construed as granting the ACT Basin Commission authority to issue bonds or to exercise any right of eminent domain or power of condemnation;

“(12) to establish and modify an allocation formula for apportioning the surface waters of the ACT Basin among the states of Alabama and Georgia; and

“(13) to perform all functions required of it by this Compact and to do all things necessary, proper or convenient in the performance of its duties hereunder, either independently or in cooperation with any state or the United States.

“ARTICLE VII

“EQUITABLE APPORTIONMENT

“(a) It is the intent of the parties to this Compact to develop an allocation formula for equitably apportioning the surface waters of the ACT Basin among the states while protecting the water quality, ecology and biodiversity of the ACT, as provided in the Clean Water Act, 33 U.S.C. Sections 1251 et seq., the Endangered Species Act, 16 U.S.C. Sections 1532 et seq., the National Environmental Policy Act, 42 U.S.C. Sections 4321 et seq., the Rivers and Harbors Act of 1899, 33 U.S.C. Sections 401 et seq., and other applicable federal laws. For this purpose, all members of the ACT Basin Commission, including the Federal Commissioner, shall have full rights to notice of and participation in all meetings of the ACT Basin Commission and technical committees in which the basis and terms and conditions of the allocation formula are to be discussed or negotiated. When an allocation formula is unanimously approved by the State Commissioners, there shall be an agreement among the states regarding an allocation formula. The allocation formula thus agreed upon shall become effective and binding upon the parties to this Compact upon receipt by the Commission of a letter of concurrence with said formula from the Federal Commissioner. If, however, the Federal Commissioner fails to submit a letter of concurrence to the Commission within two hundred ten (210) days after the allocation formula is agreed upon by the State Commissioners, the Federal Commissioner shall within forty-five (45) days thereafter submit to the ACT Basin Commission a letter of nonconcurrence with the allocation formula setting forth therein specifically and in detail the reasons for nonconcurrence; provided, however, the reasons for nonconcurrence as contained in the letter of nonconcurrence shall be based solely upon federal law. The allocation formula shall also become effective and binding upon the parties to this Compact if the Federal Commissioner fails to submit to the ACT Basin Commission a letter of nonconcurrence in accordance with this Article. Once adopted pursuant to this Article, the allocation formula may only be modified by unanimous decision of the State Commissioners and the concurrence by the Federal Commissioner in accordance with the procedures set forth in this Article.

“(b) The parties to this Compact recognize that the United States operates certain projects within the ACT Basin that may influence the water resources within the ACT Basin. The parties to this Compact further acknowledge and recognize that various agencies of the United States have responsibilities for administering certain federal laws and exercising certain federal powers that may influence the water resources within the ACT Basin. It is the intent of the parties to this Compact, including the United States, to achieve compliance with the allocation formula adopted in accordance with this Article. Accordingly, once an allocation formula is adopted, each and every officer, agency, and instrumentality of the United States shall have an obligation and duty, to the maximum extent practicable, to exercise their powers, authority, and discretion in a manner consistent with the allocation formula so long as the exercise of such powers, authority, and discretion is not in conflict with federal law.

“(c) Between the effective date of this Compact and the approval of the allocation formula under this Article, the signatories to this Compact agree that any person who is withdrawing, diverting, or consuming water resources of the ACT Basin as of the effective date of this Compact, may continue to withdraw, divert or consume such water resources in accordance with the laws of the state where such person resides or does business and in accordance with applicable federal laws. The parties to this Compact further agree that any such person may increase the amount of water resources withdrawn, diverted or consumed to satisfy reasonable increases in the demand of such person for water between the effective date of this Compact and the date on which an allocation formula is approved by the ACT Basin Commission as permitted by applicable law. Each of the state parties to this Compact further agree to provide written notice to each of the other parties to this Compact in the event any person increases the withdrawal, diversion or consumption of such water resources by more than 10 million gallons per day on an average annual daily basis, or in the event any person, who was not withdrawing, diverting or consuming any water resources from the ACT Basin as of the effective date of this Compact, seeks to withdraw, divert or consume more than one million gallons per day on an average annual daily basis from such resources. This Article shall not be construed as granting any permanent, vested or perpetual rights to the amounts of water used between January 3, 1992 and the date on which the Commission adopts an allocation formula.

“(d) As the owner, operator, licensor, permitting authority or regulator of a water resource facility under its jurisdiction, each state shall be responsible for using its best efforts to achieve compliance with the allocation formula adopted pursuant to this Article. Each such state agrees to take such actions as may be necessary to achieve compliance with the allocation formula.

“(e) This Compact shall not commit any state to agree to any data generated by any study or commit any state to any allocation formula not acceptable to such state.

“ARTICLE VIII

“CONDITIONS RESULTING IN TERMINATION OF THE COMPACT

“(a) This Compact shall be terminated and thereby be void and of no further force and effect if any of the following events occur:

“(1) The legislatures of the states of Alabama and Georgia each agree by general laws enacted by each state within any three consecutive years that this Compact should be terminated.

“(2) The United States Congress enacts a law expressly repealing this Compact.

“(3) The States of Alabama and Georgia fail to agree on an equitable apportionment of the surface waters of the ACT as provided in Article VII(a) of this Compact by December 31, 1998, unless the voting members of the ACT Basin Commission unanimously agree to extend this deadline.

“(4) The Federal Commissioner submits to the Commission a letter of nonconcurrence in the initial allocation formula in accordance with Article VII(a) of the Compact, unless the voting members

of the ACT Basin Commission unanimously agree to allow a single 45 day period in which the non-voting Federal Commissioner and the voting State Commissioners may renegotiate an allocation formula and the Federal Commissioner withdraws the letter of nonconcurrence upon completion of this renegotiation.

“(b) If the Compact is terminated in accordance with this Article it shall be of no further force and effect and shall not be the subject of any proceeding for the enforcement thereof in any federal or state court. Further, if so terminated, no party shall be deemed to have acquired a specific right to any quantity of water because it has become a signatory to this Compact.

“ARTICLE IX

“COMPLETION OF STUDIES PENDING ADOPTION OF ALLOCATION FORMULA

“The ACT Basin Commission, in conjunction with one or more interstate, federal, state or local agencies, is hereby authorized to participate in any study in process as of the effective date of this Compact, including, without limitation, all or any part of the Alabama-Coosa-Tallapoosa/Apalachicola-Chattahoochee-Flint River Basin Comprehensive Water Resource Study, as may be determined by the Commission in its sole discretion.

“ARTICLE X

“RELATIONSHIP TO OTHER LAWS

“(a) It is the intent of the party states and of the United States Congress by ratifying this Compact, that all state and federal officials enforcing, implementing or administering other state and federal laws affecting the ACT Basin shall, to the maximum extent practicable, enforce, implement or administer those laws in furtherance of the purposes of this Compact and the allocation formula adopted by the Commission insofar as such actions are not in conflict with applicable federal laws.

“(b) Nothing contained in this Compact shall be deemed to restrict the executive powers of the President in the event of a national emergency.

“(c) Nothing contained in this Compact shall impair or affect the constitutional authority of the United States or any of its powers, rights, functions or jurisdiction under other existing or future laws in and over the area or waters which are the subject of the Compact, including projects of the Commission, nor shall any act of the Commission have the effect of repealing, modifying or amending any federal law. All officers, agencies and instrumentalities of the United States shall exercise their powers and authority over water resources in the ACT Basin and water resource facilities, and to the maximum extent practicable, shall exercise their discretion in carrying out their responsibilities, powers, and authorities over water resources in the ACT Basin and water resource facilities in the ACT Basin in a manner consistent with and that effectuates the allocation formula developed pursuant to this Compact or any modification of the allocation formula so long as the actions are not in conflict with any applicable federal law. The United States Army Corps of Engineers, or its successors, and all other federal agencies and instrumentalities shall cooperate

with the ACT Basin Commission in accomplishing the purposes of the Compact and fulfilling the obligations of each of the parties to the Compact regarding the allocation formula.

“(d) Once adopted by the two states and ratified by the United States Congress, this Compact shall have the full force and effect of federal law, and shall supersede state and local laws operating contrary to the provisions herein or the purposes of this Compact; provided, however, nothing contained in this Compact shall be construed as affecting or intending to affect or in any way to interfere with the laws of the respective signatory states relating to water quality, and riparian rights as among persons exclusively within each state.

“ARTICLE XI

“PUBLIC PARTICIPATION

“All meetings of the Commission shall be open to the public. The signatory parties recognize the importance and necessity of public participation in activities of the Commission, including the development and adoption of the initial allocation formula and any modification thereto. Prior to the adoption of the initial allocation formula, the Commission shall adopt procedures ensuring public participation in the development, review, and approval of the initial allocation formula and any subsequent modification thereto. At a minimum, public notice to interested parties and a comment period shall be provided. The Commission shall respond in writing to relevant comments.

“ARTICLE XII

“FUNDING AND EXPENSES OF THE COMMISSION

“Commissioners shall serve without compensation from the ACT Basin Commission. All general operational funding required by the Commission and agreed to by the voting members shall obligate each state to pay an equal share of such agreed upon funding. Funds remitted to the Commission by a state in payment of such obligation shall not lapse; provided, however, that if any state fails to remit payment within 90 days after payment is due, such obligation shall terminate and any state which has made payment may have such payment returned. Costs of attendance and participation at meetings of the Commission by the Federal Commissioner shall be paid by the United States.

“ARTICLE XIII

“DISPUTE RESOLUTION

“(a) In the event of a dispute between the voting members of this Compact involving a claim relating to compliance with the allocation formula adopted by the Commission under this Compact, the following procedures shall govern:

“(1) Notice of claim shall be filed with the Commission by a voting member of this Compact and served upon each member of the Commission. The notice shall provide a written statement of the claim, including a brief narrative of the relevant matters supporting the claimant’s position.

“(2) Within twenty (20) days of the Commission’s receipt of a written statement of a claim, the party or parties to the Compact against whom the complaint is made may prepare a brief narrative of the relevant matters and file it with the Commission and serve it upon each member of the Commission.

“(3) Upon receipt of a claim and any response or responses thereto, the Commission shall convene as soon as reasonably practicable, but in no event later than twenty (20) days from receipt of any response to the claim, and shall determine if a resolution of the dispute is possible.

“(4) A resolution of a dispute under this Article through unanimous vote of the State Commissioners shall be binding upon the state parties and any state party determined to be in violation of the allocation formula shall correct such violation without delay.

“(5) If the Commission is unable to resolve the dispute within 10 days from the date of the meeting convened pursuant to subparagraph (a)(3) of this Article, the Commission shall select, by unanimous decision of the voting members of the Commission, an independent mediator to conduct a non-binding mediation of the dispute. The mediator shall not be a resident or domiciliary of any member state, shall not be an employee or agent of any member of the Commission, shall be a person knowledgeable in water resource management issues, and shall disclose any and all current or prior contractual or other relations to any member of the Commission. The expenses of the mediator shall be paid by the Commission. If the mediator becomes unwilling or unable to serve, the Commission by unanimous decision of the voting members of the Commission, shall appoint another independent mediator.

“(6) If the Commission fails to appoint an independent mediator to conduct a non-binding mediation of the dispute within seventy-five (75) days of the filing of the original claim or within thirty (30) days of the date on which the Commission learns that a mediator is unwilling or unable to serve, the party submitting the claim shall have no further obligation to bring the claim before the Commission and may proceed by pursuing any appropriate remedies, including any and all judicial remedies.

“(7) If an independent mediator is selected, the mediator shall establish the time and location for the mediation session or sessions and may request that each party to the Compact submit, in writing, to the mediator a statement of its position regarding the issue or issues in dispute. Such statements shall not be exchanged by the parties except upon the unanimous agreement of the parties to the mediation.

“(8) The mediator shall not divulge confidential information disclosed to the mediator by the parties or by witnesses, if any, in the course of the mediation. All records, reports, or other documents received by a mediator while serving as a mediator shall be considered confidential. The mediator shall not be compelled in any adversary proceeding or judicial forum to divulge the contents of such documents or the fact that such documents exist or to testify in regard to the mediation.

“(9) Each party to the mediation shall maintain the confidentiality of the information received during the mediation and shall not rely on or introduce in any judicial proceeding as evidence:

“a. Views expressed or suggestions made by another party regarding a settlement of the dispute;

“b. Proposals made or views expressed by the mediator; or

“c. The fact that another party to the hearing had or had not indicated a willingness to accept a proposal for settlement of the dispute.

“(10) The mediator may terminate the non-binding mediation session or sessions whenever, in the judgment of the mediator, further efforts to resolve the dispute would not lead to a resolution of the dispute between or among the parties. Any party to the dispute may terminate the mediation process at any time by giving written notification to the mediator and the Commission. If terminated prior to reaching a resolution, the party submitting the original claim to the Commission shall have no further obligation to bring its claim before the Commission and may proceed by pursuing any appropriate remedies, including any and all judicial remedies.

“(11) The mediator shall have no authority to require the parties to enter into a settlement of any dispute regarding the Compact. The mediator may simply attempt to assist the parties in reaching a mutually acceptable resolution of their dispute. The mediator is authorized to conduct joint and separate meetings with the parties to the mediation and to make oral or written recommendations for a settlement of the dispute.

“(12) At any time during the mediation process, the Commission is encouraged to take whatever steps it deems necessary to assist the mediator or the parties to resolve the dispute.

“(13) In the event of a proceeding seeking enforcement of the allocation formula, this Compact creates a cause of action solely for equitable relief. No action for money damages may be maintained. The party or parties alleging a violation of the Compact shall have the burden of proof.

“(b) In the event of a dispute between any voting member and the United States relating to a state’s noncompliance with the allocation formula as a result of actions or a refusal to act by officers, agencies or instrumentalities of the United States, the provisions set forth in paragraph (a) of this Article (other than the provisions of subparagraph (a)(4)) shall apply.

“(c) The United States may initiate dispute resolution under paragraph (a) in the same manner as other parties to this Compact.

“(d) Any signatory party who is affected by any action of the Commission, other than the adoption or enforcement of or compliance with the allocation formula, may file a complaint before the ACT Basin Commission seeking to enforce any provision of this Compact.

“(1) The Commission shall refer the dispute to an independent hearing officer or mediator, to conduct a hearing or mediation of the dispute. If the parties are unable to settle their dispute through mediation, a hearing shall be held by the Commission or its designated hearing officer. Following a hearing conducted by a hearing officer, the hearing officer shall submit a report to the Commission setting forth findings of fact and conclusions of law, and making recommendations to the Commission for the resolution of the dispute.

“(2) The Commission may adopt or modify the recommendations of the hearing officer within 60 days of submittal of the report. If the Commission is unable to reach unanimous agreement on the resolution of the dispute within 60 days of submittal of the report with the concurrence of the Federal Commissioner in disputes involving or affecting federal interests, the affected party may file

an action in any court of competent jurisdiction to enforce the provisions of this Compact. The hearing officer's report shall be of no force and effect and shall not be admissible as evidence in any further proceedings.

“(e) All actions under this Article shall be subject to the following provisions:

“(1) The Commission shall adopt guidelines and procedures for the appointment of hearing officers or independent mediators to conduct all hearings and mediations required under this Article. The hearing officer or mediator appointed under this Article shall be compensated by the Commission.

“(2) All hearings or mediations conducted under this article may be conducted utilizing the Federal Administrative Procedures Act, the Federal Rules of Civil Procedure, and the Federal Rules of Evidence. The Commission may also choose to adopt some or all of its own procedural and evidentiary rules for the conduct of hearings or mediations under this Compact.

“(3) Any action brought under this Article shall be limited to equitable relief only. This Compact shall not give rise to a cause of action for money damages.

“(4) Any signatory party bringing an action before the Commission under this Article shall have the burdens of proof and persuasion.

“ARTICLE XIV

“ENFORCEMENT

“The Commission may, upon unanimous decision, bring an action against any person to enforce any provision of this Compact, other than the adoption or enforcement of or compliance with the allocation formula, in any court of competent jurisdiction.

“ARTICLE XV

“IMPACTS ON OTHER STREAM SYSTEMS

“This Compact shall not be construed as establishing any general principle or precedent applicable to any other interstate streams.

“ARTICLE XVI

“IMPACT OF COMPACT ON USE OF WATER WITHIN THE BOUNDARIES OF THE COMPACTING STATES

“The provisions of this Compact shall not interfere with the right or power of any state to regulate the use and control of water within the boundaries of the state, providing such state action is not inconsistent with the allocation formula.

“ARTICLE XVII

“AGREEMENT REGARDING WATER QUALITY

“(a) The States of Alabama and Georgia mutually agree to the principle of individual State efforts to control man-made water pollution from sources located and operating within each State

and to the continuing support of each State in active water pollution control programs.

“(b) The States of Alabama and Georgia agree to cooperate, through their appropriate State agencies, in the investigation, abatement, and control of sources of alleged interstate pollution within the ACT River Basin whenever such sources are called to their attention by the Commission.

“(c) The States of Alabama and Georgia agree to cooperate in maintaining the quality of the waters of the ACT River Basin.

“(d) The States of Alabama and Georgia agree that no State may require another state to provide water for the purpose of water quality control as a substitute for or in lieu of adequate waste treatment.

“ARTICLE XVIII

“EFFECT OF OVER OR UNDER DELIVERIES UNDER THE COMPACT

“No state shall acquire any right or expectation to the use of water because of any other state’s failure to use the full amount of water allocated to it under this Compact.

“ARTICLE XIX

“SEVERABILITY

“If any portion of this Compact is held invalid for any reason, the remaining portions, to the fullest extent possible, shall be severed from the void portion and given the fullest possible force, effect, and application.

“ARTICLE XX

“NOTICE AND FORMS OF SIGNATURE

“Notice of ratification of this Compact by the legislature of each state shall promptly be given by the Governor of the ratifying state to the Governor of the other participating state. When the two state legislatures have ratified the Compact, notice of their mutual ratification shall be forwarded to the Congressional delegation of the signatory states for submission to the Congress of the United States for ratification. When the Compact is ratified by the Congress of the United States, the President, upon signing the federal ratification legislation, shall promptly notify the Governors of the participating states and appoint the Federal Commissioner. The Compact shall be signed by all three Commissioners as their first order of business at their first meeting and shall be filed of record in the party states.”.

SEC. 2. INCONSISTENCY OF LANGUAGE.

The validity of the Compact consented to by this Act shall not be affected by any insubstantial difference in its form or language as adopted by the States.

SEC. 3. RIGHT TO ALTER, AMEND, OR REPEAL.

The right to alter, amend, or repeal this joint resolution is hereby expressly reserved.

SEC. 4. RESERVATIONS.

To ensure participation of Federal agencies during the development of the allocation formula and participation in all technical working groups and meetings in which the terms and conditions of the allocation formula are negotiated and to preserve Federal discretion under law, the consent of Congress to, and participation of the United States in, the Alabama-Coosa-Tallapoosa River Basin Compact, is subject to the following conditions and reservations:

(1) Representatives of any Federal agency may attend any and all meetings of the Commission.

(2) Upon the request of the Federal Commissioner, representatives of any Federal agency may participate in any meetings of technical committees, if any, of the Commission at which the basis or terms and conditions of the allocation formula or modifications to the allocation formula are to be discussed or negotiated.

(3) The Federal Commissioner shall be given notice of any meeting of the Commission or any meeting of technical committees, if any, of the Commission at which compliance with the allocation formula by one or more officers, agencies, or instrumentalities of the United States is to be discussed.

(4) Under the provisions of Article VII(a), the Federal Commissioner may submit a letter of concurrence with the allocation formula unanimously adopted by the State Commissioners within 255 days of such adoption.

(5) No mediator shall be selected under Article XIII(b) or Article XIII(c) without the concurrence of the Federal Commissioner and no resolution of a dispute under Article XIII(c) shall be made binding on the United States without the concurrence of the Federal Commissioner.

(6) The obligations of employees, agencies, and instrumentalities of the United States pursuant to Articles VII(b), X(a), and X(c) to exercise their discretion, to the maximum extent practicable, in a manner consistent with the allocation formula shall not be construed to interfere with the ability of such employees, agencies, and instrumentalities to take actions during emergency situations.

(7) As among water right holders within any one State, nothing in this Compact shall be construed as affecting or intending to affect or in any way to interfere with the laws of the respective signatory States relating to riparian rights of the United States in and to the waters of the Alabama-Coosa-Tallapoosa River Basin.

SEC. 5. EFFECTUATION.

(a) **FEDERAL AGENCY AUTHORITY.**—To carry out the purposes of this Compact, Federal agencies are authorized, as they may deem appropriate—

(1) to engage in cooperative relationships with the Commission;

(2) to conduct studies and monitoring programs in cooperation with the Commission;

(3) to enter into agreements to indemnify private landowners against liability that may arise from studies and monitoring programs undertaken in cooperation with the Commission; and

(4) to furnish assistance, including the provision of services, facilities, and personnel, to the Federal Commissioner.

(b) APPROPRIATIONS.—Appropriations are authorized as necessary for implementing the Compact, including appropriations for carrying out the functions of the Federal Commissioner and alternates and for employment of personnel by the Federal Commissioner.

Approved November 20, 1997.

LEGISLATIVE HISTORY—H.J. Res. 92:

HOUSE REPORTS: No. 105–370 (Comm. on the Judiciary).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 4, considered and passed House.

Nov. 7, considered and passed Senate.



Public Law 105–106
105th Congress

An Act

To provide for the acquisition of the Plains Railroad Depot at the Jimmy Carter
National Historic Site.

Nov. 20, 1997
[S. 669]

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

SECTION 1. ACQUISITION OF PLAINS RAILROAD DEPOT.

16 USC 461 note.

Section 1(c)(2) of the Act entitled “An Act to establish the Jimmy Carter National Historic Site and Preservation District in the State of Georgia, and for other purposes”, approved December 23, 1987 (16 U.S.C. 161 note; 101 Stat. 1435), is amended by striking “, the Plains Railroad Depot (described in subsection (b)(2)(B)),”.

Approved November 20, 1997.

LEGISLATIVE HISTORY—S. 669:

SENATE REPORTS: No. 105–39 (Comm. on Energy and Natural Resources).

CONGRESSIONAL RECORD, Vol. 143 (1997):

July 11, considered and passed Senate.

Nov. 9, considered and passed House.



Public Law 105–107
105th Congress

An Act

Nov. 20, 1997
[S. 858]

Intelligence
Authorization
Act for Fiscal
Year 1998.

To authorize appropriations for fiscal year 1998 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Intelligence Authorization Act for Fiscal Year 1998”.

(b) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—INTELLIGENCE ACTIVITIES

- Sec. 101. Authorization of appropriations.
- Sec. 102. Classified schedule of authorizations.
- Sec. 103. Personnel ceiling adjustments.
- Sec. 104. Community Management Account.

**TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND
DISABILITY SYSTEM**

- Sec. 201. Authorization of appropriations.

TITLE III—GENERAL PROVISIONS

- Sec. 301. Increase in employee compensation and benefits authorized by law.
- Sec. 302. Restriction on conduct of intelligence activities.
- Sec. 303. Detail of intelligence community personnel.
- Sec. 304. Extension of application of sanctions laws to intelligence activities.
- Sec. 305. Sense of Congress on intelligence community contracting.
- Sec. 306. Sense of Congress on receipt of classified information.
- Sec. 307. Provision of information on certain violent crimes abroad to victims and victims’ families.
- Sec. 308. Annual reports on intelligence activities of the People’s Republic of China.
- Sec. 309. Standards for spelling of foreign names and places and for use of geographic coordinates.
- Sec. 310. Review of studies on chemical weapons in the Persian Gulf during the Persian Gulf War.
- Sec. 311. Amendments to Fair Credit Reporting Act.

TITLE IV—CENTRAL INTELLIGENCE AGENCY

- Sec. 401. Multiyear leasing authority.
- Sec. 402. Subpoena authority for the Inspector General of the Central Intelligence Agency.
- Sec. 403. CIA central services program.
- Sec. 404. Protection of CIA facilities.
- Sec. 405. Administrative location of the Office of the Director of Central Intelligence.

TITLE V—DEPARTMENT OF DEFENSE INTELLIGENCE ACTIVITIES

- Sec. 501. Authority to award academic degree of Bachelor of Science in Intelligence.

Sec. 502. Funding for infrastructure and quality of life improvements at Menwith Hill and Bad Aibling stations.

Sec. 503. Unauthorized use of name, initials, or seal of National Reconnaissance Office.

TITLE I—INTELLIGENCE ACTIVITIES

SEC. 101. AUTHORIZATION OF APPROPRIATIONS.

Funds are hereby authorized to be appropriated for fiscal year 1998 for the conduct of the intelligence and intelligence-related activities of the following elements of the United States Government:

- (1) The Central Intelligence Agency.
- (2) The Department of Defense.
- (3) The Defense Intelligence Agency.
- (4) The National Security Agency.
- (5) The Department of the Army, the Department of the Navy, and the Department of the Air Force.
- (6) The Department of State.
- (7) The Department of the Treasury.
- (8) The Department of Energy.
- (9) The Federal Bureau of Investigation.
- (10) The Drug Enforcement Administration.
- (11) The National Reconnaissance Office.
- (12) The National Imagery and Mapping Agency.

SEC. 102. CLASSIFIED SCHEDULE OF AUTHORIZATIONS.

(a) SPECIFICATIONS OF AMOUNTS AND PERSONNEL CEILINGS.—The amounts authorized to be appropriated under section 101, and the authorized personnel ceilings as of September 30, 1998, for the conduct of the intelligence and intelligence-related activities of the elements listed in such section, are those specified in the classified Schedule of Authorizations prepared to accompany the conference report on the bill S. 858 of the One Hundred Fifth Congress.

(b) AVAILABILITY OF CLASSIFIED SCHEDULE OF AUTHORIZATIONS.—The Schedule of Authorizations shall be made available to the Committees on Appropriations of the Senate and House of Representatives and to the President. The President shall provide for suitable distribution of the Schedule, or of appropriate portions of the Schedule, within the Executive Branch.

SEC. 103. PERSONNEL CEILING ADJUSTMENTS.

(a) AUTHORITY FOR ADJUSTMENTS.—With the approval of the Director of the Office of Management and Budget, the Director of Central Intelligence may authorize employment of civilian personnel in excess of the number authorized for fiscal year 1998 under section 102 when the Director of Central Intelligence determines that such action is necessary to the performance of important intelligence functions, except that the number of personnel employed in excess of the number authorized under such section may not, for any element of the intelligence community, exceed two percent of the number of civilian personnel authorized under such section for such element.

(b) NOTICE TO INTELLIGENCE COMMITTEES.—The Director of Central Intelligence shall promptly notify the Permanent Select Committee on Intelligence of the House of Representatives and

the Select Committee on Intelligence of the Senate whenever the Director exercises the authority granted by this section.

SEC. 104. COMMUNITY MANAGEMENT ACCOUNT.

(a) AUTHORIZATION OF APPROPRIATIONS.—

(1) **AUTHORIZATION.**—There is authorized to be appropriated for the Community Management Account of the Director of Central Intelligence for fiscal year 1998 the sum of \$121,580,000.

(2) **AVAILABILITY OF CERTAIN FUNDS.**—Within such amount, funds identified in the classified Schedule of Authorizations referred to in section 102(a) for the Advanced Research and Development Committee and the Environmental Intelligence and Applications Program shall remain available until September 30, 1999.

(b) **AUTHORIZED PERSONNEL LEVELS.**—The elements within the Community Management Account of the Director of Central Intelligence are authorized a total of 283 full-time personnel as of September 30, 1998. Personnel serving in such elements may be permanent employees of the Community Management Account element or personnel detailed from other elements of the United States Government.

(c) CLASSIFIED AUTHORIZATIONS.—

(1) **AUTHORIZATION OF APPROPRIATIONS.**—In addition to amounts authorized to be appropriated for the Community Management Account by subsection (a), there is also authorized to be appropriated for the Community Management Account for fiscal year 1998 such additional amounts as are specified in the classified Schedule of Authorizations referred to in section 102(a).

(2) **AUTHORIZATION OF PERSONNEL.**—In addition to the personnel authorized by subsection (b) for elements of the Community Management Account as of September 30, 1998, there is hereby authorized such additional personnel for such elements as of that date as is specified in the classified Schedule of Authorizations.

(d) **REIMBURSEMENT.**—Except as provided in section 113 of the National Security Act of 1947 (as added by section 303 of this Act), during fiscal year 1998, any officer or employee of the United States or member of the Armed Forces who is detailed to the staff of an element within the Community Management Account from another element of the United States Government shall be detailed on a reimbursable basis, except that any such officer, employee, or member may be detailed on a nonreimbursable basis for a period of less than one year for the performance of temporary functions as required by the Director of Central Intelligence.

(e) NATIONAL DRUG INTELLIGENCE CENTER.—

(1) **IN GENERAL.**—Of the amount authorized to be appropriated in subsection (a), the amount of \$27,000,000 shall be available for the National Drug Intelligence Center. Within such amount, funds provided for research, development, test, and evaluation purposes shall remain available until September 30, 1999, and funds provided for procurement purposes shall remain available until September 30, 2000.

(2) **TRANSFER OF FUNDS.**—The Director of Central Intelligence shall transfer to the Attorney General of the United States funds available for the National Drug Intelligence Center

under paragraph (1). The Attorney General shall utilize funds so transferred for the activities of the Center.

(3) **LIMITATION.**—Amounts available for the Center may not be used in contravention of the provisions of section 103(d)(1) of the National Security Act of 1947 (50 U.S.C. 403–3(d)(1)).

(4) **AUTHORITY.**—Notwithstanding any other provision of law, the Attorney General shall retain full authority over the operations of the Center.

TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

SEC. 201. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated for the Central Intelligence Agency Retirement and Disability Fund for fiscal year 1998 the sum of \$196,900,000.

TITLE III—GENERAL PROVISIONS

SEC. 301. INCREASE IN EMPLOYEE COMPENSATION AND BENEFITS AUTHORIZED BY LAW.

Appropriations authorized by this Act for salary, pay, retirement, and other benefits for Federal employees may be increased by such additional or supplemental amounts as may be necessary for increases in such compensation or benefits authorized by law.

SEC. 302. RESTRICTION ON CONDUCT OF INTELLIGENCE ACTIVITIES.

The authorization of appropriations by this Act shall not be deemed to constitute authority for the conduct of any intelligence activity which is not otherwise authorized by the Constitution or the laws of the United States.

SEC. 303. DETAIL OF INTELLIGENCE COMMUNITY PERSONNEL.

(a) **IN GENERAL.**—Title I of the National Security Act of 1947 (50 U.S.C. 401 et seq.) is amended by adding at the end the following new section:

“DETAIL OF INTELLIGENCE COMMUNITY PERSONNEL—INTELLIGENCE COMMUNITY ASSIGNMENT PROGRAM

“SEC. 113. (a) **DETAIL.**—(1) Notwithstanding any other provision of law, the head of a department with an element in the intelligence community or the head of an intelligence community agency or element may detail any employee within that department, agency, or element to serve in any position in the Intelligence Community Assignment Program on a reimbursable or a nonreimbursable basis. 50 USC 404h.

“(2) Nonreimbursable details may be for such periods as are agreed to between the heads of the parent and host agencies, up to a maximum of three years, except that such details may be extended for a period not to exceed one year when the heads of the parent and host agencies determine that such extension is in the public interest.

“(b) **BENEFITS, ALLOWANCES, TRAVEL, INCENTIVES.**—An employee detailed under subsection (a) may be authorized any benefit, allowance, travel, or incentive otherwise provided to enhance staffing by the organization from which the employee is detailed.

“(c) **ANNUAL REPORT.**—Not later than March 1, 1999, and annually thereafter, the Director of Central Intelligence shall submit to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate a report describing the detail of intelligence community personnel pursuant to subsection (a) during the 12-month period ending on the date of the report. The report shall set forth the number of personnel detailed, the identity of parent and host agencies or elements, and an analysis of the benefits of the details.”.

50 USC 404e,
404f, 404d-1,
404g.

(b) **TECHNICAL AMENDMENT.**—Sections 120, 121, and 110 of the National Security Act of 1947 are hereby redesignated as sections 110, 111, and 112, respectively.

(c) **CLERICAL AMENDMENT.**—The table of contents in the first section of such Act is amended by striking out the items relating to sections 120, 121, and 110 and inserting in lieu thereof the following:

“Sec. 110. National mission of National Imagery and Mapping Agency.

“Sec. 111. Collection tasking authority.

“Sec. 112. Restrictions on intelligence sharing with the United Nations.

“Sec. 113. Detail of intelligence community personnel—intelligence community assignment program.”.

50 USC 404h
note.

(d) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to an employee on detail on or after January 1, 1997.

SEC. 304. EXTENSION OF APPLICATION OF SANCTIONS LAWS TO INTELLIGENCE ACTIVITIES.

Section 905 of the National Security Act of 1947 (50 U.S.C. 441d) is amended by striking out “January 6, 1998” and inserting in lieu thereof “January 6, 1999”.

SEC. 305. SENSE OF CONGRESS ON INTELLIGENCE COMMUNITY CONTRACTING.

It is the sense of Congress that the Director of Central Intelligence should continue to direct that elements of the intelligence community, whenever compatible with the national security interests of the United States and consistent with operational and security concerns related to the conduct of intelligence activities, and where fiscally sound, should competitively award contracts in a manner that maximizes the procurement of products properly designated as having been made in the United States.

SEC. 306. SENSE OF CONGRESS ON RECEIPT OF CLASSIFIED INFORMATION.

It is the sense of Congress that Members of Congress have equal standing with officials of the Executive Branch to receive classified information so that Congress may carry out its oversight responsibilities under the Constitution.

22 USC 2715a.

SEC. 307. PROVISION OF INFORMATION ON CERTAIN VIOLENT CRIMES ABROAD TO VICTIMS AND VICTIMS' FAMILIES.

(a) **SENSE OF CONGRESS.**—It is the sense of Congress that—

(1) it is in the national interests of the United States to provide information regarding the killing, abduction, torture,

or other serious mistreatment of United States citizens abroad to the victims of such crimes, or the families of victims of such crimes if they are United States citizens; and

(2) the provision of such information is sufficiently important that the discharge of the responsibility for identifying and disseminating such information should be vested in a cabinet-level officer of the United States Government.

(b) RESPONSIBILITY.—The Secretary of State shall take appropriate actions to ensure that the United States Government takes all appropriate actions to—

(1) identify promptly information (including classified information) in the possession of the departments and agencies of the United States Government regarding the killing, abduction, torture, or other serious mistreatment of United States citizens abroad; and

(2) subject to subsection (c), promptly make such information available to—

(A) the victims of such crimes; or

(B) when appropriate, the family members of the victims of such crimes if such family members are United States citizens.

(c) LIMITATIONS.—The Secretary shall work with the heads of appropriate departments and agencies of the United States Government in order to ensure that information relevant to a crime covered by subsection (b) is promptly reviewed and, to the maximum extent practicable, without jeopardizing sensitive sources and methods or other vital national security interests, or without jeopardizing an on-going criminal investigation or proceeding, made available under that subsection unless such disclosure is specifically prohibited by law.

SEC. 308. ANNUAL REPORTS ON INTELLIGENCE ACTIVITIES OF THE PEOPLE'S REPUBLIC OF CHINA.

50 USC 402a
note.

(a) REPORT TO CONGRESS.—Not later than 90 days after the date of enactment of this Act and annually thereafter, the Director of Central Intelligence and the Director of the Federal Bureau of Investigation, jointly and in consultation with the heads of other appropriate Federal agencies, including the National Security Agency and the Departments of Defense, Justice, Treasury, and State, shall prepare and transmit to Congress a report on intelligence activities of the People's Republic of China directed against or affecting the interests of the United States.

(b) DELIVERY OF REPORT.—The Director of Central Intelligence and the Director of the Federal Bureau of Investigation shall jointly transmit classified and unclassified versions of the report to the Speaker and Minority leader of the House of Representatives, the Majority and Minority leaders of the Senate, the Chairman and Ranking Member of the Permanent Select Committee on Intelligence of the House of Representatives, and the Chairman and Vice-Chairman of the Select Committee on Intelligence of the Senate.

SEC. 309. STANDARDS FOR SPELLING OF FOREIGN NAMES AND PLACES AND FOR USE OF GEOGRAPHIC COORDINATES.

50 USC 403–3
note.

(a) SURVEY OF CURRENT STANDARDS.—

(1) SURVEY.—The Director of Central Intelligence shall carry out a survey of current standards for the spelling of foreign names and places, and the use of geographic coordinates

for such places, among the elements of the intelligence community.

(2) **REPORT.**—Not later than 90 days after the date of enactment of this Act, the Director shall submit to the congressional intelligence committees a report on the survey carried out under paragraph (1). The report shall be submitted in unclassified form, but may include a classified annex.

(b) **GUIDELINES.**—

(1) **ISSUANCE.**—Not later than 180 days after the date of enactment of this Act, the Director shall issue guidelines to ensure the use of uniform spelling of foreign names and places and the uniform use of geographic coordinates for such places. The guidelines shall apply to all intelligence reports, intelligence products, and intelligence databases prepared and utilized by the elements of the intelligence community.

(2) **BASIS.**—The guidelines under paragraph (1) shall, to the maximum extent practicable, be based on current United States Government standards for the transliteration of foreign names, standards for foreign place names developed by the Board on Geographic Names, and a standard set of geographic coordinates.

(3) **SUBMITTAL TO CONGRESS.**—The Director shall submit a copy of the guidelines to the congressional intelligence committees.

(c) **CONGRESSIONAL INTELLIGENCE COMMITTEES DEFINED.**—In this section, the term “congressional intelligence committees” means the following:

(1) The Select Committee on Intelligence of the Senate.

(2) The Permanent Select Committee on Intelligence of the House of Representatives.

SEC. 310. REVIEW OF STUDIES ON CHEMICAL WEAPONS IN THE PERSIAN GULF DURING THE PERSIAN GULF WAR.

(a) **REVIEW.**—

(1) **IN GENERAL.**—Not later than May 31, 1998, the Inspector General of the Central Intelligence Agency shall complete a review of the studies conducted by the Federal Government regarding the presence, use, or destruction of chemical weapons in the Persian Gulf theater of operations during the Persian Gulf War.

(2) **PURPOSE.**—The purpose of the review is to identify any additional investigation or research that may be necessary—

(A) to determine fully and completely the extent of Central Intelligence Agency knowledge of the presence, use, or destruction of such weapons in that theater of operations during that war; and

(B) with respect to any other issue relating to the presence, use, or destruction of such weapons in that theater of operations during that war that the Inspector General considers appropriate.

(b) **REPORT ON REVIEW.**—

(1) **REQUIREMENT.**—Upon the completion of the review, the Inspector General shall submit to the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Representatives a report on

the results of the review. The report shall include such recommendations for additional investigations or research as the Inspector General considers appropriate.

(2) FORM.—The report shall be submitted in unclassified form, but may include a classified annex.

SEC. 311. AMENDMENTS TO FAIR CREDIT REPORTING ACT.

(a) EXCEPTION TO CONSUMER DISCLOSURE REQUIREMENT.—Section 604(b) of the Fair Credit Reporting Act (15 U.S.C. 1681b(b)) (as amended by chapter 1 of subtitle D of the Economic Growth and Regulatory Paperwork Reduction Act of 1996) is amended by adding at the end the following new paragraph:

“(4) EXCEPTION FOR NATIONAL SECURITY INVESTIGATIONS.—

“(A) IN GENERAL.—In the case of an agency or department of the United States Government which seeks to obtain and use a consumer report for employment purposes, paragraph (3) shall not apply to any adverse action by such agency or department which is based in part on such consumer report, if the head of such agency or department makes a written finding that—

“(i) the consumer report is relevant to a national security investigation of such agency or department;

“(ii) the investigation is within the jurisdiction of such agency or department;

“(iii) there is reason to believe that compliance with paragraph (3) will—

“(I) endanger the life or physical safety of any person;

“(II) result in flight from prosecution;

“(III) result in the destruction of, or tampering with, evidence relevant to the investigation;

“(IV) result in the intimidation of a potential witness relevant to the investigation;

“(V) result in the compromise of classified information; or

“(VI) otherwise seriously jeopardize or unduly delay the investigation or another official proceeding.

“(B) NOTIFICATION OF CONSUMER UPON CONCLUSION OF INVESTIGATION.—Upon the conclusion of a national security investigation described in subparagraph (A), or upon the determination that the exception under subparagraph (A) is no longer required for the reasons set forth in such subparagraph, the official exercising the authority in such subparagraph shall provide to the consumer who is the subject of the consumer report with regard to which such finding was made—

“(i) a copy of such consumer report with any classified information redacted as necessary;

“(ii) notice of any adverse action which is based, in part, on the consumer report; and

“(iii) the identification with reasonable specificity of the nature of the investigation for which the consumer report was sought.

“(C) DELEGATION BY HEAD OF AGENCY OR DEPARTMENT.—For purposes of subparagraphs (A) and (B), the head of any agency or department of the United States

Government may delegate his or her authorities under this paragraph to an official of such agency or department who has personnel security responsibilities and is a member of the Senior Executive Service or equivalent civilian or military rank.

“(D) REPORT TO THE CONGRESS.—Not later than January 31 of each year, the head of each agency and department of the United States Government that exercised authority under this paragraph during the preceding year shall submit a report to the Congress on the number of times the department or agency exercised such authority during the year.

“(E) DEFINITIONS.—For purposes of this paragraph, the following definitions shall apply:

“(i) CLASSIFIED INFORMATION.—The term ‘classified information’ means information that is protected from unauthorized disclosure under Executive Order No. 12958 or successor orders.

“(ii) NATIONAL SECURITY INVESTIGATION.—The term ‘national security investigation’ means any official inquiry by an agency or department of the United States Government to determine the eligibility of a consumer to receive access or continued access to classified information or to determine whether classified information has been lost or compromised.”.

(b) RESALE OF CONSUMER REPORT TO A FEDERAL AGENCY OR DEPARTMENT.—Section 607(e) of the Fair Credit Reporting Act (12 U.S.C. 1681e(e)) (as amended by chapter 1 of subtitle D of the Economic Growth and Regulatory Paperwork Reduction Act of 1996) is amended by adding at the end the following new paragraph:

“(3) RESALE OF CONSUMER REPORT TO A FEDERAL AGENCY OR DEPARTMENT.—Notwithstanding paragraph (1) or (2), a person who procures a consumer report for purposes of reselling the report (or any information in the report) shall not disclose the identity of the end-user of the report under paragraph (1) or (2) if—

“(A) the end user is an agency or department of the United States Government which procures the report from the person for purposes of determining the eligibility of the consumer concerned to receive access or continued access to classified information (as defined in section 604(b)(4)(E)(i)); and

“(B) the agency or department certifies in writing to the person reselling the report that nondisclosure is necessary to protect classified information or the safety of persons employed by or contracting with, or undergoing investigation for work or contracting with the agency or department.”.

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect as if such amendments had been included in chapter 1 of subtitle D of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 as of the date of the enactment of such Act.

TITLE IV—CENTRAL INTELLIGENCE AGENCY

SEC. 401. MULTIYEAR LEASING AUTHORITY.

(a) IN GENERAL.—Section 5 of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403f) is amended—

(1) by redesignating paragraphs (a) through (f) as paragraphs (1) through (6), respectively;

(2) by inserting “(a)” after “SEC. 5.”;

(3) in paragraph (5), as so redesignated, by striking out “without regard” and all that follows through “; and” and inserting in lieu thereof a semicolon;

(4) by striking out the period at the end of paragraph (6), as so redesignated, and inserting in lieu thereof “; and”;

(5) by inserting after paragraph (6) the following new paragraph:

“(7) Notwithstanding section 1341(a)(1) of title 31, United States Code, enter into multiyear leases for up to 15 years.”; and

(6) by inserting at the end the following new subsection:

“(b)(1) The authority to enter into a multiyear lease under subsection (a)(7) shall be subject to appropriations provided in advance for—

“(A) the entire lease; or

“(B) the first 12 months of the lease and the Government’s estimated termination liability.

“(2) In the case of any such lease entered into under subparagraph (B) of paragraph (1)—

“(A) such lease shall include a clause that provides that the contract shall be terminated if budget authority (as defined by section 3(2) of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 622(2))) is not provided specifically for that project in an appropriations Act in advance of an obligation of funds in respect thereto;

“(B) notwithstanding section 1552 of title 31, United States Code, amounts obligated for paying termination costs with respect to such lease shall remain available until the costs associated with termination of such lease are paid;

“(C) funds available for termination liability shall remain available to satisfy rental obligations with respect to such lease in subsequent fiscal years in the event such lease is not terminated early, but only to the extent those funds are in excess of the amount of termination liability at the time of their use to satisfy such rental obligations; and

“(D) funds appropriated for a fiscal year may be used to make payments on such lease, for a maximum of 12 months, beginning any time during such fiscal year.”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) apply to multiyear leases entered into under section 5 of the Central Intelligence Agency Act of 1949, as so amended, on or after October 1, 1997.

50 USC 403f
note.

SEC. 402. SUBPOENA AUTHORITY FOR THE INSPECTOR GENERAL OF THE CENTRAL INTELLIGENCE AGENCY.

(a) AUTHORITY.—Subsection (e) of section 17 of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403q) is amended—

(1) by redesignating paragraphs (5) through (7) as paragraphs (6) through (8), respectively; and

(2) by inserting after paragraph (4) the following new paragraph (5):

“(5)(A) Except as provided in subparagraph (B), the Inspector General is authorized to require by subpoena the production of all information, documents, reports, answers, records, accounts, papers, and other data and documentary evidence necessary in the performance of the duties and responsibilities of the Inspector General.

“(B) In the case of Government agencies, the Inspector General shall obtain information, documents, reports, answers, records, accounts, papers, and other data and evidence for the purpose specified in subparagraph (A) using procedures other than by subpoenas.

“(C) The Inspector General may not issue a subpoena for or on behalf of any other element or component of the Agency.

“(D) In the case of contumacy or refusal to obey a subpoena issued under this paragraph, the subpoena shall be enforceable by order of any appropriate district court of the United States.

Reports.

“(E) Not later than January 31 and July 31 of each year, the Inspector General shall submit to the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Representatives a report of the Inspector General’s exercise of authority under this paragraph during the preceding six months.”.

(b) LIMITATION ON AUTHORITY FOR PROTECTION OF NATIONAL SECURITY.—Subsection (b)(3) of that section is amended by inserting “, or from issuing any subpoena, after the Inspector General has decided to initiate, carry out, or complete such audit, inspection, or investigation or to issue such subpoena,” after “or investigation”.

SEC. 403. CIA CENTRAL SERVICES PROGRAM.

(a) AUTHORITY FOR PROGRAM.—The Central Intelligence Agency Act of 1949 (50 U.S.C. 403a et seq.) is amended by adding at the end the following new section:

“CENTRAL SERVICES PROGRAM

50 USC 403u.

“SEC. 21. (a) IN GENERAL.—The Director may carry out a program under which elements of the Agency provide items and services on a reimbursable basis to other elements of the Agency and to other Government agencies. The Director shall carry out the program in accordance with the provisions of this section.

“(b) PARTICIPATION OF AGENCY ELEMENTS.—(1) In order to carry out the program, the Director shall—

“(A) designate the elements of the Agency that are to provide items or services under the program (in this section referred to as ‘central service providers’);

“(B) specify the items or services to be provided under the program by such providers; and

“(C) assign to such providers for purposes of the program such inventories, equipment, and other assets (including equipment on order) as the Director determines necessary to permit such providers to provide items or services under the program.

“(2) The designation of elements and the specification of items and services under paragraph (1) shall be subject to the approval of the Director of the Office of Management and Budget.

“(c) CENTRAL SERVICES WORKING CAPITAL FUND.—(1) There is established a fund to be known as the Central Services Working Capital Fund (in this section referred to as the ‘Fund’). The purpose of the Fund is to provide sums for activities under the program.

“(2) There shall be deposited in the Fund the following:

“(A) Amounts appropriated to the Fund.

“(B) Amounts credited to the Fund from payments received by central service providers under subsection (e).

“(C) Fees imposed and collected under subsection (f)(1).

“(D) Amounts collected in payment for loss or damage to equipment or other property of a central service provider as a result of activities under the program.

“(E) Such other amounts as the Director is authorized to deposit in or transfer to the Fund.

“(3) Amounts in the Fund shall be available, without fiscal year limitation, for the following purposes:

“(A) To pay the costs of providing items or services under the program.

“(B) To pay the costs of carrying out activities under subsection (f)(2).

“(d) LIMITATION ON AMOUNT OF ORDERS.—The total value of all orders for items or services to be provided under the program in any fiscal year may not exceed an amount specified in advance by the Director of the Office of Management and Budget.

“(e) PAYMENT FOR ITEMS AND SERVICES.—(1) A Government agency provided items or services under the program shall pay the central service provider concerned for such items or services an amount equal to the costs incurred by the provider in providing such items or services plus any fee imposed under subsection (f). In calculating such costs, the Director shall take into account personnel costs (including costs associated with salaries, annual leave, and workers’ compensation), plant and equipment costs (including depreciation of plant and equipment), operation and maintenance expenses, amortized costs, and other expenses.

“(2) Payment for items or services under paragraph (1) may take the form of an advanced payment by an agency from appropriations available to such agency for the procurement of such items or services.

“(f) FEES.—(1) The Director may permit a central service provider to impose and collect a fee with respect to the provision of an item or service under the program. The amount of the fee may not exceed an amount equal to four percent of the payment received by the provider for the item or service.

“(2)(A) Subject to subparagraph (B), the Director may obligate and expend amounts in the Fund that are attributable to the fees imposed and collected under paragraph (1) to acquire equipment or systems for, or to improve the equipment or systems of, elements of the Agency that are not designated for participation in the program in order to facilitate the designation of such elements for future participation in the program.

“(B) The Director may not expend amounts in the Fund for purposes specified in subparagraph (A) in fiscal year 1998, 1999, or 2000 unless the Director—

“(i) secures the prior approval of the Director of the Office of Management and Budget; and

“(ii) submits notice of the proposed expenditure to the Permanent Select Committee on Intelligence of the House of

Representatives and the Select Committee on Intelligence of the Senate.

“(g) AUDIT.—(1) Not later than December 31 each year, the Inspector General of the Central Intelligence Agency shall conduct an audit of the activities under the program during the preceding fiscal year.

“(2) The Director of the Office of Management and Budget shall determine the form and content of annual audits under paragraph (1). Such audits shall include an itemized accounting of the items or services provided, the costs associated with the items or services provided, the payments and any fees received for the items or services provided, and the agencies provided items or services.

“(3) Not later than 30 days after the completion of an audit under paragraph (1), the Inspector General shall submit a copy of the audit to the following:

“(A) The Director of the Office of Management and Budget.

“(B) The Director of Central Intelligence.

“(C) The Permanent Select Committee on Intelligence of the House of Representatives.

“(D) The Select Committee on Intelligence of the Senate.

“(h) TERMINATION.—(1) The authority of the Director to carry out the program under this section shall terminate on March 31, 2000.

“(2) Subject to paragraph (3), the Director of Central Intelligence and the Director of the Office of Management and Budget, acting jointly—

“(A) may terminate the program under this section and the Fund at any time; and

“(B) upon such termination, shall provide for the disposition of the personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with the program or the Fund.

“(3) The Director of Central Intelligence and the Director of the Office of Management and Budget may not undertake any action under paragraph (2) until 60 days after the date on which the Directors jointly submit notice of such action to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate.”.

(b) AVAILABILITY OF FUNDS.—Of the amount appropriated pursuant to the authorization of appropriations in section 101, \$2,000,000 shall be available for deposit in the Central Services Working Capital Fund established by section 21(c) of the Central Intelligence Agency Act of 1949, as added by subsection (a).

SEC. 404. PROTECTION OF CIA FACILITIES.

Subsection (a) of section 15 of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403o) is amended—

(1) by inserting “(1)” after “(a)”;

(2) by striking out “powers only within Agency installations,” and all that follows through the end and inserting in lieu thereof the following: “powers—

“(A) within the Agency Headquarters Compound and the property controlled and occupied by the Federal Highway

Administration located immediately adjacent to such Compound;

“(B) in the streets, sidewalks, and the open areas within the zone beginning at the outside boundary of such Compound and property and extending outward 500 feet;

“(C) within any other Agency installation and protected property; and

“(D) in the streets, sidewalks, and open areas within the zone beginning at the outside boundary of any installation or property referred to in subparagraph (C) and extending outward 500 feet.”; and

(3) by adding at the end the following new paragraphs:

“(2) The performance of functions and exercise of powers under subparagraph (B) or (D) of paragraph (1) shall be limited to those circumstances where such personnel can identify specific and articulable facts giving such personnel reason to believe that the performance of such functions and exercise of such powers is reasonable to protect against physical damage or injury, or threats of physical damage or injury, to Agency installations, property, or employees.

“(3) Nothing in this subsection shall be construed to preclude, or limit in any way, the authority of any Federal, State, or local law enforcement agency, or any other Federal police or Federal protective service.

“(4) The rules and regulations enforced by such personnel shall be the rules and regulations prescribed by the Director and shall only be applicable to the areas referred to in subparagraph (A) or (C) of paragraph (1).

“(5) Not later than December 1, 1998, and annually thereafter, the Director shall submit a report to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate that describes in detail the exercise of the authority granted by this subsection, and the underlying facts supporting the exercise of such authority, during the preceding fiscal year. The Director shall make such report available to the Inspector General of the Central Intelligence Agency.”.

Reports.

SEC. 405. ADMINISTRATIVE LOCATION OF THE OFFICE OF THE DIRECTOR OF CENTRAL INTELLIGENCE.

Section 102(e) of the National Security Act of 1947 (50 U.S.C. 403(e)) is amended by adding at the end the following:

“(4) The Office of the Director of Central Intelligence shall, for administrative purposes, be within the Central Intelligence Agency.”.

TITLE V—DEPARTMENT OF DEFENSE INTELLIGENCE ACTIVITIES

SEC. 501. AUTHORITY TO AWARD ACADEMIC DEGREE OF BACHELOR OF SCIENCE IN INTELLIGENCE.

(a) **AUTHORITY FOR NEW BACHELOR’S DEGREE.**—Section 2161 of title 10, United States Code, is amended to read as follows:

“§ 2161. Joint Military Intelligence College: academic degrees

Regulations.

“Under regulations prescribed by the Secretary of Defense, the president of the Joint Military Intelligence College may, upon recommendation by the faculty of the college, confer upon a graduate of the college who has fulfilled the requirements for the degree the following:

“(1) The degree of Master of Science of Strategic Intelligence (MSSI).

“(2) The degree of Bachelor of Science in Intelligence (BSI).”.

(b) CLERICAL AMENDMENT.—The item relating to that section in the table of sections at the beginning of chapter 108 of such title is amended to read as follows:

“2161. Joint Military Intelligence College: academic degrees.”.

SEC. 502. FUNDING FOR INFRASTRUCTURE AND QUALITY OF LIFE IMPROVEMENTS AT MENWITH HILL AND BAD AIBLING STATIONS.

Section 506(b) of the Intelligence Authorization Act for Fiscal Year 1996 (Public Law 104–93; 109 Stat. 974) is amended by striking out “for fiscal years 1996 and 1997” and inserting in lieu thereof “for fiscal years 1998 and 1999”.

SEC. 503. UNAUTHORIZED USE OF NAME, INITIALS, OR SEAL OF NATIONAL RECONNAISSANCE OFFICE.

(a) EXTENSION, REORGANIZATION, AND CONSOLIDATION OF AUTHORITIES.—Subchapter I of chapter 21 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 425. Prohibition of unauthorized use of name, initials, or seal: specified intelligence agencies

“(a) PROHIBITION.—Except with the written permission of both the Secretary of Defense and the Director of Central Intelligence, no person may knowingly use, in connection with any merchandise, retail product, impersonation, solicitation, or commercial activity in a manner reasonably calculated to convey the impression that such use is approved, endorsed, or authorized by the Secretary and the Director, any of the following (or any colorable imitation thereof):

“(1) The words ‘Defense Intelligence Agency’, the initials ‘DIA’, or the seal of the Defense Intelligence Agency.

“(2) The words ‘National Reconnaissance Office’, the initials ‘NRO’, or the seal of the National Reconnaissance Office.

“(3) The words ‘National Imagery and Mapping Agency’, the initials ‘NIMA’, or the seal of the National Imagery and Mapping Agency.

“(4) The words ‘Defense Mapping Agency’, the initials ‘DMA’, or the seal of the Defense Mapping Agency.”.

(b) TRANSFER OF ENFORCEMENT AUTHORITY.—Subsection (b) of section 202 of title 10, United States Code, is transferred to the end of section 425 of such title, as added by subsection (a), and is amended by inserting “AUTHORITY TO ENJOIN VIOLATIONS.—” after “(b)”.

(c) REPEAL OF REORGANIZED PROVISIONS.—Sections 202 and 445 of title 10, United States Code, are repealed.

(d) CLERICAL AMENDMENTS.—

(1) The table of sections at the beginning of subchapter II of chapter 8 of title 10, United States Code, is amended by striking out the item relating to section 202.

(2) The table of sections at the beginning of subchapter I of chapter 21 of title 10, United States Code, is amended by striking out the items relating to sections 424 and 425 and inserting in lieu thereof the following:

“424. Disclosure of organizational and personnel information: exemption for Defense Intelligence Agency, National Reconnaissance Office, and National Imagery and Mapping Agency.

“425. Prohibition of unauthorized use of name, initials, or seal: specified intelligence agencies.”.

(3) The table of sections at the beginning of subchapter I of chapter 22 of title 10, United States Code, is amended by striking out the item relating to section 445.

Approved November 20, 1997.

LEGISLATIVE HISTORY—S. 858 (H.R. 1775):

HOUSE REPORTS: Nos. 105–135, Pt. 1 accompanying H.R. 1775 (Select Comm. on Intelligence) and 105–350 (Comm. of Conference).

SENATE REPORTS: No. 105–24 (Select Comm. on Intelligence).

CONGRESSIONAL RECORD, Vol. 143 (1997):

June 19, considered and passed Senate.

July 17, considered and passed House, amended, in lieu of H.R. 1775.

Nov. 6, Senate agreed to conference report.

Nov. 7, House agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Nov. 20, Presidential statement.



Public Law 105–108
105th Congress

An Act

Nov. 20, 1997
[S. 1231]

To authorize appropriations for fiscal years 1998 and 1999 for the United States Fire Administration, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

United States
Fire
Administration
Authorization
Act for Fiscal
Years 1998 and
1999.
15 USC 2201
note.

SECTION 1. SHORT TITLE.

This Act may be cited as the “United States Fire Administration Authorization Act for Fiscal Years 1998 and 1999”.

SEC. 2. AUTHORIZATION OF APPROPRIATIONS.

Section 17(g)(1) of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2216(g)(1)) is amended—

- (1) by striking “and” at the end of subparagraph (E);
- (2) by striking the period at the end of subparagraph (F) and inserting a semicolon; and
- (3) by adding at the end the following:
 - “(G) \$29,664,000 for the fiscal year ending September 30, 1998; and
 - “(H) \$30,554,000 for the fiscal year ending September 30, 1999.”.

SEC. 3. SUCCESSOR FIRE SAFETY STANDARDS.

The Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2201 et seq.) is amended—

- 15 USC 2225. (1) in section 29(a)(1), by inserting “or any successor standard to that standard” after “Association Standard 74”;
- (2) in section 29(a)(2), by inserting “, or any successor standard to that standard” before “, whichever is appropriate.”;
- (3) in section 29(b)(2), by inserting “, or any successor standard to that standard” after “Association Standard 13 or 13–R”;
- 15 USC 2227. (4) in section 31(c)(2)(B)(i), by inserting “or any successor standard to that standard” after “Life Safety Code”;
- (5) in section 31(c)(2)(B)(ii), by inserting “or any successor standard to that standard” after “Association Standard 101”.

15 USC 2204
note.

SEC. 4. TERMINATION OR PRIVATIZATION OF FUNCTIONS.

(a) **IN GENERAL.**—Not later than 60 days before the termination or transfer to a private sector person or entity of any significant function of the United States Fire Administration, as described in subsection (b), the Administrator of the United States Fire Administration shall transmit to Congress a report providing notice of that termination or transfer.

(b) **COVERED TERMINATIONS AND TRANSFERS.**—For purposes of subsection (a), a termination or transfer to a person or entity

described in that subsection shall be considered to be a termination or transfer of a significant function of the United States Fire Administration if the termination or transfer—

(1) relates to a function of the Administration that requires the expenditure of more than 5 percent of the total amount of funds made available by appropriations to the Administration; or

(2) involves the termination of more than 5 percent of the employees of the Administration.

SEC. 5. NOTICE.

15 USC 2204
note.

(a) **MAJOR REORGANIZATION DEFINED.**—With respect to the United States Fire Administration, the term “major reorganization” means any reorganization of the Administration that involves the reassignment of more than 25 percent of the employees of the Administration.

(b) **NOTICE OF REPROGRAMMING.**—If any funds appropriated pursuant to the amendments made by this Act are subject to a reprogramming action that requires notice to be provided to the Committees on Appropriations of the Senate and the House of Representatives, notice of that action shall concurrently be provided to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Science of the House of Representatives.

(c) **NOTICE OF REORGANIZATION.**—Not later than 15 days before any major reorganization of any program, project, or activity of the United States Fire Administration, the Administrator of the United States Fire Administration shall provide notice to the Committees on Science and Appropriations of the House of Representatives and the Committees on Commerce, Science, and Transportation and Appropriations of the Senate.

SEC. 6. SENSE OF CONGRESS ON THE YEAR 2000 PROBLEM.

With the year 2000 rapidly approaching, it is the sense of Congress that the Administrator of the United States Fire Administration should—

(1) give high priority to correcting all 2-digit date-related problems in the computer systems of the United States Fire Administration to ensure that those systems continue to operate effectively in the year 2000 and in subsequent years;

(2) as soon as practicable after the date of enactment of this Act, assess the extent of the risk to the operations of the United States Fire Administration posed by the problems referred to in paragraph (1), and plan and budget for achieving compliance for all of the mission-critical systems of the system by the year 2000; and

(3) develop contingency plans for those systems that the United States Fire Administration is unable to correct by the year 2000.

SEC. 7. ENHANCEMENT OF SCIENCE AND MATHEMATICS PROGRAMS.

15 USC 2218
note.

(a) **DEFINITIONS.**—In this section:

(1) **ADMINISTRATOR.**—The term “Administrator” means the Administrator of the United States Fire Administration.

(2) **EDUCATIONALLY USEFUL FEDERAL EQUIPMENT.**—The term “educationally useful Federal equipment” means computers and related peripheral tools and research equipment that is appropriate for use in schools.

(3) SCHOOL.—The term “school” means a public or private educational institution that serves any of the grades of kindergarten through grade 12.

(b) SENSE OF CONGRESS.—

(1) IN GENERAL.—It is the sense of Congress that the Administrator should, to the greatest extent practicable and in a manner consistent with applicable Federal law (including Executive Order No. 12999), donate educationally useful Federal equipment to schools in order to enhance the science and mathematics programs of those schools.

(2) REPORTS.—

(A) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, and annually thereafter, the Administrator shall prepare and submit to the President a report that meets the requirements of this paragraph. The President shall submit that report to Congress at the same time as the President submits a budget request to Congress under section 1105(a) of title 31, United States Code.

(B) CONTENTS OF REPORT.—The report prepared by the Administrator under this paragraph shall describe any donations of educationally useful Federal equipment to schools made during the period covered by the report.

SEC. 8. REPORT TO CONGRESS.

(a) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Administrator of the United States Fire Administration (referred to in this section as the “Administrator”) shall prepare and submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Science of the House of Representatives a report that meets the requirements of this section.

(b) CONTENTS OF REPORT.—The report under this section shall—

(1) examine the risks to firefighters in suppressing fires caused by burning tires;

(2) address any risks that are uniquely attributable to fires described in paragraph (1), including any risks relating to—

(A) exposure to toxic substances (as that term is defined by the Administrator);

(B) personal protection;

(C) the duration of those fires; and

(D) site hazards associated with those fires;

(3) identify any special training that may be necessary for firefighters to suppress those fires; and

(4) assess how the training referred to in paragraph (3) may be provided by the United States Fire Administration.

Approved November 20, 1997.

LEGISLATIVE HISTORY—S. 1231 (H.R. 1272):

HOUSE REPORTS: No. 105–62 accompanying H.R. 1272 (Comm. on Science).

SENATE REPORTS: No. 105–124 (Comm. on Commerce, Science, and Transportation).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 4, considered and passed Senate.

Nov. 9, considered and passed House.



Public Law 105–109
105th Congress

An Act

Nov. 20, 1997
[S. 1347]

To permit the city of Cleveland, Ohio, to convey certain lands that the United States conveyed to the city.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DEFINITIONS.

For purposes of this Act, the term “fair market value” shall have the meaning provided that term by the Secretary of Transportation, by regulation.

SEC. 2. AUTHORITY TO GRANT WAIVERS.

(a) **IN GENERAL.**—Notwithstanding any other provision of law and subject to section 47153 of title 49, United States Code, and section 3, the Secretary of Transportation may waive any of the terms contained in the deed of conveyance described in subsection (b).

(b) **DEED OF CONVEYANCE.**—The deed of conveyance described in this subsection is the deed of conveyance issued by the United States and dated January 10, 1967, for the conveyance of lands to the city of Cleveland, Ohio, for use by the city for airport purposes.

SEC. 3. CONDITIONS.

(a) **FAIR MARKET VALUE OR EQUIVALENT BENEFIT.**—As a condition to receiving a waiver under this Act, the city of Cleveland, Ohio, may convey an interest in the lands described in section 2(b) only if the city receives, in exchange for the interest—

(1) an amount equal to the fair market value of the interest;

or

(2) an equivalent benefit.

(b) **USE OF AMOUNTS OR EQUIVALENT BENEFITS.**—Any amount or equivalent benefit that is received by the city of Cleveland shall be used by the city for—

(1) the development, improvement, operation, or maintenance of a public airport; or

(2) lands (including any improvements to those lands) that produce revenues that are used for airport development purposes.

Approved November 20, 1997.

LEGISLATIVE HISTORY—S. 1347:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 8, considered and passed Senate.

Nov. 9, considered and passed House.



Public Law 105–110
105th Congress

An Act

Nov. 20, 1997
[S. 1377]

To amend the Act incorporating the American Legion to make a technical correction.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5 of the Act entitled “An Act to Incorporate the American Legion”, approved September 16, 1919 (41 Stat. 285; 36 U.S.C. 45) is amended by striking “December 22, 1961” and inserting “February 28, 1961”.

Approved November 20, 1997.

LEGISLATIVE HISTORY—S. 1377:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 5, considered and passed Senate.

Nov. 8, considered and passed House.



Public Law 105–111
105th Congress

An Act

To amend title 38, United States Code, to allow revision of veterans benefits decisions based on clear and unmistakable error.

Nov. 21, 1997
[H.R. 1090]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REVISION OF DECISIONS BASED ON CLEAR AND UNMISTAKABLE ERROR.

(a) ORIGINAL DECISIONS.—(1) Chapter 51 of title 38, United States Code, is amended by inserting after section 5109 the following new section:

“§ 5109A. Revision of decisions on grounds of clear and unmistakable error

“(a) A decision by the Secretary under this chapter is subject to revision on the grounds of clear and unmistakable error. If evidence establishes the error, the prior decision shall be reversed or revised.

“(b) For the purposes of authorizing benefits, a rating or other adjudicative decision that constitutes a reversal or revision of a prior decision on the grounds of clear and unmistakable error has the same effect as if the decision had been made on the date of the prior decision.

“(c) Review to determine whether clear and unmistakable error exists in a case may be instituted by the Secretary on the Secretary’s own motion or upon request of the claimant.

“(d) A request for revision of a decision of the Secretary based on clear and unmistakable error may be made at any time after that decision is made.

“(e) Such a request shall be submitted to the Secretary and shall be decided in the same manner as any other claim.”.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 5109 the following new item:

“5109A. Revision of decisions on grounds of clear and unmistakable error.”.

(b) BVA DECISIONS.—(1) Chapter 71 of such title is amended by adding at the end the following new section:

“§ 7111. Revision of decisions on grounds of clear and unmistakable error

“(a) A decision by the Board is subject to revision on the grounds of clear and unmistakable error. If evidence establishes the error, the prior decision shall be reversed or revised.

“(b) For the purposes of authorizing benefits, a rating or other adjudicative decision of the Board that constitutes a reversal or revision of a prior decision of the Board on the grounds of clear and unmistakable error has the same effect as if the decision had been made on the date of the prior decision.

“(c) Review to determine whether clear and unmistakable error exists in a case may be instituted by the Board on the Board’s own motion or upon request of the claimant.

“(d) A request for revision of a decision of the Board based on clear and unmistakable error may be made at any time after that decision is made.

“(e) Such a request shall be submitted directly to the Board and shall be decided by the Board on the merits, without referral to any adjudicative or hearing official acting on behalf of the Secretary.

“(f) A claim filed with the Secretary that requests reversal or revision of a previous Board decision due to clear and unmistakable error shall be considered to be a request to the Board under this section, and the Secretary shall promptly transmit any such request to the Board for its consideration under this section.”.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“7111. Revision of decisions on grounds of clear and unmistakable error.”.

38 USC 5109 A
note.

Applicability.
38 USC 7251
note.

(c) EFFECTIVE DATE.—(1) Sections 5109A and 7111 of title 38, United States Code, as added by this section, apply to any determination made before, on, or after the date of the enactment of this Act.

(2) Notwithstanding section 402 of the Veterans Judicial Review Act (38 U.S.C. 7251 note), chapter 72 of title 38, United States Code, shall apply with respect to any decision of the Board of Veterans’ Appeals on a claim alleging that a previous determination of the Board was the product of clear and unmistakable error if that claim is filed after, or was pending before the Department of Veterans Affairs, the Court of Veterans Appeals, the Court of Appeals for the Federal Circuit, or the Supreme Court on the date of the enactment of this Act.

Approved November 21, 1997.

LEGISLATIVE HISTORY—H.R. 1090:

HOUSE REPORTS: No. 105–52 (Comm. on Veterans’ Affairs).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Apr. 16, considered and passed House.

Nov. 10, considered and passed Senate.

Public Law 105–112
105th Congress

An Act

To provide a law enforcement exception to the prohibition on the advertising of certain electronic devices.

Nov. 21, 1997
[H.R. 1840]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Law Enforcement Technology Advertisement Clarification Act of 1997”.

SEC. 2. EXCEPTION TO PROHIBITION ON ADVERTISING CERTAIN DEVICES.

Section 2512 of title 18, United States Code, is amended by adding at the end the following:

“(3) It shall not be unlawful under this section to advertise for sale a device described in subsection (1) of this section if the advertisement is mailed, sent, or carried in interstate or foreign commerce solely to a domestic provider of wire or electronic communication service or to an agency of the United States, a State, or a political subdivision thereof which is duly authorized to use such device.”.

Law Enforcement
Technology
Advertisement
Clarification Act
of 1997.
18 USC 2510
note.

Approved November 21, 1997.

LEGISLATIVE HISTORY—H.R. 1840:

HOUSE REPORTS: No. 105–162 (Comm. on the Judiciary).

CONGRESSIONAL RECORD, Vol. 143 (1997):

July 8, considered and passed House.

Nov. 10, considered and passed Senate.



Public Law 105–113
105th Congress

An Act

Nov. 21, 1997
[H.R. 2366]

To transfer to the Secretary of Agriculture the authority to conduct the census of agriculture, and for other purposes.

Census of
Agriculture Act
of 1997.

7 USC 2201 note.

7 USC 2204g.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Census of Agriculture Act of 1997”.

SEC. 2. AUTHORITY OF SECRETARY OF AGRICULTURE TO CONDUCT CENSUS OF AGRICULTURE.

(a) CENSUS OF AGRICULTURE REQUIRED.—In 1998 and every fifth year thereafter, the Secretary of Agriculture shall take a census of agriculture.

(b) METHODS.—In connection with the census, the Secretary may conduct any survey or other information collection, and employ any sampling or other statistical method, that the Secretary determines is appropriate.

(c) YEAR OF INFORMATION.—The information collected in each census taken under this section shall relate to the year immediately preceding the year in which the census is taken.

(d) ENFORCEMENT.—

(1) FRAUD.—A person over 18 years of age who willfully gives an answer that is false to a question, which is authorized by the Secretary to be submitted to the person in connection with a census under this section, shall be fined not more than \$500.

(2) REFUSAL OR NEGLECT TO ANSWER QUESTIONS.—A person over 18 years of age who refuses or willfully neglects to answer a question, which is authorized by the Secretary to be submitted to the person in connection with a census under this section, shall be fined not more than \$100.

(3) SOCIAL SECURITY NUMBER.—The failure or refusal of a person to disclose the person’s Social Security number in response to a request made in connection with any census or other activity under this section shall not be a violation under this subsection.

(4) RELIGIOUS INFORMATION.—Notwithstanding any other provision of this section, no person shall be compelled to disclose information relative to the religious beliefs of the person or to membership of the person in a religious body.

(e) GEOGRAPHIC COVERAGE.—A census under this section shall include—

(1) each of the several States of the United States;

(2) as determined appropriate by the Secretary, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the United States Virgin Islands, and Guam; and

(3) with the concurrence of the Secretary and the Secretary of State, any other possession or area over which the United States exercises jurisdiction, control, or sovereignty.

(f) COOPERATION WITH SECRETARY OF COMMERCE.—

(1) INFORMATION PROVIDED TO SECRETARY OF AGRICULTURE.—On a written request by the Secretary of Agriculture, the Secretary of Commerce may provide to the Secretary of Agriculture any information collected under title 13, United States Code, that the Secretary of Agriculture considers necessary for the taking of a census or survey under this section.

(2) INFORMATION PROVIDED TO SECRETARY OF COMMERCE.—On a written request by the Secretary of Commerce, the Secretary of Agriculture may provide to the Secretary of Commerce any information collected in a census taken under this section that the Secretary of Commerce considers necessary for the taking of a census or survey under title 13, United States Code.

(3) CONFIDENTIALITY.—Information obtained under this subsection may not be used for any purpose other than the statistical purposes for which the information is supplied. For purposes of sections 9 and 214 of title 13, United States Code, any information provided under paragraph (2) shall be considered information furnished under the provisions of title 13, United States Code.

(g) REGULATIONS.—A regulation necessary to carry out this section may be promulgated by—

(1) the Secretary of Agriculture, to the extent that a matter under the jurisdiction of the Secretary is involved; and

(2) the Secretary of Commerce, to the extent that a matter under the jurisdiction of the Secretary of Commerce is involved.”.

SEC. 3. REPEAL OF SUPERSEDED PROVISION.

(a) REPEAL.—Section 142 of title 13, United States Code, is repealed.

(b) CLERICAL AMENDMENTS.—

(1) Subchapter II of chapter 5 of title 13, United States Code, is amended by striking the subchapter heading and inserting the following:

“SUBCHAPTER II—POPULATION, HOUSING, AND
UNEMPLOYMENT”.

(2) The analysis of chapter 5 of title 13, United States Code, is amended—

(A) by striking the item relating to section 142; and

(B) by striking the item relating to the heading for subchapter II and inserting the following:

“SUBCHAPTER II—POPULATION, HOUSING, AND UNEMPLOYMENT”.

(c) CROSS REFERENCE.—Section 343(a)(11)(F) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(11)(F))

is amended by striking “taken under section 142 of title 13, United States Code”.

7 USC 1991 note.

(d) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect October 1, 1998.

SEC. 4. CONFIDENTIALITY OF INFORMATION.

(a) INFORMATION PROVIDED TO SECRETARY OF AGRICULTURE.—

(1) AUTHORITY TO PROVIDE INFORMATION.—Section 9(a) of title 13, United States Code, is amended by inserting after “chapter 10 of this title” the following: “or section 2(f) of the Census of Agriculture Act of 1997”.

(2) CONFIDENTIALITY OF INFORMATION.—Section 1770(d) of the Food Security Act of 1985 (7 U.S.C. 2276(d)) is amended—

(A) by striking “or” at the end of paragraph (8);

(B) by striking the period at the end of paragraph (9) and inserting “; or”; and

(C) by adding at the end the following:

“(10) section 2 of the Census of Agriculture Act of 1997.”.

(b) INFORMATION PROVIDED TO THE SECRETARY OF COMMERCE.—Section 1770 of the Food Security Act of 1985 (7 U.S.C. 2276) is amended by adding at the end the following:

“(e) INFORMATION PROVIDED TO SECRETARY OF COMMERCE.—This section shall not prohibit the release of information under section 2(f)(2) of the Census of Agriculture Act of 1997.”.

Approved November 21, 1997.

LEGISLATIVE HISTORY—H.R. 2366 (S. 845):

HOUSE REPORTS: No. 105–296, Pt. 1 (Comm. on Agriculture).

SENATE REPORTS: No. 105–141 (Comm. on Governmental Affairs).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Oct. 21, considered and passed House.

Nov. 10, considered and passed Senate.



Public Law 105–114
105th Congress

An Act

To amend title 38, United States Code, to revise, extend, and improve programs for veterans.

Nov. 21, 1997
[S. 714]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Veterans’
Benefits Act of
1997.

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Veterans’ Benefits Act of 1997”. 38 USC 101 note.

(b) **TABLE OF CONTENTS.**—The table of contents of this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. References to title 38, United States Code.

**TITLE I—EQUAL EMPLOYMENT OPPORTUNITY PROCESS IN THE
DEPARTMENT OF VETERANS AFFAIRS**

- Sec. 101. Equal employment responsibilities.
- Sec. 102. Discrimination complaint adjudication authority.
- Sec. 103. Assessment and review of Department of Veterans Affairs employment discrimination complaint resolution system.

TITLE II—EXTENSION AND IMPROVEMENT OF AUTHORITIES

- Sec. 201. Native American Veteran Housing Loan Program.
- Sec. 202. Treatment and rehabilitation for seriously mentally ill and homeless veterans.
- Sec. 203. Extension of certain authorities relating to homeless veterans.
- Sec. 204. Annual report on assistance to homeless veterans.
- Sec. 205. Expansion of authority for enhanced-use leases of Department of Veterans Affairs real property.
- Sec. 206. Permanent authority to furnish noninstitutional alternatives to nursing home care.
- Sec. 207. Extension of Health Professional Scholarship Program.
- Sec. 208. Policy on breast cancer mammography.
- Sec. 209. Persian Gulf War veterans.
- Sec. 210. Presidential report on preparations for a national response to medical emergencies arising from the terrorist use of weapons of mass destruction.

**TITLE III—MAJOR MEDICAL FACILITY PROJECTS CONSTRUCTION
AUTHORIZATION**

- Sec. 301. Authorization of major medical facility projects.
- Sec. 302. Authorization of major medical facility leases.
- Sec. 303. Authorization of appropriations.

TITLE IV—TECHNICAL AND CLARIFYING AMENDMENTS

- Sec. 401. Technical amendments.
- Sec. 402. Clarification of certain health care authorities.
- Sec. 403. Correction of name of medical center.
- Sec. 404. Improvement to spina bifida benefits for children of Vietnam veterans.

SEC. 2. REFERENCES TO TITLE 38, UNITED STATES CODE.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment

to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

TITLE I—EQUAL EMPLOYMENT OPPORTUNITY PROCESS IN THE DEPARTMENT OF VETERANS AFFAIRS

SEC. 101. EQUAL EMPLOYMENT RESPONSIBILITIES.

(a) IN GENERAL.—(1) Chapter 5 is amended by inserting at the end of subchapter I the following new section:

“§ 516. Equal employment responsibilities

“(a) The Secretary shall provide that the employment discrimination complaint resolution system within the Department be established and administered so as to encourage timely and fair resolution of concerns and complaints. The Secretary shall take steps to ensure that the system is administered in an objective, fair, and effective manner and in a manner that is perceived by employees and other interested parties as being objective, fair, and effective.

“(b) The Secretary shall provide—

“(1) that employees responsible for counseling functions associated with employment discrimination and for receiving, investigating, and processing complaints of employment discrimination shall be supervised in those functions by, and report to, an Assistant Secretary or a Deputy Assistant Secretary for complaint resolution management; and

“(2) that employees performing employment discrimination complaint resolution functions at a facility of the Department shall not be subject to the authority, direction, and control of the Director of the facility with respect to those functions.

“(c) The Secretary shall ensure that all employees of the Department receive adequate education and training for the purposes of this section and section 319 of this title.

“(d) The Secretary shall, when appropriate, impose disciplinary measures, as authorized by law, in the case of employees of the Department who engage in unlawful employment discrimination, including retaliation against an employee asserting rights under an equal employment opportunity law.

“(e)(1)(A) Not later than 30 days after the end of each calendar quarter, the Assistant Secretary for Human Resources and Administration shall submit to the Committees on Veterans’ Affairs of the Senate and House of Representatives a report summarizing the employment discrimination complaints filed against the individuals referred to in paragraph (2) during such quarter.

“(B) Subparagraph (A) shall apply in the case of complaints filed against individuals on the basis of such individuals’ personal conduct and shall not apply in the case of complaints filed solely on the basis of such individuals’ positions as officials of the Department.

“(2) Paragraph (1) applies to the following officers and employees of the Department:

“(A) The Secretary.

“(B) The Deputy Secretary of Veterans Affairs.

“(C) The Under Secretary for Health and the Under Secretary for Benefits.

“(D) Each Assistant Secretary of Veterans Affairs and each Deputy Assistant Secretary of Veterans Affairs.

“(E) The Director of the National Cemetery System.

“(F) The General Counsel of the Department.

“(G) The Chairman of the Board of Veterans’ Appeals.

“(H) The Chairman of the Board of Contract Appeals of the Department.

“(I) The director and the chief of staff of each medical center of the Department.

“(J) The director of each Veterans Integrated Services Network.

“(K) The director of each regional office of the Department.

“(L) Each program director of the Central Office of the Department.

“(3) Each report under this subsection—

“(A) may not disclose information which identifies the individuals filing, or the individuals who are the subject of, the complaints concerned or the facilities at which the discrimination identified in such complaints is alleged to have occurred;

“(B) shall summarize such complaints by type and by equal employment opportunity field office area in which filed; and

“(C) shall include copies of such complaints, with the information described in subparagraph (A) redacted.

“(4) Not later than April 1 each year, the Assistant Secretary shall submit to the committees referred to in paragraph (1)(A) a report on the complaints covered by paragraph (1) during the preceding year, including the number of such complaints filed during that year and the status and resolution of the investigation of such complaints.

“(f) The Secretary shall ensure that an employee of the Department who seeks counseling relating to employment discrimination may elect to receive such counseling from an employee of the Department who carries out equal employment opportunity counseling functions on a full-time basis rather than from an employee of the Department who carries out such functions on a part-time basis.

“(g) The number of employees of the Department whose duties include equal employment opportunity counseling functions as well as other, unrelated functions may not exceed 40 full-time equivalent employees. Any such employee may be assigned equal employment opportunity counseling functions only at Department facilities in remote geographic locations (as determined by the Secretary). The Secretary may waive the limitation in the preceding sentence in specific cases.

“(h) The provisions of this section shall be implemented in a manner consistent with procedures applicable under regulations prescribed by the Equal Employment Opportunity Commission.”.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 515 the following new item:

“516. Equal employment responsibilities.”.

(b) REPORTS.—(1) The Secretary of Veterans Affairs shall submit to Congress reports on the implementation and operation of the equal employment opportunity system within the Department of Veterans Affairs. The first such report shall be submitted not

38 USC 516 note.

later than April 1, 1998, and subsequent reports shall be submitted not later than January 1, 1999, and January 1, 2000.

(2) The first report under paragraph (1) shall set forth the actions taken by the Secretary to implement section 516 of title 38, United States Code, as added by subsection (a), and other actions taken by the Secretary in relation to the equal employment opportunity system within the Department of Veterans Affairs.

(3) The subsequent reports under paragraph (1) shall set forth, for each equal employment opportunity field office of the Department and for the Department as a whole, the following:

(A) Any information to supplement the information submitted in the report under paragraph (2) that the Secretary considers appropriate.

(B) The number of requests for counseling relating to employment discrimination received during the one-year period ending on the date of the report concerned.

(C) The number of employment discrimination complaints received during such period.

(D) The status of each complaint described in subparagraph (C), including whether or not the complaint was resolved and, if resolved, whether the employee concerned sought review of the resolution by the Equal Employment Opportunity Commission or by Federal court.

(E) The number of employment discrimination complaints that were settled during such period, including—

(i) the type of such complaints; and

(ii) the terms of settlement (including any settlement amount) of each such complaint.

38 USC 516 note.

(c) **EFFECTIVE DATE.**—Section 516 of title 38, United States Code, as added by subsection (a), shall take effect 90 days after the date of enactment of this Act. Subsection (e) of that section shall take effect with respect to the first quarter of calendar year 1998.

SEC. 102. DISCRIMINATION COMPLAINT ADJUDICATION AUTHORITY.

(a) **IN GENERAL.**—(1) Chapter 3 is amended by adding at the end the following new section:

“§ 319. Office of Employment Discrimination Complaint Adjudication

“(a)(1) There is in the Department an Office of Employment Discrimination Complaint Adjudication. There is at the head of the Office a Director.

“(2) The Director shall be a career appointee in the Senior Executive Service.

“(3) The Director reports directly to the Secretary or the Deputy Secretary concerning matters within the responsibility of the Office.

“(b)(1) The Director is responsible for making the final agency decision within the Department on the merits of any employment discrimination complaint filed by an employee, or an applicant for employment, with the Department. The Director shall make such decisions in an impartial and objective manner.

“(2) No person may make any ex parte communication to the Director or to any employee of the Office with respect to a matter on which the Director has responsibility for making a final agency decision.

“(c) Whenever the Director has reason to believe that there has been retaliation against an employee by reason of the employee asserting rights under an equal employment opportunity law, the Director shall report the suspected retaliatory action directly to the Secretary or Deputy Secretary, who shall take appropriate action thereon.

“(d)(1) The Office shall employ a sufficient number of attorneys and other personnel as are necessary to carry out the functions of the Office. Attorneys shall be compensated at a level commensurate with attorneys employed by the Office of the General Counsel.

“(2) The Secretary shall ensure that the Director is furnished sufficient resources in addition to personnel under paragraph (1) to enable the Director to carry out the functions of the Office in a timely manner.

“(3) The Secretary shall ensure that any performance appraisal of the Director of the Office of Employment Discrimination Complaint Adjudication or of any employee of the Office does not take into consideration the record of the Director or employee in deciding cases for or against the Department.”.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“319. Office of Employment Discrimination Complaint Adjudication.”.

(b) **REPORTS ON IMPLEMENTATION.**—The Director of the Office of Employment Discrimination Complaint Adjudication of the Department of Veterans Affairs (established by section 319 of title 38, United States Code, as added by subsection (a)) shall submit to the Secretary of Veterans Affairs and to Congress reports on the implementation and the operation of that office. The first such report shall be submitted not later than April 1, 1998, and subsequent reports shall be submitted not later than January 1, 1999, and January 1, 2000.

38 USC 319 note.

(c) **EFFECTIVE DATE.**—Section 319 of title 38, United States Code, as added by subsection (a), shall take effect 90 days after the date of enactment of this Act.

38 USC 319 note.

SEC. 103. ASSESSMENT AND REVIEW OF DEPARTMENT OF VETERANS AFFAIRS EMPLOYMENT DISCRIMINATION COMPLAINT RESOLUTION SYSTEM.

38 USC 516 note.

(a) **AGREEMENT FOR ASSESSMENT AND REVIEW.**—(1) The Secretary of Veterans Affairs shall seek to enter into an agreement with a qualified private entity under which agreement the entity shall carry out the assessment described in subsection (b) and the review described in subsection (c).

(2) The Secretary shall include in the agreement provisions necessary to ensure that the entity carries out its responsibilities under the agreement (including the exercise of its judgments concerning the assessment and review) in a manner free of influence from any source, including the officials and employees of the Department of Veterans Affairs.

(3) The Secretary may not enter into the agreement until 15 days after the date on which the Secretary notifies the Committees on Veterans' Affairs of the Senate and House of Representatives of the entity with which the Secretary proposes to enter into the agreement.

(b) **INITIAL ASSESSMENT OF SYSTEM.**—(1) Under the agreement under subsection (a), the entity shall conduct an assessment of the employment discrimination complaint resolution system

administered within the Department of Veterans Affairs, including the extent to which the system meets the objectives set forth in section 516(a) of title 38, United States Code, as added by section 101. The assessment shall include a comprehensive description of the system as of the time of the assessment.

(2) Under the agreement, the entity shall submit the assessment to the committees referred to in subsection (a)(3) and to the Secretary not later than June 1, 1998.

(c) REVIEW OF ADMINISTRATION OF SYSTEM.—(1) Under the agreement under subsection (a), the entity shall monitor and review the administration by the Secretary of the employment discrimination complaint resolution system administered within the Department.

(2) Under the agreement, the entity shall submit to the committees referred to in subsection (a)(3) and to the Secretary a report on the results of the review under paragraph (1) not later than June 1, 1999. The report shall include an assessment of the administration of the system, including the extent to which the system meets the objectives referred to in subsection (b)(1), and the effectiveness of the following:

(A) Programs to train and maintain a cadre of individuals who are competent to investigate claims relating to employment discrimination.

(B) Programs to train and maintain a cadre of individuals who are competent to provide counseling to individuals who submit such claims.

(C) Programs to provide education and training to Department employees regarding their rights and obligations under the equal employment opportunity laws.

(D) Programs to oversee the administration of the system.

(E) Programs to evaluate the effectiveness of the system in meeting its objectives.

(F) Other programs, procedures, or activities of the Department relating to the equal employment opportunity laws, including any alternative dispute resolution procedures and informal dispute resolution and settlement procedures.

(G) Any disciplinary measures imposed by the Secretary on employees determined to have violated the equal employment opportunity laws in preventing or deterring violations of such laws by other employees of the Department.

TITLE II—EXTENSION AND IMPROVEMENT OF AUTHORITIES

SEC. 201. NATIVE AMERICAN VETERAN HOUSING LOAN PROGRAM.

(a) EXTENSION OF PILOT PROGRAM.—Section 3761(c) is amended by striking out “September 30, 1997” and inserting in lieu thereof “December 31, 2001”.

(b) OUTREACH.—Section 3762(i) is amended—

(1) by inserting “(1)” after “(i)”;

(2) by inserting “, in consultation with tribal organizations (including the National Congress of American Indians and the National American Indian Housing Council),” after “The Secretary shall”;

(3) by striking out “tribal organizations and”; and

(4) by adding at the end the following:

“(2) Activities under the outreach program shall include the following:

“(A) Attending conferences and conventions conducted by the National Congress of American Indians in order to work with the National Congress in providing information and training to tribal organizations and Native American veterans regarding the availability of housing benefits under the pilot program and in assisting such organizations and veterans in participating in the pilot program.

“(B) Attending conferences and conventions conducted by the National American Indian Housing Council in order to work with the Housing Council in providing information and training to tribal organizations and tribal housing entities regarding the availability of such benefits.

“(C) Attending conferences and conventions conducted by the Department of Hawaiian Homelands in order to work with the Department of Hawaiian Homelands in providing information and training to tribal housing entities in Hawaii regarding the availability of such benefits.

“(D) Producing and disseminating information to tribal governments, tribal veterans service organizations, and tribal organizations regarding the availability of such benefits.

“(E) Assisting tribal organizations and Native American veterans in participating in the pilot program.

“(F) Outstationing loan guarantee specialists in tribal facilities on a part-time basis if requested by the tribal government.”.

(c) ANNUAL REPORTS.—Section 3762 is further amended by adding at the end the following new subsection:

“(j) Not later than February 1 of each year through 2002, the Secretary shall transmit to the Committees on Veterans’ Affairs of the Senate and House of Representatives a report relating to the implementation of the pilot program under this subchapter during the fiscal year preceding the date of the report. Each such report shall include the following:

“(1) The Secretary’s exercise during such fiscal year of the authority provided under subsection (c)(1)(B) to make loans exceeding the maximum loan amount.

“(2) The appraisals performed for the Secretary during such fiscal year under the authority of subsection (d)(2), including a description of—

“(A) the manner in which such appraisals were performed;

“(B) the qualifications of the appraisers who performed such appraisals; and

“(C) the actions taken by the Secretary with respect to such appraisals to protect the interests of veterans and the United States.

“(3) The outreach activities undertaken under subsection (i) during such fiscal year, including—

“(A) a description of such activities on a region-by-region basis; and

“(B) an assessment of the effectiveness of such activities in encouraging the participation of Native American veterans in the pilot program.

“(4) The pool of Native American veterans who are eligible for participation in the pilot program, including—

“(A) a description and analysis of the pool, including income demographics;

“(B) a description and assessment of the impediments, if any, to full participation in the pilot program of the Native American veterans in the pool; and

“(C) the impact of low-cost housing programs operated by the Department of Housing and Urban Development and other Federal or State agencies on the demand for direct loans under this section.

“(5) The Secretary’s recommendations, if any, for additional legislation regarding the pilot program.”.

SEC. 202. TREATMENT AND REHABILITATION FOR SERIOUSLY MENTALLY ILL AND HOMELESS VETERANS.

(a) CODIFICATION AND REVISION OF PROGRAMS.—Chapter 17 is amended by adding at the end the following new subchapter:

“SUBCHAPTER VII—TREATMENT AND REHABILITATION FOR SERIOUSLY MENTALLY ILL AND HOMELESS VETERANS

“§ 1771. General treatment

“(a) In providing care and services under section 1710 of this title to veterans suffering from serious mental illness, including veterans who are homeless, the Secretary may provide (directly or in conjunction with a governmental or other entity)—

“(1) outreach services;

“(2) care, treatment, and rehabilitative services (directly or by contract in community-based treatment facilities, including halfway houses); and

“(3) therapeutic transitional housing assistance under section 1772 of this title, in conjunction with work therapy under subsection (a) or (b) of section 1718 of this title and outpatient care.

Expiration date.

“(b) The authority of the Secretary under subsection (a) expires on December 31, 2001.

“§ 1772. Therapeutic housing

“(a) The Secretary, in connection with the conduct of compensated work therapy programs, may operate residences and facilities as therapeutic housing.

“(b) The Secretary may use such procurement procedures for the purchase, lease, or other acquisition of residential housing for purposes of this section as the Secretary considers appropriate to expedite the opening and operation of transitional housing and to protect the interests of the United States.

“(c) A residence or other facility may be operated as transitional housing for veterans described in paragraphs (1) and (2) of section 1710(a) of this title under the following conditions:

“(1) Only veterans described in those paragraphs and a house manager may reside in the residence or facility.

“(2) Each resident, other than the house manager, shall be required to make payments that contribute to covering the expenses of board and the operational costs of the residence or facility for the period of residence in such housing.

“(3) In order to foster the therapeutic and rehabilitative objectives of such housing (A) residents shall be prohibited

from using alcohol or any controlled substance or item, (B) any resident violating that prohibition may be expelled from the residence or facility, and (C) each resident shall agree to undergo drug testing or such other measures as the Secretary shall prescribe to ensure compliance with that prohibition.

“(4) In the establishment and operation of housing under this section, the Secretary shall consult with appropriate representatives of the community in which the housing is established and shall comply with zoning requirements, building permit requirements, and other similar requirements applicable to other real property used for similar purposes in the community.

“(5) The residence or facility shall meet State and community fire and safety requirements applicable to other real property used for similar purposes in the community in which the transitional housing is located, but fire and safety requirements applicable to buildings of the Federal Government shall not apply to such property.

“(d) The Secretary shall prescribe the qualifications for house managers for transitional housing units operated under this section. The Secretary may provide for free room and subsistence for a house manager in addition to, or instead of payment of, a fee for the services provided by the manager.

“(e)(1) The Secretary may operate as transitional housing under this section—

“(A) any suitable residential property acquired by the Secretary as the result of a default on a loan made, guaranteed, or insured under chapter 37 of this title;

“(B) any suitable space in a facility under the jurisdiction of the Secretary that is no longer being used (i) to provide acute hospital care, or (ii) as housing for medical center employees; and

“(C) any other suitable residential property purchased, leased, or otherwise acquired by the Secretary.

“(2) In the case of any property referred to in paragraph (1)(A), the Secretary shall—

“(A) transfer administrative jurisdiction over such property within the Department from the Veterans Benefits Administration to the Veterans Health Administration; and

“(B) transfer from the General Post Fund to the Loan Guaranty Revolving Fund under chapter 37 of this title an amount (not to exceed the amount the Secretary paid for the property) representing the amount the Secretary considers could be obtained by sale of such property to a nonprofit organization or a State for use as a shelter for homeless veterans.

“(3) In the case of any residential property obtained by the Secretary from the Department of Housing and Urban Development under this section, the amount paid by the Secretary to that Department for that property may not exceed the amount that the Secretary of Housing and Urban Development would charge for the sale of that property to a nonprofit organization or a State for use as a shelter for homeless persons. Funds for such charge shall be derived from the General Post Fund.

“(f) The Secretary shall prescribe—

“(1) a procedure for establishing reasonable payment rates for persons residing in transitional housing; and

“(2) appropriate limits on the period for which such persons may reside in transitional housing.

“(g) The Secretary may dispose of any property acquired for the purpose of this section. The proceeds of any such disposal shall be credited to the General Post Fund.

“(h) Funds received by the Department under this section shall be deposited in the General Post Fund. The Secretary may distribute out of the fund such amounts as necessary for the acquisition, management, maintenance, and disposition of real property for the purpose of carrying out such program. The Secretary shall manage the operation of this section so as to ensure that expenditures under this subsection for any fiscal year shall not exceed by more than \$500,000 proceeds credited to the General Post Fund under this section. The operation of the program and funds received shall be separately accounted for, and shall be stated in the documents accompanying the President’s budget for each fiscal year.

“§ 1773. Additional services at certain locations

“(a) Subject to the availability of appropriations, the Secretary shall operate a program under this section to expand and improve the provision of benefits and services by the Department to homeless veterans.

“(b) The program shall include the establishment of not fewer than eight programs (in addition to any existing programs providing similar services) at sites under the jurisdiction of the Secretary to be centers for the provision of comprehensive services to homeless veterans. The services to be provided at each site shall include a comprehensive and coordinated array of those specialized services which may be provided under existing law.

“(c) The program shall include the services of such employees of the Veterans Benefits Administration as the Secretary determines appropriate at sites under the jurisdiction of the Secretary at which services are provided to homeless veterans.

“(d) The program under this section shall terminate on December 31, 2001.

Termination
date.

“§ 1774. Coordination with other agencies and organizations

“(a) In assisting homeless veterans, the Secretary shall coordinate with, and may provide services authorized under this title in conjunction with, State and local governments, other appropriate departments and agencies of the Federal Government, and non-governmental organizations.

“(b)(1) The Secretary shall require the director of each medical center or the director of each regional benefits office to make an assessment of the needs of homeless veterans living within the area served by the medical center or regional office, as the case may be.

“(2) Each such assessment shall be made in coordination with representatives of State and local governments, other appropriate departments and agencies of the Federal Government, and non-governmental organizations that have experience working with homeless persons in that area.

“(3) Each such assessment shall identify the needs of homeless veterans with respect to the following:

“(A) Health care.

“(B) Education and training.

“(C) Employment.

“(D) Shelter.

“(E) Counseling.

“(F) Outreach services.

“(4) Each assessment shall also indicate the extent to which the needs referred to in paragraph (3) are being met adequately by the programs of the Department, of other departments and agencies of the Federal Government, of State and local governments, and of nongovernmental organizations.

“(5) Each assessment shall be carried out in accordance with uniform procedures and guidelines prescribed by the Secretary.

“(c) In furtherance of subsection (a), the Secretary shall require the director of each medical center and the director of each regional benefits office, in coordination with representatives of State and local governments, other Federal officials, and nongovernmental organizations that have experience working with homeless persons in the areas served by such facility or office, to—

“(1) develop a list of all public and private programs that provide assistance to homeless persons or homeless veterans in the area concerned, together with a description of the services offered by those programs;

“(2) seek to encourage the development by the representatives of such entities, in coordination with the director, of a plan to coordinate among such public and private programs the provision of services to homeless veterans;

“(3) take appropriate action to meet, to the maximum extent practicable through existing programs and available resources, the needs of homeless veterans that are identified in the assessment conducted under subsection (b); and

“(4) attempt to inform homeless veterans whose needs the director cannot meet under paragraph (3) of the services available to such veterans within the area served by such center or office.”.

(b) CONFORMING AMENDMENTS.—(1) Section 1720A is amended—

(A) by striking out subsections (a), (e), (f), and (g); and

(B) by redesignating subsections (b), (c), and (d) as subsections (a), (b), and (c), respectively.

(2) The heading of such section is amended to read as follows:

“§ 1720A. Treatment and rehabilitative services for persons with drug or alcohol dependency”.

(c) CONFORMING REPEALS.—The following provisions are repealed:

(1) Section 7 of Public Law 102-54 (38 U.S.C. 1718 note).

(2) Section 107 of the Veterans’ Medical Programs Amendments of 1992 (38 U.S.C. 527 note).

(3) Section 2 of the Homeless Veterans Comprehensive Service Programs Act of 1992 (38 U.S.C. 7721 note).

(4) Section 115 of the Veterans’ Benefits and Services Act of 1988 (38 U.S.C. 1712 note).

(d) CLERICAL AMENDMENTS.—The table of sections at the beginning of chapter 17 is amended—

(1) by striking out the item relating to section 1720A and inserting in lieu thereof the following:

“1720A. Treatment and rehabilitative services for persons with drug or alcohol dependency.”; and

(2) by adding at the end the following:

“SUBCHAPTER VII—TREATMENT AND REHABILITATION FOR SERIOUSLY MENTALLY ILL
AND HOMELESS VETERANS

- “1771. General treatment.
“1772. Therapeutic housing.
“1773. Additional services at certain locations.
“1774. Coordination with other agencies and organizations.”.

SEC. 203. EXTENSION OF CERTAIN AUTHORITIES RELATING TO HOMELESS VETERANS.

(a) AGREEMENTS FOR HOUSING ASSISTANCE FOR HOMELESS VETERANS.—Section 3735(c) is amended by striking out “December 31, 1997” and inserting in lieu thereof “December 31, 1999”.

(b) EXTENSION OF HOMELESS VETERANS COMPREHENSIVE SERVICE GRANT PROGRAM.—Section 3(a)(2) of the Homeless Veterans Comprehensive Service Programs Act of 1992 (38 U.S.C. 7721 note) is amended by striking out “September 30, 1997” and inserting in lieu thereof “September 30, 1999”.

(c) HOMELESS VETERANS’ REINTEGRATION PROJECTS.—The Stewart B. McKinney Homeless Assistance Act is amended as follows:

(1) Section 738(e)(1) (42 U.S.C. 11448(e)(1)) is amended by adding at the end the following new subparagraph:

“(G) \$10,000,000 for fiscal year 1999.”.

(2) Section 741 (42 U.S.C. 11450) is amended by striking out “December 31, 1997” and inserting in lieu thereof “December 31, 1999”.

SEC. 204. ANNUAL REPORT ON ASSISTANCE TO HOMELESS VETERANS.

Section 1001 of the Veterans’ Benefits Improvements Act of 1994 (38 U.S.C. 7721 note) is amended—

(1) in subsection (a)(2)—

(A) by striking out “and” at the end of subparagraph (B);

(B) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof “; and”; and

(C) by adding at the end the following new subparagraphs:

“(D) evaluate the effectiveness of the programs of the Department (including residential work-therapy programs, programs combining outreach, community-based residential treatment, and case-management, and contract care programs for alcohol and drug-dependence or abuse disabilities) in providing assistance to homeless veterans; and

“(E) evaluate the effectiveness of programs established by recipients of grants under section 3 of the Homeless Veterans Comprehensive Service Programs Act of 1992 (38 U.S.C. 7721 note), and describe the experience of such recipients in applying for and receiving grants from the Secretary of Housing and Urban Development to serve primarily homeless persons who are veterans.”; and

(2) by striking out subsection (b).

SEC. 205. EXPANSION OF AUTHORITY FOR ENHANCED-USE LEASES OF DEPARTMENT OF VETERANS AFFAIRS REAL PROPERTY.

(a) FOUR-YEAR EXTENSION OF AUTHORITY.—Section 8169 is amended by striking out “December 31, 1997” and inserting in lieu thereof “December 31, 2001”.

(b) REPEAL OF LIMITATION ON NUMBER OF AGREEMENTS.—(1) Section 8168 is repealed.

(2) The table of sections at the beginning of chapter 81 is amended by striking out the item relating to section 8168.

SEC. 206. PERMANENT AUTHORITY TO FURNISH NONINSTITUTIONAL ALTERNATIVES TO NURSING HOME CARE.

(a) PERMANENT AUTHORITY.—Subsection (a) of section 1720C is amended by striking out “During” and all that follows through “furnishing of” and inserting in lieu thereof “The Secretary may furnish”.

(b) CONFORMING AMENDMENTS.—(1) Subsections (b)(1) and (d) of such section are amended by striking out “pilot”.

(2) The heading for such section is amended to read as follows:

“§ 1720C. Noninstitutional alternatives to nursing home care”.

(3) The item relating to such section in the table of sections at the beginning of chapter 17 is amended to read as follows:

“1720C. Noninstitutional alternatives to nursing home care.”.

SEC. 207. EXTENSION OF HEALTH PROFESSIONAL SCHOLARSHIP PROGRAM.

(a) EXTENSION.—Section 7618 is amended by striking out “December 31, 1997” and inserting in lieu thereof “December 31, 1998”.

(b) SUBMISSION OF OVERDUE REPORT.—The Secretary of Veterans Affairs shall submit to Congress not later than 180 days after the date of the enactment of this Act the report evaluating the operation of the health professional scholarship program required to be submitted not later than March 31, 1997, under section 202(b) of Public Law 104–110 (110 Stat. 770).

38 USC 7611
note.

SEC. 208. POLICY ON BREAST CANCER MAMMOGRAPHY.

(a) IN GENERAL.—(1) Subchapter II of chapter 73 is amended by adding at the end the following new section:

“§ 7322. Breast cancer mammography policy

“(a) The Under Secretary for Health shall develop a national policy for the Veterans Health Administration on mammography screening for veterans.

“(b) The policy developed under subsection (a) shall—

“(1) specify standards of mammography screening;

“(2) provide recommendations with respect to screening, and the frequency of screening, for—

“(A) women veterans who are over the age of 39; and

“(B) veterans, without regard to age, who have clinical symptoms, risk factors, or family history of breast cancer; and

“(3) provide for clinician discretion.”.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 7321 the following new item:

“7322. Breast cancer mammography policy.”.

(b) EFFECTIVE DATE.—The Secretary of Veterans Affairs shall develop the national policy on mammography screening required

38 USC 7322
note.

by section 7322 of title 38, United States Code, as added by subsection (a), and shall furnish such policy in a report to the Committees on Veterans' Affairs of the Senate and House of Representatives, not later than 60 days after the date of the enactment of this Act. Such policy shall not take effect before the expiration of 30 days after the date of its submission to those committees.

38 USC 7322
note.

(c) SENSE OF CONGRESS.—It is the sense of Congress that the policy developed under section 7322 of title 38, United States Code, as added by subsection (a), shall be in accordance with the guidelines endorsed by the Secretary of Health and Human Services and the Director of the National Institutes of Health.

SEC. 209. PERSIAN GULF WAR VETERANS.

(a) CRITERIA FOR PRIORITY HEALTH CARE.—(1) Subsection (a)(2)(F) of section 1710 is amended by striking out “environmental hazard” and inserting in lieu thereof “other conditions”.

(2) Subsection (e)(1)(C) of such section is amended—

(A) by striking out “the Secretary finds may have been exposed while serving” and inserting in lieu thereof “served”;

(B) by striking out “to a toxic substance or environmental hazard”; and

(C) by striking out “exposure” and inserting in lieu thereof “service”.

(3) Subsection (e)(2)(B) of such section is amended by striking out “an exposure” and inserting in lieu thereof “the service”.

38 USC 1710
note.

(b) DEMONSTRATION PROJECTS FOR TREATMENT OF PERSIAN GULF ILLNESS.—(1) The Secretary of Veterans Affairs shall carry out a program of demonstration projects to test new approaches to treating, and improving the satisfaction with such treatment of, Persian Gulf veterans who suffer from undiagnosed and ill-defined disabilities. The program shall be established not later than July 1, 1998, and shall be carried out at up to 10 geographically dispersed medical centers of the Department of Veterans Affairs.

(2) At least one of each of the following models shall be used at no less than two of the demonstration projects:

(A) A specialized clinic which serves Persian Gulf veterans.

(B) Multidisciplinary treatment aimed at managing symptoms.

(C) Use of case managers.

(3) A demonstration project under this subsection may be undertaken in conjunction with another funding entity, including agreements under section 8111 of title 38, United States Code.

(4) The Secretary shall make available from appropriated funds (which have been retained for contingent funding) \$5,000,000 to carry out the demonstration projects.

(5) The Secretary may not approve a medical center as a location for a demonstration project under this subsection unless a peer review panel has determined that the proposal submitted by that medical center is among those proposals that have met the highest competitive standards of clinical merit and the Secretary has determined that the facility has the ability to—

(A) attract the participation of clinicians of outstanding caliber and innovation to the project; and

(B) effectively evaluate the activities of the project.

(6) In determining which medical centers to select as locations for demonstration projects under this subsection, the Secretary shall give special priority to medical centers that have demonstrated

a capability to compete successfully for extramural funding support for research into the effectiveness and cost-effectiveness of the care provided under the demonstration project.

SEC. 210. PRESIDENTIAL REPORT ON PREPARATIONS FOR A NATIONAL RESPONSE TO MEDICAL EMERGENCIES ARISING FROM THE TERRORIST USE OF WEAPONS OF MASS DESTRUCTION.

(a) **REPORT.**—(1) Not later than March 1, 1998, the President shall submit to Congress a report on the plans, preparations, and capability of the Federal Government and State and local governments for a national response to medical emergencies arising from the terrorist use of weapons of mass destruction. The report shall be submitted in unclassified form, but may include a classified annex.

(2) The report should be prepared in consultation with the Secretary of Defense, the Secretary of Health and Human Services, the Secretary of Veterans Affairs, the Director of the Federal Emergency Management Agency, and the head of any other department or agency of the Federal Government that may be involved in responding to such emergencies. The President shall designate a lead agency for purposes of the preparation of the report.

(b) **CONTENTS.**—The report shall include the following:

(1) A description of the steps taken by the Federal Government to plan and prepare for a national response to medical emergencies arising from the terrorist use of weapons of mass destruction.

(2) A description of the laws and agreements governing the responsibilities of the various departments and agencies of the Federal Government, and of State and local governments, for the response to such emergencies, and an assessment of the interrelationship of such responsibilities under such laws and agreements.

(3) Recommendations, if any, for the simplification or improvement of such responsibilities.

(4) An assessment of the current level of preparedness for such response of all departments and agencies of the Federal Government and State and local governments that are responsible for such response.

(5) A current inventory of the existing medical assets from all sources which can be made available for such response.

(6) Recommendations, if any, for the improved or enhanced use of the resources of the Federal Government and State and local governments for such response.

(7) The name of the official or office of the Federal Government designated to coordinate the response of the Federal Government to such emergencies.

(8) A description of the lines of authority between the departments and agencies of the Federal Government to be involved in the response of the Federal Government to such emergencies.

(9) A description of the roles of each department and agency of the Federal Government to be involved in the preparations for, and implementation of, the response of the Federal Government to such emergencies.

(10) The estimated costs of each department and agency of the Federal Government to prepare for and carry out its role as described under paragraph (9).

(11) A description of the steps, if any, being taken to create a funding mechanism for the response of the Federal Government to such emergencies.

TITLE III—MAJOR MEDICAL FACILITY PROJECTS CONSTRUCTION AUTHOR- IZATION

SEC. 301. AUTHORIZATION OF MAJOR MEDICAL FACILITY PROJECTS.

The Secretary of Veterans Affairs may carry out the following major medical facility projects, with each project to be carried out in the amount specified for that project:

(1) Seismic corrections at the Department of Veterans Affairs medical center in Memphis, Tennessee, in an amount not to exceed \$34,600,000.

(2) Seismic corrections and clinical and other improvements to the McClellan Hospital at Mather Field, Sacramento, California, in an amount not to exceed \$48,000,000, to be derived only from funds appropriated for Construction, Major Projects, for a fiscal year before fiscal year 1998 that remain available for obligation.

(3) Outpatient improvements at Mare Island, Vallejo, California, and Martinez, California, in a total amount not to exceed \$7,000,000, to be derived only from funds appropriated for Construction, Major Projects, for a fiscal year before fiscal year 1998 that remain available for obligation.

SEC. 302. AUTHORIZATION OF MAJOR MEDICAL FACILITY LEASES.

The Secretary of Veterans Affairs may enter into leases for medical facilities as follows:

(1) Lease of an information management field office, Birmingham, Alabama, in an amount not to exceed \$595,000.

(2) Lease of a satellite outpatient clinic, Jacksonville, Florida, in an amount not to exceed \$3,095,000.

(3) Lease of a satellite outpatient clinic, Boston, Massachusetts, in an amount not to exceed \$5,215,000.

(4) Lease of a satellite outpatient clinic, Canton, Ohio, in an amount not to exceed \$2,115,000.

(5) Lease of a satellite outpatient clinic, Portland, Oregon, in an amount not to exceed \$1,919,000.

(6) Lease of a satellite outpatient clinic, Tulsa, Oklahoma, in an amount not to exceed \$2,112,000.

(7) Lease of an information resources management field office, Salt Lake City, in an amount not to exceed \$652,000.

SEC. 303. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated to the Secretary of Veterans Affairs for fiscal year 1998—

(1) for the Construction, Major Projects, account, \$34,600,000 for the project authorized in section 301(1); and

(2) for the Medical Care account, \$15,703,000 for the leases authorized in section 302.

(b) **LIMITATION.**—The projects authorized in section 301 may only be carried out using—

(1) funds appropriated for fiscal year 1998 pursuant to the authorization of appropriations in subsection (a);

(2) funds appropriated for Construction, Major Projects for a fiscal year before fiscal year 1998 that remain available for obligation; and

(3) funds appropriated for Construction, Major Projects for fiscal year 1998 for a category of activity not specific to a project.

TITLE IV—TECHNICAL AND CLARIFYING AMENDMENTS

SEC. 401. TECHNICAL AMENDMENTS.

(a) **PLOT ALLOWANCE FOR DEATHS IN DEPARTMENT FACILITIES.**—Section 2303(a)(2)(A) is amended by striking out “a Department facility (as defined in section 1701(4) of this title)” and inserting in lieu thereof “a facility of the Department (as defined in section 1701(3) of this title)”.

(b) **EDUCATIONAL ASSISTANCE ALLOWANCE FOR CERTAIN INDIVIDUALS PURSUING COOPERATIVE PROGRAMS.**—Section 3015(e)(1) is amended—

(1) by striking out “(1) Subject to paragraph (2)” and inserting in lieu thereof “(1)(A) Except as provided in subparagraph (B) of this paragraph and subject to paragraph (2)”; and

(2) by adding at the end the following:

“(B) Notwithstanding subparagraph (A) of this paragraph, in the case of an individual described in that subparagraph who is pursuing a cooperative program on or after October 9, 1996, the rate of the basic educational assistance allowance applicable to such individual under this chapter shall be increased by the amount equal to one-half of the educational assistance allowance that would be applicable to such individual for pursuit of full-time institutional training under chapter 34 (as of the time the assistance under this chapter is provided and based on the rates in effect on December 31, 1989) if such chapter were in effect.”.

(c) **ELIGIBILITY OF CERTAIN VEAP PARTICIPANTS TO ENROLL IN MONTGOMERY GI BILL.**—Section 3018C(a) is amended—

(1) in paragraph (1), by striking out “the date of the enactment of the Veterans’ Benefits Improvements Act of 1996” and inserting in lieu thereof “October 9, 1996.”;

(2) in paragraph (4), by striking out “during the one-year period specified” and inserting in lieu thereof “after the date on which the individual makes the election described”; and

(3) in paragraph (5), by striking out “the date of the enactment of the Veterans’ Benefits Improvements Act of 1996” and inserting in lieu thereof “October 9, 1996”.

(d) **ENROLLMENT IN OPEN CIRCUIT TELEVISION COURSES.**—Section 3680A(a)(4) is amended by inserting “(including open circuit television)” after “independent study program” the second place it appears.

(e) **ENROLLMENT IN CERTAIN COURSES.**—Section 3680A(g) is amended by striking out “subsections (e) and (f)” and inserting in lieu thereof “subsections (e) and (f)(1)”.

(f) CERTAIN BENEFITS FOR SURVIVING SPOUSES.—Section 5310(b)(2) is amended by striking out “under this paragraph” in the first sentence and inserting in lieu thereof “under paragraph (1)”.

SEC. 402. CLARIFICATION OF CERTAIN HEALTH CARE AUTHORITIES.

(a) ELIGIBILITY FOR HOSPITAL CARE AND MEDICAL SERVICES.—Section 1710(a)(2)(B) is amended by striking out “compensable”.

(b) HOME HEALTH SERVICES.—Section 1717(a) is amended—
(1) in paragraph (1), by striking out “veteran’s disability” and inserting in lieu thereof “veteran”; and

(2) in paragraph (2)(B), by striking out “section 1710(a)(2)” and inserting in lieu thereof “section 1710(a)”.

(c) AUTHORITY TO TRANSFER VETERANS RECEIVING OUTPATIENT CARE TO NON-DEPARTMENT NURSING HOMES.—Section 1720(a)(1)(A)(i) is amended by striking out “hospital care, nursing home care, or domiciliary care” and inserting in lieu thereof “care”.

(d) ACQUISITION OF COMMERCIAL HEALTH CARE RESOURCES.—Section 8153(a)(3)(A) is amended by inserting “(including any Executive order, circular, or other administrative policy)” after “law or regulation”.

(e) COMPETITION IN PROCUREMENT OF COMMERCIAL HEALTH CARE RESOURCES.—Section 8153(a)(3)(B)(ii) is amended in the second sentence by inserting “, as appropriate,” after “all responsible sources”.

SEC. 403. CORRECTION OF NAME OF MEDICAL CENTER.

The facility of the Department of Veterans Affairs in Columbia, South Carolina, known as the Wm. Jennings Bryan Dorn Veterans’ Hospital shall hereafter be known and designated as the “Wm. Jennings Bryan Dorn Department of Veterans Affairs Medical Center”. Any reference to that facility in any law, regulation, document, map, record, or other paper of the United States shall be deemed to be a reference to the Wm. Jennings Bryan Dorn Department of Veterans Affairs Medical Center.

SEC. 404. IMPROVEMENT TO SPINA BIFIDA BENEFITS FOR CHILDREN OF VIETNAM VETERANS.

(a) DEFINITIONS.—The text of section 1801 is amended to read as follows:

“For the purposes of this chapter—

“(1) The term ‘child’, with respect to a Vietnam veteran, means a natural child of a Vietnam veteran, regardless of age or marital status, who was conceived after the date on which the Vietnam veteran first entered the Republic of Vietnam during the period beginning on January 9, 1962, and ending on May 7, 1975.

“(2) The term ‘Vietnam veteran’ means an individual who performed active military, naval, or air service in the Republic of Vietnam during the period beginning on January 9, 1962, and ending on May 7, 1975, without regard to the characterization of the individual’s service.”.

(b) APPLICABILITY OF CERTAIN ADMINISTRATIVE PROVISIONS.—

(1) Section 1806 is amended to read as follows:

“§ 1806. Applicability of certain administrative provisions

“The provisions of sections 5101(c), 5110(a), (b)(2), (g), and (i), 5111, and 5112(a), (b)(1), (b)(6), (b)(9), and (b)(10) of this title

shall be deemed to apply to benefits under this chapter in the same manner in which they apply to veterans' disability compensation."

(2) The item relating to section 1806 in the table of sections at the beginning of chapter 18 is amended to read as follows:

"1806. Applicability of certain administrative provisions."

(c) AMENDMENTS TO VOCATIONAL REHABILITATION PROVISIONS.—Section 1804 is amended—

(1) in subsection (b), by striking out "shall be designed" and all that follows and inserting in lieu thereof the following: "shall—

"(1) be designed in consultation with the child in order to meet the child's individual needs;

"(2) be set forth in an individualized written plan of vocational rehabilitation; and

"(3) be designed and developed before the date specified in subsection (d)(3) so as to permit the beginning of the program as of the date specified in that subsection.";

(2) in subsection (c)(1)(B), by striking out "institution of higher education" and inserting in lieu thereof "institution of higher learning"; and

(3) by adding at the end of subsection (d) the following new paragraph:

"(3) A vocational training program under this section may begin on the child's 18th birthday, or on the successful completion of the child's secondary schooling, whichever first occurs, except that, if the child is above the age of compulsory school attendance under applicable State law and the Secretary determines that the child's best interests will be served thereby, the vocational training program may begin before the child's 18th birthday."

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect as of October 1, 1997.

38 USC 1801
note.

Approved November 21, 1997.

LEGISLATIVE HISTORY—S. 714:

SENATE REPORTS: No. 105-123 (Comm. on Veterans' Affairs).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 5, considered and passed Senate.

Nov. 9, considered and passed House, amended.

Nov. 10, Senate concurred in House amendments.

Public Law 105–115
105th Congress

An Act

Nov. 21, 1997
[S. 830]

To amend the Federal Food, Drug, and Cosmetic Act and the Public Health Service Act to improve the regulation of food, drugs, devices, and biological products, and for other purposes.

Food and Drug
Administration
Modernization
Act of 1997.
21 USC 301 note.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCES; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Food and Drug Administration Modernization Act of 1997”.

(b) **REFERENCES.**—Except as otherwise specified, whenever in this Act an amendment or repeal is expressed in terms of an amendment to or a repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.).

(c) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

Sec. 1. Short title; references; table of contents.
Sec. 2. Definitions.

TITLE I—IMPROVING REGULATION OF DRUGS

Subtitle A—Fees Relating to Drugs

Sec. 101. Findings.
Sec. 102. Definitions.
Sec. 103. Authority to assess and use drug fees.
Sec. 104. Annual reports.
Sec. 105. Savings.
Sec. 106. Effective date.
Sec. 107. Termination of effectiveness.

Subtitle B—Other Improvements

Sec. 111. Pediatric studies of drugs.
Sec. 112. Expediting study and approval of fast track drugs.
Sec. 113. Information program on clinical trials for serious or life-threatening diseases.
Sec. 114. Health care economic information.
Sec. 115. Clinical investigations.
Sec. 116. Manufacturing changes for drugs.
Sec. 117. Streamlining clinical research on drugs.
Sec. 118. Data requirements for drugs and biologics.
Sec. 119. Content and review of applications.
Sec. 120. Scientific advisory panels.
Sec. 121. Positron emission tomography.
Sec. 122. Requirements for radiopharmaceuticals.
Sec. 123. Modernization of regulation.
Sec. 124. Pilot and small scale manufacture.
Sec. 125. Insulin and antibiotics.
Sec. 126. Elimination of certain labeling requirements.
Sec. 127. Application of Federal law to practice of pharmacy compounding.

- Sec. 128. Reauthorization of clinical pharmacology program.
- Sec. 129. Regulations for sunscreen products.
- Sec. 130. Reports of postmarketing approval studies.
- Sec. 131. Notification of discontinuance of a life saving product.

TITLE II—IMPROVING REGULATION OF DEVICES

- Sec. 201. Investigational device exemptions.
- Sec. 202. Special review for certain devices.
- Sec. 203. Expanding humanitarian use of devices.
- Sec. 204. Device standards.
- Sec. 205. Scope of review; collaborative determinations of device data requirements.
- Sec. 206. Premarket notification.
- Sec. 207. Evaluation of automatic class III designation.
- Sec. 208. Classification panels.
- Sec. 209. Certainty of review timeframes; collaborative review process.
- Sec. 210. Accreditation of persons for review of premarket notification reports.
- Sec. 211. Device tracking.
- Sec. 212. Postmarket surveillance.
- Sec. 213. Reports.
- Sec. 214. Practice of medicine.
- Sec. 215. Noninvasive blood glucose meter.
- Sec. 216. Use of data relating to premarket approval; product development protocol.
- Sec. 217. Clarification of the number of required clinical investigations for approval.

TITLE III—IMPROVING REGULATION OF FOOD

- Sec. 301. Flexibility for regulations regarding claims.
- Sec. 302. Petitions for claims.
- Sec. 303. Health claims for food products.
- Sec. 304. Nutrient content claims.
- Sec. 305. Referral statements.
- Sec. 306. Disclosure of irradiation.
- Sec. 307. Irradiation petition.
- Sec. 308. Glass and ceramic ware.
- Sec. 309. Food contact substances.

TITLE IV—GENERAL PROVISIONS

- Sec. 401. Dissemination of information on new uses.
- Sec. 402. Expanded access to investigational therapies and diagnostics.
- Sec. 403. Approval of supplemental applications for approved products.
- Sec. 404. Dispute resolution.
- Sec. 405. Informal agency statements.
- Sec. 406. Food and Drug Administration mission and annual report.
- Sec. 407. Information system.
- Sec. 408. Education and training.
- Sec. 409. Centers for education and research on therapeutics.
- Sec. 410. Mutual recognition agreements and global harmonization.
- Sec. 411. Environmental impact review.
- Sec. 412. National uniformity for nonprescription drugs and cosmetics.
- Sec. 413. Food and Drug Administration study of mercury compounds in drugs and food.
- Sec. 414. Interagency collaboration.
- Sec. 415. Contracts for expert review.
- Sec. 416. Product classification.
- Sec. 417. Registration of foreign establishments.
- Sec. 418. Clarification of seizure authority.
- Sec. 419. Interstate commerce.
- Sec. 420. Safety report disclaimers.
- Sec. 421. Labeling and advertising regarding compliance with statutory requirements.
- Sec. 422. Rule of construction.

TITLE V—EFFECTIVE DATE

- Sec. 501. Effective date.

SEC. 2. DEFINITIONS.

21 USC 321 note.

In this Act, the terms “drug”, “device”, “food”, and “dietary supplement” have the meaning given such terms in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321).

TITLE I—IMPROVING REGULATION OF DRUGS

Subtitle A—Fees Relating to Drugs

21 USC 379g
note.

SEC. 101. FINDINGS.

Congress finds that—

(1) prompt approval of safe and effective new drugs and other therapies is critical to the improvement of the public health so that patients may enjoy the benefits provided by these therapies to treat and prevent illness and disease;

(2) the public health will be served by making additional funds available for the purpose of augmenting the resources of the Food and Drug Administration that are devoted to the process for review of human drug applications;

(3) the provisions added by the Prescription Drug User Fee Act of 1992 have been successful in substantially reducing review times for human drug applications and should be—

(A) reauthorized for an additional 5 years, with certain technical improvements; and

(B) carried out by the Food and Drug Administration with new commitments to implement more ambitious and comprehensive improvements in regulatory processes of the Food and Drug Administration; and

(4) the fees authorized by amendments made in this subtitle will be dedicated toward expediting the drug development process and the review of human drug applications as set forth in the goals identified, for purposes of part 2 of subchapter C of chapter VII of the Federal Food, Drug, and Cosmetic Act, in the letters from the Secretary of Health and Human Services to the chairman of the Committee on Commerce of the House of Representatives and the chairman of the Committee on Labor and Human Resources of the Senate, as set forth in the Congressional Record.

SEC. 102. DEFINITIONS.

Section 735 (21 U.S.C. 379g) is amended—

(1) in the second sentence of paragraph (1)—

(A) by striking “Service Act, and” and inserting “Service Act,”; and

(B) by striking “September 1, 1992.” and inserting the following: “September 1, 1992, does not include an application for a licensure of a biological product for further manufacturing use only, and does not include an application or supplement submitted by a State or Federal Government entity for a drug that is not distributed commercially. Such term does include an application for licensure, as described in subparagraph (D), of a large volume biological product intended for single dose injection for intravenous use or infusion.”;

(2) in the second sentence of paragraph (3)—

(A) by striking “Service Act, and” and inserting “Service Act,”; and

(B) by striking “September 1, 1992.” and inserting the following: “September 1, 1992, does not include a

biological product that is licensed for further manufacturing use only, and does not include a drug that is not distributed commercially and is the subject of an application or supplement submitted by a State or Federal Government entity. Such term does include a large volume biological product intended for single dose injection for intravenous use or infusion.”;

(3) in paragraph (4), by striking “without” and inserting “without substantial”;

(4) by amending the first sentence of paragraph (5) to read as follows:

“(5) The term ‘prescription drug establishment’ means a foreign or domestic place of business which is at one general physical location consisting of one or more buildings all of which are within five miles of each other and at which one or more prescription drug products are manufactured in final dosage form.”;

(5) in paragraph (7)(A)—

(A) by striking “employees under contract” and all that follows through “Administration,” the second time it occurs and inserting “contractors of the Food and Drug Administration,”; and

(B) by striking “and committees,” and inserting “and committees and to contracts with such contractors,”;

(6) in paragraph (8)—

(A) in subparagraph (A)—

(i) by striking “August of” and inserting “April of”; and

(ii) by striking “August 1992” and inserting “April 1997”; and

(B) in subparagraph (B)—

(i) by striking “section 254(d)” and inserting “section 254(c)”;

(ii) by striking “1992” and inserting “1997”; and

(iii) by striking “102d Congress, 2d Session” and inserting “105th Congress, 1st Session”; and

(7) by adding at the end the following:

“(9) The term ‘affiliate’ means a business entity that has a relationship with a second business entity if, directly or indirectly—

“(A) one business entity controls, or has the power to control, the other business entity; or

“(B) a third party controls, or has power to control, both of the business entities.”.

SEC. 103. AUTHORITY TO ASSESS AND USE DRUG FEES.

(a) TYPES OF FEES.—Section 736(a) (21 U.S.C. 379h(a)) is amended—

(1) by striking “Beginning in fiscal year 1993” and inserting “Beginning in fiscal year 1998”;

(2) in paragraph (1)—

(A) by striking subparagraph (B) and inserting the following:

“(B) PAYMENT.—The fee required by subparagraph (A) shall be due upon submission of the application or supplement.”;

(B) in subparagraph (D)—

(i) in the subparagraph heading, by striking “NOT ACCEPTED” and inserting “REFUSED”;

(ii) by striking “50 percent” and inserting “75 percent”;

(iii) by striking “subparagraph (B)(i)” and inserting “subparagraph (B)”; and

(iv) by striking “not accepted” and inserting “refused”; and

(C) by adding at the end the following:

“(E) EXCEPTION FOR DESIGNATED ORPHAN DRUG OR INDICATION.—A human drug application for a prescription drug product that has been designated as a drug for a rare disease or condition pursuant to section 526 shall not be subject to a fee under subparagraph (A), unless the human drug application includes an indication for other than a rare disease or condition. A supplement proposing to include a new indication for a rare disease or condition in a human drug application shall not be subject to a fee under subparagraph (A), if the drug has been designated pursuant to section 526 as a drug for a rare disease or condition with regard to the indication proposed in such supplement.

“(F) EXCEPTION FOR SUPPLEMENTS FOR PEDIATRIC INDICATIONS.—A supplement to a human drug application proposing to include a new indication for use in pediatric populations shall not be assessed a fee under subparagraph (A).

“(G) REFUND OF FEE IF APPLICATION WITHDRAWN.—If an application or supplement is withdrawn after the application or supplement was filed, the Secretary may refund the fee or a portion of the fee if no substantial work was performed on the application or supplement after the application or supplement was filed. The Secretary shall have the sole discretion to refund a fee or a portion of the fee under this subparagraph. A determination by the Secretary concerning a refund under this paragraph shall not be reviewable.”;

(3) by striking paragraph (2) and inserting the following:

“(2) PRESCRIPTION DRUG ESTABLISHMENT FEE.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), each person that—

“(i) is named as the applicant in a human drug application; and

“(ii) after September 1, 1992, had pending before the Secretary a human drug application or supplement, shall be assessed an annual fee established in subsection (b) for each prescription drug establishment listed in its approved human drug application as an establishment that manufactures the prescription drug product named in the application. The annual establishment fee shall be assessed in each fiscal year in which the prescription drug product named in the application is assessed a fee under paragraph (3) unless the prescription drug establishment listed in the application does not engage in the manufacture of the prescription drug product during the fiscal year. The establishment fee shall be payable on or before January 31 of each year. Each such establishment shall be assessed

only one fee per establishment, notwithstanding the number of prescription drug products manufactured at the establishment. In the event an establishment is listed in a human drug application by more than one applicant, the establishment fee for the fiscal year shall be divided equally and assessed among the applicants whose prescription drug products are manufactured by the establishment during the fiscal year and assessed product fees under paragraph (3).

“(B) EXCEPTION.—If, during the fiscal year, an applicant initiates or causes to be initiated the manufacture of a prescription drug product at an establishment listed in its human drug application—

“(i) that did not manufacture the product in the previous fiscal year; and

“(ii) for which the full establishment fee has been assessed in the fiscal year at a time before manufacture of the prescription drug product was begun;

the applicant will not be assessed a share of the establishment fee for the fiscal year in which the manufacture of the product began.”; and

(4) in paragraph (3)—

(A) in subparagraph (A)—

(i) in clause (i), by striking “is listed” and inserting “has been submitted for listing”; and

(ii) by striking “Such fee shall be payable” and all that follows through “section 510.” and inserting the following: “Such fee shall be payable for the fiscal year in which the product is first submitted for listing under section 510, or is submitted for relisting under section 510 if the product has been withdrawn from listing and relisted. After such fee is paid for that fiscal year, such fee shall be payable on or before January 31 of each year. Such fee shall be paid only once for each product for a fiscal year in which the fee is payable.”; and

(B) in subparagraph (B), by striking “505(j).” and inserting the following: “505(j), under an abbreviated application filed under section 507 (as in effect on the day before the date of enactment of the Food and Drug Administration Modernization Act of 1997), or under an abbreviated new drug application pursuant to regulations in effect prior to the implementation of the Drug Price Competition and Patent Term Restoration Act of 1984.”.

(b) FEE AMOUNTS.—Section 736(b) (21 U.S.C. 379h(b)) is amended to read as follows:

“(b) FEE AMOUNTS.—Except as provided in subsections (c), (d), (f), and (g), the fees required under subsection (a) shall be determined and assessed as follows:

“(1) APPLICATION AND SUPPLEMENT FEES.—

“(A) FULL FEES.—The application fee under subsection (a)(1)(A)(i) shall be \$250,704 in fiscal year 1998, \$256,338 in each of fiscal years 1999 and 2000, \$267,606 in fiscal year 2001, and \$258,451 in fiscal year 2002.

“(B) OTHER FEES.—The fee under subsection (a)(1)(A)(ii) shall be \$125,352 in fiscal year 1998, \$128,169

in each of fiscal years 1999 and 2000, \$133,803 in fiscal year 2001, and \$129,226 in fiscal year 2002.

“(2) TOTAL FEE REVENUES FOR ESTABLISHMENT FEES.—The total fee revenues to be collected in establishment fees under subsection (a)(2) shall be \$35,600,000 in fiscal year 1998, \$36,400,000 in each of fiscal years 1999 and 2000, \$38,000,000 in fiscal year 2001, and \$36,700,000 in fiscal year 2002.

“(3) TOTAL FEE REVENUES FOR PRODUCT FEES.—The total fee revenues to be collected in product fees under subsection (a)(3) in a fiscal year shall be equal to the total fee revenues collected in establishment fees under subsection (a)(2) in that fiscal year.”.

(c) INCREASES AND ADJUSTMENTS.—Section 736(c) (21 U.S.C. 379h(c)) is amended—

(1) in the subsection heading, by striking “INCREASES AND”;

(2) in paragraph (1)—

(A) by striking “(1) REVENUE” and all that follows through “increased by the Secretary” and inserting the following: “(1) INFLATION ADJUSTMENT.—The fees and total fee revenues established in subsection (b) shall be adjusted by the Secretary”;

(B) in subparagraph (A), by striking “increase” and inserting “change”;

(C) in subparagraph (B), by striking “increase” and inserting “change”; and

(D) by adding at the end the following flush sentence: “The adjustment made each fiscal year by this subsection will be added on a compounded basis to the sum of all adjustments made each fiscal year after fiscal year 1997 under this subsection.”;

(3) in paragraph (2), by striking “October 1, 1992,” and all that follows through “such schedule.” and inserting the following: “September 30, 1997, adjust the establishment and product fees described in subsection (b) for the fiscal year in which the adjustment occurs so that the revenues collected from each of the categories of fees described in paragraphs (2) and (3) of subsection (b) shall be set to be equal to the revenues collected from the category of application and supplement fees described in paragraph (1) of subsection (b).”; and

(4) in paragraph (3), by striking “paragraph (2)” and inserting “this subsection”.

(d) FEE WAIVER OR REDUCTION.—Section 736(d) (21 U.S.C. 379h(d)) is amended—

(1) by redesignating paragraphs (1), (2), (3), and (4) as subparagraphs (A), (B), (C), and (D), respectively and indenting appropriately;

(2) by striking “The Secretary shall grant a” and all that follows through “finds that—” and inserting the following:

“(1) IN GENERAL.—The Secretary shall grant a waiver from or a reduction of one or more fees assessed under subsection (a) where the Secretary finds that—”;

(3) in subparagraph (C) (as so redesignated in paragraph (1)), by striking “, or” and inserting a comma;

(4) in subparagraph (D) (as so redesignated in paragraph (1)), by striking the period and inserting “, or”;

(5) by inserting after subparagraph (D) (as so redesignated in paragraph (1)) the following:

“(E) the applicant involved is a small business submitting its first human drug application to the Secretary for review.”; and

(6) by striking “In making the finding in paragraph (3),” and all that follows through “standard costs.” and inserting the following:

“(2) USE OF STANDARD COSTS.—In making the finding in paragraph (1)(C), the Secretary may use standard costs.

“(3) RULES RELATING TO SMALL BUSINESSES.—

“(A) DEFINITION.—In paragraph (1)(E), the term ‘small business’ means an entity that has fewer than 500 employees, including employees of affiliates.

“(B) WAIVER OF APPLICATION FEE.—The Secretary shall waive under paragraph (1)(E) the application fee for the first human drug application that a small business or its affiliate submits to the Secretary for review. After a small business or its affiliate is granted such a waiver, the small business or its affiliate shall pay—

“(i) application fees for all subsequent human drug applications submitted to the Secretary for review in the same manner as an entity that does not qualify as a small business; and

“(ii) all supplement fees for all supplements to human drug applications submitted to the Secretary for review in the same manner as an entity that does not qualify as a small business.”.

(e) ASSESSMENT OF FEES.—Section 736(f)(1) (21 U.S.C. 379h(f)(1)) is amended—

(1) by striking “fiscal year 1993” and inserting “fiscal year 1997”; and

(2) by striking “fiscal year 1992” and inserting “fiscal year 1997 (excluding the amount of fees appropriated for such fiscal year)”.

(f) CREDITING AND AVAILABILITY OF FEES.—Section 736(g) (21 U.S.C. 379h(g)) is amended—

(1) in paragraph (1), by adding at the end the following: “Such sums as may be necessary may be transferred from the Food and Drug Administration salaries and expenses appropriation account without fiscal year limitation to such appropriation account for salaries and expenses with such fiscal year limitation. The sums transferred shall be available solely for the process for the review of human drug applications.”;

(2) in paragraph (2)—

(A) in subparagraph (A), by striking “Acts” and inserting “Acts, or otherwise made available for obligation,”; and

(B) in subparagraph (B), by striking “over such costs for fiscal year 1992” and inserting “over such costs, excluding costs paid from fees collected under this section, for fiscal year 1997”; and

(3) by striking paragraph (3) and inserting the following:

“(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fees under this section—

“(A) \$106,800,000 for fiscal year 1998;

“(B) \$109,200,000 for fiscal year 1999;

“(C) \$109,200,000 for fiscal year 2000;

“(D) \$114,000,000 for fiscal year 2001; and

“(E) \$110,100,000 for fiscal year 2002,

as adjusted to reflect adjustments in the total fee revenues made under this section and changes in the total amounts collected by application, supplement, establishment, and product fees.

“(4) OFFSET.—Any amount of fees collected for a fiscal year under this section that exceeds the amount of fees specified in appropriation Acts for such fiscal year shall be credited to the appropriation account of the Food and Drug Administration as provided in paragraph (1), and shall be subtracted from the amount of fees that would otherwise be authorized to be collected under this section pursuant to appropriation Acts for a subsequent fiscal year.”.

(g) REQUIREMENT FOR WRITTEN REQUESTS FOR WAIVERS, REDUCTIONS, AND REFUNDS.—Section 736 (21 U.S.C. 379h) is amended—

- (1) by redesignating subsection (i) as subsection (j); and
- (2) by inserting after subsection (h) the following:

“(i) WRITTEN REQUESTS FOR WAIVERS, REDUCTIONS, AND REFUNDS.—To qualify for consideration for a waiver or reduction under subsection (d), or for a refund of any fee collected in accordance with subsection (a), a person shall submit to the Secretary a written request for such waiver, reduction, or refund not later than 180 days after such fee is due.”.

21 USC 379h
note.

(h) SPECIAL RULE FOR WAIVERS AND REFUNDS.—Any requests for waivers or refunds for fees assessed under section 736 of the Federal Food, Drug, and Cosmetic Act (42 U.S.C. 379h) prior to the date of enactment of this Act shall be submitted in writing to the Secretary of Health and Human Services within 1 year after the date of enactment of this Act. Any requests for waivers or refunds pertaining to a fee for a human drug application or supplement accepted for filing prior to October 1, 1997 or to a product or establishment fee required by such Act for a fiscal year prior to fiscal year 1998, shall be evaluated according to the terms of the Prescription Drug User Fee Act of 1992 (as in effect on September 30, 1997) and part 2 of subchapter C of chapter VII of the Federal Food, Drug, and Cosmetic Act (as in effect on September 30, 1997). The term “person” in such Acts shall continue to include an affiliate thereof.

21 USC 379g
note.

SEC. 104. ANNUAL REPORTS.

(a) PERFORMANCE REPORT.—Beginning with fiscal year 1998, not later than 60 days after the end of each fiscal year during which fees are collected under part 2 of subchapter C of chapter VII of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 379g et seq.), the Secretary of Health and Human Services shall prepare and submit to the Committee on Commerce of the House of Representatives and the Committee on Labor and Human Resources of the Senate a report concerning the progress of the Food and Drug Administration in achieving the goals identified in the letters described in section 101(4) during such fiscal year and the future plans of the Food and Drug Administration for meeting the goals.

(b) FISCAL REPORT.—Beginning with fiscal year 1998, not later than 120 days after the end of each fiscal year during which fees are collected under the part described in subsection (a), the Secretary of Health and Human Services shall prepare and submit to the Committee on Commerce of the House of Representatives and the Committee on Labor and Human Resources of the Senate

a report on the implementation of the authority for such fees during such fiscal year and the use, by the Food and Drug Administration, of the fees collected during such fiscal year for which the report is made.

SEC. 105. SAVINGS.

21 USC 379g
note.

Notwithstanding section 105 of the Prescription Drug User Fee Act of 1992, the Secretary shall retain the authority to assess and collect any fee required by part 2 of subchapter C of chapter VII of the Federal Food, Drug, and Cosmetic Act for a human drug application or supplement accepted for filing prior to October 1, 1997, and to assess and collect any product or establishment fee required by such Act for a fiscal year prior to fiscal year 1998.

SEC. 106. EFFECTIVE DATE.

21 USC 379g
note.

The amendments made by this subtitle shall take effect October 1, 1997.

SEC. 107. TERMINATION OF EFFECTIVENESS.

21 USC 379g
note.

The amendments made by sections 102 and 103 cease to be effective October 1, 2002, and section 104 ceases to be effective 120 days after such date.

Subtitle B—Other Improvements

SEC. 111. PEDIATRIC STUDIES OF DRUGS.

Chapter V (21 U.S.C. 351 et seq.) is amended by inserting after section 505 the following:

“SEC. 505A. PEDIATRIC STUDIES OF DRUGS.

21 USC 355a.

“(a) MARKET EXCLUSIVITY FOR NEW DRUGS.—If, prior to approval of an application that is submitted under section 505(b)(1), the Secretary determines that information relating to the use of a new drug in the pediatric population may produce health benefits in that population, the Secretary makes a written request for pediatric studies (which shall include a timeframe for completing such studies), and such studies are completed within any such timeframe and the reports thereof submitted in accordance with subsection (d)(2) or accepted in accordance with subsection (d)(3)—

“(1)(A)(i) the period referred to in subsection (c)(3)(D)(ii) of section 505, and in subsection (j)(4)(D)(ii) of such section, is deemed to be five years and six months rather than five years, and the references in subsections (c)(3)(D)(ii) and (j)(4)(D)(ii) of such section to four years, to forty-eight months, and to seven and one-half years are deemed to be four and one-half years, fifty-four months, and eight years, respectively; or

“(ii) the period referred to in clauses (iii) and (iv) of subsection (c)(3)(D) of such section, and in clauses (iii) and (iv) of subsection (j)(4)(D) of such section, is deemed to be three years and six months rather than three years; and

“(B) if the drug is designated under section 526 for a rare disease or condition, the period referred to in section 527(a) is deemed to be seven years and six months rather than seven years; and

“(2)(A) if the drug is the subject of—

“(i) a listed patent for which a certification has been submitted under subsection (b)(2)(A)(ii) or (j)(2)(A)(vii)(II) of section 505 and for which pediatric studies were submitted prior to the expiration of the patent (including any patent extensions); or

“(ii) a listed patent for which a certification has been submitted under subsections (b)(2)(A)(iii) or (j)(2)(A)(vii)(III) of section 505,

the period during which an application may not be approved under section 505(c)(3) or section 505(j)(4)(B) shall be extended by a period of six months after the date the patent expires (including any patent extensions); or

“(B) if the drug is the subject of a listed patent for which a certification has been submitted under subsection (b)(2)(A)(iv) or (j)(2)(A)(vii)(IV) of section 505, and in the patent infringement litigation resulting from the certification the court determines that the patent is valid and would be infringed, the period during which an application may not be approved under section 505(c)(3) or section 505(j)(4)(B) shall be extended by a period of six months after the date the patent expires (including any patent extensions).

“(b) SECRETARY TO DEVELOP LIST OF DRUGS FOR WHICH ADDITIONAL PEDIATRIC INFORMATION MAY BE BENEFICIAL.—Not later than 180 days after the date of enactment of the Food and Drug Administration Modernization Act of 1997, the Secretary, after consultation with experts in pediatric research shall develop, prioritize, and publish an initial list of approved drugs for which additional pediatric information may produce health benefits in the pediatric population. The Secretary shall annually update the list.

“(c) MARKET EXCLUSIVITY FOR ALREADY-MARKETED DRUGS.—If the Secretary makes a written request to the holder of an approved application under section 505(b)(1) for pediatric studies (which shall include a timeframe for completing such studies) concerning a drug identified in the list described in subsection (b), the holder agrees to the request, the studies are completed within any such timeframe, and the reports thereof are submitted in accordance with subsection (d)(2) or accepted in accordance with subsection (d)(3)—

“(1)(A)(i) the period referred to in subsection (c)(3)(D)(ii) of section 505, and in subsection (j)(4)(D)(ii) of such section, is deemed to be five years and six months rather than five years, and the references in subsections (c)(3)(D)(ii) and (j)(4)(D)(ii) of such section to four years, to forty-eight months, and to seven and one-half years are deemed to be four and one-half years, fifty-four months, and eight years, respectively; or

“(ii) the period referred to in clauses (iii) and (iv) of subsection (c)(3)(D) of such section, and in clauses (iii) and (iv) of subsection (j)(4)(D) of such section, is deemed to be three years and six months rather than three years; and

“(B) if the drug is designated under section 526 for a rare disease or condition, the period referred to in section 527(a) is deemed to be seven years and six months rather than seven years; and

“(2)(A) if the drug is the subject of—

“(i) a listed patent for which a certification has been submitted under subsection (b)(2)(A)(ii) or (j)(2)(A)(vii)(II)

of section 505 and for which pediatric studies were submitted prior to the expiration of the patent (including any patent extensions); or

“(ii) a listed patent for which a certification has been submitted under subsection (b)(2)(A)(iii) or (j)(2)(A)(vii)(III) of section 505,

the period during which an application may not be approved under section 505(c)(3) or section 505(j)(4)(B) shall be extended by a period of six months after the date the patent expires (including any patent extensions); or

“(B) if the drug is the subject of a listed patent for which a certification has been submitted under subsection (b)(2)(A)(iv) or (j)(2)(A)(vii)(IV) of section 505, and in the patent infringement litigation resulting from the certification the court determines that the patent is valid and would be infringed, the period during which an application may not be approved under section 505(c)(3) or section 505(j)(4)(B) shall be extended by a period of six months after the date the patent expires (including any patent extensions).

“(d) CONDUCT OF PEDIATRIC STUDIES.—

“(1) AGREEMENT FOR STUDIES.—The Secretary may, pursuant to a written request from the Secretary under subsection (a) or (c), after consultation with—

“(A) the sponsor of an application for an investigational new drug under section 505(i);

“(B) the sponsor of an application for a new drug under section 505(b)(1); or

“(C) the holder of an approved application for a drug under section 505(b)(1),

agree with the sponsor or holder for the conduct of pediatric studies for such drug. Such agreement shall be in writing and shall include a timeframe for such studies.

“(2) WRITTEN PROTOCOLS TO MEET THE STUDIES REQUIREMENT.—If the sponsor or holder and the Secretary agree upon written protocols for the studies, the studies requirement of subsection (a) or (c) is satisfied upon the completion of the studies and submission of the reports thereof in accordance with the original written request and the written agreement referred to in paragraph (1). Not later than 60 days after the submission of the report of the studies, the Secretary shall determine if such studies were or were not conducted in accordance with the original written request and the written agreement and reported in accordance with the requirements of the Secretary for filing and so notify the sponsor or holder.

“(3) OTHER METHODS TO MEET THE STUDIES REQUIREMENT.—If the sponsor or holder and the Secretary have not agreed in writing on the protocols for the studies, the studies requirement of subsection (a) or (c) is satisfied when such studies have been completed and the reports accepted by the Secretary. Not later than 90 days after the submission of the reports of the studies, the Secretary shall accept or reject such reports and so notify the sponsor or holder. The Secretary’s only responsibility in accepting or rejecting the reports shall be to determine, within the 90 days, whether the studies fairly respond to the written request, have been conducted in accordance with commonly accepted scientific principles and protocols, and

have been reported in accordance with the requirements of the Secretary for filing.

“(e) DELAY OF EFFECTIVE DATE FOR CERTAIN APPLICATION.—If the Secretary determines that the acceptance or approval of an application under section 505(b)(2) or 505(j) for a new drug may occur after submission of reports of pediatric studies under this section, which were submitted prior to the expiration of the patent (including any patent extension) or the applicable period under clauses (ii) through (iv) of section 505(c)(3)(D) or clauses (ii) through (iv) of section 505(j)(4)(D), but before the Secretary has determined whether the requirements of subsection (d) have been satisfied, the Secretary shall delay the acceptance or approval under section 505(b)(2) or 505(j) until the determination under subsection (d) is made, but any such delay shall not exceed 90 days. In the event that requirements of this section are satisfied, the applicable six-month period under subsection (a) or (c) shall be deemed to have been running during the period of delay.

“(f) NOTICE OF DETERMINATIONS ON STUDIES REQUIREMENT.—The Secretary shall publish a notice of any determination that the requirements of subsection (d) have been met and that submissions and approvals under subsection (b)(2) or (j) of section 505 for a drug will be subject to the provisions of this section.

“(g) DEFINITIONS.—As used in this section, the term ‘pediatric studies’ or ‘studies’ means at least one clinical investigation (that, at the Secretary’s discretion, may include pharmacokinetic studies) in pediatric age groups in which a drug is anticipated to be used.

“(h) LIMITATIONS.—A drug to which the six-month period under subsection (a) or (b) has already been applied—

“(1) may receive an additional six-month period under subsection (c)(1)(A)(ii) for a supplemental application if all other requirements under this section are satisfied, except that such a drug may not receive any additional such period under subsection (c)(2); and

“(2) may not receive any additional such period under subsection (c)(1)(B).

“(i) RELATIONSHIP TO REGULATIONS.—Notwithstanding any other provision of law, if any pediatric study is required pursuant to regulations promulgated by the Secretary and such study meets the completeness, timeliness, and other requirements of this section, such study shall be deemed to satisfy the requirement for market exclusivity pursuant to this section.

“(j) SUNSET.—A drug may not receive any six-month period under subsection (a) or (c) unless the application for the drug under section 505(b)(1) is submitted on or before January 1, 2002. After January 1, 2002, a drug shall receive a six-month period under subsection (c) if—

“(1) the drug was in commercial distribution as of the date of enactment of the Food and Drug Administration Modernization Act of 1997;

“(2) the drug was included by the Secretary on the list under subsection (b) as of January 1, 2002;

“(3) the Secretary determines that there is a continuing need for information relating to the use of the drug in the pediatric population and that the drug may provide health benefits in that population; and

“(4) all requirements of this section are met.

“(k) **REPORT.**—The Secretary shall conduct a study and report to Congress not later than January 1, 2001, based on the experience under the program established under this section. The study and report shall examine all relevant issues, including—

“(1) the effectiveness of the program in improving information about important pediatric uses for approved drugs;

“(2) the adequacy of the incentive provided under this section;

“(3) the economic impact of the program on taxpayers and consumers, including the impact of the lack of lower cost generic drugs on patients, including on lower income patients; and

“(4) any suggestions for modification that the Secretary determines to be appropriate.”.

SEC. 112. EXPEDITING STUDY AND APPROVAL OF FAST TRACK DRUGS.

(a) **IN GENERAL.**—Chapter V (21 U.S.C. 351 et seq.), as amended by section 125, is amended by inserting before section 508 the following:

“SEC. 506. FAST TRACK PRODUCTS.

21 USC 356.

“(a) **DESIGNATION OF DRUG AS A FAST TRACK PRODUCT.**—

“(1) **IN GENERAL.**—The Secretary shall, at the request of the sponsor of a new drug, facilitate the development and expedite the review of such drug if it is intended for the treatment of a serious or life-threatening condition and it demonstrates the potential to address unmet medical needs for such a condition. (In this section, such a drug is referred to as a ‘fast track product’.)

“(2) **REQUEST FOR DESIGNATION.**—The sponsor of a new drug may request the Secretary to designate the drug as a fast track product. A request for the designation may be made concurrently with, or at any time after, submission of an application for the investigation of the drug under section 505(i) or section 351(a)(3) of the Public Health Service Act.

“(3) **DESIGNATION.**—Within 60 calendar days after the receipt of a request under paragraph (2), the Secretary shall determine whether the drug that is the subject of the request meets the criteria described in paragraph (1). If the Secretary finds that the drug meets the criteria, the Secretary shall designate the drug as a fast track product and shall take such actions as are appropriate to expedite the development and review of the application for approval of such product.

“(b) **APPROVAL OF APPLICATION FOR A FAST TRACK PRODUCT.**—

“(1) **IN GENERAL.**—The Secretary may approve an application for approval of a fast track product under section 505(c) or section 351 of the Public Health Service Act upon a determination that the product has an effect on a clinical endpoint or on a surrogate endpoint that is reasonably likely to predict clinical benefit.

“(2) **LIMITATION.**—Approval of a fast track product under this subsection may be subject to the requirements—

“(A) that the sponsor conduct appropriate post-approval studies to validate the surrogate endpoint or otherwise confirm the effect on the clinical endpoint; and

“(B) that the sponsor submit copies of all promotional materials related to the fast track product during the preapproval review period and, following approval and for such period thereafter as the Secretary determines to be

appropriate, at least 30 days prior to dissemination of the materials.

“(3) EXPEDITED WITHDRAWAL OF APPROVAL.—The Secretary may withdraw approval of a fast track product using expedited procedures (as prescribed by the Secretary in regulations which shall include an opportunity for an informal hearing) if—

“(A) the sponsor fails to conduct any required post-approval study of the fast track drug with due diligence;

“(B) a post-approval study of the fast track product fails to verify clinical benefit of the product;

“(C) other evidence demonstrates that the fast track product is not safe or effective under the conditions of use; or

“(D) the sponsor disseminates false or misleading promotional materials with respect to the product.

“(c) REVIEW OF INCOMPLETE APPLICATIONS FOR APPROVAL OF A FAST TRACK PRODUCT.—

“(1) IN GENERAL.—If the Secretary determines, after preliminary evaluation of clinical data submitted by the sponsor, that a fast track product may be effective, the Secretary shall evaluate for filing, and may commence review of portions of, an application for the approval of the product before the sponsor submits a complete application. The Secretary shall commence such review only if the applicant—

“(A) provides a schedule for submission of information necessary to make the application complete; and

“(B) pays any fee that may be required under section 736.

“(2) EXCEPTION.—Any time period for review of human drug applications that has been agreed to by the Secretary and that has been set forth in goals identified in letters of the Secretary (relating to the use of fees collected under section 736 to expedite the drug development process and the review of human drug applications) shall not apply to an application submitted under paragraph (1) until the date on which the application is complete.

“(d) AWARENESS EFFORTS.—The Secretary shall—

“(1) develop and disseminate to physicians, patient organizations, pharmaceutical and biotechnology companies, and other appropriate persons a description of the provisions of this section applicable to fast track products; and

“(2) establish a program to encourage the development of surrogate endpoints that are reasonably likely to predict clinical benefit for serious or life-threatening conditions for which there exist significant unmet medical needs.”

21 USC 356 note.

(b) GUIDANCE.—Within 1 year after the date of enactment of this Act, the Secretary of Health and Human Services shall issue guidance for fast track products (as defined in section 506(a)(1) of the Federal Food, Drug, and Cosmetic Act) that describes the policies and procedures that pertain to section 506 of such Act.

SEC. 113. INFORMATION PROGRAM ON CLINICAL TRIALS FOR SERIOUS OR LIFE-THREATENING DISEASES.

(a) IN GENERAL.—Section 402 of the Public Health Service Act (42 U.S.C. 282) is amended—

(1) by redesignating subsections (j) and (k) as subsections (k) and (l), respectively; and

(2) by inserting after subsection (i) the following:

“(j)(1)(A) The Secretary, acting through the Director of NIH, shall establish, maintain, and operate a data bank of information on clinical trials for drugs for serious or life-threatening diseases and conditions (in this subsection referred to as the ‘data bank’). The activities of the data bank shall be integrated and coordinated with related activities of other agencies of the Department of Health and Human Services, and to the extent practicable, coordinated with other data banks containing similar information. Establishment.

“(B) The Secretary shall establish the data bank after consultation with the Commissioner of Food and Drugs, the directors of the appropriate agencies of the National Institutes of Health (including the National Library of Medicine), and the Director of the Centers for Disease Control and Prevention.

“(2) In carrying out paragraph (1), the Secretary shall collect, catalog, store, and disseminate the information described in such paragraph. The Secretary shall disseminate such information through information systems, which shall include toll-free telephone communications, available to individuals with serious or life-threatening diseases and conditions, to other members of the public, to health care providers, and to researchers.

“(3) The data bank shall include the following:

“(A) A registry of clinical trials (whether federally or privately funded) of experimental treatments for serious or life-threatening diseases and conditions under regulations promulgated pursuant to section 505(i) of the Federal Food, Drug, and Cosmetic Act, which provides a description of the purpose of each experimental drug, either with the consent of the protocol sponsor, or when a trial to test effectiveness begins. Information provided shall consist of eligibility criteria for participation in the clinical trials, a description of the location of trial sites, and a point of contact for those wanting to enroll in the trial, and shall be in a form that can be readily understood by members of the public. Such information shall be forwarded to the data bank by the sponsor of the trial not later than 21 days after the approval of the protocol.

“(B) Information pertaining to experimental treatments for serious or life-threatening diseases and conditions that may be available—

“(i) under a treatment investigational new drug application that has been submitted to the Secretary under section 561(c) of the Federal Food, Drug, and Cosmetic Act; or

“(ii) as a Group C cancer drug (as defined by the National Cancer Institute).

The data bank may also include information pertaining to the results of clinical trials of such treatments, with the consent of the sponsor, including information concerning potential toxicities or adverse effects associated with the use or administration of such experimental treatments.

“(4) The data bank shall not include information relating to an investigation if the sponsor has provided a detailed certification to the Secretary that disclosure of such information would substantially interfere with the timely enrollment of subjects in the investigation, unless the Secretary, after the receipt of the certification, provides the sponsor with a detailed written determination that

such disclosure would not substantially interfere with such enrollment.

Appropriation
authorization.

“(5) For the purpose of carrying out this subsection, there are authorized to be appropriated such sums as may be necessary. Fees collected under section 736 of the Federal Food, Drug, and Cosmetic Act shall not be used in carrying out this subsection.”.

42 USC 282 note.

(b) COLLABORATION AND REPORT.—

(1) IN GENERAL.—The Secretary of Health and Human Services, the Director of the National Institutes of Health, and the Commissioner of Food and Drugs shall collaborate to determine the feasibility of including device investigations within the scope of the data bank under section 402(j) of the Public Health Service Act.

(2) REPORT.—Not later than two years after the date of enactment of this section, the Secretary of Health and Human Services shall prepare and submit to the Committee on Labor and Human Resources of the Senate and the Committee on Commerce of the House of Representatives a report—

(A) of the public health need, if any, for inclusion of device investigations within the scope of the data bank under section 402(j) of the Public Health Service Act;

(B) on the adverse impact, if any, on device innovation and research in the United States if information relating to such device investigations is required to be publicly disclosed; and

(C) on such other issues relating to such section 402(j) as the Secretary determines to be appropriate.

SEC. 114. HEALTH CARE ECONOMIC INFORMATION.

(a) IN GENERAL.—Section 502(a) (21 U.S.C. 352(a)) is amended by adding at the end the following: “Health care economic information provided to a formulary committee, or other similar entity, in the course of the committee or the entity carrying out its responsibilities for the selection of drugs for managed care or other similar organizations, shall not be considered to be false or misleading under this paragraph if the health care economic information directly relates to an indication approved under section 505 or under section 351(a) of the Public Health Service Act for such drug and is based on competent and reliable scientific evidence. The requirements set forth in section 505(a) or in section 351(a) of the Public Health Service Act shall not apply to health care economic information provided to such a committee or entity in accordance with this paragraph. Information that is relevant to the substantiation of the health care economic information presented pursuant to this paragraph shall be made available to the Secretary upon request. In this paragraph, the term ‘health care economic information’ means any analysis that identifies, measures, or compares the economic consequences, including the costs of the represented health outcomes, of the use of a drug to the use of another drug, to another health care intervention, or to no intervention.”.

21 USC 352 note.

(b) STUDY AND REPORT.—The Comptroller General of the United States shall conduct a study of the implementation of the provisions added by the amendment made by subsection (a). Not later than 4 years and 6 months after the date of enactment of this Act, the Comptroller General of the United States shall prepare and submit to Congress a report containing the findings of the study.

SEC. 115. CLINICAL INVESTIGATIONS.

(a) **CLARIFICATION OF THE NUMBER OF REQUIRED CLINICAL INVESTIGATIONS FOR APPROVAL.**—Section 505(d) (21 U.S.C. 355(d)) is amended by adding at the end the following: “If the Secretary determines, based on relevant science, that data from one adequate and well-controlled clinical investigation and confirmatory evidence (obtained prior to or after such investigation) are sufficient to establish effectiveness, the Secretary may consider such data and evidence to constitute substantial evidence for purposes of the preceding sentence.”.

(b) **WOMEN AND MINORITIES.**—Section 505(b)(1) (21 U.S.C. 355(b)(1)) is amended by adding at the end the following: “The Secretary shall, in consultation with the Director of the National Institutes of Health and with representatives of the drug manufacturing industry, review and develop guidance, as appropriate, on the inclusion of women and minorities in clinical trials required by clause (A).”.

SEC. 116. MANUFACTURING CHANGES FOR DRUGS.

(a) **IN GENERAL.**—Chapter V, as amended by section 112, is amended by inserting after section 506 the following section:

“SEC. 506A. MANUFACTURING CHANGES.

21 USC 356a.

“(a) **IN GENERAL.**—With respect to a drug for which there is in effect an approved application under section 505 or 512 or a license under section 351 of the Public Health Service Act, a change from the manufacturing process approved pursuant to such application or license may be made, and the drug as made with the change may be distributed, if—

“(1) the holder of the approved application or license (referred to in this section as a ‘holder’) has validated the effects of the change in accordance with subsection (b); and

“(2)(A) in the case of a major manufacturing change, the holder has complied with the requirements of subsection (c); or

“(B) in the case of a change that is not a major manufacturing change, the holder complies with the applicable requirements of subsection (d).

“(b) **VALIDATION OF EFFECTS OF CHANGES.**—For purposes of subsection (a)(1), a drug made with a manufacturing change (whether a major manufacturing change or otherwise) may be distributed only if, before distribution of the drug as so made, the holder involved validates the effects of the change on the identity, strength, quality, purity, and potency of the drug as the identity, strength, quality, purity, and potency may relate to the safety or effectiveness of the drug.

“(c) **MAJOR MANUFACTURING CHANGES.**—

“(1) **REQUIREMENT OF SUPPLEMENTAL APPLICATION.**—For purposes of subsection (a)(2)(A), a drug made with a major manufacturing change may be distributed only if, before the distribution of the drug as so made, the holder involved submits to the Secretary a supplemental application for such change and the Secretary approves the application. The application shall contain such information as the Secretary determines to be appropriate, and shall include the information developed under subsection (b) by the holder in validating the effects of the change.

“(2) CHANGES QUALIFYING AS MAJOR CHANGES.—For purposes of subsection (a)(2)(A), a major manufacturing change is a manufacturing change that is determined by the Secretary to have substantial potential to adversely affect the identity, strength, quality, purity, or potency of the drug as they may relate to the safety or effectiveness of a drug. Such a change includes a change that—

“(A) is made in the qualitative or quantitative formulation of the drug involved or in the specifications in the approved application or license referred to in subsection (a) for the drug (unless exempted by the Secretary by regulation or guidance from the requirements of this subsection);

“(B) is determined by the Secretary by regulation or guidance to require completion of an appropriate clinical study demonstrating equivalence of the drug to the drug as manufactured without the change; or

“(C) is another type of change determined by the Secretary by regulation or guidance to have a substantial potential to adversely affect the safety or effectiveness of the drug.

“(d) OTHER MANUFACTURING CHANGES.—

“(1) IN GENERAL.—For purposes of subsection (a)(2)(B), the Secretary may regulate drugs made with manufacturing changes that are not major manufacturing changes as follows:

“(A) The Secretary may in accordance with paragraph (2) authorize holders to distribute such drugs without submitting a supplemental application for such changes.

“(B) The Secretary may in accordance with paragraph (3) require that, prior to the distribution of such drugs, holders submit to the Secretary supplemental applications for such changes.

“(C) The Secretary may establish categories of such changes and designate categories to which subparagraph (A) applies and categories to which subparagraph (B) applies.

“(2) CHANGES NOT REQUIRING SUPPLEMENTAL APPLICATION.—

“(A) SUBMISSION OF REPORT.—A holder making a manufacturing change to which paragraph (1)(A) applies shall submit to the Secretary a report on the change, which shall contain such information as the Secretary determines to be appropriate, and which shall include the information developed under subsection (b) by the holder in validating the effects of the change. The report shall be submitted by such date as the Secretary may specify.

“(B) AUTHORITY REGARDING ANNUAL REPORTS.—In the case of a holder that during a single year makes more than one manufacturing change to which paragraph (1)(A) applies, the Secretary may in carrying out subparagraph (A) authorize the holder to comply with such subparagraph by submitting a single report for the year that provides the information required in such subparagraph for all the changes made by the holder during the year.

“(3) CHANGES REQUIRING SUPPLEMENTAL APPLICATION.—

“(A) SUBMISSION OF SUPPLEMENTAL APPLICATION.—The supplemental application required under paragraph (1)(B)

for a manufacturing change shall contain such information as the Secretary determines to be appropriate, which shall include the information developed under subsection (b) by the holder in validating the effects of the change.

“(B) **AUTHORITY FOR DISTRIBUTION.**—In the case of a manufacturing change to which paragraph (1)(B) applies:

“(i) The holder involved may commence distribution of the drug involved 30 days after the Secretary receives the supplemental application under such paragraph, unless the Secretary notifies the holder within such 30-day period that prior approval of the application is required before distribution may be commenced.

“(ii) The Secretary may designate a category of such changes for the purpose of providing that, in the case of a change that is in such category, the holder involved may commence distribution of the drug involved upon the receipt by the Secretary of a supplemental application for the change.

“(iii) If the Secretary disapproves the supplemental application, the Secretary may order the manufacturer to cease the distribution of the drugs that have been made with the manufacturing change.”.

(b) **TRANSITION RULE.**—The amendment made by subsection (a) takes effect upon the effective date of regulations promulgated by the Secretary of Health and Human Services to implement such amendment, or upon the expiration of the 24-month period beginning on the date of the enactment of this Act, whichever occurs first.

21 USC 356a
note.

SEC. 117. STREAMLINING CLINICAL RESEARCH ON DRUGS.

Section 505(i) (21 U.S.C. 355(i)) is amended—

(1) by redesignating paragraphs (1) through (3) as subparagraphs (A) through (C), respectively;

(2) by inserting “(1)” after “(i)”;

(3) by striking the last two sentences; and

(4) by inserting after paragraph (1) (as designated by paragraph (2) of this section) the following new paragraphs:

“(2) Subject to paragraph (3), a clinical investigation of a new drug may begin 30 days after the Secretary has received from the manufacturer or sponsor of the investigation a submission containing such information about the drug and the clinical investigation, including—

“(A) information on design of the investigation and adequate reports of basic information, certified by the applicant to be accurate reports, necessary to assess the safety of the drug for use in clinical investigation; and

“(B) adequate information on the chemistry and manufacturing of the drug, controls available for the drug, and primary data tabulations from animal or human studies.

“(3)(A) At any time, the Secretary may prohibit the sponsor of an investigation from conducting the investigation (referred to in this paragraph as a ‘clinical hold’) if the Secretary makes a determination described in subparagraph (B). The Secretary shall specify the basis for the clinical hold, including the specific information available to the Secretary which served as the basis for such clinical hold, and confirm such determination in writing.

“(B) For purposes of subparagraph (A), a determination described in this subparagraph with respect to a clinical hold is that—

“(i) the drug involved represents an unreasonable risk to the safety of the persons who are the subjects of the clinical investigation, taking into account the qualifications of the clinical investigators, information about the drug, the design of the clinical investigation, the condition for which the drug is to be investigated, and the health status of the subjects involved; or

“(ii) the clinical hold should be issued for such other reasons as the Secretary may by regulation establish (including reasons established by regulation before the date of the enactment of the Food and Drug Administration Modernization Act of 1997).

“(C) Any written request to the Secretary from the sponsor of an investigation that a clinical hold be removed shall receive a decision, in writing and specifying the reasons therefor, within 30 days after receipt of such request. Any such request shall include sufficient information to support the removal of such clinical hold.

“(4) Regulations under paragraph (1) shall provide that such exemption shall be conditioned upon the manufacturer, or the sponsor of the investigation, requiring that experts using such drugs for investigational purposes certify to such manufacturer or sponsor that they will inform any human beings to whom such drugs, or any controls used in connection therewith, are being administered, or their representatives, that such drugs are being used for investigational purposes and will obtain the consent of such human beings or their representatives, except where it is not feasible or it is contrary to the best interests of such human beings. Nothing in this subsection shall be construed to require any clinical investigator to submit directly to the Secretary reports on the investigational use of drugs.”.

21 USC 355 note.

SEC. 118. DATA REQUIREMENTS FOR DRUGS AND BIOLOGICS.

Within 12 months after the date of enactment of this Act, the Secretary of Health and Human Services, acting through the Commissioner of Food and Drugs, shall issue guidance that describes when abbreviated study reports may be submitted, in lieu of full reports, with a new drug application under section 505(b) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355(b)) and with a biologics license application under section 351 of the Public Health Service Act (42 U.S.C. 262) for certain types of studies. Such guidance shall describe the kinds of studies for which abbreviated reports are appropriate and the appropriate abbreviated report formats.

SEC. 119. CONTENT AND REVIEW OF APPLICATIONS.

(a) SECTION 505(b).—Section 505(b) (21 U.S.C. 355(b)) is amended by adding at the end the following:

“(4)(A) The Secretary shall issue guidance for the individuals who review applications submitted under paragraph (1) or under section 351 of the Public Health Service Act, which shall relate to promptness in conducting the review, technical excellence, lack of bias and conflict of interest, and knowledge of regulatory and scientific standards, and which shall apply equally to all individuals who review such applications.

“(B) The Secretary shall meet with a sponsor of an investigation or an applicant for approval for a drug under this subsection or section 351 of the Public Health Service Act if the sponsor or applicant makes a reasonable written request for a meeting for the purpose of reaching agreement on the design and size of clinical trials intended to form the primary basis of an effectiveness claim. The sponsor or applicant shall provide information necessary for discussion and agreement on the design and size of the clinical trials. Minutes of any such meeting shall be prepared by the Secretary and made available to the sponsor or applicant upon request.

“(C) Any agreement regarding the parameters of the design and size of clinical trials of a new drug under this paragraph that is reached between the Secretary and a sponsor or applicant shall be reduced to writing and made part of the administrative record by the Secretary. Such agreement shall not be changed after the testing begins, except—

“(i) with the written agreement of the sponsor or applicant;

or

“(ii) pursuant to a decision, made in accordance with subparagraph (D) by the director of the reviewing division, that a substantial scientific issue essential to determining the safety or effectiveness of the drug has been identified after the testing has begun.

“(D) A decision under subparagraph (C)(ii) by the director shall be in writing and the Secretary shall provide to the sponsor or applicant an opportunity for a meeting at which the director and the sponsor or applicant will be present and at which the director will document the scientific issue involved.

“(E) The written decisions of the reviewing division shall be binding upon, and may not directly or indirectly be changed by, the field or compliance division personnel unless such field or compliance division personnel demonstrate to the reviewing division why such decision should be modified.

“(F) No action by the reviewing division may be delayed because of the unavailability of information from or action by field personnel unless the reviewing division determines that a delay is necessary to assure the marketing of a safe and effective drug.

“(G) For purposes of this paragraph, the reviewing division is the division responsible for the review of an application for approval of a drug under this subsection or section 351 of the Public Health Service Act (including all scientific and medical matters, chemistry, manufacturing, and controls).”.

(b) SECTION 505(j).—

(1) AMENDMENT.—Section 505(j) (21 U.S.C 355(j)) is amended—

(A) by redesignating paragraphs (3) through (8) as paragraphs (4) through (9), respectively; and

(B) by adding after paragraph (2) the following:

“(3)(A) The Secretary shall issue guidance for the individuals who review applications submitted under paragraph (1), which shall relate to promptness in conducting the review, technical excellence, lack of bias and conflict of interest, and knowledge of regulatory and scientific standards, and which shall apply equally to all individuals who review such applications.

“(B) The Secretary shall meet with a sponsor of an investigation or an applicant for approval for a drug under this subsection if the sponsor or applicant makes a reasonable written request for

a meeting for the purpose of reaching agreement on the design and size of bioavailability and bioequivalence studies needed for approval of such application. The sponsor or applicant shall provide information necessary for discussion and agreement on the design and size of such studies. Minutes of any such meeting shall be prepared by the Secretary and made available to the sponsor or applicant.

“(C) Any agreement regarding the parameters of design and size of bioavailability and bioequivalence studies of a drug under this paragraph that is reached between the Secretary and a sponsor or applicant shall be reduced to writing and made part of the administrative record by the Secretary. Such agreement shall not be changed after the testing begins, except—

“(i) with the written agreement of the sponsor or applicant; or

“(ii) pursuant to a decision, made in accordance with subparagraph (D) by the director of the reviewing division, that a substantial scientific issue essential to determining the safety or effectiveness of the drug has been identified after the testing has begun.

“(D) A decision under subparagraph (C)(ii) by the director shall be in writing and the Secretary shall provide to the sponsor or applicant an opportunity for a meeting at which the director and the sponsor or applicant will be present and at which the director will document the scientific issue involved.

“(E) The written decisions of the reviewing division shall be binding upon, and may not directly or indirectly be changed by, the field or compliance office personnel unless such field or compliance office personnel demonstrate to the reviewing division why such decision should be modified.

“(F) No action by the reviewing division may be delayed because of the unavailability of information from or action by field personnel unless the reviewing division determines that a delay is necessary to assure the marketing of a safe and effective drug.

“(G) For purposes of this paragraph, the reviewing division is the division responsible for the review of an application for approval of a drug under this subsection (including scientific matters, chemistry, manufacturing, and controls).”

(2) CONFORMING AMENDMENTS.—Section 505(j) (21 U.S.C. 355(j)), as amended by paragraph (1), is further amended—

(A) in paragraph (2)(A)(i), by striking “(6)” and inserting “(7)”;

(B) in paragraph (4) (as redesignated in paragraph (1)), by striking “(4)” and inserting “(5)”;

(C) in paragraph (4)(I) (as redesignated in paragraph (1)), by striking “(5)” and inserting “(6)”;

(D) in paragraph (7)(C) (as redesignated in paragraph (1)), by striking “(5)” each place it occurs and inserting “(6)”.

SEC. 120. SCIENTIFIC ADVISORY PANELS.

Section 505 (21 U.S.C. 355) is amended by adding at the end the following:

“(n)(1) For the purpose of providing expert scientific advice and recommendations to the Secretary regarding a clinical investigation of a drug or the approval for marketing of a drug under section 505 or section 351 of the Public Health Service Act, the

Secretary shall establish panels of experts or use panels of experts established before the date of enactment of the Food and Drug Administration Modernization Act of 1997, or both.

“(2) The Secretary may delegate the appointment and oversight authority granted under section 904 to a director of a center or successor entity within the Food and Drug Administration.

“(3) The Secretary shall make appointments to each panel established under paragraph (1) so that each panel shall consist of—

“(A) members who are qualified by training and experience to evaluate the safety and effectiveness of the drugs to be referred to the panel and who, to the extent feasible, possess skill and experience in the development, manufacture, or utilization of such drugs;

“(B) members with diverse expertise in such fields as clinical and administrative medicine, pharmacy, pharmacology, pharmacoeconomics, biological and physical sciences, and other related professions;

“(C) a representative of consumer interests, and a representative of interests of the drug manufacturing industry not directly affected by the matter to be brought before the panel; and

“(D) two or more members who are specialists or have other expertise in the particular disease or condition for which the drug under review is proposed to be indicated.

Scientific, trade, and consumer organizations shall be afforded an opportunity to nominate individuals for appointment to the panels. No individual who is in the regular full-time employ of the United States and engaged in the administration of this Act may be a voting member of any panel. The Secretary shall designate one of the members of each panel to serve as chairman thereof.

“(4) Each member of a panel shall publicly disclose all conflicts of interest that member may have with the work to be undertaken by the panel. No member of a panel may vote on any matter where the member or the immediate family of such member could gain financially from the advice given to the Secretary. The Secretary may grant a waiver of any conflict of interest requirement upon public disclosure of such conflict of interest if such waiver is necessary to afford the panel essential expertise, except that the Secretary may not grant a waiver for a member of a panel when the member's own scientific work is involved.

“(5) The Secretary shall, as appropriate, provide education and training to each new panel member before such member participates in a panel's activities, including education regarding requirements under this Act and related regulations of the Secretary, and the administrative processes and procedures related to panel meetings.

“(6) Panel members (other than officers or employees of the United States), while attending meetings or conferences of a panel or otherwise engaged in its business, shall be entitled to receive compensation for each day so engaged, including traveltime, at rates to be fixed by the Secretary, but not to exceed the daily equivalent of the rate in effect for positions classified above grade GS-15 of the General Schedule. While serving away from their homes or regular places of business, panel members may be allowed travel expenses (including per diem in lieu of subsistence) as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

“(7) The Secretary shall ensure that scientific advisory panels meet regularly and at appropriate intervals so that any matter to be reviewed by such a panel can be presented to the panel not more than 60 days after the matter is ready for such review. Meetings of the panel may be held using electronic communication to convene the meetings.

“(8) Within 90 days after a scientific advisory panel makes recommendations on any matter under its review, the Food and Drug Administration official responsible for the matter shall review the conclusions and recommendations of the panel, and notify the affected persons of the final decision on the matter, or of the reasons that no such decision has been reached. Each such final decision shall be documented including the rationale for the decision.”.

SEC. 121. POSITRON EMISSION TOMOGRAPHY.

(a) REGULATION OF COMPOUNDED POSITRON EMISSION TOMOGRAPHY DRUGS.—Section 201 (21 U.S.C. 321) is amended by adding at the end the following:

“(ii) The term ‘compounded positron emission tomography drug’—

“(1) means a drug that—

“(A) exhibits spontaneous disintegration of unstable nuclei by the emission of positrons and is used for the purpose of providing dual photon positron emission tomographic diagnostic images; and

“(B) has been compounded by or on the order of a practitioner who is licensed by a State to compound or order compounding for a drug described in subparagraph (A), and is compounded in accordance with that State’s law, for a patient or for research, teaching, or quality control; and

“(2) includes any nonradioactive reagent, reagent kit, ingredient, nuclide generator, accelerator, target material, electronic synthesizer, or other apparatus or computer program to be used in the preparation of such a drug.”.

(b) ADULTERATION.—

(1) IN GENERAL.—Section 501(a) (21 U.S.C. 351(a)) is amended by striking “; or (3)” and inserting the following: “; or (C) if it is a compounded positron emission tomography drug and the methods used in, or the facilities and controls used for, its compounding, processing, packing, or holding do not conform to or are not operated or administered in conformity with the positron emission tomography compounding standards and the official monographs of the United States Pharmacopoeia to assure that such drug meets the requirements of this Act as to safety and has the identity and strength, and meets the quality and purity characteristics, that it purports or is represented to possess; or (3)”.

(2) SUNSET.—Section 501(a)(2)(C) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 351(a)(2)(C)) shall not apply 4 years after the date of enactment of this Act or 2 years after the date on which the Secretary of Health and Human Services establishes the requirements described in subsection (c)(1)(B), whichever is later.

(c) REQUIREMENTS FOR REVIEW OF APPROVAL PROCEDURES AND CURRENT GOOD MANUFACTURING PRACTICES FOR POSITRON EMISSION TOMOGRAPHY.— 21 USC 355 note.

(1) PROCEDURES AND REQUIREMENTS.—

(A) IN GENERAL.—In order to take account of the special characteristics of positron emission tomography drugs and the special techniques and processes required to produce these drugs, not later than 2 years after the date of enactment of this Act, the Secretary of Health and Human Services shall establish—

(i) appropriate procedures for the approval of positron emission tomography drugs pursuant to section 505 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355); and

(ii) appropriate current good manufacturing practice requirements for such drugs.

(B) CONSIDERATIONS AND CONSULTATION.—In establishing the procedures and requirements required by subparagraph (A), the Secretary of Health and Human Services shall take due account of any relevant differences between not-for-profit institutions that compound the drugs for their patients and commercial manufacturers of the drugs. Prior to establishing the procedures and requirements, the Secretary of Health and Human Services shall consult with patient advocacy groups, professional associations, manufacturers, and physicians and scientists licensed to make or use positron emission tomography drugs.

(2) SUBMISSION OF NEW DRUG APPLICATIONS AND ABBREVIATED NEW DRUG APPLICATIONS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary of Health and Human Services shall not require the submission of new drug applications or abbreviated new drug applications under subsection (b) or (j) of section 505 (21 U.S.C. 355), for compounded positron emission tomography drugs that are not adulterated drugs described in section 501(a)(2)(C) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 351(a)(2)(C)) (as amended by subsection (b)), for a period of 4 years after the date of enactment of this Act, or for 2 years after the date on which the Secretary establishes procedures and requirements under paragraph (1), whichever is longer.

(B) EXCEPTION.—Nothing in this Act shall prohibit the voluntary submission of such applications or the review of such applications by the Secretary of Health and Human Services. Nothing in this Act shall constitute an exemption for a positron emission tomography drug from the requirements of regulations issued under section 505(i) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355(i)).

(d) REVOCATION OF CERTAIN INCONSISTENT DOCUMENTS.— Within 30 days after the date of enactment of this Act, the Secretary of Health and Human Services shall publish in the Federal Register a notice terminating the application of the following notices and rule:

Federal Register,
publication.

(1) A notice entitled “Regulation of Positron Emission Tomography Radiopharmaceutical Drug Products; Guidance; Public Workshop”, published in the Federal Register on February 27, 1995, 60 Fed. Reg. 10594.

(2) A notice entitled “Draft Guideline on the Manufacture of Positron Emission Tomography Radiopharmaceutical Drug Products; Availability”, published in the Federal Register on February 27, 1995, 60 Fed. Reg. 10593.

(3) A final rule entitled “Current Good Manufacturing Practice for Finished Pharmaceuticals; Positron Emission Tomography”, published in the Federal Register on April 22, 1997, 62 Fed. Reg. 19493 (codified at part 211 of title 21, Code of Federal Regulations).

21 USC 355 note.

(e) DEFINITION.—As used in this section, the term “compounded positron emission tomography drug” has the meaning given the term in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321).

21 USC 355 note.

SEC. 122. REQUIREMENTS FOR RADIOPHARMACEUTICALS.

(a) REQUIREMENTS.—

(1) REGULATIONS.—

(A) PROPOSED REGULATIONS.—Not later than 180 days after the date of enactment of this Act, the Secretary of Health and Human Services, after consultation with patient advocacy groups, associations, physicians licensed to use radiopharmaceuticals, and the regulated industry, shall issue proposed regulations governing the approval of radiopharmaceuticals. The regulations shall provide that the determination of the safety and effectiveness of such a radiopharmaceutical under section 505 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355) or section 351 of the Public Health Service Act (42 U.S.C. 262) shall include consideration of the proposed use of the radiopharmaceutical in the practice of medicine, the pharmacological and toxicological activity of the radiopharmaceutical (including any carrier or ligand component of the radiopharmaceutical), and the estimated absorbed radiation dose of the radiopharmaceutical.

(B) FINAL REGULATIONS.—Not later than 18 months after the date of enactment of this Act, the Secretary shall promulgate final regulations governing the approval of the radiopharmaceuticals.

(2) SPECIAL RULE.—In the case of a radiopharmaceutical, the indications for which such radiopharmaceutical is approved for marketing may, in appropriate cases, refer to manifestations of disease (such as biochemical, physiological, anatomic, or pathological processes) common to, or present in, one or more disease states.

(b) DEFINITION.—In this section, the term “radiopharmaceutical” means—

(1) an article—

(A) that is intended for use in the diagnosis or monitoring of a disease or a manifestation of a disease in humans; and

(B) that exhibits spontaneous disintegration of unstable nuclei with the emission of nuclear particles or photons; or

(2) any nonradioactive reagent kit or nuclide generator that is intended to be used in the preparation of any such article.

SEC. 123. MODERNIZATION OF REGULATION.**(a) LICENSES.—**

(1) **IN GENERAL.**—Section 351(a) of the Public Health Service Act (42 U.S.C. 262(a)) is amended to read as follows:

“(a)(1) No person shall introduce or deliver for introduction into interstate commerce any biological product unless—

“(A) a biologics license is in effect for the biological product; and

“(B) each package of the biological product is plainly marked with—

“(i) the proper name of the biological product contained in the package;

“(ii) the name, address, and applicable license number of the manufacturer of the biological product; and

“(iii) the expiration date of the biological product.

“(2)(A) The Secretary shall establish, by regulation, requirements for the approval, suspension, and revocation of biologics licenses.

“(B) The Secretary shall approve a biologics license application—

“(i) on the basis of a demonstration that—

“(I) the biological product that is the subject of the application is safe, pure, and potent; and

“(II) the facility in which the biological product is manufactured, processed, packed, or held meets standards designed to assure that the biological product continues to be safe, pure, and potent; and

“(ii) if the applicant (or other appropriate person) consents to the inspection of the facility that is the subject of the application, in accordance with subsection (c).

“(3) The Secretary shall prescribe requirements under which a biological product undergoing investigation shall be exempt from the requirements of paragraph (1).”.

(2) **ELIMINATION OF EXISTING LICENSE REQUIREMENT.**—Section 351(d) of the Public Health Service Act (42 U.S.C. 262(d)) is amended—

(A) by striking “(d)(1)” and all that follows through “of this section.”;

(B) in paragraph (2)—

(i) by striking “(2)(A) Upon” and inserting “(d)(1) Upon” and

(ii) by redesignating subparagraph (B) as paragraph (2); and

(C) in paragraph (2) (as so redesignated by subparagraph (B)(ii))—

(i) by striking “subparagraph (A)” and inserting “paragraph (1)”;

(ii) by striking “this subparagraph” each place it appears and inserting “this paragraph”.

(b) **LABELING.**—Section 351(b) of the Public Health Service Act (42 U.S.C. 262(b)) is amended to read as follows:

“(b) No person shall falsely label or mark any package or container of any biological product or alter any label or mark on the package or container of the biological product so as to falsify the label or mark.”.

(c) INSPECTION.—Section 351(c) of the Public Health Service Act (42 U.S.C. 262(c)) is amended by striking “virus, serum,” and all that follows and inserting “biological product.”

(d) DEFINITION; APPLICATION.—Section 351 of the Public Health Service Act (42 U.S.C. 262) is amended by adding at the end the following:

“(i) In this section, the term ‘biological product’ means a virus, therapeutic serum, toxin, antitoxin, vaccine, blood, blood component or derivative, allergenic product, or analogous product, or arsphenamine or derivative of arsphenamine (or any other trivalent organic arsenic compound), applicable to the prevention, treatment, or cure of a disease or condition of human beings.”

(e) CONFORMING AMENDMENT.—Section 503(g)(4) (21 U.S.C. 353(g)(4)) is amended—

(1) in subparagraph (A)—

(A) by striking “section 351(a)” and inserting “section 351(i)”; and

(B) by striking “262(a)” and inserting “262(i)”; and

(2) in subparagraph (B)(iii), by striking “product or establishment license under subsection (a) or (d)” and inserting “biologics license application under subsection (a)”.

21 USC 355 note.

(f) SPECIAL RULE.—The Secretary of Health and Human Services shall take measures to minimize differences in the review and approval of products required to have approved biologics license applications under section 351 of the Public Health Service Act (42 U.S.C. 262) and products required to have approved new drug applications under section 505(b)(1) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355(b)(1)).

(g) APPLICATION OF FEDERAL FOOD, DRUG, AND COSMETIC ACT.—Section 351 of the Public Health Service Act (42 U.S.C. 262), as amended by subsection (d), is further amended by adding at the end the following:

“(j) The Federal Food, Drug, and Cosmetic Act applies to a biological product subject to regulation under this section, except that a product for which a license has been approved under subsection (a) shall not be required to have an approved application under section 505 of such Act.”

(h) EXAMINATIONS AND PROCEDURES.—Paragraph (3) of section 353(d) of the Public Health Service Act (42 U.S.C. 263a(d)) is amended to read as follows:

“(3) EXAMINATIONS AND PROCEDURES.—The examinations and procedures identified in paragraph (2) are laboratory examinations and procedures that have been approved by the Food and Drug Administration for home use or that, as determined by the Secretary, are simple laboratory examinations and procedures that have an insignificant risk of an erroneous result, including those that—

“(A) employ methodologies that are so simple and accurate as to render the likelihood of erroneous results by the user negligible, or

“(B) the Secretary has determined pose no unreasonable risk of harm to the patient if performed incorrectly.”

SEC. 124. PILOT AND SMALL SCALE MANUFACTURE.

(a) HUMAN DRUGS.—Section 505(c) (21 U.S.C. 355(c)) is amended by adding at the end the following:

“(4) A drug manufactured in a pilot or other small facility may be used to demonstrate the safety and effectiveness of the drug and to obtain approval for the drug prior to manufacture of the drug in a larger facility, unless the Secretary makes a determination that a full scale production facility is necessary to ensure the safety or effectiveness of the drug.”.

(b) ANIMAL DRUGS.—Section 512(c) (21 U.S.C. 360b(c)) is amended by adding at the end the following:

“(4) A drug manufactured in a pilot or other small facility may be used to demonstrate the safety and effectiveness of the drug and to obtain approval for the drug prior to manufacture of the drug in a larger facility, unless the Secretary makes a determination that a full scale production facility is necessary to ensure the safety or effectiveness of the drug.”.

SEC. 125. INSULIN AND ANTIBIOTICS.

(a) CERTIFICATION OF DRUGS CONTAINING INSULIN.—

(1) AMENDMENT.—Section 506 (21 U.S.C. 356), as in effect before the date of the enactment of this Act, is repealed.

(2) CONFORMING AMENDMENTS.—

(A) Section 301(j) (21 U.S.C. 331(j)) is amended by striking “506, 507,”.

(B) Subsection (k) of section 502 (21 U.S.C. 352) is repealed.

(C) Sections 301(i)(1), 510(j)(1)(A), and 510(j)(1)(D) (21 U.S.C. 331(i)(1), 360(j)(1)(A), 360(j)(1)(D)) are each amended by striking “, 506, 507,”.

(D) Section 801(d)(1) (21 U.S.C. 381(d)(1)) is amended by inserting after “503(b)” the following: “or composed wholly or partly of insulin”.

(E) Section 8126(h)(2) of title 38, United States Code, is amended by inserting “or” at the end of subparagraph (B), by striking “; or” at the end of subparagraph (C) and inserting a period, and by striking subparagraph (D).

(b) CERTIFICATION OF ANTIBIOTICS.—

(1) AMENDMENT.—Section 507 (21 U.S.C. 357) is repealed.

(2) CONFORMING AMENDMENTS.—

(A) Section 201(aa) (21 U.S.C. 321(aa)) is amended by striking out “or 507”, section 201(dd) (21 U.S.C. 321(dd)) is amended by striking “507,”, and section 201(ff)(3)(A) (21 U.S.C. 321(ff)(3)(A)) is amended by striking “, certified as an antibiotic under section 507,”.

(B) Section 301(e) (21 U.S.C. 331(e)) is amended by striking “507(d) or (g)”.

(C) Section 306(d)(4)(B)(ii) (21 U.S.C. 335a(d)(4)(B)(ii)) is amended by striking “or 507”.

(D) Section 502 (21 U.S.C. 352) is amended by striking subsection (l).

(E) Section 520(l) (21 U.S.C. 360j(l)) is amended by striking paragraph (4) and by striking “or Antibiotic Drugs” in the subsection heading.

(F) Section 525(a) (21 U.S.C. 360aa(a)) is amended by inserting “or” at the end of paragraph (1), by striking paragraph (2), and by redesignating paragraph (3) as paragraph (2).

(G) Section 525(a) (21 U.S.C. 360aa(a)) is amended by striking “, certification of such drug for such disease or condition under section 507,”.

(H) Section 526(a)(1) (21 U.S.C. 360bb) is amended by striking “the submission of an application for certification of the drug under section 507,” by inserting “or” at the end of subparagraph (A), by striking subparagraph (B), and by redesignating subparagraph (C) as subparagraph (B).

(I) Section 526(b) (21 U.S.C. 360bb(b)) is amended—

(i) in paragraph (1), by striking “, a certificate was issued for the drug under section 507,”; and

(ii) in paragraph (2) by striking “, a certificate has not been issued for the drug under section 507,” and by striking “, approval of an application for certification under section 507,”.

(J) Section 527(a) (21 U.S.C. 360cc(a)) is amended by inserting “or” at the end of paragraph (1), by striking paragraph (2), by redesignating paragraph (3) as paragraph (2), and by striking “, issue another certification under section 507,”.

(K) Section 527(b) (21 U.S.C. 360cc(b)) is amended by striking “, if a certification is issued under section 507 for such a drug,” “, of the issuance of the certification under section 507,” “, issue another certification under section 507,” “, of such certification,” “, of the certification,” and “, issuance of other certifications,”.

(L) Section 704(a)(1) (21 U.S.C. 374(a)(1)) is amended by striking “, section 507 (d) or (g),”.

(M) Section 735(1) (21 U.S.C. 379g(1)(C)) is amended by inserting “or” at the end of subparagraph (B), by striking subparagraph (C), and by redesignating subparagraph (D) as subparagraph (C).

(N) Subparagraphs (A)(ii) and (B) of sections 5(b)(1) of the Orphan Drug Act (21 U.S.C. 360ee(b)(1)(A), 360ee(b)(1)(B)) are each amended by striking “or 507”.

26 USC 45C.

(O) Section 45C(b)(2)(A)(ii)(II) of the Internal Revenue Code of 1986 is amended by striking “or 507”.

(P) Section 156(f)(4)(B) of title 35, United States Code, is amended by striking “507,” each place it occurs.

(c) EXPORTATION.—Section 802 (21 U.S.C. 382) is amended by adding at the end the following:

“(i) Insulin and antibiotic drugs may be exported without regard to the requirements in this section if the insulin and antibiotic drugs meet the requirements of section 801(e)(1).”.

21 USC 355 note.

(d) TRANSITION.—

(1) IN GENERAL.—An application that was approved by the Secretary of Health and Human Services before the date of the enactment of this Act for the marketing of an antibiotic drug under section 507 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 357), as in effect on the day before the date of the enactment of this Act, shall, on and after such date of enactment, be considered to be an application that was submitted and filed under section 505(b) of such Act (21 U.S.C. 355(b)) and approved for safety and effectiveness under section

505(c) of such Act (21 U.S.C. 355(c)), except that if such application for marketing was in the form of an abbreviated application, the application shall be considered to have been filed and approved under section 505(j) of such Act (21 U.S.C. 355(j)).

(2) EXCEPTION.—The following subsections of section 505 (21 U.S.C. 355) shall not apply to any application for marketing in which the drug that is the subject of the application contains an antibiotic drug and the antibiotic drug was the subject of any application for marketing received by the Secretary of Health and Human Services under section 507 of such Act (21 U.S.C. 357) before the date of the enactment of this Act:

(A)(i) Subsections (c)(2), (d)(6), (e)(4), (j)(2)(A)(vii), (j)(2)(A)(viii), (j)(2)(B), (j)(4)(B), and (j)(4)(D); and

(ii) The third and fourth sentences of subsection (b)(1) (regarding the filing and publication of patent information); and

(B) Subsections (b)(2)(A), (b)(2)(B), (b)(3), and (c)(3) if the investigations relied upon by the applicant for approval of the application were not conducted by or for the applicant and for which the applicant has not obtained a right of reference or use from the person by or for whom the investigations were conducted.

(3) PUBLICATION.—For purposes of this section, the Secretary is authorized to make available to the public the established name of each antibiotic drug that was the subject of any application for marketing received by the Secretary for Health and Human Services under section 507 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 357) before the date of enactment of this Act.

(e) DEFINITION.—Section 201 (21 U.S.C. 321), as amended by section 121(a)(1), is further amended by adding at the end the following:

“(jj) The term ‘antibiotic drug’ means any drug (except drugs for use in animals other than humans) composed wholly or partly of any kind of penicillin, streptomycin, chlortetracycline, chloramphenicol, bacitracin, or any other drug intended for human use containing any quantity of any chemical substance which is produced by a micro-organism and which has the capacity to inhibit or destroy micro-organisms in dilute solution (including a chemically synthesized equivalent of any such substance) or any derivative thereof.”.

SEC. 126. ELIMINATION OF CERTAIN LABELING REQUIREMENTS.

(a) PRESCRIPTION DRUGS.—Section 503(b)(4) (21 U.S.C. 353(b)(4)) is amended to read as follows:

“(4)(A) A drug that is subject to paragraph (1) shall be deemed to be misbranded if at any time prior to dispensing the label of the drug fails to bear, at a minimum, the symbol ‘Rx only’.

“(B) A drug to which paragraph (1) does not apply shall be deemed to be misbranded if at any time prior to dispensing the label of the drug bears the symbol described in subparagraph (A).”.

(b) MISBRANDED DRUG.—Section 502(d) (21 U.S.C. 352(d)) is repealed.

(c) CONFORMING AMENDMENTS.—

(1) Section 503(b)(1) (21 U.S.C. 353(b)(1)) is amended—
(A) by striking subparagraph (A); and

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively.

(2) Section 503(b)(3) (21 U.S.C. 353(b)(3)) is amended by striking “section 502(d) and”.

(3) Section 102(9)(A) of the Controlled Substances Act (21 U.S.C. 802(9)(A)) is amended—

(A) in clause (i), by striking “(i)”; and

(B) by striking “(ii)” and all that follows.

SEC. 127. APPLICATION OF FEDERAL LAW TO PRACTICE OF PHARMACY COMPOUNDING.

(a) AMENDMENT.—Chapter V is amended by inserting after section 503 (21 U.S.C. 353) the following:

21 USC 353a.

“SEC. 503A. PHARMACY COMPOUNDING.

“(a) IN GENERAL.—Sections 501(a)(2)(B), 502(f)(1), and 505 shall not apply to a drug product if the drug product is compounded for an identified individual patient based on the unsolicited receipt of a valid prescription order or a notation, approved by the prescribing practitioner, on the prescription order that a compounded product is necessary for the identified patient, if the drug product meets the requirements of this section, and if the compounding—

“(1) is by—

“(A) a licensed pharmacist in a State licensed pharmacy or a Federal facility, or

“(B) a licensed physician,

on the prescription order for such individual patient made by a licensed physician or other licensed practitioner authorized by State law to prescribe drugs; or

“(2)(A) is by a licensed pharmacist or licensed physician in limited quantities before the receipt of a valid prescription order for such individual patient; and

“(B) is based on a history of the licensed pharmacist or licensed physician receiving valid prescription orders for the compounding of the drug product, which orders have been generated solely within an established relationship between—

“(i) the licensed pharmacist or licensed physician; and

“(ii)(I) such individual patient for whom the prescription order will be provided; or

“(II) the physician or other licensed practitioner who will write such prescription order.

“(b) COMPOUNDED DRUG.—

“(1) LICENSED PHARMACIST AND LICENSED PHYSICIAN.—A drug product may be compounded under subsection (a) if the licensed pharmacist or licensed physician—

“(A) compounds the drug product using bulk drug substances, as defined in regulations of the Secretary published at section 207.3(a)(4) of title 21 of the Code of Federal Regulations—

“(i) that—

“(I) comply with the standards of an applicable United States Pharmacopoeia or National Formulary monograph, if a monograph exists, and the United States Pharmacopoeia chapter on pharmacy compounding;

“(II) if such a monograph does not exist, are drug substances that are components of drugs approved by the Secretary; or

“(III) if such a monograph does not exist and the drug substance is not a component of a drug approved by the Secretary, that appear on a list developed by the Secretary through regulations issued by the Secretary under subsection (d);

“(ii) that are manufactured by an establishment that is registered under section 510 (including a foreign establishment that is registered under section 510(i)); and

“(iii) that are accompanied by valid certificates of analysis for each bulk drug substance;

“(B) compounds the drug product using ingredients (other than bulk drug substances) that comply with the standards of an applicable United States Pharmacopoeia or National Formulary monograph, if a monograph exists, and the United States Pharmacopoeia chapter on pharmacy compounding;

“(C) does not compound a drug product that appears on a list published by the Secretary in the Federal Register of drug products that have been withdrawn or removed from the market because such drug products or components of such drug products have been found to be unsafe or not effective; and

“(D) does not compound regularly or in inordinate amounts (as defined by the Secretary) any drug products that are essentially copies of a commercially available drug product.

“(2) DEFINITION.—For purposes of paragraph (1)(D), the term ‘essentially a copy of a commercially available drug product’ does not include a drug product in which there is a change, made for an identified individual patient, which produces for that patient a significant difference, as determined by the prescribing practitioner, between the compounded drug and the comparable commercially available drug product.

“(3) DRUG PRODUCT.—A drug product may be compounded under subsection (a) only if—

“(A) such drug product is not a drug product identified by the Secretary by regulation as a drug product that presents demonstrable difficulties for compounding that reasonably demonstrate an adverse effect on the safety or effectiveness of that drug product; and

“(B) such drug product is compounded in a State—

“(i) that has entered into a memorandum of understanding with the Secretary which addresses the distribution of inordinate amounts of compounded drug products interstate and provides for appropriate investigation by a State agency of complaints relating to compounded drug products distributed outside such State; or

“(ii) that has not entered into the memorandum of understanding described in clause (i) and the licensed pharmacist, licensed pharmacy, or licensed physician distributes (or causes to be distributed) compounded drug products out of the State in which they are compounded in quantities that do not exceed 5 percent of the total prescription orders dispensed or distributed by such pharmacy or physician.

The Secretary shall, in consultation with the National Association of Boards of Pharmacy, develop a standard memorandum of understanding for use by the States in complying with subparagraph (B)(i).

“(c) ADVERTISING AND PROMOTION.—A drug may be compounded under subsection (a) only if the pharmacy, licensed pharmacist, or licensed physician does not advertise or promote the compounding of any particular drug, class of drug, or type of drug. The pharmacy, licensed pharmacist, or licensed physician may advertise and promote the compounding service provided by the licensed pharmacist or licensed physician.

“(d) REGULATIONS.—

“(1) IN GENERAL.—The Secretary shall issue regulations to implement this section. Before issuing regulations to implement subsections (b)(1)(A)(i)(III), (b)(1)(C), or (b)(3)(A), the Secretary shall convene and consult an advisory committee on compounding unless the Secretary determines that the issuance of such regulations before consultation is necessary to protect the public health. The advisory committee shall include representatives from the National Association of Boards of Pharmacy, the United States Pharmacopoeia, pharmacy, physician, and consumer organizations, and other experts selected by the Secretary.

“(2) LIMITING COMPOUNDING.—The Secretary, in consultation with the United States Pharmacopoeia Convention, Incorporated, shall promulgate regulations identifying drug substances that may be used in compounding under subsection (b)(1)(A)(i)(III) for which a monograph does not exist or which are not components of drug products approved by the Secretary. The Secretary shall include in the regulation the criteria for such substances, which shall include historical use, reports in peer reviewed medical literature, or other criteria the Secretary may identify.

“(e) APPLICATION.—This section shall not apply to—

“(1) compounded positron emission tomography drugs as defined in section 201(ii); or

“(2) radiopharmaceuticals.

“(f) DEFINITION.—As used in this section, the term ‘compounding’ does not include mixing, reconstituting, or other such acts that are performed in accordance with directions contained in approved labeling provided by the product’s manufacturer and other manufacturer directions consistent with that labeling.”

(b) EFFECTIVE DATE.—Section 503A of the Federal Food, Drug, and Cosmetic Act, added by subsection (a), shall take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act.

SEC. 128. REAUTHORIZATION OF CLINICAL PHARMACOLOGY PROGRAM.

Section 2 of Public Law 102-222 (105 Stat. 1677) is amended—

(1) in subsection (a), by striking “a grant” and all that follows through “Such grant” and inserting the following: “grants for a pilot program for the training of individuals in clinical pharmacology at appropriate medical schools. Such grants”; and

(2) in subsection (b), by striking “to carry out this section” and inserting “, and for fiscal years 1998 through 2002 \$3,000,000 for each fiscal year, to carry out this section”.

SEC. 129. REGULATIONS FOR SUNSCREEN PRODUCTS.

21 USC 393 note.

Not later than 18 months after the date of enactment of this Act, the Secretary of Health and Human Services shall issue regulations for over-the-counter sunscreen products for the prevention or treatment of sunburn.

SEC. 130. REPORTS OF POSTMARKETING APPROVAL STUDIES.

(a) IN GENERAL.—Chapter V, as amended by section 116, is further amended by inserting after section 506A the following:

“SEC. 506B. REPORTS OF POSTMARKETING STUDIES.

21 USC 356b.

“(a) SUBMISSION.—

“(1) IN GENERAL.—A sponsor of a drug that has entered into an agreement with the Secretary to conduct a postmarketing study of a drug shall submit to the Secretary, within 1 year after the approval of such drug and annually thereafter until the study is completed or terminated, a report of the progress of the study or the reasons for the failure of the sponsor to conduct the study. The report shall be submitted in such form as is prescribed by the Secretary in regulations issued by the Secretary.

“(2) AGREEMENTS PRIOR TO EFFECTIVE DATE.—Any agreement entered into between the Secretary and a sponsor of a drug, prior to the date of enactment of the Food and Drug Administration Modernization Act of 1997, to conduct a postmarketing study of a drug shall be subject to the requirements of paragraph (1). An initial report for such an agreement shall be submitted within 6 months after the date of the issuance of the regulations under paragraph (1).

“(b) CONSIDERATION OF INFORMATION AS PUBLIC INFORMATION.—Any information pertaining to a report described in subsection (a) shall be considered to be public information to the extent that the information is necessary—

“(1) to identify the sponsor; and

“(2) to establish the status of a study described in subsection (a) and the reasons, if any, for any failure to carry out the study.

“(c) STATUS OF STUDIES AND REPORTS.—The Secretary shall annually develop and publish in the Federal Register a report that provides information on the status of the postmarketing studies—

Federal Register, publication.

“(1) that sponsors have entered into agreements to conduct; and

“(2) for which reports have been submitted under subsection (a)(1).”.

(b) REPORT TO CONGRESSIONAL COMMITTEES.—Not later than October 1, 2001, the Secretary shall prepare and submit to the Committee on Labor and Human Resources of the Senate and the Committee on Commerce of the House of Representatives a report containing—

21 USC 356b note.

(1) a summary of the reports submitted under section 506B of the Federal Food, Drug, and Cosmetic Act;

(2) an evaluation of—

(A) the performance of the sponsors referred to in such section in fulfilling the agreements with respect to the conduct of postmarketing studies described in such section of such Act; and

(B) the timeliness of the Secretary's review of the postmarketing studies; and

(3) any legislative recommendations respecting the postmarketing studies.

SEC. 131. NOTIFICATION OF DISCONTINUANCE OF A LIFE SAVING PRODUCT.

(a) IN GENERAL.—Chapter V, as amended by section 130, is further amended by inserting after section 506B the following:

21 USC 356c.

“SEC. 506C. DISCONTINUANCE OF A LIFE SAVING PRODUCT.

“(a) IN GENERAL.—A manufacturer that is the sole manufacturer of a drug—

“(1) that is—

“(A) life-supporting;

“(B) life-sustaining; or

“(C) intended for use in the prevention of a debilitating disease or condition;

“(2) for which an application has been approved under section 505(b) or 505(j); and

“(3) that is not a product that was originally derived from human tissue and was replaced by a recombinant product, shall notify the Secretary of a discontinuance of the manufacture of the drug at least 6 months prior to the date of the discontinuance.

“(b) REDUCTION IN NOTIFICATION PERIOD.—The notification period required under subsection (a) for a manufacturer may be reduced if the manufacturer certifies to the Secretary that good cause exists for the reduction, such as a situation in which—

“(1) a public health problem may result from continuation of the manufacturing for the 6-month period;

“(2) a biomaterials shortage prevents the continuation of the manufacturing for the 6-month period;

“(3) a liability problem may exist for the manufacturer if the manufacturing is continued for the 6-month period;

“(4) continuation of the manufacturing for the 6-month period may cause substantial economic hardship for the manufacturer;

“(5) the manufacturer has filed for bankruptcy under chapter 7 or 11 of title 11, United States Code; or

“(6) the manufacturer can continue the distribution of the drug involved for 6 months.

“(c) DISTRIBUTION.—To the maximum extent practicable, the Secretary shall distribute information on the discontinuation of the drugs described in subsection (a) to appropriate physician and patient organizations.”.

TITLE II—IMPROVING REGULATION OF DEVICES

SEC. 201. INVESTIGATIONAL DEVICE EXEMPTIONS.

(a) IN GENERAL.—Section 520(g) (21 U.S.C. 360j(g)) is amended by adding at the end the following:

“(6)(A) Not later than 1 year after the date of the enactment of the Food and Drug Administration Modernization Act of 1997, the Secretary shall by regulation establish, with respect to a device for which an exemption under this subsection is in effect, procedures and conditions that, without requiring an additional approval of an application for an exemption or the approval of a supplement to such an application, permit—

“(i) developmental changes in the device (including manufacturing changes) that do not constitute a significant change in design or in basic principles of operation and that are made in response to information gathered during the course of an investigation; and

“(ii) changes or modifications to clinical protocols that do not affect—

“(I) the validity of data or information resulting from the completion of an approved protocol, or the relationship of likely patient risk to benefit relied upon to approve a protocol;

“(II) the scientific soundness of an investigational plan submitted under paragraph (3)(A); or

“(III) the rights, safety, or welfare of the human subjects involved in the investigation.

“(B) Regulations under subparagraph (A) shall provide that a change or modification described in such subparagraph may be made if—

“(i) the sponsor of the investigation determines, on the basis of credible information (as defined by the Secretary) that the applicable conditions under subparagraph (A) are met; and

“(ii) the sponsor submits to the Secretary, not later than 5 days after making the change or modification, a notice of the change or modification.

“(7)(A) In the case of a person intending to investigate the safety or effectiveness of a class III device or any implantable device, the Secretary shall ensure that the person has an opportunity, prior to submitting an application to the Secretary or to an institutional review committee, to submit to the Secretary, for review, an investigational plan (including a clinical protocol). If the applicant submits a written request for a meeting with the Secretary regarding such review, the Secretary shall, not later than 30 days after receiving the request, meet with the applicant for the purpose of reaching agreement regarding the investigational plan (including a clinical protocol). The written request shall include a detailed description of the device, a detailed description of the proposed conditions of use of the device, a proposed plan (including a clinical protocol) for determining whether there is a reasonable assurance of effectiveness, and, if available, information regarding the expected performance from the device.

“(B) Any agreement regarding the parameters of an investigational plan (including a clinical protocol) that is reached between the Secretary and a sponsor or applicant shall be reduced to writing and made part of the administrative record by the Secretary. Any such agreement shall not be changed, except—

“(i) with the written agreement of the sponsor or applicant; or

“(ii) pursuant to a decision, made in accordance with subparagraph (C) by the director of the office in which the device involved is reviewed, that a substantial scientific issue

essential to determining the safety or effectiveness of the device involved has been identified.

“(C) A decision under subparagraph (B)(ii) by the director shall be in writing, and may be made only after the Secretary has provided to the sponsor or applicant an opportunity for a meeting at which the director and the sponsor or applicant are present and at which the director documents the scientific issue involved.”.

(b) ACTION ON APPLICATION.—Section 515(d)(1)(B) (21 U.S.C. 360e(d)(1)(B)) is amended by adding at the end the following:

“(iii) The Secretary shall accept and review statistically valid and reliable data and any other information from investigations conducted under the authority of regulations required by section 520(g) to make a determination of whether there is a reasonable assurance of safety and effectiveness of a device subject to a pending application under this section if—

“(I) the data or information is derived from investigations of an earlier version of the device, the device has been modified during or after the investigations (but prior to submission of an application under subsection (c)) and such a modification of the device does not constitute a significant change in the design or in the basic principles of operation of the device that would invalidate the data or information; or

“(II) the data or information relates to a device approved under this section, is available for use under this Act, and is relevant to the design and intended use of the device for which the application is pending.”.

SEC. 202. SPECIAL REVIEW FOR CERTAIN DEVICES.

Section 515(d) (21 U.S.C. 360e(d)) is amended—

(1) by redesignating paragraph (3) as paragraph (4); and

(2) by adding at the end the following:

“(5) In order to provide for more effective treatment or diagnosis of life-threatening or irreversibly debilitating human diseases or conditions, the Secretary shall provide review priority for devices—

“(A) representing breakthrough technologies,

“(B) for which no approved alternatives exist,

“(C) which offer significant advantages over existing approved alternatives, or

“(D) the availability of which is in the best interest of the patients.”.

SEC. 203. EXPANDING HUMANITARIAN USE OF DEVICES.

Section 520(m) (21 U.S.C. 360j(m)) is amended—

(1) in paragraph (2), by adding after and below subparagraph (C) the following sentences:

“The request shall be in the form of an application submitted to the Secretary. Not later than 75 days after the date of the receipt of the application, the Secretary shall issue an order approving or denying the application.”;

(2) in paragraph (4)—

(A) in subparagraph (B), by inserting after “(2)(A)” the following: “, unless a physician determines in an emergency situation that approval from a local institutional review committee can not be obtained in time to prevent serious harm or death to a patient”; and

(B) by adding after and below subparagraph (B) the following:

“In a case described in subparagraph (B) in which a physician uses a device without an approval from an institutional review committee, the physician shall, after the use of the device, notify the chairperson of the local institutional review committee of such use. Such notification shall include the identification of the patient involved, the date on which the device was used, and the reason for the use.”;

(3) by amending paragraph (5) to read as follows:

“(5) The Secretary may require a person granted an exemption under paragraph (2) to demonstrate continued compliance with the requirements of this subsection if the Secretary believes such demonstration to be necessary to protect the public health or if the Secretary has reason to believe that the criteria for the exemption are no longer met.”; and

(4) by amending paragraph (6) to read as follows:

“(6) The Secretary may suspend or withdraw an exemption from the effectiveness requirements of sections 514 and 515 for a humanitarian device only after providing notice and an opportunity for an informal hearing.”.

SEC. 204. DEVICE STANDARDS.

(a) ALTERNATIVE PROCEDURE.—Section 514 (21 U.S.C. 360d) is amended by adding at the end the following:

“Recognition of a Standard

“(c)(1)(A) In addition to establishing a performance standard under this section, the Secretary shall, by publication in the Federal Register, recognize all or part of an appropriate standard established by a nationally or internationally recognized standard development organization for which a person may submit a declaration of conformity in order to meet a premarket submission requirement or other requirement under this Act to which such standard is applicable.

Federal Register,
publication.

“(B) If a person elects to use a standard recognized by the Secretary under subparagraph (A) to meet the requirements described in such subparagraph, the person shall provide a declaration of conformity to the Secretary that certifies that the device is in conformity with such standard. A person may elect to use data, or information, other than data required by a standard recognized under subparagraph (A) to meet any requirement regarding devices under this Act.

“(2) The Secretary may withdraw such recognition of a standard through publication of a notice in the Federal Register if the Secretary determines that the standard is no longer appropriate for meeting a requirement regarding devices under this Act.

Federal Register,
publication.

“(3)(A) Subject to subparagraph (B), the Secretary shall accept a declaration of conformity that a device is in conformity with a standard recognized under paragraph (1) unless the Secretary finds—

“(i) that the data or information submitted to support such declaration does not demonstrate that the device is in conformity with the standard identified in the declaration of conformity; or

“(ii) that the standard identified in the declaration of conformity is not applicable to the particular device under review.

“(B) The Secretary may request, at any time, the data or information relied on by the person to make a declaration of conformity with respect to a standard recognized under paragraph (1).

“(C) A person making a declaration of conformity with respect to a standard recognized under paragraph (1) shall maintain the data and information demonstrating conformity of the device to the standard for a period of two years after the date of the classification or approval of the device by the Secretary or a period equal to the expected design life of the device, whichever is longer.”.

(b) SECTION 301.—Section 301 (21 U.S.C. 331) is amended by adding at the end the following:

“(x) The falsification of a declaration of conformity submitted under section 514(c) or the failure or refusal to provide data or information requested by the Secretary under paragraph (3) of such section.”.

(c) SECTION 501.—Section 501(e) (21 U.S.C. 351(e)) is amended—

(1) by striking “(e)” and inserting “(e)(1)”; and

(2) by inserting at the end the following:

“(2) If it is declared to be, purports to be, or is represented as, a device that is in conformity with any standard recognized under section 514(c) unless such device is in all respects in conformity with such standard.”.

(d) CONFORMING AMENDMENTS.—Section 514(a) (21 U.S.C. 360d(a)) is amended—

(1) in paragraph (1), in the second sentence, by striking “under this section” and inserting “under subsection (b)”; and

(2) in paragraph (2), in the matter preceding subparagraph (A), by striking “under this section” and inserting “under subsection (b)”; and

(3) in paragraph (3), by striking “under this section” and inserting “under subsection (b)”; and

(4) in paragraph (4), in the matter preceding subparagraph (A), by striking “this section” and inserting “this subsection and subsection (b)”.

SEC. 205. SCOPE OF REVIEW; COLLABORATIVE DETERMINATIONS OF DEVICE DATA REQUIREMENTS.

(a) SECTION 513(a).—Section 513(a)(3) (21 U.S.C. 360c(a)(3)) is amended by adding at the end the following:

“(C) In making a determination of a reasonable assurance of the effectiveness of a device for which an application under section 515 has been submitted, the Secretary shall consider whether the extent of data that otherwise would be required for approval of the application with respect to effectiveness can be reduced through reliance on postmarket controls.

“(D)(i) The Secretary, upon the written request of any person intending to submit an application under section 515, shall meet with such person to determine the type of valid scientific evidence (within the meaning of subparagraphs (A) and (B)) that will be necessary to demonstrate for purposes of approval of an application the effectiveness of a device for the conditions of use proposed by such person. The written request shall include a detailed description of the device, a detailed description of the proposed conditions of use of the device, a proposed plan for determining whether there is a reasonable assurance of effectiveness, and, if available,

information regarding the expected performance from the device. Within 30 days after such meeting, the Secretary shall specify in writing the type of valid scientific evidence that will provide a reasonable assurance that a device is effective under the conditions of use proposed by such person.

“(ii) Any clinical data, including one or more well-controlled investigations, specified in writing by the Secretary for demonstrating a reasonable assurance of device effectiveness shall be specified as result of a determination by the Secretary that such data are necessary to establish device effectiveness. The Secretary shall consider, in consultation with the applicant, the least burdensome appropriate means of evaluating device effectiveness that would have a reasonable likelihood of resulting in approval.

“(iii) The determination of the Secretary with respect to the specification of valid scientific evidence under clauses (i) and (ii) shall be binding upon the Secretary, unless such determination by the Secretary could be contrary to the public health.”.

(b) SECTION 513(i).—Section 513(i)(1) (21 U.S.C. 360c(i)(1)) is amended by adding at the end the following:

“(C) To facilitate reviews of reports submitted to the Secretary under section 510(k), the Secretary shall consider the extent to which reliance on postmarket controls may expedite the classification of devices under subsection (f)(1) of this section.

“(D) Whenever the Secretary requests information to demonstrate that devices with differing technological characteristics are substantially equivalent, the Secretary shall only request information that is necessary to making substantial equivalence determinations. In making such request, the Secretary shall consider the least burdensome means of demonstrating substantial equivalence and request information accordingly.

“(E)(i) Any determination by the Secretary of the intended use of a device shall be based upon the proposed labeling submitted in a report for the device under section 510(k). However, when determining that a device can be found substantially equivalent to a legally marketed device, the director of the organizational unit responsible for regulating devices (in this subparagraph referred to as the ‘Director’) may require a statement in labeling that provides appropriate information regarding a use of the device not identified in the proposed labeling if, after providing an opportunity for consultation with the person who submitted such report, the Director determines and states in writing—

“(I) that there is a reasonable likelihood that the device will be used for an intended use not identified in the proposed labeling for the device; and

“(II) that such use could cause harm.

“(ii) Such determination shall—

“(I) be provided to the person who submitted the report within 10 days from the date of the notification of the Director’s concerns regarding the proposed labeling;

“(II) specify the limitations on the use of the device not included in the proposed labeling; and

“(III) find the device substantially equivalent if the requirements of subparagraph (A) are met and if the labeling for such device conforms to the limitations specified in subclause (II).

“(iii) The responsibilities of the Director under this subparagraph may not be delegated.

“(iv) This subparagraph has no legal effect after the expiration of the five-year period beginning on the date of the enactment of the Food and Drug Administration Modernization Act of 1997.”.

(c) SECTION 515(d).—Section 515(d) (21 U.S.C. 360e(d)) is amended—

(1) in paragraph (1)(A), by adding after and below clause

(ii) the following:

“In making the determination whether to approve or deny the application, the Secretary shall rely on the conditions of use included in the proposed labeling as the basis for determining whether or not there is a reasonable assurance of safety and effectiveness, if the proposed labeling is neither false nor misleading. In determining whether or not such labeling is false or misleading, the Secretary shall fairly evaluate all material facts pertinent to the proposed labeling.”; and

(2) by adding after paragraph (5) (as added by section 202(2)) the following:

“(6)(A)(i) A supplemental application shall be required for any change to a device subject to an approved application under this subsection that affects safety or effectiveness, unless such change is a modification in a manufacturing procedure or method of manufacturing and the holder of the approved application submits a written notice to the Secretary that describes in detail the change, summarizes the data or information supporting the change, and informs the Secretary that the change has been made under the requirements of section 520(f).

“(ii) The holder of an approved application who submits a notice under clause (i) with respect to a manufacturing change of a device may distribute the device 30 days after the date on which the Secretary receives the notice, unless the Secretary within such 30-day period notifies the holder that the notice is not adequate and describes such further information or action that is required for acceptance of such change. If the Secretary notifies the holder that a supplemental application is required, the Secretary shall review the supplement within 135 days after the receipt of the supplement. The time used by the Secretary to review the notice of the manufacturing change shall be deducted from the 135-day review period if the notice meets appropriate content requirements for premarket approval supplements.

“(B)(i) Subject to clause (ii), in reviewing a supplement to an approved application, for an incremental change to the design of a device that affects safety or effectiveness, the Secretary shall approve such supplement if—

“(I) nonclinical data demonstrate that the design modification creates the intended additional capacity, function, or performance of the device; and

“(II) clinical data from the approved application and any supplement to the approved application provide a reasonable assurance of safety and effectiveness for the changed device.

“(ii) The Secretary may require, when necessary, additional clinical data to evaluate the design modification of the device to provide a reasonable assurance of safety and effectiveness.”.

SEC. 206. PREMARKET NOTIFICATION.

(a) SECTION 510.—Section 510 (21 U.S.C. 360) is amended—

(1) in subsection (k), in the matter preceding paragraph (1), by adding after “report to the Secretary” the following: “or person who is accredited under section 523(a)”; and

(2) by adding at the end the following subsections:

“(1) A report under subsection (k) is not required for a device intended for human use that is exempted from the requirements of this subsection under subsection (m) or is within a type that has been classified into class I under section 513. The exception established in the preceding sentence does not apply to any class I device that is intended for a use which is of substantial importance in preventing impairment of human health, or to any class I device that presents a potential unreasonable risk of illness or injury.

“(m)(1) Not later than 60 days after the date of enactment of the Food and Drug Administration Modernization Act of 1997, the Secretary shall publish in the Federal Register a list of each type of class II device that does not require a report under subsection (k) to provide reasonable assurance of safety and effectiveness. Each type of class II device identified by the Secretary as not requiring the report shall be exempt from the requirement to provide a report under subsection (k) as of the date of the publication of the list in the Federal Register.

Federal Register,
publication.

“(2) Beginning on the date that is 1 day after the date of the publication of a list under this subsection, the Secretary may exempt a class II device from the requirement to submit a report under subsection (k), upon the Secretary’s own initiative or a petition of an interested person, if the Secretary determines that such report is not necessary to assure the safety and effectiveness of the device. The Secretary shall publish in the Federal Register notice of the intent of the Secretary to exempt the device, or of the petition, and provide a 30-day period for public comment. Within 120 days after the issuance of the notice in the Federal Register, the Secretary shall publish an order in the Federal Register that sets forth the final determination of the Secretary regarding the exemption of the device that was the subject of the notice. If the Secretary fails to respond to a petition within 180 days of receiving it, the petition shall be deemed to be granted.”

Federal Register,
publication.

Federal Register,
publication.

(b) SECTION 513(f).—Section 513(f) (21 U.S.C. 360c(f)) is amended by adding at the end the following:

“(5) The Secretary may not withhold a determination of the initial classification of a device under paragraph (1) because of a failure to comply with any provision of this Act unrelated to a substantial equivalence decision, including a finding that the facility in which the device is manufactured is not in compliance with good manufacturing requirements as set forth in regulations of the Secretary under section 520(f) (other than a finding that there is a substantial likelihood that the failure to comply with such regulations will potentially present a serious risk to human health).”

(c) SECTION 513(i).—Section 513(i)(1) (21 U.S.C. 360c(i)), as amended by section 205(b), is amended—

(1) in subparagraph (A)(ii)—

(A) in subclause (I), by striking “clinical data” and inserting “appropriate clinical or scientific data” and by inserting “or a person accredited under section 523” after “Secretary”; and

(B) in subclause (II), by striking “efficacy” and inserting “effectiveness”; and

(2) by adding at the end the following:

“(F) Not later than 270 days after the date of the enactment of the Food and Drug Administration Modernization Act of 1997, the Secretary shall issue guidance specifying the general principles that the Secretary will consider in determining when a specific intended use of a device is not reasonably included within a general use of such device for purposes of a determination of substantial equivalence under subsection (f) or section 520(l).”.

SEC. 207. EVALUATION OF AUTOMATIC CLASS III DESIGNATION.

Section 513(f) (21 U.S.C. 360c(f)), as amended by section 206(b), is amended—

(1) in paragraph (1)—

(A) in subparagraph (B), by striking “paragraph (2)” and inserting “paragraph (3)”; and

(B) in the last sentence, by striking “paragraph (2)” and inserting “paragraph (2) or (3)”; and

(2) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

(3) by inserting after paragraph (1) the following:

“(2)(A) Any person who submits a report under section 510(k) for a type of device that has not been previously classified under this Act, and that is classified into class III under paragraph (1), may request, within 30 days after receiving written notice of such a classification, the Secretary to classify the device under the criteria set forth in subparagraphs (A) through (C) of subsection (a)(1). The person may, in the request, recommend to the Secretary a classification for the device. Any such request shall describe the device and provide detailed information and reasons for the recommended classification.

“(B)(i) Not later than 60 days after the date of the submission of the request under subparagraph (A), the Secretary shall by written order classify the device involved. Such classification shall be the initial classification of the device for purposes of paragraph (1) and any device classified under this paragraph shall be a predicate device for determining substantial equivalence under paragraph (1).

“(ii) A device that remains in class III under this subparagraph shall be deemed to be adulterated within the meaning of section 501(f)(1)(B) until approved under section 515 or exempted from such approval under section 520(g).

“(C) Within 30 days after the issuance of an order classifying a device under this paragraph, the Secretary shall publish a notice in the Federal Register announcing such classification.”.

SEC. 208. CLASSIFICATION PANELS.

Section 513(b) (21 U.S.C. 360c(b)) is amended by adding at the end the following:

“(5) Classification panels covering each type of device shall be scheduled to meet at such times as may be appropriate for the Secretary to meet applicable statutory deadlines.

“(6)(A) Any person whose device is specifically the subject of review by a classification panel shall have—

(i) the same access to data and information submitted to a classification panel (except for data and information that are not available for public disclosure under section 552 of title 5, United States Code) as the Secretary;

“(ii) the opportunity to submit, for review by a classification panel, information that is based on the data or information provided in the application submitted under section 515 by the person, which information shall be submitted to the Secretary for prompt transmittal to the classification panel; and

“(iii) the same opportunity as the Secretary to participate in meetings of the panel.

“(B) Any meetings of a classification panel shall provide adequate time for initial presentations and for response to any differing views by persons whose devices are specifically the subject of a classification panel review, and shall encourage free and open participation by all interested persons.

“(7) After receiving from a classification panel the conclusions and recommendations of the panel on a matter that the panel has reviewed, the Secretary shall review the conclusions and recommendations, shall make a final decision on the matter in accordance with section 515(d)(2), and shall notify the affected persons of the decision in writing and, if the decision differs from the conclusions and recommendations of the panel, shall include the reasons for the difference.

“(8) A classification panel under this subsection shall not be subject to the annual chartering and annual report requirements of the Federal Advisory Committee Act.”.

SEC. 209. CERTAINTY OF REVIEW TIMEFRAMES; COLLABORATIVE REVIEW PROCESS.

(a) CERTAINTY OF REVIEW TIMEFRAMES.—Section 510 (21 U.S.C. 360), as amended by section 206(a)(2), is amended by adding at the end the following subsection:

“(n) The Secretary shall review the report required in subsection (k) and make a determination under section 513(f)(1) not later than 90 days after receiving the report.”.

(b) COLLABORATIVE REVIEW PROCESS.—Section 515(d) (21 U.S.C. 360e(d)), as amended by section 202(1), is amended by inserting after paragraph (2) the following:

“(3)(A)(i) The Secretary shall, upon the written request of an applicant, meet with the applicant, not later than 100 days after the receipt of an application that has been filed as complete under subsection (c), to discuss the review status of the application.

“(ii) The Secretary shall, in writing and prior to the meeting, provide to the applicant a description of any deficiencies in the application that, at that point, have been identified by the Secretary based on an interim review of the entire application and identify the information that is required to correct those deficiencies.

“(iii) The Secretary shall notify the applicant promptly of—

“(I) any additional deficiency identified in the application, or

“(II) any additional information required to achieve completion of the review and final action on the application, that was not described as a deficiency in the written description provided by the Secretary under clause (ii).

“(B) The Secretary and the applicant may, by mutual consent, establish a different schedule for a meeting required under this paragraph.

SEC. 210. ACCREDITATION OF PERSONS FOR REVIEW OF PREMARKET NOTIFICATION REPORTS.

(a) IN GENERAL.—Subchapter A of chapter V is amended by adding at the end the following:

21 USC 360m.

“SEC. 523. ACCREDITED PERSONS.

“(a) IN GENERAL.—

“(1) REVIEW AND CLASSIFICATION OF DEVICES.—Not later than 1 year after the date of the enactment of the Food and Drug Administration Modernization Act of 1997, the Secretary shall, subject to paragraph (3), accredit persons for the purpose of reviewing reports submitted under section 510(k) and making recommendations to the Secretary regarding the initial classification of devices under section 513(f)(1).

“(2) REQUIREMENTS REGARDING REVIEW.—

“(A) IN GENERAL.—In making a recommendation to the Secretary under paragraph (1), an accredited person shall notify the Secretary in writing of the reasons for the recommendation.

“(B) TIME PERIOD FOR REVIEW.—Not later than 30 days after the date on which the Secretary is notified under subparagraph (A) by an accredited person with respect to a recommendation of an initial classification of a device, the Secretary shall make a determination with respect to the initial classification.

“(C) SPECIAL RULE.—The Secretary may change the initial classification under section 513(f)(1) that is recommended under paragraph (1) by an accredited person, and in such case shall provide to such person, and the person who submitted the report under section 510(k) for the device, a statement explaining in detail the reasons for the change.

“(3) CERTAIN DEVICES.—

“(A) IN GENERAL.—An accredited person may not be used to perform a review of—

“(i) a class III device;

“(ii) a class II device which is intended to be permanently implantable or life sustaining or life supporting; or

“(iii) a class II device which requires clinical data in the report submitted under section 510(k) for the device, except that the number of class II devices to which the Secretary applies this clause for a year, less the number of such reports to which clauses (i) and (ii) apply, may not exceed 6 percent of the number that is equal to the total number of reports submitted to the Secretary under such section for such year less the number of such reports to which such clauses apply for such year.

“(B) ADJUSTMENT.—In determining for a year the ratio described in subparagraph (A)(iii), the Secretary shall not include in the numerator class III devices that the Secretary reclassified into class II, and the Secretary shall include in the denominator class II devices for which reports under section 510(k) were not required to be submitted by reason of the operation of section 510(m).

“(b) ACCREDITATION.—

“(1) PROGRAMS.—The Secretary shall provide for such accreditation through programs administered by the Food and Drug Administration, other government agencies, or by other qualified nongovernment organizations.

“(2) ACCREDITATION.—

“(A) IN GENERAL.—Not later than 180 days after the date of the enactment of the Food and Drug Administration Modernization Act of 1997, the Secretary shall establish and publish in the Federal Register criteria to accredit or deny accreditation to persons who request to perform the duties specified in subsection (a). The Secretary shall respond to a request for accreditation within 60 days of the receipt of the request. The accreditation of such person shall specify the particular activities under subsection (a) for which such person is accredited.

Federal Register,
publication.

“(B) WITHDRAWAL OF ACCREDITATION.—The Secretary may suspend or withdraw accreditation of any person accredited under this paragraph, after providing notice and an opportunity for an informal hearing, when such person is substantially not in compliance with the requirements of this section or poses a threat to public health or fails to act in a manner that is consistent with the purposes of this section.

“(C) PERFORMANCE AUDITING.—To ensure that persons accredited under this section will continue to meet the standards of accreditation, the Secretary shall—

“(i) make onsite visits on a periodic basis to each accredited person to audit the performance of such person; and

“(ii) take such additional measures as the Secretary determines to be appropriate.

“(D) ANNUAL REPORT.—The Secretary shall include in the annual report required under section 903(g) the names of all accredited persons and the particular activities under subsection (a) for which each such person is accredited and the name of each accredited person whose accreditation has been withdrawn during the year.

“(3) QUALIFICATIONS.—An accredited person shall, at a minimum, meet the following requirements:

“(A) Such person may not be an employee of the Federal Government.

“(B) Such person shall be an independent organization which is not owned or controlled by a manufacturer, supplier, or vendor of devices and which has no organizational, material, or financial affiliation with such a manufacturer, supplier, or vendor.

“(C) Such person shall be a legally constituted entity permitted to conduct the activities for which it seeks accreditation.

“(D) Such person shall not engage in the design, manufacture, promotion, or sale of devices.

“(E) The operations of such person shall be in accordance with generally accepted professional and ethical business practices and shall agree in writing that as a minimum it will—

“(i) certify that reported information accurately reflects data reviewed;

“(ii) limit work to that for which competence and capacity are available;

“(iii) treat information received, records, reports, and recommendations as proprietary information;

“(iv) promptly respond and attempt to resolve complaints regarding its activities for which it is accredited; and

“(v) protect against the use, in carrying out subsection (a) with respect to a device, of any officer or employee of the person who has a financial conflict of interest regarding the device, and annually make available to the public disclosures of the extent to which the person, and the officers and employees of the person, have maintained compliance with requirements under this clause relating to financial conflicts of interest.

“(4) SELECTION OF ACCREDITED PERSONS.—The Secretary shall provide each person who chooses to use an accredited person to receive a section 510(k) report a panel of at least two or more accredited persons from which the regulated person may select one for a specific regulatory function.

“(5) COMPENSATION OF ACCREDITED PERSONS.—Compensation for an accredited person shall be determined by agreement between the accredited person and the person who engages the services of the accredited person, and shall be paid by the person who engages such services.

“(c) DURATION.—The authority provided by this section terminates—

“(1) 5 years after the date on which the Secretary notifies Congress that at least 2 persons accredited under subsection (b) are available to review at least 60 percent of the submissions under section 510(k), or

“(2) 4 years after the date on which the Secretary notifies Congress that the Secretary has made a determination described in paragraph (2)(B) of subsection (a) for at least 35 percent of the devices that are subject to review under paragraph (1) of such subsection, whichever occurs first.”.

(b) RECORDKEEPING.—Section 704 (21 U.S.C. 374) is amended by adding at the end the following:

“(f)(1) A person accredited under section 523 to review reports made under section 510(k) and make recommendations of initial classifications of devices to the Secretary shall maintain records documenting the training qualifications of the person and the employees of the person, the procedures used by the person for handling confidential information, the compensation arrangements made by the person, and the procedures used by the person to identify and avoid conflicts of interest. Upon the request of an officer or employee designated by the Secretary, the person shall permit the officer or employee, at all reasonable times, to have access to, to copy, and to verify, the records.

“(2) Within 15 days after the receipt of a written request from the Secretary to a person accredited under section 523 for copies of records described in paragraph (1), the person shall produce the copies of the records at the place designated by the Secretary.”.

(c) CONFORMING AMENDMENT.—Section 301 (21 U.S.C. 331), as amended by section 204(b), is amended by adding at the end the following:

“(y) In the case of a drug, device, or food—

“(1) the submission of a report or recommendation by a person accredited under section 523 that is false or misleading in any material respect;

“(2) the disclosure by a person accredited under section 523 of confidential commercial information or any trade secret without the express written consent of the person who submitted such information or secret to such person; or

“(3) the receipt by a person accredited under section 523 of a bribe in any form or the doing of any corrupt act by such person associated with a responsibility delegated to such person under this Act.”.

(d) REPORTS ON PROGRAM OF ACCREDITATION.—

21 USC 360m
note.

(1) COMPTROLLER GENERAL.—

(A) IMPLEMENTATION OF PROGRAM.—Not later than 5 years after the date of the enactment of this Act, the Comptroller General of the United States shall submit to the Committee on Commerce of the House of Representatives and the Committee on Labor and Human Resources of the Senate a report describing the extent to which the program of accreditation required by the amendment made by subsection (a) has been implemented.

(B) EVALUATION OF PROGRAM.—Not later than 6 months prior to the date on which, pursuant to subsection (c) of section 523 of the Federal Food, Drug, and Cosmetic Act (as added by subsection (a)), the authority provided under subsection (a) of such section will terminate, the Comptroller General shall submit to the Committee on Commerce of the House of Representatives and the Committee on Labor and Human Resources of the Senate a report describing the use of accredited persons under such section 523, including an evaluation of the extent to which such use assisted the Secretary in carrying out the duties of the Secretary under such Act with respect to devices, and the extent to which such use promoted actions which are contrary to the purposes of such Act.

(2) INCLUSION OF CERTAIN DEVICES WITHIN PROGRAM.—Not later than 3 years after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to the Committee on Commerce of the House of Representatives and the Committee on Labor and Human Resources of the Senate a report providing a determination by the Secretary of whether, in the program of accreditation established pursuant to the amendment made by subsection (a), the limitation established in clause (iii) of section 523(a)(3)(A) of the Federal Food, Drug, and Cosmetic Act (relating to class II devices for which clinical data are required in reports under section 510(k)) should be removed.

SEC. 211. DEVICE TRACKING.

Effective 90 days after the date of the enactment of this Act, section 519(e) (21 U.S.C. 360i(e)) is amended to read as follows:

“Device Tracking

“(e)(1) The Secretary may by order require a manufacturer to adopt a method of tracking a class II or class III device—

“(A) the failure of which would be reasonably likely to have serious adverse health consequences; or

“(B) which is—

“(i) intended to be implanted in the human body for more than one year, or

“(ii) a life sustaining or life supporting device used outside a device user facility.

“(2) Any patient receiving a device subject to tracking under paragraph (1) may refuse to release, or refuse permission to release, the patient’s name, address, social security number, or other identifying information for the purpose of tracking.”.

SEC. 212. POSTMARKET SURVEILLANCE.

Effective 90 days after the date of the enactment of this Act, section 522 (21 U.S.C. 360l) is amended to read as follows:

“POSTMARKET SURVEILLANCE

“SEC. 522. (a) IN GENERAL.—The Secretary may by order require a manufacturer to conduct postmarket surveillance for any device of the manufacturer which is a class II or class III device the failure of which would be reasonably likely to have serious adverse health consequences or which is intended to be—

“(1) implanted in the human body for more than one year,

or

“(2) a life sustaining or life supporting device used outside a device user facility.

“(b) SURVEILLANCE APPROVAL.—Each manufacturer required to conduct a surveillance of a device shall, within 30 days of receiving an order from the Secretary prescribing that the manufacturer is required under this section to conduct such surveillance, submit, for the approval of the Secretary, a plan for the required surveillance. The Secretary, within 60 days of the receipt of such plan, shall determine if the person designated to conduct the surveillance has appropriate qualifications and experience to undertake such surveillance and if the plan will result in the collection of useful data that can reveal unforeseen adverse events or other information necessary to protect the public health. The Secretary, in consultation with the manufacturer, may by order require a prospective surveillance period of up to 36 months. Any determination by the Secretary that a longer period is necessary shall be made by mutual agreement between the Secretary and the manufacturer or, if no agreement can be reached, after the completion of a dispute resolution process as described in section 562.”.

SEC. 213. REPORTS.

(a) REPORTS.—Section 519 (21 U.S.C. 360i) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1), by striking “manufacturer, importer, or distributor” and inserting “manufacturer or importer”;

(B) in paragraph (4), by striking “manufacturer, importer, or distributor” and inserting “manufacturer or importer”;

(C) in paragraph (7), by adding “and” after the semicolon at the end;

(D) in paragraph (8)—

(i) by striking “manufacturer, importer, or distributor” each place such term appears and inserting “manufacturer or importer”; and

(ii) by striking the semicolon at the end and inserting a period;

(E) by striking paragraph (9); and

(F) by inserting at the end the following sentence: “The Secretary shall by regulation require distributors to keep records and make such records available to the Secretary upon request. Paragraphs (4) and (8) apply to distributors to the same extent and in the same manner as such paragraphs apply to manufacturers and importers.”;

(2) by striking subsection (d); and

(3) in subsection (f), by striking “, importer, or distributor” each place it appears and inserting “or importer”.

(b) REGISTRATION.—Section 510(g) (21 U.S.C. 360(g)) is amended—

(1) by redesignating paragraph (4) as paragraph (5);

(2) by inserting after paragraph (3) the following:

“(4) any distributor who acts as a wholesale distributor of devices, and who does not manufacture, repackage, process, or relabel a device; or”; and

(3) by adding at the end the following flush sentence: “In this subsection, the term ‘wholesale distributor’ means any person (other than the manufacturer or the initial importer) who distributes a device from the original place of manufacture to the person who makes the final delivery or sale of the device to the ultimate consumer or user.”.

(c) DEVICE USER FACILITIES.—

(1) IN GENERAL.—Section 519(b) (21 U.S.C. 360i(b)) is amended—

(A) in paragraph (1)(C)—

(i) in the first sentence, by striking “a semi-annual basis” and inserting “an annual basis”;

(ii) in the second sentence, by striking “and July 1”; and

(iii) by striking the matter after and below clause (iv); and

(B) in paragraph (2)—

(i) in subparagraph (A), by inserting “or” after the comma at the end;

(ii) in subparagraph (B), by striking “, or” at the end and inserting a period; and

(iii) by striking subparagraph (C).

(2) SENTINEL SYSTEM.—Section 519(b) (21 U.S.C. 360i(b)) is amended—

(A) by redesignating paragraph (5) as paragraph (6); and

(B) by inserting after paragraph (4) the following paragraph:

“(5) With respect to device user facilities:

“(A) The Secretary shall by regulation plan and implement a program under which the Secretary limits user reporting

under paragraphs (1) through (4) to a subset of user facilities that constitutes a representative profile of user reports for device deaths and serious illnesses or serious injuries.

“(B) During the period of planning the program under subparagraph (A), paragraphs (1) through (4) continue to apply.

“(C) During the period in which the Secretary is providing for a transition to the full implementation of the program, paragraphs (1) through (4) apply except to the extent that the Secretary determines otherwise.

“(D) On and after the date on which the program is fully implemented, paragraphs (1) through (4) do not apply to a user facility unless the facility is included in the subset referred to in subparagraph (A).

“(E) Not later than 2 years after the date of the enactment of the Food and Drug Administration Modernization Act of 1997, the Secretary shall submit to the Committee on Commerce of the House of Representatives, and to the Committee on Labor and Human Resources of the Senate, a report describing the plan developed by the Secretary under subparagraph (A) and the progress that has been made toward the implementation of the plan.”.

SEC. 214. PRACTICE OF MEDICINE.

Chapter IX is amended by adding at the end the following:

21 USC 396.

“SEC. 906. PRACTICE OF MEDICINE.

“Nothing in this Act shall be construed to limit or interfere with the authority of a health care practitioner to prescribe or administer any legally marketed device to a patient for any condition or disease within a legitimate health care practitioner-patient relationship. This section shall not limit any existing authority of the Secretary to establish and enforce restrictions on the sale or distribution, or in the labeling, of a device that are part of a determination of substantial equivalence, established as a condition of approval, or promulgated through regulations. Further, this section shall not change any existing prohibition on the promotion of unapproved uses of legally marketed devices.”.

SEC. 215. NONINVASIVE BLOOD GLUCOSE METER.

(a) FINDINGS.—The Congress finds that—

(1) diabetes and its complications are a leading cause of death by disease in America;

(2) diabetes affects approximately 16,000,000 Americans and another 650,000 will be diagnosed in 1997;

(3) the total health care-related costs of diabetes total nearly \$100,000,000,000 per year;

(4) diabetes is a disease that is managed and controlled on a daily basis by the patient;

(5) the failure to properly control and manage diabetes results in costly and often fatal complications including but not limited to blindness, coronary artery disease, and kidney failure;

(6) blood testing devices are a critical tool for the control and management of diabetes, and existing blood testing devices require repeated piercing of the skin;

(7) the pain associated with existing blood testing devices creates a disincentive for people with diabetes to test blood glucose levels, particularly children;

(8) a safe and effective noninvasive blood glucose meter would likely improve control and management of diabetes by increasing the number of tests conducted by people with diabetes, particularly children; and

(9) the Food and Drug Administration is responsible for reviewing all applications for new medical devices in the United States.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that the availability of a safe, effective, noninvasive blood glucose meter would greatly enhance the health and well-being of all people with diabetes across America and the world.

SEC. 216. USE OF DATA RELATING TO PREMARKET APPROVAL; PRODUCT DEVELOPMENT PROTOCOL.

(a) USE OF DATA RELATING TO PREMARKET APPROVAL.—

(1) IN GENERAL.—Section 520(h)(4) (21 U.S.C. 360j(h)(4)) is amended to read as follows:

“(4)(A) Any information contained in an application for premarket approval filed with the Secretary pursuant to section 515(c) (including information from clinical and preclinical tests or studies that demonstrate the safety and effectiveness of a device, but excluding descriptions of methods of manufacture and product composition and other trade secrets) shall be available, 6 years after the application has been approved by the Secretary, for use by the Secretary in—

“(i) approving another device;

“(ii) determining whether a product development protocol has been completed, under section 515 for another device;

“(iii) establishing a performance standard or special control under this Act; or

“(iv) classifying or reclassifying another device under section 513 and subsection (1)(2).

“(B) The publicly available detailed summaries of information respecting the safety and effectiveness of devices required by paragraph (1)(A) shall be available for use by the Secretary as the evidentiary basis for the agency actions described in subparagraph (A).”.

(2) CONFORMING AMENDMENTS.—Section 517(a) (21 U.S.C. 360g(a)) is amended—

(A) in paragraph (8), by adding “or” at the end;

(B) in paragraph (9), by striking “, or” and inserting a comma; and

(C) by striking paragraph (10).

(b) PRODUCT DEVELOPMENT PROTOCOL.—Section 515(f)(2) (21 U.S.C. 360e(f)(2)) is amended by striking “he shall” and all that follows and inserting the following: “the Secretary—

“(A) may, at the initiative of the Secretary, refer the proposed protocol to the appropriate panel under section 513 for its recommendation respecting approval of the protocol; or

“(B) shall so refer such protocol upon the request of the submitter, unless the Secretary finds that the proposed protocol and accompanying data which would be reviewed by such panel substantially duplicate a product development protocol and accompanying data which have previously been reviewed by such a panel.”.

SEC. 217. CLARIFICATION OF THE NUMBER OF REQUIRED CLINICAL INVESTIGATIONS FOR APPROVAL.

Section 513(a)(3)(A) (21 U.S.C. 360c(a)(3)(A)) is amended by striking “clinical investigations” and inserting “1 or more clinical investigations”.

TITLE III—IMPROVING REGULATION OF FOOD**SEC. 301. FLEXIBILITY FOR REGULATIONS REGARDING CLAIMS.**

Section 403(r) (21 U.S.C. 343(r)) is amended by adding at the end the following:

“(7) The Secretary may make proposed regulations issued under this paragraph effective upon publication pending consideration of public comment and publication of a final regulation if the Secretary determines that such action is necessary—

“(A) to enable the Secretary to review and act promptly on petitions the Secretary determines provide for information necessary to—

“(i) enable consumers to develop and maintain healthy dietary practices;

“(ii) enable consumers to be informed promptly and effectively of important new knowledge regarding nutritional and health benefits of food; or

“(iii) ensure that scientifically sound nutritional and health information is provided to consumers as soon as possible; or

“(B) to enable the Secretary to act promptly to ban or modify a claim under this paragraph.

Such proposed regulations shall be deemed final agency action for purposes of judicial review.”.

SEC. 302. PETITIONS FOR CLAIMS.

Section 403(r)(4)(A)(i) (21 U.S.C. 343(r)(4)(A)(i)) is amended—

(1) by adding after the second sentence the following: “If the Secretary does not act within such 100 days, the petition shall be deemed to be denied unless an extension is mutually agreed upon by the Secretary and the petitioner.”;

(2) in the fourth sentence (as amended by paragraph (1)) by inserting immediately before the comma the following: “or the petition is deemed to be denied”; and

(3) by adding at the end the following: “If the Secretary does not act within such 90 days, the petition shall be deemed to be denied unless an extension is mutually agreed upon by the Secretary and the petitioner. If the Secretary issues a proposed regulation, the rulemaking shall be completed within 540 days of the date the petition is received by the Secretary. If the Secretary does not issue a regulation within such 540 days, the Secretary shall provide the Committee on Commerce of the House of Representatives and the Committee on Labor and Human Resources of the Senate the reasons action on the regulation did not occur within such 540 days.”.

SEC. 303. HEALTH CLAIMS FOR FOOD PRODUCTS.

Section 403(r)(3) (21 U.S.C. 343(r)(3)) is amended by adding at the end thereof the following:

“(C) Notwithstanding the provisions of clauses (A)(i) and (B), a claim of the type described in subparagraph (1)(B) which is not authorized by the Secretary in a regulation promulgated in accordance with clause (B) shall be authorized and may be made with respect to a food if—

“(i) a scientific body of the United States Government with official responsibility for public health protection or research directly relating to human nutrition (such as the National Institutes of Health or the Centers for Disease Control and Prevention) or the National Academy of Sciences or any of its subdivisions has published an authoritative statement, which is currently in effect, about the relationship between a nutrient and a disease or health-related condition to which the claim refers;

“(ii) a person has submitted to the Secretary, at least 120 days (during which the Secretary may notify any person who is making a claim as authorized by clause (C) that such person has not submitted all the information required by such clause) before the first introduction into interstate commerce of the food with a label containing the claim, (I) a notice of the claim, which shall include the exact words used in the claim and shall include a concise description of the basis upon which such person relied for determining that the requirements of subclause (i) have been satisfied, (II) a copy of the statement referred to in subclause (i) upon which such person relied in making the claim, and (III) a balanced representation of the scientific literature relating to the relationship between a nutrient and a disease or health-related condition to which the claim refers;

“(iii) the claim and the food for which the claim is made are in compliance with clause (A)(ii) and are otherwise in compliance with paragraph (a) and section 201(n); and

“(iv) the claim is stated in a manner so that the claim is an accurate representation of the authoritative statement referred to in subclause (i) and so that the claim enables the public to comprehend the information provided in the claim and to understand the relative significance of such information in the context of a total daily diet.

For purposes of this clause, a statement shall be regarded as an authoritative statement of a scientific body described in subclause (i) only if the statement is published by the scientific body and shall not include a statement of an employee of the scientific body made in the individual capacity of the employee.

“(D) A claim submitted under the requirements of clause (C) may be made until—

“(i) such time as the Secretary issues a regulation under the standard in clause (B)(i)—

“(I) prohibiting or modifying the claim and the regulation has become effective, or

“(II) finding that the requirements of clause (C) have not been met, including finding that the petitioner has not submitted all the information required by such clause;

or

“(ii) a district court of the United States in an enforcement proceeding under chapter III has determined that the requirements of clause (C) have not been met.”.

SEC. 304. NUTRIENT CONTENT CLAIMS.

Section 403(r)(2) (21 U.S.C. 343(r)(2)) is amended by adding at the end the following:

“(G) A claim of the type described in subparagraph (1)(A) for a nutrient, for which the Secretary has not promulgated a regulation under clause (A)(i), shall be authorized and may be made with respect to a food if—

“(i) a scientific body of the United States Government with official responsibility for public health protection or research directly relating to human nutrition (such as the National Institutes of Health or the Centers for Disease Control and Prevention) or the National Academy of Sciences or any of its subdivisions has published an authoritative statement, which is currently in effect, which identifies the nutrient level to which the claim refers;

“(ii) a person has submitted to the Secretary, at least 120 days (during which the Secretary may notify any person who is making a claim as authorized by clause (C) that such person has not submitted all the information required by such clause) before the first introduction into interstate commerce of the food with a label containing the claim, (I) a notice of the claim, which shall include the exact words used in the claim and shall include a concise description of the basis upon which such person relied for determining that the requirements of subclause (i) have been satisfied, (II) a copy of the statement referred to in subclause (i) upon which such person relied in making the claim, and (III) a balanced representation of the scientific literature relating to the nutrient level to which the claim refers;

“(iii) the claim and the food for which the claim is made are in compliance with clauses (A) and (B), and are otherwise in compliance with paragraph (a) and section 201(n); and

“(iv) the claim is stated in a manner so that the claim is an accurate representation of the authoritative statement referred to in subclause (i) and so that the claim enables the public to comprehend the information provided in the claim and to understand the relative significance of such information in the context of a total daily diet.

For purposes of this clause, a statement shall be regarded as an authoritative statement of a scientific body described in subclause (i) only if the statement is published by the scientific body and shall not include a statement of an employee of the scientific body made in the individual capacity of the employee.

“(H) A claim submitted under the requirements of clause (G) may be made until—

“(i) such time as the Secretary issues a regulation—

“(I) prohibiting or modifying the claim and the regulation has become effective, or

“(II) finding that the requirements of clause (G) have not been met, including finding that the petitioner had not submitted all the information required by such clause;

or

“(ii) a district court of the United States in an enforcement proceeding under chapter III has determined that the requirements of clause (G) have not been met.”.

SEC. 305. REFERRAL STATEMENTS.

Section 403(r)(2)(B) (21 U.S.C. 343(r)(2)(B)) is amended to read as follows:

“(B) If a claim described in subparagraph (1)(A) is made with respect to a nutrient in a food and the Secretary makes a determination that the food contains a nutrient at a level that increases to persons in the general population the risk of a disease or health-related condition that is diet related, the label or labeling of such food shall contain, prominently and in immediate proximity to such claim, the following statement: ‘See nutrition information for ____ content.’ The blank shall identify the nutrient associated with the increased disease or health-related condition risk. In making the determination described in this clause, the Secretary shall take into account the significance of the food in the total daily diet.”.

SEC. 306. DISCLOSURE OF IRRADIATION.

Chapter IV (21 U.S.C. 341 et seq.) is amended by inserting after section 403B the following:

“DISCLOSURE

“SEC. 403C. (a) No provision of section 201(n), 403(a), or 409 shall be construed to require on the label or labeling of a food a separate radiation disclosure statement that is more prominent than the declaration of ingredients required by section 403(i)(2). 21 USC 343–3.

“(b) In this section, the term ‘radiation disclosure statement’ means a written statement that discloses that a food has been intentionally subject to radiation.”.

SEC. 307. IRRADIATION PETITION.

Not later than 60 days following the date of the enactment of this Act, the Secretary of Health and Human Services shall make a final determination on any petition pending with the Food and Drug Administration that would permit the irradiation of red meat under section 409(b)(1) of the Federal Food, Drug, and Cosmetic Act. If the Secretary does not make such determination, the Secretary shall, not later than 60 days following the date of the enactment of this Act, provide the Committee on Commerce of the House of Representatives and the Committee on Labor and Human Resources of the Senate an explanation of the process followed by the Food and Drug Administration in reviewing the petition referred to in paragraph (1) and the reasons action on the petition was delayed.

SEC. 308. GLASS AND CERAMIC WARE.

21 USC 348 note.

(a) **IN GENERAL.**—The Secretary may not implement any requirement which would ban, as an unapproved food additive, lead and cadmium based enamel in the lip and rim area of glass and ceramic ware before the expiration of one year after the date such requirement is published.

(b) **LEAD AND CADMIUM BASED ENAMEL.**—Unless the Secretary determines, based on available data, that lead and cadmium based enamel on glass and ceramic ware—

(1) which has less than 60 millimeters of decorating area below the external rim, and

(2) which is not, by design, representation, or custom of usage intended for use by children,

is unsafe, the Secretary shall not take any action before January 1, 2003, to ban lead and cadmium based enamel on such glass and ceramic ware. Any action taken after January 1, 2003, to ban such enamel on such glass and ceramic ware as an unapproved food additive shall be taken by regulation and such regulation shall provide that such products shall not be removed from the market before 1 year after publication of the final regulation.

SEC. 309. FOOD CONTACT SUBSTANCES.

(a) **FOOD CONTACT SUBSTANCES.**—Section 409(a) (21 U.S.C. 348(a)) is amended—

(1) in paragraph (1)—

(A) by striking “subsection (i)” and inserting “subsection (j)”; and

(B) by striking at the end “or”;

(2) by striking the period at the end of paragraph (2) and inserting “; or”;

(3) by inserting after paragraph (2) the following:

“(3) in the case of a food additive as defined in this Act that is a food contact substance, there is—

“(A) in effect, and such substance and the use of such substance are in conformity with, a regulation issued under this section prescribing the conditions under which such additive may be safely used; or

“(B) a notification submitted under subsection (h) that is effective.”; and

(4) by striking the matter following paragraph (3) (as added by paragraph (3)) and inserting the following flush sentence: “While such a regulation relating to a food additive, or such a notification under subsection (h)(1) relating to a food additive that is a food contact substance, is in effect, and has not been revoked pursuant to subsection (i), a food shall not, by reason of bearing or containing such a food additive in accordance with the regulation or notification, be considered adulterated under section 402(a)(1).”.

(b) **NOTIFICATION FOR FOOD CONTACT SUBSTANCES.**—Section 409 (21 U.S.C. 348), as amended by subsection (a), is further amended—

(1) by redesignating subsections (h) and (i), as subsections (i) and (j), respectively;

(2) by inserting after subsection (g) the following:

“Notification Relating to a Food Contact Substance

“(h)(1) Subject to such regulations as may be promulgated under paragraph (3), a manufacturer or supplier of a food contact substance may, at least 120 days prior to the introduction or delivery for introduction into interstate commerce of the food contact substance, notify the Secretary of the identity and intended use of the food contact substance, and of the determination of the manufacturer or supplier that the intended use of such food contact substance is safe under the standard described in subsection (c)(3)(A). The notification shall contain the information that forms the basis of the determination and all information required to be submitted by regulations promulgated by the Secretary.

“(2)(A) A notification submitted under paragraph (1) shall become effective 120 days after the date of receipt by the Secretary and the food contact substance may be introduced or delivered for introduction into interstate commerce, unless the Secretary

makes a determination within the 120-day period that, based on the data and information before the Secretary, such use of the food contact substance has not been shown to be safe under the standard described in subsection (c)(3)(A), and informs the manufacturer or supplier of such determination.

“(B) A decision by the Secretary to object to a notification shall constitute final agency action subject to judicial review.

“(C) In this paragraph, the term ‘food contact substance’ means the substance that is the subject of a notification submitted under paragraph (1), and does not include a similar or identical substance manufactured or prepared by a person other than the manufacturer identified in the notification.

“(3)(A) The process in this subsection shall be utilized for authorizing the marketing of a food contact substance except where the Secretary determines that submission and review of a petition under subsection (b) is necessary to provide adequate assurance of safety, or where the Secretary and any manufacturer or supplier agree that such manufacturer or supplier may submit a petition under subsection (b).

“(B) The Secretary is authorized to promulgate regulations to identify the circumstances in which a petition shall be filed under subsection (b), and shall consider criteria such as the probable consumption of such food contact substance and potential toxicity of the food contact substance in determining the circumstances in which a petition shall be filed under subsection (b).

“(4) The Secretary shall keep confidential any information provided in a notification under paragraph (1) for 120 days after receipt by the Secretary of the notification. After the expiration of such 120 days, the information shall be available to any interested party except for any matter in the notification that is a trade secret or confidential commercial information.

“(5)(A)(i) Except as provided in clause (ii), the notification program established under this subsection shall not operate in any fiscal year unless—

“(I) an appropriation equal to or exceeding the applicable amount under clause (iv) is made for such fiscal year for carrying out such program in such fiscal year; and

“(II) the Secretary certifies that the amount appropriated for such fiscal year for the Center for Food Safety and Applied Nutrition of the Food and Drug Administration (exclusive of the appropriation referred to in subclause (I)) equals or exceeds the amount appropriated for the Center for fiscal year 1997, excluding any amount appropriated for new programs.

“(ii) The Secretary shall, not later than April 1, 1999, begin accepting and reviewing notifications submitted under the notification program established under this subsection if—

“(I) an appropriation equal to or exceeding the applicable amount under clause (iii) is made for the last six months of fiscal year 1999 for carrying out such program during such period; and

“(II) the Secretary certifies that the amount appropriated for such period for the Center for Food Safety and Applied Nutrition of the Food and Drug Administration (exclusive of the appropriation referred to in subclause (I)) equals or exceeds an amount equivalent to one-half the amount appropriated for the Center for fiscal year 1997, excluding any amount appropriated for new programs.

“(iii) For the last six months of fiscal year 1999, the applicable amount under this clause is \$1,500,000, or the amount specified in the budget request of the President for the six-month period involved for carrying out the notification program in fiscal year 1999, whichever is less.

“(iv) For fiscal year 2000 and subsequent fiscal years, the applicable amount under this clause is \$3,000,000, or the amount specified in the budget request of the President for the fiscal year involved for carrying out the notification program under this subsection, whichever is less.

“(B) For purposes of carrying out the notification program under this subsection, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1999 through fiscal year 2003, except that such authorization of appropriations is not effective for a fiscal year for any amount that is less than the applicable amount under clause (iii) or (iv) of subparagraph (A), whichever is applicable.

“(C) Not later than April 1 of fiscal year 1998 and February 1 of each subsequent fiscal year, the Secretary shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Commerce of the House of Representatives, and the Committee on Labor and Human Resources of the Senate that provides an estimate of the Secretary of the costs of carrying out the notification program established under this subsection for the next fiscal year.

“(6) In this section, the term ‘food contact substance’ means any substance intended for use as a component of materials used in manufacturing, packing, packaging, transporting, or holding food if such use is not intended to have any technical effect in such food.”;

(3) in subsection (i), as so redesignated by paragraph (1), by adding at the end the following: “The Secretary shall by regulation prescribe the procedure by which the Secretary may deem a notification under subsection (h) to no longer be effective.”; and

(4) in subsection (j), as so redesignated by paragraph (1), by striking “subsections (b) to (h)” and inserting “subsections (b) to (i)”.

TITLE IV—GENERAL PROVISIONS

SEC. 401. DISSEMINATION OF INFORMATION ON NEW USES.

(a) IN GENERAL.—Chapter V (21 U.S.C. 351 et seq.) is amended by inserting after subchapter C the following:

“SUBCHAPTER D—DISSEMINATION OF TREATMENT INFORMATION

21 USC 360aaa. “SEC. 551. REQUIREMENTS FOR DISSEMINATION OF TREATMENT INFORMATION ON DRUGS OR DEVICES.

“(a) IN GENERAL.—Notwithstanding sections 301(d), 502(f), and 505, and section 351 of the Public Health Service Act (42 U.S.C. 262), a manufacturer may disseminate to—

- “(1) a health care practitioner;
- “(2) a pharmacy benefit manager;
- “(3) a health insurance issuer;
- “(4) a group health plan; or

“(5) a Federal or State governmental agency; written information concerning the safety, effectiveness, or benefit of a use not described in the approved labeling of a drug or device if the manufacturer meets the requirements of subsection (b).

“(b) SPECIFIC REQUIREMENTS.—A manufacturer may disseminate information under subsection (a) on a new use only if—

“(1)(A) in the case of a drug, there is in effect for the drug an application filed under subsection (b) or (j) of section 505 or a biologics license issued under section 351 of the Public Health Service Act; or

“(B) in the case of a device, the device is being commercially distributed in accordance with a regulation under subsection (d) or (e) of section 513, an order under subsection (f) of such section, or the approval of an application under section 515;

“(2) the information meets the requirements of section 552;

“(3) the information to be disseminated is not derived from clinical research conducted by another manufacturer or if it was derived from research conducted by another manufacturer, the manufacturer disseminating the information has the permission of such other manufacturer to make the dissemination;

“(4) the manufacturer has, 60 days before such dissemination, submitted to the Secretary—

“(A) a copy of the information to be disseminated;

and

“(B) any clinical trial information the manufacturer has relating to the safety or effectiveness of the new use, any reports of clinical experience pertinent to the safety of the new use, and a summary of such information;

“(5) the manufacturer has complied with the requirements of section 554 (relating to a supplemental application for such use);

“(6) the manufacturer includes along with the information to be disseminated under this subsection—

“(A) a prominently displayed statement that discloses—

“(i) that the information concerns a use of a drug or device that has not been approved or cleared by the Food and Drug Administration;

“(ii) if applicable, that the information is being disseminated at the expense of the manufacturer;

“(iii) if applicable, the name of any authors of the information who are employees of, consultants to, or have received compensation from, the manufacturer, or who have a significant financial interest in the manufacturer;

“(iv) the official labeling for the drug or device and all updates with respect to the labeling;

“(v) if applicable, a statement that there are products or treatments that have been approved or cleared for the use that is the subject of the information being disseminated pursuant to subsection (a)(1); and

“(vi) the identification of any person that has provided funding for the conduct of a study relating to the new use of a drug or device for which such information is being disseminated; and

“(B) a bibliography of other articles from a scientific reference publication or scientific or medical journal that

have been previously published about the use of the drug or device covered by the information disseminated (unless the information already includes such bibliography).

“(c) **ADDITIONAL INFORMATION.**—If the Secretary determines, after providing notice of such determination and an opportunity for a meeting with respect to such determination, that the information submitted by a manufacturer under subsection (b)(3)(B), with respect to the use of a drug or device for which the manufacturer intends to disseminate information, fails to provide data, analyses, or other written matter that is objective and balanced, the Secretary may require the manufacturer to disseminate—

“(1) additional objective and scientifically sound information that pertains to the safety or effectiveness of the use and is necessary to provide objectivity and balance, including any information that the manufacturer has submitted to the Secretary or, where appropriate, a summary of such information or any other information that the Secretary has authority to make available to the public; and

“(2) an objective statement of the Secretary, based on data or other scientifically sound information available to the Secretary, that bears on the safety or effectiveness of the new use of the drug or device.

21 USC
360aaa-1.

“SEC. 552. INFORMATION AUTHORIZED TO BE DISSEMINATED.

“(a) **AUTHORIZED INFORMATION.**—A manufacturer may disseminate information under section 551 on a new use only if the information—

“(1) is in the form of an unabridged—

“(A) reprint or copy of an article, peer-reviewed by experts qualified by scientific training or experience to evaluate the safety or effectiveness of the drug or device involved, which was published in a scientific or medical journal (as defined in section 556(5)), which is about a clinical investigation with respect to the drug or device, and which would be considered to be scientifically sound by such experts; or

“(B) reference publication, described in subsection (b), that includes information about a clinical investigation with respect to the drug or device that would be considered to be scientifically sound by experts qualified by scientific training or experience to evaluate the safety or effectiveness of the drug or device that is the subject of such a clinical investigation; and

“(2) is not false or misleading and would not pose a significant risk to the public health.

“(b) **REFERENCE PUBLICATION.**—A reference publication referred to in subsection (a)(1)(B) is a publication that—

“(1) has not been written, edited, excerpted, or published specifically for, or at the request of, a manufacturer of a drug or device;

“(2) has not been edited or significantly influenced by such a manufacturer;

“(3) is not solely distributed through such a manufacturer but is generally available in bookstores or other distribution channels where medical textbooks are sold;

“(4) does not focus on any particular drug or device of a manufacturer that disseminates information under section

551 and does not have a primary focus on new uses of drugs or devices that are marketed or under investigation by a manufacturer supporting the dissemination of information; and

“(5) presents materials that are not false or misleading.

“SEC. 553. ESTABLISHMENT OF LIST OF ARTICLES AND PUBLICATIONS DISSEMINATED AND LIST OF PROVIDERS THAT RECEIVED ARTICLES AND REFERENCE PUBLICATIONS.

21 USC
360aaa-2.

“(a) IN GENERAL.—A manufacturer may disseminate information under section 551 on a new use only if the manufacturer prepares and submits to the Secretary biannually—

“(1) a list containing the titles of the articles and reference publications relating to the new use of drugs or devices that were disseminated by the manufacturer to a person described in section 551(a) for the 6-month period preceding the date on which the manufacturer submits the list to the Secretary; and

“(2) a list that identifies the categories of providers (as described in section 551(a)) that received the articles and reference publications for the 6-month period described in paragraph (1).

“(b) RECORDS.—A manufacturer that disseminates information under section 551 shall keep records that may be used by the manufacturer when, pursuant to section 555, such manufacturer is required to take corrective action and shall be made available to the Secretary, upon request, for purposes of ensuring or taking corrective action pursuant to such section. Such records, at the Secretary’s discretion, may identify the recipient of information provided pursuant to section 551 or the categories of such recipients.

“SEC. 554. REQUIREMENT REGARDING SUBMISSION OF SUPPLEMENTAL APPLICATION FOR NEW USE; EXEMPTION FROM REQUIREMENT.

21 USC
360aaa-3.

“(a) IN GENERAL.—A manufacturer may disseminate information under section 551 on a new use only if—

“(1)(A) the manufacturer has submitted to the Secretary a supplemental application for such use; or

“(B) the manufacturer meets the condition described in subsection (b) or (c) (relating to a certification that the manufacturer will submit such an application); or

“(2) there is in effect for the manufacturer an exemption under subsection (d) from the requirement of paragraph (1).

“(b) CERTIFICATION ON SUPPLEMENTAL APPLICATION; CONDITION IN CASE OF COMPLETED STUDIES.—For purposes of subsection (a)(1)(B), a manufacturer may disseminate information on a new use if the manufacturer has submitted to the Secretary an application containing a certification that—

“(1) the studies needed for the submission of a supplemental application for the new use have been completed; and

“(2) the supplemental application will be submitted to the Secretary not later than 6 months after the date of the initial dissemination of information under section 551.

“(c) CERTIFICATION ON SUPPLEMENTAL APPLICATION; CONDITION IN CASE OF PLANNED STUDIES.—

“(1) IN GENERAL.—For purposes of subsection (a)(1)(B), a manufacturer may disseminate information on a new use if—

“(A) the manufacturer has submitted to the Secretary an application containing—

“(i) a proposed protocol and schedule for conducting the studies needed for the submission of a supplemental application for the new use; and

“(ii) a certification that the supplemental application will be submitted to the Secretary not later than 36 months after the date of the initial dissemination of information under section 551 (or, as applicable, not later than such date as the Secretary may specify pursuant to an extension under paragraph (3)); and

“(B) the Secretary has determined that the proposed protocol is adequate and that the schedule for completing such studies is reasonable.

“(2) PROGRESS REPORTS ON STUDIES.—A manufacturer that submits to the Secretary an application under paragraph (1) shall submit to the Secretary periodic reports describing the status of the studies involved.

“(3) EXTENSION OF TIME REGARDING PLANNED STUDIES.—The period of 36 months authorized in paragraph (1)(A)(ii) for the completion of studies may be extended by the Secretary if—

“(A) the Secretary determines that the studies needed to submit such an application cannot be completed and submitted within 36 months; or

“(B) the manufacturer involved submits to the Secretary a written request for the extension and the Secretary determines that the manufacturer has acted with due diligence to conduct the studies in a timely manner, except that an extension under this subparagraph may not be provided for more than 24 additional months.

“(d) EXEMPTION FROM REQUIREMENT OF SUPPLEMENTAL APPLICATION.—

“(1) IN GENERAL.—For purposes of subsection (a)(2), a manufacturer may disseminate information on a new use if—

“(A) the manufacturer has submitted to the Secretary an application for an exemption from meeting the requirement of subsection (a)(1); and

“(B)(i) the Secretary has approved the application in accordance with paragraph (2); or

“(ii) the application is deemed under paragraph (3)(A) to have been approved (unless such approval is terminated pursuant to paragraph (3)(B)).

“(2) CONDITIONS FOR APPROVAL.—The Secretary may approve an application under paragraph (1) for an exemption if the Secretary makes a determination described in subparagraph (A) or (B), as follows:

“(A) The Secretary makes a determination that, for reasons defined by the Secretary, it would be economically prohibitive with respect to such drug or device for the manufacturer to incur the costs necessary for the submission of a supplemental application. In making such determination, the Secretary shall consider (in addition to any other considerations the Secretary finds appropriate)—

“(i) the lack of the availability under law of any period during which the manufacturer would have exclusive marketing rights with respect to the new use involved; and

“(ii) the size of the population expected to benefit from approval of the supplemental application.

“(B) The Secretary makes a determination that, for reasons defined by the Secretary, it would be unethical to conduct the studies necessary for the supplemental application. In making such determination, the Secretary shall consider (in addition to any other considerations the Secretary finds appropriate) whether the new use involved is the standard of medical care for a health condition.

“(3) TIME FOR CONSIDERATION OF APPLICATION; DEEMED APPROVAL.—

“(A) IN GENERAL.—The Secretary shall approve or deny an application under paragraph (1) for an exemption not later than 60 days after the receipt of the application. If the Secretary does not comply with the preceding sentence, the application is deemed to be approved.

“(B) TERMINATION OF DEEMED APPROVAL.—If pursuant to a deemed approval under subparagraph (A) a manufacturer disseminates written information under section 551 on a new use, the Secretary may at any time terminate such approval and under section 555(b)(3) order the manufacturer to cease disseminating the information.

“(e) REQUIREMENTS REGARDING APPLICATIONS.—Applications under this section shall be submitted in the form and manner prescribed by the Secretary.

“SEC. 555. CORRECTIVE ACTIONS; CESSATION OF DISSEMINATION.

“(a) POSTDISSEMINATION DATA REGARDING SAFETY AND EFFECTIVENESS.—

“(1) CORRECTIVE ACTIONS.—With respect to data received by the Secretary after the dissemination of information under section 551 by a manufacturer has begun (whether received pursuant to paragraph (2) or otherwise), if the Secretary determines that the data indicate that the new use involved may not be effective or may present a significant risk to public health, the Secretary shall, after consultation with the manufacturer, take such action regarding the dissemination of the information as the Secretary determines to be appropriate for the protection of the public health, which may include ordering that the manufacturer cease the dissemination of the information.

“(2) RESPONSIBILITIES OF MANUFACTURERS TO SUBMIT DATA.—After a manufacturer disseminates information under section 551, the manufacturer shall submit to the Secretary a notification of any additional knowledge of the manufacturer on clinical research or other data that relate to the safety or effectiveness of the new use involved. If the manufacturer is in possession of the data, the notification shall include the data. The Secretary shall by regulation establish the scope of the responsibilities of manufacturers under this paragraph, including such limits on the responsibilities as the Secretary determines to be appropriate.

“(b) CESSATION OF DISSEMINATION.—

“(1) FAILURE OF MANUFACTURER TO COMPLY WITH REQUIREMENTS.—The Secretary may order a manufacturer to cease the dissemination of information pursuant to section 551 if

21 USC
360aaa–4.

Regulations.

the Secretary determines that the information being disseminated does not comply with the requirements established in this subchapter. Such an order may be issued only after the Secretary has provided notice to the manufacturer of the intent of the Secretary to issue the order and (unless paragraph (2)(B) applies) has provided an opportunity for a meeting with respect to such intent. If the failure of the manufacturer constitutes a minor violation of this subchapter, the Secretary shall delay issuing the order and provide to the manufacturer an opportunity to correct the violation.

“(2) SUPPLEMENTAL APPLICATIONS.—The Secretary may order a manufacturer to cease the dissemination of information pursuant to section 551 if—

“(A) in the case of a manufacturer that has submitted a supplemental application for a new use pursuant to section 554(a)(1), the Secretary determines that the supplemental application does not contain adequate information for approval of the new use for which the application was submitted;

“(B) in the case of a manufacturer that has submitted a certification under section 554(b), the manufacturer has not, within the 6-month period involved, submitted the supplemental application referred to in the certification; or

“(C) in the case of a manufacturer that has submitted a certification under section 554(c) but has not yet submitted the supplemental application referred to in the certification, the Secretary determines, after an informal hearing, that the manufacturer is not acting with due diligence to complete the studies involved.

“(3) TERMINATION OF DEEMED APPROVAL OF EXEMPTION REGARDING SUPPLEMENTAL APPLICATIONS.—If under section 554(d)(3) the Secretary terminates a deemed approval of an exemption, the Secretary may order the manufacturer involved to cease disseminating the information. A manufacturer shall comply with an order under the preceding sentence not later than 60 days after the receipt of the order.

“(c) CORRECTIVE ACTIONS BY MANUFACTURERS.—

“(1) IN GENERAL.—In any case in which under this section the Secretary orders a manufacturer to cease disseminating information, the Secretary may order the manufacturer to take action to correct the information that has been disseminated, except as provided in paragraph (2).

“(2) TERMINATION OF DEEMED APPROVAL OF EXEMPTION REGARDING SUPPLEMENTAL APPLICATIONS.—In the case of an order under subsection (b)(3) to cease disseminating information, the Secretary may not order the manufacturer involved to take action to correct the information that has been disseminated unless the Secretary determines that the new use described in the information would pose a significant risk to the public health.

“SEC. 556. DEFINITIONS.

“For purposes of this subchapter:

“(1) The term ‘health care practitioner’ means a physician, or other individual who is a provider of health care, who is licensed under the law of a State to prescribe drugs or devices.

“(2) The terms ‘health insurance issuer’ and ‘group health plan’ have the meaning given such terms under section 2791 of the Public Health Service Act.

“(3) The term ‘manufacturer’ means a person who manufactures a drug or device, or who is licensed by such person to distribute or market the drug or device.

“(4) The term ‘new use’—

“(A) with respect to a drug, means a use that is not included in the labeling of the approved drug; and

“(B) with respect to a device, means a use that is not included in the labeling for the approved or cleared device.

“(5) The term ‘scientific or medical journal’ means a scientific or medical publication—

“(A) that is published by an organization—

“(i) that has an editorial board;

“(ii) that utilizes experts, who have demonstrated expertise in the subject of an article under review by the organization and who are independent of the organization, to review and objectively select, reject, or provide comments about proposed articles; and

“(iii) that has a publicly stated policy, to which the organization adheres, of full disclosure of any conflict of interest or biases for all authors or contributors involved with the journal or organization;

“(B) whose articles are peer-reviewed and published in accordance with the regular peer-review procedures of the organization;

“(C) that is generally recognized to be of national scope and reputation;

“(D) that is indexed in the Index Medicus of the National Library of Medicine of the National Institutes of Health; and

“(E) that is not in the form of a special supplement that has been funded in whole or in part by one or more manufacturers.

“SEC. 557. RULES OF CONSTRUCTION.

21 USC
360aaa-6.

“(a) UNSOLICITED REQUEST.—Nothing in section 551 shall be construed as prohibiting a manufacturer from disseminating information in response to an unsolicited request from a health care practitioner.

“(b) DISSEMINATION OF INFORMATION ON DRUGS OR DEVICES NOT EVIDENCE OF INTENDED USE.—Notwithstanding subsection (a), (f), or (o) of section 502, or any other provision of law, the dissemination of information relating to a new use of a drug or device, in accordance with section 551, shall not be construed by the Secretary as evidence of a new intended use of the drug or device that is different from the intended use of the drug or device set forth in the official labeling of the drug or device. Such dissemination shall not be considered by the Secretary as labeling, adulteration, or misbranding of the drug or device.

“(c) PATENT PROTECTION.—Nothing in section 551 shall affect patent rights in any manner.

“(d) AUTHORIZATION FOR DISSEMINATION OF ARTICLES AND FEES FOR REPRINTS OF ARTICLES.—Nothing in section 551 shall be construed as prohibiting an entity that publishes a scientific journal

(as defined in section 556(5)) from requiring authorization from the entity to disseminate an article published by such entity or charging fees for the purchase of reprints of published articles from such entity.”.

(b) PROHIBITED ACT.—Section 301 (21 U.S.C. 331), as amended by section 210, is amended by adding at the end the following: “(z) The dissemination of information in violation of section 551.”.

21 USC 360aaa
note.

(c) REGULATIONS.—Not later than 1 year after the date of enactment of this Act, the Secretary of Health and Human Services shall promulgate regulations to implement the amendments made by this section.

21 USC 360aaa
note.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect 1 year after the date of enactment of this Act, or upon the Secretary’s issuance of final regulations pursuant to subsection (c), whichever is sooner.

21 USC 360aaa
note.

(e) SUNSET.—The amendments made by this section cease to be effective September 30, 2006, or 7 years after the date on which the Secretary promulgates the regulations described in subsection (c), whichever is later.

21 USC 360aaa
note.

(f) STUDIES AND REPORTS.—

(1) GENERAL ACCOUNTING OFFICE.—

(A) IN GENERAL.—The Comptroller General of the United States shall conduct a study to determine the impact of subchapter D of chapter V of the Federal Food, Drug, and Cosmetic Act, as added by this section, on the resources of the Department of Health and Human Services.

(B) REPORT.—Not later than January 1, 2002, the Comptroller General of the United States shall prepare and submit to the Committee on Labor and Human Resources of the Senate and the Committee on Commerce of the House of Representatives a report of the results of the study.

(2) DEPARTMENT OF HEALTH AND HUMAN SERVICES.—

(A) IN GENERAL.—In order to assist Congress in determining whether the provisions of such subchapter should be extended beyond the termination date specified in subsection (e), the Secretary of Health and Human Services shall, in accordance with subparagraph (B), arrange for the conduct of a study of the scientific issues raised as a result of the enactment of such subchapter including issues relating to—

(i) the effectiveness of such subchapter with respect to the provision of useful scientific information to health care practitioners;

(ii) the quality of the information being disseminated pursuant to the provisions of such subchapter;

(iii) the quality and usefulness of the information provided, in accordance with such subchapter, by the Secretary or by the manufacturer at the request of the Secretary; and

(iv) the impact of such subchapter on research in the area of new uses, indications, or dosages, particularly the impact on pediatric indications and rare diseases.

(3) PROCEDURE FOR STUDY.—

(A) IN GENERAL.—The Secretary shall request the Institute of Medicine of the National Academy of Sciences to conduct the study required by paragraph (2), and to prepare and submit the report required by subparagraph (B), under an arrangement by which the actual expenses incurred by the Institute of Medicine in conducting the study and preparing the report will be paid by the Secretary. If the Institute of Medicine is unwilling to conduct the study under such an arrangement, the Comptroller General of the United States shall conduct such study.

(B) REPORT.—Not later than September 30, 2005, the Institute of Medicine or the Comptroller General of the United States, as appropriate, shall prepare and submit to the Committee on Labor and Human Resources of the Senate, the Committee on Commerce of the House of Representatives, and the Secretary a report of the results of the study required by paragraph (2). The Secretary, after the receipt of the report, shall make the report available to the public.

SEC. 402. EXPANDED ACCESS TO INVESTIGATIONAL THERAPIES AND DIAGNOSTICS.

Chapter V (21 U.S.C. 351 et seq.), as amended in section 401, is further amended by adding at the end the following:

“SUBCHAPTER E—GENERAL PROVISIONS RELATING TO DRUGS AND DEVICES

“SEC. 561. EXPANDED ACCESS TO UNAPPROVED THERAPIES AND DIAGNOSTICS. 21 USC 360bbb.

“(a) EMERGENCY SITUATIONS.—The Secretary may, under appropriate conditions determined by the Secretary, authorize the shipment of investigational drugs or investigational devices for the diagnosis, monitoring, or treatment of a serious disease or condition in emergency situations.

“(b) INDIVIDUAL PATIENT ACCESS TO INVESTIGATIONAL PRODUCTS INTENDED FOR SERIOUS DISEASES.—Any person, acting through a physician licensed in accordance with State law, may request from a manufacturer or distributor, and any manufacturer or distributor may, after complying with the provisions of this subsection, provide to such physician an investigational drug or investigational device for the diagnosis, monitoring, or treatment of a serious disease or condition if—

“(1) the licensed physician determines that the person has no comparable or satisfactory alternative therapy available to diagnose, monitor, or treat the disease or condition involved, and that the probable risk to the person from the investigational drug or investigational device is not greater than the probable risk from the disease or condition;

“(2) the Secretary determines that there is sufficient evidence of safety and effectiveness to support the use of the investigational drug or investigational device in the case described in paragraph (1);

“(3) the Secretary determines that provision of the investigational drug or investigational device will not interfere with the initiation, conduct, or completion of clinical investigations to support marketing approval; and

“(4) the sponsor, or clinical investigator, of the investigational drug or investigational device submits to the Secretary a clinical protocol consistent with the provisions of section 505(i) or 520(g), including any regulations promulgated under section 505(i) or 520(g), describing the use of the investigational drug or investigational device in a single patient or a small group of patients.

“(c) TREATMENT INVESTIGATIONAL NEW DRUG APPLICATIONS AND TREATMENT INVESTIGATIONAL DEVICE EXEMPTIONS.—Upon submission by a sponsor or a physician of a protocol intended to provide widespread access to an investigational drug or investigational device for eligible patients (referred to in this subsection as an ‘expanded access protocol’), the Secretary shall permit such investigational drug or investigational device to be made available for expanded access under a treatment investigational new drug application or treatment investigational device exemption if the Secretary determines that—

“(1) under the treatment investigational new drug application or treatment investigational device exemption, the investigational drug or investigational device is intended for use in the diagnosis, monitoring, or treatment of a serious or immediately life-threatening disease or condition;

“(2) there is no comparable or satisfactory alternative therapy available to diagnose, monitor, or treat that stage of disease or condition in the population of patients to which the investigational drug or investigational device is intended to be administered;

“(3)(A) the investigational drug or investigational device is under investigation in a controlled clinical trial for the use described in paragraph (1) under an investigational drug application in effect under section 505(i) or investigational device exemption in effect under section 520(g); or

“(B) all clinical trials necessary for approval of that use of the investigational drug or investigational device have been completed;

“(4) the sponsor of the controlled clinical trials is actively pursuing marketing approval of the investigational drug or investigational device for the use described in paragraph (1) with due diligence;

“(5) in the case of an investigational drug or investigational device described in paragraph (3)(A), the provision of the investigational drug or investigational device will not interfere with the enrollment of patients in ongoing clinical investigations under section 505(i) or 520(g);

“(6) in the case of serious diseases, there is sufficient evidence of safety and effectiveness to support the use described in paragraph (1); and

“(7) in the case of immediately life-threatening diseases, the available scientific evidence, taken as a whole, provides a reasonable basis to conclude that the investigational drug or investigational device may be effective for its intended use and would not expose patients to an unreasonable and significant risk of illness or injury.

A protocol submitted under this subsection shall be subject to the provisions of section 505(i) or 520(g), including regulations promulgated under section 505(i) or 520(g). The Secretary may inform national, State, and local medical associations and societies,

voluntary health associations, and other appropriate persons about the availability of an investigational drug or investigational device under expanded access protocols submitted under this subsection. The information provided by the Secretary, in accordance with the preceding sentence, shall be the same type of information that is required by section 402(j)(3) of the Public Health Service Act.

“(d) TERMINATION.—The Secretary may, at any time, with respect to a sponsor, physician, manufacturer, or distributor described in this section, terminate expanded access provided under this section for an investigational drug or investigational device if the requirements under this section are no longer met.

“(e) DEFINITIONS.—In this section, the terms ‘investigational drug’, ‘investigational device’, ‘treatment investigational new drug application’, and ‘treatment investigational device exemption’ shall have the meanings given the terms in regulations prescribed by the Secretary.”.

SEC. 403. APPROVAL OF SUPPLEMENTAL APPLICATIONS FOR APPROVED PRODUCTS. 21 USC 371 note.

(a) STANDARDS.—Not later than 180 days after the date of enactment of this Act, the Secretary of Health and Human Services shall publish in the Federal Register standards for the prompt review of supplemental applications submitted for approved articles under the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.) or section 351 of the Public Health Service Act (42 U.S.C. 262).

(b) GUIDANCE TO INDUSTRY.—Not later than 180 days after the date of enactment of this Act, the Secretary shall issue final guidances to clarify the requirements for, and facilitate the submission of data to support, the approval of supplemental applications for the approved articles described in subsection (a). The guidances shall—

(1) clarify circumstances in which published matter may be the basis for approval of a supplemental application;

(2) specify data requirements that will avoid duplication of previously submitted data by recognizing the availability of data previously submitted in support of an original application; and

(3) define supplemental applications that are eligible for priority review.

(c) RESPONSIBILITIES OF CENTERS.—The Secretary shall designate an individual in each center within the Food and Drug Administration (except the Center for Food Safety and Applied Nutrition) to be responsible for—

(1) encouraging the prompt review of supplemental applications for approved articles; and

(2) working with sponsors to facilitate the development and submission of data to support supplemental applications.

(d) COLLABORATION.—The Secretary shall implement programs and policies that will foster collaboration between the Food and Drug Administration, the National Institutes of Health, professional medical and scientific societies, and other persons, to identify published and unpublished studies that may support a supplemental application, and to encourage sponsors to make supplemental applications or conduct further research in support of a supplemental application based, in whole or in part, on such studies.

SEC. 404. DISPUTE RESOLUTION.

Subchapter E of chapter V, as added by section 402, is amended by adding at the end the following:

21 USC
360bbb–1.
Regulations.

“SEC. 562. DISPUTE RESOLUTION.

“If, regarding an obligation concerning drugs or devices under this Act or section 351 of the Public Health Service Act, there is a scientific controversy between the Secretary and a person who is a sponsor, applicant, or manufacturer and no specific provision of the Act involved, including a regulation promulgated under such Act, provides a right of review of the matter in controversy, the Secretary shall, by regulation, establish a procedure under which such sponsor, applicant, or manufacturer may request a review of such controversy, including a review by an appropriate scientific advisory panel described in section 505(n) or an advisory committee described in section 515(g)(2)(B). Any such review shall take place in a timely manner. The Secretary shall promulgate such regulations within 1 year after the date of the enactment of the Food and Drug Administration Modernization Act of 1997.”.

SEC. 405. INFORMAL AGENCY STATEMENTS.

Section 701 (21 U.S.C. 371) is amended by adding at the end the following:

“(h)(1)(A) The Secretary shall develop guidance documents with public participation and ensure that information identifying the existence of such documents and the documents themselves are made available to the public both in written form and, as feasible, through electronic means. Such documents shall not create or confer any rights for or on any person, although they present the views of the Secretary on matters under the jurisdiction of the Food and Drug Administration.

“(B) Although guidance documents shall not be binding on the Secretary, the Secretary shall ensure that employees of the Food and Drug Administration do not deviate from such guidances without appropriate justification and supervisory concurrence. The Secretary shall provide training to employees in how to develop and use guidance documents and shall monitor the development and issuance of such documents.

“(C) For guidance documents that set forth initial interpretations of a statute or regulation, changes in interpretation or policy that are of more than a minor nature, complex scientific issues, or highly controversial issues, the Secretary shall ensure public participation prior to implementation of guidance documents, unless the Secretary determines that such prior public participation is not feasible or appropriate. In such cases, the Secretary shall provide for public comment upon implementation and take such comment into account.

“(D) For guidance documents that set forth existing practices or minor changes in policy, the Secretary shall provide for public comment upon implementation.

“(2) In developing guidance documents, the Secretary shall ensure uniform nomenclature for such documents and uniform internal procedures for approval of such documents. The Secretary shall ensure that guidance documents and revisions of such documents are properly dated and indicate the nonbinding nature of the documents. The Secretary shall periodically review all guidance documents and, where appropriate, revise such documents.

“(3) The Secretary, acting through the Commissioner, shall maintain electronically and update and publish periodically in the Federal Register a list of guidance documents. All such documents shall be made available to the public.

“(4) The Secretary shall ensure that an effective appeals mechanism is in place to address complaints that the Food and Drug Administration is not developing and using guidance documents in accordance with this subsection.

“(5) Not later than July 1, 2000, the Secretary after evaluating the effectiveness of the Good Guidance Practices document, published in the Federal Register at 62 Fed. Reg. 8961, shall promulgate a regulation consistent with this subsection specifying the policies and procedures of the Food and Drug Administration for the development, issuance, and use of guidance documents.”.

Regulations.

SEC. 406. FOOD AND DRUG ADMINISTRATION MISSION AND ANNUAL REPORT.

(a) MISSION.—Section 903 (21 U.S.C. 393) is amended—

(1) by redesignating subsections (b) and (c) as subsections (d) and (e), respectively; and

(2) by inserting after subsection (a) the following:

“(b) MISSION.—The Administration shall—

“(1) promote the public health by promptly and efficiently reviewing clinical research and taking appropriate action on the marketing of regulated products in a timely manner;

“(2) with respect to such products, protect the public health by ensuring that—

“(A) foods are safe, wholesome, sanitary, and properly labeled;

“(B) human and veterinary drugs are safe and effective;

“(C) there is reasonable assurance of the safety and effectiveness of devices intended for human use;

“(D) cosmetics are safe and properly labeled; and

“(E) public health and safety are protected from electronic product radiation;

“(3) participate through appropriate processes with representatives of other countries to reduce the burden of regulation, harmonize regulatory requirements, and achieve appropriate reciprocal arrangements; and

“(4) as determined to be appropriate by the Secretary, carry out paragraphs (1) through (3) in consultation with experts in science, medicine, and public health, and in cooperation with consumers, users, manufacturers, importers, packers, distributors, and retailers of regulated products.”.

(b) ANNUAL REPORT.—Section 903 (21 U.S.C. 393), as amended by subsection (a), is further amended by adding at the end the following:

“(f) AGENCY PLAN FOR STATUTORY COMPLIANCE.—

“(1) IN GENERAL.—Not later than 1 year after the date of enactment of the Food and Drug Administration Modernization Act of 1997, the Secretary, after consultation with appropriate scientific and academic experts, health care professionals, representatives of patient and consumer advocacy groups, and the regulated industry, shall develop and publish in the Federal Register a plan bringing the Secretary into compliance with each of the obligations of the Secretary under this Act. The

Federal Register,
publication.

Secretary shall review the plan biannually and shall revise the plan as necessary, in consultation with such persons.

“(2) OBJECTIVES OF AGENCY PLAN.—The plan required by paragraph (1) shall establish objectives and mechanisms to achieve such objectives, including objectives related to—

“(A) maximizing the availability and clarity of information about the process for review of applications and submissions (including petitions, notifications, and any other similar forms of request) made under this Act;

“(B) maximizing the availability and clarity of information for consumers and patients concerning new products;

“(C) implementing inspection and postmarket monitoring provisions of this Act;

“(D) ensuring access to the scientific and technical expertise needed by the Secretary to meet obligations described in paragraph (1);

“(E) establishing mechanisms, by July 1, 1999, for meeting the time periods specified in this Act for the review of all applications and submissions described in subparagraph (A) and submitted after the date of enactment of the Food and Drug Administration Modernization Act of 1997; and

“(F) eliminating backlogs in the review of applications and submissions described in subparagraph (A), by January 1, 2000.

Federal Register,
publication.

“(g) ANNUAL REPORT.—The Secretary shall annually prepare and publish in the Federal Register and solicit public comment on a report that—

“(1) provides detailed statistical information on the performance of the Secretary under the plan described in subsection (f);

“(2) compares such performance of the Secretary with the objectives of the plan and with the statutory obligations of the Secretary; and

“(3) identifies any regulatory policy that has a significant negative impact on compliance with any objective of the plan or any statutory obligation and sets forth any proposed revision to any such regulatory policy.”.

SEC. 407. INFORMATION SYSTEM.

(a) AMENDMENT.—Chapter VII (21 U.S.C. 371 et seq.) is amended by adding at the end the following:

“SUBCHAPTER D—INFORMATION AND EDUCATION

21 USC 379k.

“SEC. 741. INFORMATION SYSTEM.

“The Secretary shall establish and maintain an information system to track the status and progress of each application or submission (including a petition, notification, or other similar form of request) submitted to the Food and Drug Administration requesting agency action.”.

21 USC 379k
note.

(b) REPORT.—Not later than 1 year after the date of enactment of this Act, the Secretary of Health and Human Services shall submit a report to the Committee on Labor and Human Resources of the Senate and the Committee on Commerce of the House of Representatives on the status of the system to be established under

the amendment made by subsection (a), including the projected costs of the system and concerns about confidentiality.

SEC. 408. EDUCATION AND TRAINING.

(a) **FOOD AND DRUG ADMINISTRATION.**—Chapter VII (21 U.S.C. 371 et seq.), as amended by section 407, is further amended by adding at the end the following section:

“SEC. 742. EDUCATION.

21 USC 379l.

“(a) **IN GENERAL.**—The Secretary shall conduct training and education programs for the employees of the Food and Drug Administration relating to the regulatory responsibilities and policies established by this Act, including programs for—

“(1) scientific training;

“(2) training to improve the skill of officers and employees authorized to conduct inspections under section 704;

“(3) training to achieve product specialization in such inspections; and

“(4) training in administrative process and procedure and integrity issues.

“(b) **INTRAMURAL FELLOWSHIPS AND OTHER TRAINING PROGRAMS.**—The Secretary, acting through the Commissioner, may, through fellowships and other training programs, conduct and support intramural research training for predoctoral and postdoctoral scientists and physicians.”.

(b) **CENTERS FOR DISEASE CONTROL AND PREVENTION.**—

(1) **IN GENERAL.**—Part B of title III of the Public Health Service Act is amended by inserting after section 317F (42 U.S.C. 247b–7) the following:

“SEC. 317G. FELLOWSHIP AND TRAINING PROGRAMS.

42 USC 247b–8.

“The Secretary, acting through the Director of the Centers for Disease Control and Prevention, shall establish fellowship and training programs to be conducted by such Centers to train individuals to develop skills in epidemiology, surveillance, laboratory analysis, and other disease detection and prevention methods. Such programs shall be designed to enable health professionals and health personnel trained under such programs to work, after receiving such training, in local, State, national, and international efforts toward the prevention and control of diseases, injuries, and disabilities. Such fellowships and training may be administered through the use of either appointment or nonappointment procedures.”.

(2) **EFFECTIVE DATE.**—The amendment made by this subsection is deemed to have taken effect July 1, 1995.

42 USC 247b–8 note.

SEC. 409. CENTERS FOR EDUCATION AND RESEARCH ON THERAPEUTICS.

Title IX of the Public Health Service Act (42 U.S.C. 299 et seq.) is amended by adding at the end of part A the following new section:

“SEC. 905. DEMONSTRATION PROGRAM REGARDING CENTERS FOR EDUCATION AND RESEARCH ON THERAPEUTICS.

42 USC 299a–3.

“(a) **IN GENERAL.**—The Secretary, acting through the Administrator and in consultation with the Commissioner of Food and Drugs, shall establish a demonstration program for the purpose of making one or more grants for the establishment and operation

of one or more centers to carry out the activities specified in subsection (b).

“(b) REQUIRED ACTIVITIES.—The activities referred to in subsection (a) are the following:

“(1) The conduct of state-of-the-art clinical and laboratory research for the following purposes:

“(A) To increase awareness of—

“(i) new uses of drugs, biological products, and devices;

“(ii) ways to improve the effective use of drugs, biological products, and devices; and

“(iii) risks of new uses and risks of combinations of drugs and biological products.

“(B) To provide objective clinical information to the following individuals and entities:

“(i) Health care practitioners or other providers of health care goods or services.

“(ii) Pharmacy benefit managers.

“(iii) Health maintenance organizations or other managed health care organizations.

“(iv) Health care insurers or governmental agencies.

“(v) Consumers.

“(C) To improve the quality of health care while reducing the cost of health care through—

“(i) the appropriate use of drugs, biological products, or devices; and

“(ii) the prevention of adverse effects of drugs, biological products, and devices and the consequences of such effects, such as unnecessary hospitalizations.

“(2) The conduct of research on the comparative effectiveness and safety of drugs, biological products, and devices.

“(3) Such other activities as the Secretary determines to be appropriate, except that the grant may not be expended to assist the Secretary in the review of new drugs.

“(c) APPLICATION FOR GRANT.—A grant under subsection (a) may be made only if an application for the grant is submitted to the Secretary and the application is in such form, is made in such manner, and contains such agreements, assurances, and information as the Secretary determines to be necessary to carry out this section.

“(d) PEER REVIEW.—A grant under subsection (a) may be made only if the application for the grant has undergone appropriate technical and scientific peer review.

“(e) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this section, there are authorized to be appropriated \$2,000,000 for fiscal year 1998, and \$3,000,000 for each of fiscal years 1999 through 2002.”.

SEC. 410. MUTUAL RECOGNITION AGREEMENTS AND GLOBAL HARMONIZATION.

(a) GOOD MANUFACTURING PRACTICE REQUIREMENTS.—Section 520(f)(1)(B) (21 U.S.C. 360j(f)(1)(B)) is amended—

(1) in clause (i), by striking “, and” at the end and inserting a semicolon;

(2) in clause (ii), by striking the period and inserting “; and”; and

(3) by inserting after clause (ii) the following:

“(iii) ensure that such regulation conforms, to the extent practicable, with internationally recognized standards defining quality systems, or parts of the standards, for medical devices.”.

(b) HARMONIZATION EFFORTS.—Section 803 (21 U.S.C. 383) is amended by adding at the end the following:

“(c)(1) The Secretary shall support the Office of the United States Trade Representative, in consultation with the Secretary of Commerce, in meetings with representatives of other countries to discuss methods and approaches to reduce the burden of regulation and harmonize regulatory requirements if the Secretary determines that such harmonization continues consumer protections consistent with the purposes of this Act.

“(2) The Secretary shall support the Office of the United States Trade Representative, in consultation with the Secretary of Commerce, in efforts to move toward the acceptance of mutual recognition agreements relating to the regulation of drugs, biological products, devices, foods, food additives, and color additives, and the regulation of good manufacturing practices, between the European Union and the United States.

“(3) The Secretary shall regularly participate in meetings with representatives of other foreign governments to discuss and reach agreement on methods and approaches to harmonize regulatory requirements.

“(4) The Secretary shall, not later than 180 days after the date of enactment of the Food and Drug Administration Modernization Act of 1997, make public a plan that establishes a framework for achieving mutual recognition of good manufacturing practices inspections.

“(5) Paragraphs (1) through (4) shall not apply with respect to products defined in section 201(ff).”.

SEC. 411. ENVIRONMENTAL IMPACT REVIEW.

Chapter VII (21 U.S.C. 371 et seq.), as amended by section 407, is further amended by adding at the end the following:

“SUBCHAPTER E—ENVIRONMENTAL IMPACT REVIEW

“SEC. 746. ENVIRONMENTAL IMPACT.

21 USC 379o.

“Notwithstanding any other provision of law, an environmental impact statement prepared in accordance with the regulations published in part 25 of title 21, Code of Federal Regulations (as in effect on August 31, 1997) in connection with an action carried out under (or a recommendation or report relating to) this Act, shall be considered to meet the requirements for a detailed statement under section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)).”.

SEC. 412. NATIONAL UNIFORMITY FOR NONPRESCRIPTION DRUGS AND COSMETICS.

(a) NONPRESCRIPTION DRUGS.—Chapter VII (21 U.S.C. 371 et seq.), as amended by section 411, is further amended by adding at the end the following:

“SUBCHAPTER F—NATIONAL UNIFORMITY FOR NONPRESCRIPTION
DRUGS AND PREEMPTION FOR LABELING OR PACKAGING OF COS-
METICS

21 USC 379r.

“SEC. 751. NATIONAL UNIFORMITY FOR NONPRESCRIPTION DRUGS.

“(a) IN GENERAL.—Except as provided in subsection (b), (c)(1), (d), (e), or (f), no State or political subdivision of a State may establish or continue in effect any requirement—

“(1) that relates to the regulation of a drug that is not subject to the requirements of section 503(b)(1) or 503(f)(1)(A); and

“(2) that is different from or in addition to, or that is otherwise not identical with, a requirement under this Act, the Poison Prevention Packaging Act of 1970 (15 U.S.C. 1471 et seq.), or the Fair Packaging and Labeling Act (15 U.S.C. 1451 et seq.).

“(b) EXEMPTION.—

“(1) IN GENERAL.—Upon application of a State or political subdivision thereof, the Secretary may by regulation, after notice and opportunity for written and oral presentation of views, exempt from subsection (a), under such conditions as may be prescribed in such regulation, a State or political subdivision requirement that—

“(A) protects an important public interest that would otherwise be unprotected, including the health and safety of children;

“(B) would not cause any drug to be in violation of any applicable requirement or prohibition under Federal law; and

“(C) would not unduly burden interstate commerce.

“(2) TIMELY ACTION.—The Secretary shall make a decision on the exemption of a State or political subdivision requirement under paragraph (1) not later than 120 days after receiving the application of the State or political subdivision under paragraph (1).

“(c) SCOPE.—

“(1) IN GENERAL.—This section shall not apply to—

“(A) any State or political subdivision requirement that relates to the practice of pharmacy; or

“(B) any State or political subdivision requirement that a drug be dispensed only upon the prescription of a practitioner licensed by law to administer such drug.

“(2) SAFETY OR EFFECTIVENESS.—For purposes of subsection (a), a requirement that relates to the regulation of a drug shall be deemed to include any requirement relating to public information or any other form of public communication relating to a warning of any kind for a drug.

“(d) EXCEPTIONS.—

“(1) IN GENERAL.—In the case of a drug described in subsection (a)(1) that is not the subject of an application approved under section 505 or section 507 (as in effect on the day before the date of enactment of the Food and Drug Administration Modernization Act of 1997) or a final regulation promulgated by the Secretary establishing conditions under which the drug is generally recognized as safe and effective and not misbranded, subsection (a) shall apply only with respect to a requirement of a State or political subdivision of a State that

relates to the same subject as, but is different from or in addition to, or that is otherwise not identical with—

“(A) a regulation in effect with respect to the drug pursuant to a statute described in subsection (a)(2); or

“(B) any other requirement in effect with respect to the drug pursuant to an amendment to such a statute made on or after the date of enactment of the Food and Drug Administration Modernization Act of 1997.

“(2) STATE INITIATIVES.—This section shall not apply to a State requirement adopted by a State public initiative or referendum enacted prior to September 1, 1997.

“(e) NO EFFECT ON PRODUCT LIABILITY LAW.—Nothing in this section shall be construed to modify or otherwise affect any action or the liability of any person under the product liability law of any State.

“(f) STATE ENFORCEMENT AUTHORITY.—Nothing in this section shall prevent a State or political subdivision thereof from enforcing, under any relevant civil or other enforcement authority, a requirement that is identical to a requirement of this Act.”

(b) INSPECTIONS.—Section 704(a)(1) (21 U.S.C. 374(a)(1)) is amended by striking “prescription drugs” each place it appears and inserting “prescription drugs, nonprescription drugs intended for human use,”.

(c) MISBRANDING.—Subparagraph (1) of section 502(e) (21 U.S.C. 352(e)(1)) is amended to read as follows:

“(1)(A) If it is a drug, unless its label bears, to the exclusion of any other nonproprietary name (except the applicable systematic chemical name or the chemical formula)—

“(i) the established name (as defined in subparagraph (3)) of the drug, if there is such a name;

“(ii) the established name and quantity or, if determined to be appropriate by the Secretary, the proportion of each active ingredient, including the quantity, kind, and proportion of any alcohol, and also including whether active or not the established name and quantity or if determined to be appropriate by the Secretary, the proportion of any bromides, ether, chloroform, acetanilide, acetophenetidin, amidopyrine, antipyrine, atropine, hyoscyne, hyoscyamine, arsenic, digitalis, digitalis glucosides, mercury, ouabain, strophanthin, strychnine, thyroid, or any derivative or preparation of any such substances, contained therein, except that the requirement for stating the quantity of the active ingredients, other than the quantity of those specifically named in this subclause, shall not apply to nonprescription drugs not intended for human use; and

“(iii) the established name of each inactive ingredient listed in alphabetical order on the outside container of the retail package and, if determined to be appropriate by the Secretary, on the immediate container, as prescribed in regulation promulgated by the Secretary, except that nothing in this subclause shall be deemed to require that any trade secret be divulged, and except that the requirements of this subclause with respect to alphabetical order shall apply only to nonprescription drugs that are not also cosmetics and that this subclause shall not apply to nonprescription drugs not intended for human use.

“(B) For any prescription drug the established name of such drug or ingredient, as the case may be, on such label (and on

any labeling on which a name for such drug or ingredient is used) shall be printed prominently and in type at least half as large as that used thereon for any proprietary name or designation for such drug or ingredient, except that to the extent that compliance with the requirements of subclause (ii) or (iii) of clause (A) or this clause is impracticable, exemptions shall be established by regulations promulgated by the Secretary.”.

(d) COSMETICS.—Subchapter F of chapter VII, as amended by subsection (a), is further amended by adding at the end the following:

21 USC 379s.

“SEC. 752. PREEMPTION FOR LABELING OR PACKAGING OF COSMETICS.

“(a) IN GENERAL.—Except as provided in subsection (b), (d), or (e), no State or political subdivision of a State may establish or continue in effect any requirement for labeling or packaging of a cosmetic that is different from or in addition to, or that is otherwise not identical with, a requirement specifically applicable to a particular cosmetic or class of cosmetics under this Act, the Poison Prevention Packaging Act of 1970 (15 U.S.C. 1471 et seq.), or the Fair Packaging and Labeling Act (15 U.S.C. 1451 et seq.).

“(b) EXEMPTION.—Upon application of a State or political subdivision thereof, the Secretary may by regulation, after notice and opportunity for written and oral presentation of views, exempt from subsection (a), under such conditions as may be prescribed in such regulation, a State or political subdivision requirement for labeling or packaging that—

“(1) protects an important public interest that would otherwise be unprotected;

“(2) would not cause a cosmetic to be in violation of any applicable requirement or prohibition under Federal law; and

“(3) would not unduly burden interstate commerce.

“(c) SCOPE.—For purposes of subsection (a), a reference to a State requirement that relates to the packaging or labeling of a cosmetic means any specific requirement relating to the same aspect of such cosmetic as a requirement specifically applicable to that particular cosmetic or class of cosmetics under this Act for packaging or labeling, including any State requirement relating to public information or any other form of public communication.

“(d) NO EFFECT ON PRODUCT LIABILITY LAW.—Nothing in this section shall be construed to modify or otherwise affect any action or the liability of any person under the product liability law of any State.

“(e) STATE INITIATIVE.—This section shall not apply to a State requirement adopted by a State public initiative or referendum enacted prior to September 1, 1997.”.

21 USC 393 note.

SEC. 413. FOOD AND DRUG ADMINISTRATION STUDY OF MERCURY COMPOUNDS IN DRUGS AND FOOD.

(a) LIST AND ANALYSIS.—The Secretary of Health and Human Services shall, acting through the Food and Drug Administration—

(1) compile a list of drugs and foods that contain intentionally introduced mercury compounds, and

(2) provide a quantitative and qualitative analysis of the mercury compounds in the list under paragraph (1).

The Secretary shall compile the list required by paragraph (1) within 2 years after the date of enactment of the Food and Drug Administration Modernization Act of 1997 and shall provide the

analysis required by paragraph (2) within 2 years after such date of enactment.

(b) **STUDY.**—The Secretary of Health and Human Services, acting through the Food and Drug Administration, shall conduct a study of the effect on humans of the use of mercury compounds in nasal sprays. Such study shall include data from other studies that have been made of such use.

(c) **STUDY OF MERCURY SALES.**—

(1) **STUDY.**—The Secretary of Health and Human Services, acting through the Food and Drug Administration and subject to appropriations, shall conduct, or shall contract with the Institute of Medicine of the National Academy of Sciences to conduct, a study of the effect on humans of the use of elemental, organic, or inorganic mercury when offered for sale as a drug or dietary supplement. Such study shall, among other things, evaluate—

(A) the scope of mercury use as a drug or dietary supplement; and

(B) the adverse effects on health of children and other sensitive populations resulting from exposure to, or ingestion or inhalation of, mercury when so used.

In conducting such study, the Secretary shall consult with the Administrator of the Environmental Protection Agency, the Chair of the Consumer Product Safety Commission, and the Administrator of the Agency for Toxic Substances and Disease Registry, and, to the extent the Secretary believes necessary or appropriate, with any other Federal or private entity.

(2) **REGULATIONS.**—If, in the opinion of the Secretary, the use of elemental, organic, or inorganic mercury offered for sale as a drug or dietary supplement poses a threat to human health, the Secretary shall promulgate regulations restricting the sale of mercury intended for such use. At a minimum, such regulations shall be designed to protect the health of children and other sensitive populations from adverse effects resulting from exposure to, or ingestion or inhalation of, mercury. Such regulations, to the extent feasible, should not unnecessarily interfere with the availability of mercury for use in religious ceremonies.

SEC. 414. INTERAGENCY COLLABORATION.

Section 903 (21 U.S.C. 393), as amended by section 406, is further amended by inserting after subsection (b) the following:

“(c) **INTERAGENCY COLLABORATION.**—The Secretary shall implement programs and policies that will foster collaboration between the Administration, the National Institutes of Health, and other science-based Federal agencies, to enhance the scientific and technical expertise available to the Secretary in the conduct of the duties of the Secretary with respect to the development, clinical investigation, evaluation, and postmarket monitoring of emerging medical therapies, including complementary therapies, and advances in nutrition and food science.”.

SEC. 415. CONTRACTS FOR EXPERT REVIEW.

Chapter IX (21 U.S.C. 391 et seq.), as amended by section 214, is further amended by adding at the end the following:

“SEC. 907. CONTRACTS FOR EXPERT REVIEW.

“(a) **IN GENERAL.**—

“(1) **AUTHORITY.**—The Secretary may enter into a contract with any organization or any individual (who is not an employee of the Department) with relevant expertise, to review and evaluate, for the purpose of making recommendations to the Secretary on, part or all of any application or submission (including a petition, notification, and any other similar form of request) made under this Act for the approval or classification of an article or made under section 351(a) of the Public Health Service Act (42 U.S.C. 262(a)) with respect to a biological product. Any such contract shall be subject to the requirements of section 708 relating to the confidentiality of information.

“(2) **INCREASED EFFICIENCY AND EXPERTISE THROUGH CONTRACTS.**—The Secretary may use the authority granted in paragraph (1) whenever the Secretary determines that use of a contract described in paragraph (1) will improve the timeliness of the review of an application or submission described in paragraph (1), unless using such authority would reduce the quality, or unduly increase the cost, of such review. The Secretary may use such authority whenever the Secretary determines that use of such a contract will improve the quality of the review of an application or submission described in paragraph (1), unless using such authority would unduly increase the cost of such review. Such improvement in timeliness or quality may include providing the Secretary increased scientific or technical expertise that is necessary to review or evaluate new therapies and technologies.

“(b) **REVIEW OF EXPERT REVIEW.**—

“(1) **IN GENERAL.**—Subject to paragraph (2), the official of the Food and Drug Administration responsible for any matter for which expert review is used pursuant to subsection (a) shall review the recommendations of the organization or individual who conducted the expert review and shall make a final decision regarding the matter in a timely manner.

“(2) **LIMITATION.**—A final decision by the Secretary on any such application or submission shall be made within the applicable prescribed time period for review of the matter as set forth in this Act or in the Public Health Service Act (42 U.S.C. 201 et seq.).”.

SEC. 416. PRODUCT CLASSIFICATION.

Subchapter E of chapter V, as amended by section 404, is further amended by adding at the end the following:

“SEC. 563. CLASSIFICATION OF PRODUCTS.

“(a) **REQUEST.**—A person who submits an application or submission (including a petition, notification, and any other similar form of request) under this Act for a product, may submit a request to the Secretary respecting the classification of the product as a drug, biological product, device, or a combination product subject to section 503(g) or respecting the component of the Food and Drug Administration that will regulate the product. In submitting the request, the person shall recommend a classification for the product, or a component to regulate the product, as appropriate.

“(b) **STATEMENT.**—Not later than 60 days after the receipt of the request described in subsection (a), the Secretary shall determine the classification of the product under subsection (a), or the component of the Food and Drug Administration that will regulate the product, and shall provide to the person a written statement

that identifies such classification or such component, and the reasons for such determination. The Secretary may not modify such statement except with the written consent of the person, or for public health reasons based on scientific evidence.

“(c) INACTION OF SECRETARY.—If the Secretary does not provide the statement within the 60-day period described in subsection (b), the recommendation made by the person under subsection (a) shall be considered to be a final determination by the Secretary of such classification of the product, or the component of the Food and Drug Administration that will regulate the product, as applicable, and may not be modified by the Secretary except with the written consent of the person, or for public health reasons based on scientific evidence.”.

SEC. 417. REGISTRATION OF FOREIGN ESTABLISHMENTS.

Section 510(i) (21 U.S.C. 360(i)) is amended to read as follows:

“(i)(1) Any establishment within any foreign country engaged in the manufacture, preparation, propagation, compounding, or processing of a drug or a device that is imported or offered for import into the United States shall register with the Secretary the name and place of business of the establishment and the name of the United States agent for the establishment.

“(2) The establishment shall also provide the information required by subsection (j).

“(3) The Secretary is authorized to enter into cooperative arrangements with officials of foreign countries to ensure that adequate and effective means are available for purposes of determining, from time to time, whether drugs or devices manufactured, prepared, propagated, compounded, or processed by an establishment described in paragraph (1), if imported or offered for import into the United States, shall be refused admission on any of the grounds set forth in section 801(a).”.

SEC. 418. CLARIFICATION OF SEIZURE AUTHORITY.

Section 304(d)(1) (21 U.S.C. 334(d)(1)) is amended—

(1) in the fifth sentence, by striking “paragraphs (1) and (2) of section 801(e)” and inserting “subparagraphs (A) and (B) of section 801(e)(1)”; and

(2) by inserting after the fifth sentence the following: “Any person seeking to export an imported article pursuant to any of the provisions of this subsection shall establish that the article was intended for export at the time the article entered commerce.”.

SEC. 419. INTERSTATE COMMERCE.

Section 709 (21 U.S.C. 379a) is amended by striking “a device” and inserting “a device, food, drug, or cosmetic”.

SEC. 420. SAFETY REPORT DISCLAIMERS.

Chapter VII (21 U.S.C. 371 et seq.), as amended by section 412, is further amended by adding at the end the following:

“SUBCHAPTER G—SAFETY REPORTS

“SEC. 756. SAFETY REPORT DISCLAIMERS.

21 USC 379v.

“With respect to any entity that submits or is required to submit a safety report or other information in connection with the safety of a product (including a product that is a food, drug,

device, dietary supplement, or cosmetic) under this Act (and any release by the Secretary of that report or information), such report or information shall not be construed to reflect necessarily a conclusion by the entity or the Secretary that the report or information constitutes an admission that the product involved malfunctioned, caused or contributed to an adverse experience, or otherwise caused or contributed to a death, serious injury, or serious illness. Such an entity need not admit, and may deny, that the report or information submitted by the entity constitutes an admission that the product involved malfunctioned, caused or contributed to an adverse experience, or caused or contributed to a death, serious injury, or serious illness.”

SEC. 421. LABELING AND ADVERTISING REGARDING COMPLIANCE WITH STATUTORY REQUIREMENTS.

Section 301 (21 U.S.C. 331) is amended by striking paragraph (l).

21 USC 321 note.

SEC. 422. RULE OF CONSTRUCTION.

Nothing in this Act or the amendments made by this Act shall be construed to affect the question of whether the Secretary of Health and Human Services has any authority to regulate any tobacco product, tobacco ingredient, or tobacco additive. Such authority, if any, shall be exercised under the Federal Food, Drug, and Cosmetic Act as in effect on the day before the date of the enactment of this Act.

TITLE V—EFFECTIVE DATE

21 USC 321 note.

SEC. 501. EFFECTIVE DATE.

Except as otherwise provided in this Act, this Act and the amendments made by this Act, other than the provisions of and the amendments made by sections 111, 121, 125, and 307, shall take effect 90 days after the date of enactment of this Act.

Approved November 21, 1997.

LEGISLATIVE HISTORY—S. 830 (H.R. 1411):

HOUSE REPORTS: Nos. 105–310, accompanying H.R. 1411 (Comm. on Commerce) and 105–399 (Comm. of Conference).

SENATE REPORTS: No. 105–43 (Comm. on Labor and Human Resources).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Sept. 11, 16, 18, 19, 23, 24, considered and passed Senate.

Oct. 7, considered and passed House, amended, in lieu of H.R. 1411.

Nov. 9, Senate and House agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Nov. 21, Presidential remarks.



Public Law 105–116
105th Congress

An Act

To amend title 38, United States Code, to prohibit interment or memorialization in certain cemeteries of persons committing Federal or State capital crimes.

Nov. 21, 1997
[S. 923]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DENIAL OF ELIGIBILITY FOR INTERMENT OR MEMORIALIZATION IN CERTAIN CEMETERIES OF PERSONS COMMITTING FEDERAL CAPITAL CRIMES.

(a) PROHIBITION AGAINST INTERMENT OR MEMORIALIZATION IN CERTAIN FEDERAL CEMETERIES.—Chapter 24 of title 38, United States Code, is amended by adding at the end the following new section:

“§ 2411. Prohibition against interment or memorialization in the National Cemetery System or Arlington National Cemetery of persons committing Federal or State capital crimes

“(a)(1) In the case of a person described in subsection (b), the appropriate Federal official may not—

“(A) inter the remains of such person in a cemetery in the National Cemetery System or in Arlington National Cemetery; or

“(B) honor the memory of such person in a memorial area in a cemetery in the National Cemetery System (described in section 2403(a) of this title) or in such an area in Arlington National Cemetery (described in section 2409(a) of this title).

“(2) The prohibition under paragraph (1) shall not apply unless written notice of a conviction or finding under subsection (b) is received by the appropriate Federal official before such official approves an application for the interment or memorialization of such person. Such written notice shall be furnished to such official by the Attorney General, in the case of a Federal capital crime, or by an appropriate State official, in the case of a State capital crime.

“(b) A person referred to in subsection (a) is any of the following:

“(1) A person who has been convicted of a Federal capital crime for which the person was sentenced to death or life imprisonment.

“(2) A person who has been convicted of a State capital crime for which the person was sentenced to death or life imprisonment without parole.

“(3) A person who—

“(A) is found (as provided in subsection (c)) to have committed a Federal capital crime or a State capital crime, but

“(B) has not been convicted of such crime by reason of such person not being available for trial due to death or flight to avoid prosecution.

“(c) A finding under subsection (b)(3) shall be made by the appropriate Federal official. Any such finding may only be made based upon a showing of clear and convincing evidence, after an opportunity for a hearing in a manner prescribed by the appropriate Federal official.

“(d) For purposes of this section:

“(1) The term ‘Federal capital crime’ means an offense under Federal law for which the death penalty or life imprisonment may be imposed.

“(2) The term ‘State capital crime’ means, under State law, the willful, deliberate, or premeditated unlawful killing of another human being for which the death penalty or life imprisonment without parole may be imposed.

“(3) The term ‘appropriate Federal official’ means—

“(A) the Secretary, in the case of the National Cemetery System; and

“(B) the Secretary of the Army, in the case of Arlington National Cemetery.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 24 of such title is amended by adding at the end the following new item:

“2411. Prohibition against interment or memorialization in the National Cemetery System or Arlington National Cemetery of persons committing Federal or State capital crimes.”.

38 USC 2411
note.

(c) EFFECTIVE DATE.—Section 2411 of title 38, United States Code, as added by subsection (a), shall apply with respect to applications for interment or memorialization made on or after the date of the enactment of this Act.

SEC. 2. CONDITION ON GRANTS TO STATE-OWNED VETERAN CEMETERIES.

Section 2408 of title 38, United States Code, is amended—

(1) by redesignating subsection (d) as subsection (e); and

(2) by inserting after subsection (c) the following new subsection:

“(d)(1) In addition to the conditions specified in subsections (b) and (c), any grant made on or after the date of the enactment of this subsection to a State under this section to assist such State in establishing, expanding, or improving a veterans’ cemetery shall be made on the condition described in paragraph (2).

“(2) For purposes of paragraph (1), the condition described in this paragraph is that, after the date of the receipt of the grant, such State prohibit the interment or memorialization in that cemetery of a person described in section 2411(b) of this title, subject to the receipt of notice described in subsection (a)(2) of such section, except that for purposes of this subsection—

“(A) such notice shall be furnished to an appropriate official of such State; and

“(B) a finding described in subsection (b)(3) of such section shall be made by an appropriate official of such State.”.

Approved November 21, 1997.

LEGISLATIVE HISTORY—S. 923:

HOUSE REPORTS: No. 105–319 (Comm. on Veterans’ Affairs).

CONGRESSIONAL RECORD, Vol. 143 (1997):

June 18, considered and passed Senate.

Oct. 31, considered and passed House, amended.

Nov. 10, Senate concurred in House amendments.



Public Law 105–117
105th Congress

An Act

Nov. 21, 1997
[S. 1258]

To amend the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 to prohibit an alien who is not lawfully present in the United States from receiving assistance under that Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DISPLACED PERSONS NOT ELIGIBLE FOR ASSISTANCE.

Title I of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601 et seq.) is amended by adding at the end the following:

42 USC 4605.

“SEC. 104. DISPLACED PERSONS NOT ELIGIBLE FOR ASSISTANCE.

“(a) IN GENERAL.—Except as provided in subsection (c), a displaced person shall not be eligible to receive relocation payments or any other assistance under this Act if the displaced person is an alien not lawfully present in the United States.

“(b) DETERMINATIONS OF ELIGIBILITY.—

“(1) PROMULGATION OF REGULATIONS.—Not later than 1 year after the date of enactment of this section, after providing notice and an opportunity for public comment, the head of the lead agency shall promulgate regulations to carry out subsection (a).

“(2) CONTENTS OF REGULATIONS.—Regulations promulgated under paragraph (1) shall—

“(A) prescribe the processes, procedures, and information that a displacing agency must use in determining whether a displaced person is an alien not lawfully present in the United States;

“(B) prohibit a displacing agency from discriminating against any displaced person;

“(C) ensure that each eligibility determination is fair and based on reliable information; and

“(D) prescribe standards for a displacing agency to apply in making determinations relating to exceptional and extremely unusual hardship under subsection (c).

“(c) EXCEPTIONAL AND EXTREMELY UNUSUAL HARDSHIP.—If a displacing agency determines by clear and convincing evidence that a determination of the ineligibility of a displaced person under subsection (a) would result in exceptional and extremely unusual hardship to an individual who is the displaced person’s spouse, parent, or child and who is a citizen of the United States or an alien lawfully admitted for permanent residence in the United States, the displacing agency shall provide relocation payments and other assistance to the displaced person under this Act if

the displaced person would be eligible for the assistance but for subsection (a).

“(d) LIMITATION ON STATUTORY CONSTRUCTION.—Nothing in this section affects any right available to a displaced person under any other provision of Federal or State law.”.

SEC. 2. DUTIES OF LEAD AGENCY.

Section 213(a) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4633(a)) is amended—

(1) by redesignating paragraphs (2), (3), and (4) as paragraphs (4), (5), and (6), respectively; and

(2) by inserting after paragraph (1) the following:

“(2) provide, in consultation with the Attorney General (acting through the Commissioner of the Immigration and Naturalization Service), through training and technical assistance activities for displacing agencies, information developed with the Attorney General (acting through the Commissioner) on proper implementation of section 104;

“(3) ensure that displacing agencies implement section 104 fairly and without discrimination in accordance with section 104(b)(2)(B);”.

Approved November 21, 1997.

LEGISLATIVE HISTORY—S. 1258 (H.R. 849):

HOUSE REPORTS: No. 105–147 accompanying H.R. 849 (Comm. on Transportation and Infrastructure).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 8, considered and passed Senate.

Nov. 9, considered and passed House.



Public Law 105–118
105th Congress

An Act

Nov. 26, 1997
[H.R. 2159]

Making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes.

Foreign
Operations,
Export
Financing, and
Related
Programs
Appropriations
Act, 1998.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 1998, and for other purposes, namely:

TITLE I—EXPORT AND INVESTMENT ASSISTANCE

EXPORT-IMPORT BANK OF THE UNITED STATES

The Export-Import Bank of the United States is authorized to make such expenditures within the limits of funds and borrowing authority available to such corporation, and in accordance with law, and to make such contracts and commitments without regard to fiscal year limitations, as provided by section 104 of the Government Corporation Control Act, as may be necessary in carrying out the program for the current fiscal year for such corporation: *Provided*, That none of the funds available during the current fiscal year may be used to make expenditures, contracts, or commitments for the export of nuclear equipment, fuel, or technology to any country other than a nuclear-weapon state as defined in Article IX of the Treaty on the Non-Proliferation of Nuclear Weapons eligible to receive economic or military assistance under this Act that has detonated a nuclear explosive after the date of enactment of this Act.

SUBSIDY APPROPRIATION

For the cost of direct loans, loan guarantees, insurance, and tied-aid grants as authorized by section 10 of the Export-Import Bank Act of 1945, as amended, \$683,000,000 to remain available until September 30, 2001: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That such sums shall remain available until 2013 for the disbursement of direct loans, loan guarantees, insurance and tied-aid grants obligated in fiscal years 1998 and 1999: *Provided further*, That up to \$50,000,000 of funds appropriated by this paragraph shall remain available until expended and may be used for tied-aid grant purposes: *Provided further*, That none of the funds appropriated by this Act or any prior Act appropriating funds for foreign operations, export financing, or related programs for tied-aid credits

or grants may be used for any other purpose except through the regular notification procedures of the Committees on Appropriations: *Provided further*, That funds appropriated by this paragraph are made available notwithstanding section 2(b)(2) of the Export-Import Bank Act of 1945, in connection with the purchase or lease of any product by any East European country, any Baltic State, or any agency or national thereof.

ADMINISTRATIVE EXPENSES

For administrative expenses to carry out the direct and guaranteed loan and insurance programs (to be computed on an accrual basis), including hire of passenger motor vehicles and services as authorized by 5 U.S.C. 3109, and not to exceed \$20,000 for official reception and representation expenses for members of the Board of Directors, \$48,614,000: *Provided*, That necessary expenses (including special services performed on a contract or fee basis, but not including other personal services) in connection with the collection of moneys owed the Export-Import Bank, repossession or sale of pledged collateral or other assets acquired by the Export-Import Bank in satisfaction of moneys owed the Export-Import Bank, or the investigation or appraisal of any property, or the evaluation of the legal or technical aspects of any transaction for which an application for a loan, guarantee or insurance commitment has been made, shall be considered nonadministrative expenses for the purposes of this heading: *Provided further*, That, notwithstanding subsection (b) of section 117 of the Export Enhancement Act of 1992, subsection (a) thereof shall remain in effect until October 1, 1998.

Termination
date.
12 USC 635a
note.

OVERSEAS PRIVATE INVESTMENT CORPORATION

NONCREDIT ACCOUNT

The Overseas Private Investment Corporation is authorized to make, without regard to fiscal year limitations, as provided by 31 U.S.C. 9104, such expenditures and commitments within the limits of funds available to it and in accordance with law as may be necessary: *Provided*, That the amount available for administrative expenses to carry out the credit and insurance programs (including an amount for official reception and representation expenses which shall not exceed \$35,000) shall not exceed \$32,000,000: *Provided further*, That project-specific transaction costs, including direct and indirect costs incurred in claims settlements, and other direct costs associated with services provided to specific investors or potential investors pursuant to section 234 of the Foreign Assistance Act of 1961, shall not be considered administrative expenses for the purposes of this heading.

PROGRAM ACCOUNT

For the cost of direct and guaranteed loans, \$60,000,000, as authorized by section 234 of the Foreign Assistance Act of 1961 to be derived by transfer from the Overseas Private Investment Corporation Noncredit Account: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That such sums shall be available for direct loan obligations and loan guaranty commitments incurred or made during fiscal years

1998 and 1999: *Provided further*, That such sums shall remain available through fiscal year 2006 for the disbursement of direct and guaranteed loans obligated in fiscal year 1998, and through fiscal year 2007 for the disbursement of direct and guaranteed loans obligated in fiscal year 1999: *Provided further*, That in addition, such sums as may be necessary for administrative expenses to carry out the credit program may be derived from amounts available for administrative expenses to carry out the credit and insurance programs in the Overseas Private Investment Corporation Noncredit Account and merged with said account.

FUNDS APPROPRIATED TO THE PRESIDENT

TRADE AND DEVELOPMENT AGENCY

For necessary expenses to carry out the provisions of section 661 of the Foreign Assistance Act of 1961, \$41,500,000, to remain available until September 30, 1999: *Provided*, That the Trade and Development Agency may receive reimbursements from corporations and other entities for the costs of grants for feasibility studies and other project planning services, to be deposited as an offsetting collection to this account and to be available for obligation until September 30, 1999, for necessary expenses under this paragraph: *Provided further*, That such reimbursements shall not cover, or be allocated against, direct or indirect administrative costs of the agency.

TITLE II—BILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

For expenses necessary to enable the President to carry out the provisions of the Foreign Assistance Act of 1961, and for other purposes, to remain available until September 30, 1998, unless otherwise specified herein, as follows:

AGENCY FOR INTERNATIONAL DEVELOPMENT

CHILD SURVIVAL AND DISEASE PROGRAMS FUND

For necessary expenses to carry out the provisions of chapters 1 and 10 of part I of the Foreign Assistance Act of 1961, for child survival, basic education, assistance to combat tropical and other diseases, and related activities, in addition to funds otherwise available for such purposes, \$650,000,000, to remain available until expended: *Provided*, That this amount shall be made available for such activities as: (1) immunization programs; (2) oral rehydration programs; (3) health and nutrition programs, and related education programs, which address the needs of mothers and children; (4) water and sanitation programs; (5) assistance for displaced and orphaned children; (6) programs for the prevention, treatment, and control of, and research on, tuberculosis, HIV/AIDS, polio, malaria and other diseases; (7) up to \$98,000,000 for basic education programs for children; and (8) a contribution on a grant basis to the United Nations Children's Fund (UNICEF) pursuant to section 301 of the Foreign Assistance Act of 1961.

AGENCY FOR INTERNATIONAL DEVELOPMENT

DEVELOPMENT ASSISTANCE

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses to carry out the provisions of sections 103 through 106 and chapter 10 of part I of the Foreign Assistance Act of 1961, title V of the International Security and Development Cooperation Act of 1980 (Public Law 96-533) and the provisions of section 401 of the Foreign Assistance Act of 1969, \$1,210,000,000, to remain available until September 30, 1999: *Provided*, That of the amount appropriated under this heading, up to \$22,000,000 may be made available for the Inter-American Foundation and shall be apportioned directly to that agency: *Provided further*, That of the amount appropriated under this heading, up to \$14,000,000 may be made available for the African Development Foundation and shall be apportioned directly to that agency: *Provided further*, That none of the funds made available in this Act nor any unobligated balances from prior appropriations may be made available to any organization or program which, as determined by the President of the United States, supports or participates in the management of a program of coercive abortion or involuntary sterilization: *Provided further*, That none of the funds made available under this heading may be used to pay for the performance of abortion as a method of family planning or to motivate or coerce any person to practice abortions; and that in order to reduce reliance on abortion in developing nations, funds shall be available only to voluntary family planning projects which offer, either directly or through referral to, or information about access to, a broad range of family planning methods and services: *Provided further*, That in awarding grants for natural family planning under section 104 of the Foreign Assistance Act of 1961 no applicant shall be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning; and, additionally, all such applicants shall comply with the requirements of the previous proviso: *Provided further*, That for purposes of this or any other Act authorizing or appropriating funds for foreign operations, export financing, and related programs, the term "motivate", as it relates to family planning assistance, shall not be construed to prohibit the provision, consistent with local law, of information or counseling about all pregnancy options: *Provided further*, That nothing in this paragraph shall be construed to alter any existing statutory prohibitions against abortion under section 104 of the Foreign Assistance Act of 1961: *Provided further*, That, notwithstanding section 109 of the Foreign Assistance Act of 1961, of the funds appropriated under this heading in this Act, and of the unobligated balances of funds previously appropriated under this heading, not to exceed \$2,500,000 shall be transferred to "International Organizations and Programs" for a contribution to the International Fund for Agricultural Development (IFAD), and that any such transfer of funds shall be subject to the regular notification procedures of the Committees on Appropriations: *Provided further*, That of the funds appropriated under this heading that are made available for assistance programs for displaced and orphaned children and victims of war, not to exceed \$25,000, in addition to funds otherwise available for such purposes, may be used to monitor and provide oversight of such programs: *Provided further*, That

none of the funds made available under this heading may be used for any activity which is in contravention to the Convention on International Trade in Endangered Species of Flora and Fauna (CITES).

PRIVATE AND VOLUNTARY ORGANIZATIONS

22 USC 2151u
note.

None of the funds appropriated or otherwise made available by this Act for development assistance may be made available to any United States private and voluntary organization, except any cooperative development organization, which obtains less than 20 percent of its total annual funding for international activities from sources other than the United States Government: *Provided*, That the requirements of the provisions of section 123(g) of the Foreign Assistance Act of 1961 and the provisions on private and voluntary organizations in title II of the Foreign Assistance and Related Programs Appropriations Act, 1985 (as enacted in Public Law 98-473) shall be superseded by the provisions of this section, except that the authority contained in the last sentence of section 123(g) may be exercised by the Administrator with regard to the requirements of this paragraph.

Funds appropriated or otherwise made available under title II of this Act should be made available to private and voluntary organizations at a level which is at least equivalent to the level provided in fiscal year 1995. Such private and voluntary organizations shall include those which operate on a not-for-profit basis, receive contributions from private sources, receive voluntary support from the public and are deemed to be among the most cost-effective and successful providers of development assistance.

CYPRUS

Of the funds appropriated under the headings “Development Assistance” and “Economic Support Fund”, not less than \$15,000,000 shall be made available for Cyprus to be used only for scholarships, administrative support of the scholarship program, bicommunal projects, and measures aimed at reunification of the island and designed to reduce tensions and promote peace and cooperation between the two communities on Cyprus.

BURMA

Of the funds appropriated under the headings “Development Assistance” and “Economic Support Fund”, not less than \$5,000,000 shall be made available to support activities in Burma, along the Burma-Thailand border, and for activities of Burmese student groups and other organizations located outside Burma: *Provided*, That funds made available for Burma related activities under this heading may be made available notwithstanding any other provision of law: *Provided further*, That provision of such funds shall be made available subject to the regular notification procedures of the Committees on Appropriations.

CAMBODIA

None of the funds appropriated in this Act may be made available for the Government of Cambodia: *Provided*, That the restrictions under this heading shall not apply to humanitarian, demining or election-related programs or activities: *Provided further*, That

such funds shall be subject to the regular notification procedures of the Committees on Appropriations: *Provided further*, That 30 days after enactment of this Act, the President shall report to the Committees on Appropriations on the results of the FBI investigation into the bombing attack in Phnom Penh on March 30, 1997.

President.
Reports.

INTERNATIONAL DISASTER ASSISTANCE

For necessary expenses for international disaster relief, rehabilitation, and reconstruction assistance pursuant to section 491 of the Foreign Assistance Act of 1961, as amended, \$190,000,000, to remain available until expended.

DEBT RESTRUCTURING

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, of modifying direct loans and loan guarantees, as the President may determine, for which funds have been appropriated or otherwise made available for programs within the International Affairs Budget Function 150, including the cost of selling, reducing, or canceling amounts, through debt buybacks and swaps, owed to the United States as a result of concessional loans made to eligible Latin American and Caribbean countries, pursuant to part IV of the Foreign Assistance Act of 1961; of modifying concessional loans extended to least developed countries, as authorized under section 411 of the Agricultural Trade Development and Assistance Act of 1954, as amended; and of modifying any obligation, or portion of such obligation for Latin American countries to pay for purchases of United States agricultural commodities guaranteed by the Commodity Credit Corporation under export credit guarantee programs authorized pursuant to section 5(f) of the Commodity Credit Corporation Charter Act of June 29, 1948, as amended, section 4(b) of the Food for Peace Act of 1966, as amended (Public Law 89-808), or section 202 of the Agricultural Trade Act of 1978, as amended (Public Law 95-501); \$27,000,000, to remain available until expended: *Provided*, That not to exceed \$1,500,000 of such funds may be used for implementation of improvements in the foreign credit reporting system of the United States Government.

MICRO AND SMALL ENTERPRISE DEVELOPMENT PROGRAM ACCOUNT

For the cost of direct loans and loan guarantees, \$1,500,000, as authorized by section 108 of the Foreign Assistance Act of 1961, as amended: *Provided*, That such costs shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That guarantees of loans made under this heading in support of microenterprise activities may guarantee up to 70 percent of the principal amount of any such loans notwithstanding section 108 of the Foreign Assistance Act of 1961. In addition, for administrative expenses to carry out programs under this heading, \$500,000, all of which may be transferred to and merged with the appropriation for Operating Expenses of the Agency for International Development: *Provided further*, That funds made available under this heading shall remain available until September 30, 1999.

URBAN AND ENVIRONMENTAL CREDIT PROGRAM ACCOUNT

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, of guaranteed loans authorized by sections 221 and 222 of the Foreign Assistance Act of 1961, including the cost of guaranteed loans designed to promote the urban and environmental policies and objectives of part I of such Act, \$3,000,000, to remain available until September 30, 1999: *Provided*, That these funds are available to subsidize loan principal, 100 percent of which shall be guaranteed, pursuant to the authority of such sections. In addition, for administrative expenses to carry out guaranteed loan programs, \$6,000,000, all of which may be transferred to and merged with the appropriation for Operating Expenses of the Agency for International Development: *Provided further*, That commitments to guarantee loans under this heading may be entered into notwithstanding the second and third sentences of section 222(a) and, with regard to programs for Central and Eastern Europe and programs for the benefit of South Africans disadvantaged by apartheid, section 223(j) of the Foreign Assistance Act of 1961.

PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY
FUND

For payment to the “Foreign Service Retirement and Disability Fund”, as authorized by the Foreign Service Act of 1980, \$44,208,000.

OPERATING EXPENSES OF THE AGENCY FOR INTERNATIONAL
DEVELOPMENT

For necessary expenses to carry out the provisions of section 667, \$473,000,000: *Provided*, That none of the funds appropriated by this Act for programs administered by the Agency for International Development may be used to finance printing costs of any report or study (except feasibility, design, or evaluation reports or studies) in excess of \$25,000 without the approval of the Administrator of the Agency or the Administrator’s designee.

OPERATING EXPENSES OF THE AGENCY FOR INTERNATIONAL
DEVELOPMENT OFFICE OF INSPECTOR GENERAL

For necessary expenses to carry out the provisions of section 667, \$29,047,000, to remain available until September 30, 1999, which sum shall be available for the Office of the Inspector General of the Agency for International Development.

OTHER BILATERAL ECONOMIC ASSISTANCE

ECONOMIC SUPPORT FUND

For necessary expenses to carry out the provisions of chapter 4 of part II, \$2,400,000,000, to remain available until September 30, 1999: *Provided*, That of the funds appropriated under this heading, not less than \$1,200,000,000 shall be available only for Israel, which sum shall be available on a grant basis as a cash transfer and shall be disbursed within 30 days of enactment of this Act or by October 31, 1997, whichever is later: *Provided further*, That not less than \$815,000,000 shall be available only for Egypt, which sum shall be provided on a grant basis, and of which sum

cash transfer assistance may be provided, with the understanding that Egypt will undertake significant economic reforms which are additional to those which were undertaken in previous fiscal years: *Provided further*, That in exercising the authority to provide cash transfer assistance for Israel, the President shall ensure that the level of such assistance does not cause an adverse impact on the total level of nonmilitary exports from the United States to such country: *Provided further*, That of the funds appropriated under this heading, not less than \$150,000,000 shall be made available for Jordan: *Provided further*, That of the funds made available under this heading in previous Acts making appropriations for foreign operations, export financing, and related programs, notwithstanding any provision in any such heading in such previous Acts, up to \$116,000,000 may be allocated or made available for programs and activities under this heading including the Middle East Peace and Stability Fund: *Provided further*, That in carrying out the previous proviso, the President should seek to ensure to the extent feasible that not more than 1 percent of the amount specified in section 586 of this Act should be derived from funds that would otherwise be made available for any single country: *Provided further*, That funds provided for the Middle East Peace and Stability Fund by a country in the region under the authority of section 635(d) of the Foreign Assistance Act of 1961, and funds made available for Jordan following the date of enactment of this Act from previous Acts making appropriations for foreign operations, export financing, and related programs, shall count toward meeting the earmark contained in the fourth proviso under this heading: *Provided further*, That up to \$10,000,000 of funds under this heading in previous foreign operations, export financing, and related programs appropriations Acts that were reprogrammed for Jordan during fiscal year 1997 shall also count toward such earmark: *Provided further*, That, in order to facilitate the implementation of the fourth proviso under this heading, the requirement of section 515 of this Act or any similar provision of law shall not apply to the making available of funds appropriated for a fiscal year for programs, projects, or activities that were justified for another fiscal year: *Provided further*, That for fiscal year 1998 such portions of the notification required under section 653 of the Foreign Assistance Act of 1961 that relate to the Middle East may be submitted to the Congress as soon as practicable, but no later than March 1, 1998: *Provided further*, That during fiscal year 1998, of the local currencies generated from funds made available under this heading for Guatemala by this Act and prior appropriations Acts, the United States and Guatemala may jointly program the Guatemala quetzales equivalent of a total of up to \$10,000,000 for the purpose of retiring the debt owed by universities in Guatemala to the Inter-American Development Bank.

President.

INTERNATIONAL FUND FOR IRELAND

For necessary expenses to carry out the provisions of chapter 4 of part II of the Foreign Assistance Act of 1961, \$19,600,000, which shall be available for the United States contribution to the International Fund for Ireland and shall be made available in accordance with the provisions of the Anglo-Irish Agreement Support Act of 1986 (Public Law 99-415): *Provided*, That such amount shall be expended at the minimum rate necessary to make timely payment for projects and activities: *Provided further*, That funds

made available under this heading shall remain available until September 30, 1999.

ASSISTANCE FOR EASTERN EUROPE AND THE BALTIC STATES

(a) For necessary expenses to carry out the provisions of the Foreign Assistance Act of 1961 and the Support for East European Democracy (SEED) Act of 1989, \$485,000,000, to remain available until September 30, 1999, which shall be available, notwithstanding any other provision of law, for economic assistance and for related programs for Eastern Europe and the Baltic States.

(b) Funds appropriated under this heading or in prior appropriations Acts that are or have been made available for an Enterprise Fund may be deposited by such Fund in interest-bearing accounts prior to the Fund's disbursement of such funds for program purposes. The Fund may retain for such program purposes any interest earned on such deposits without returning such interest to the Treasury of the United States and without further appropriation by the Congress. Funds made available for Enterprise Funds shall be expended at the minimum rate necessary to make timely payment for projects and activities.

(c) Funds appropriated under this heading shall be considered to be economic assistance under the Foreign Assistance Act of 1961 for purposes of making available the administrative authorities contained in that Act for the use of economic assistance.

(d) None of the funds appropriated under this heading may be made available for new housing construction or repair or reconstruction of existing housing in Bosnia and Herzegovina unless directly related to the efforts of United States troops to promote peace in said country.

(e) With regard to funds appropriated or otherwise made available under this heading for the economic revitalization program in Bosnia and Herzegovina, and local currencies generated by such funds (including the conversion of funds appropriated under this heading into currency used by Bosnia and Herzegovina as local currency and local currency returned or repaid under such program)—

(1) the Administrator of the Agency for International Development shall provide written approval for grants and loans prior to the obligation and expenditure of funds for such purposes, and prior to the use of funds that have been returned or repaid to any lending facility or grantee; and

(2) the provisions of section 532 of this Act shall apply.

(f) The President is authorized to withhold funds appropriated under this heading made available for economic revitalization programs in Bosnia and Herzegovina, if he determines and certifies to the Committees on Appropriations that the Federation of Bosnia and Herzegovina has not complied with article III of annex 1-A of the General Framework Agreement for Peace in Bosnia and Herzegovina concerning the withdrawal of foreign forces, and that intelligence cooperation on training, investigations, and related activities between Iranian officials and Bosnian officials has not been terminated.

(g) Not to exceed \$200,000,000 of the funds appropriated under this heading may be made available for Bosnia and Herzegovina exclusive of assistance for police training.

(h) Not to exceed \$7,000,000 of the funds made available for Bosnia and Herzegovina may be made available for the cost, as

Applicability.

defined in section 502 of the Congressional Budget Act of 1974, of modifying direct loans and loan guarantees for said country.

ASSISTANCE FOR THE NEW INDEPENDENT STATES OF THE FORMER
SOVIET UNION

(a) For necessary expenses to carry out the provisions of chapter 11 of part I of the Foreign Assistance Act of 1961 and the FREEDOM Support Act, for assistance for the new independent states of the former Soviet Union and for related programs, \$770,000,000, to remain available until September 30, 1999: *Provided*, That the provisions of such chapter shall apply to funds appropriated by this paragraph.

Applicability.

(b) None of the funds appropriated under this heading shall be made available to the Government of Russia—

(1) unless that government is making progress in implementing comprehensive economic reforms based on market principles, private ownership, negotiating repayment of commercial debt, respect for commercial contracts, and equitable treatment of foreign private investment;

(2) if that government applies or transfers United States assistance to any entity for the purpose of expropriating or seizing ownership or control of assets, investments, or ventures; and

(3) funds may be furnished without regard to this subsection if the President determines that to do so is in the national interest.

(c) None of the funds appropriated under this heading shall be made available to any government of the new independent states of the former Soviet Union if that government directs any action in violation of the territorial integrity or national sovereignty of any other new independent state, such as those violations included in the Helsinki Final Act: *Provided*, That such funds may be made available without regard to the restriction in this subsection if the President determines that to do so is in the national security interest of the United States: *Provided further*, That the restriction of this subsection shall not apply to the use of such funds for the provision of assistance for purposes of humanitarian and refugee relief.

22 USC 5814
note.

(d) None of the funds appropriated under this heading for the new independent states of the former Soviet Union shall be made available for any state to enhance its military capability: *Provided*, That this restriction does not apply to demilitarization, demining, or nonproliferation programs.

(e) Funds appropriated under this heading shall be subject to the regular notification procedures of the Committees on Appropriations.

(f) Funds made available in this Act for assistance to the new independent states of the former Soviet Union shall be subject to the provisions of section 117 (relating to environment and natural resources) of the Foreign Assistance Act of 1961.

(g) Funds appropriated under title II of this Act, including funds appropriated under this heading, may be made available for assistance for Mongolia: *Provided*, That funds made available for assistance for Mongolia may be made available in accordance with the purposes and utilizing the authorities provided in chapter 11 of part I of the Foreign Assistance Act of 1961.

(h) In issuing new task orders, entering into contracts, or making grants, with funds appropriated under this heading or in prior appropriations Acts, for projects or activities that have as one of their primary purposes the fostering of private sector development, the Coordinator for United States Assistance to the New Independent States and the implementing agency shall encourage the participation of and give significant weight to contractors and grantees who propose investing a significant amount of their own resources (including volunteer services and in-kind contributions) in such projects and activities.

(i) Funds appropriated under this heading or in prior appropriations Acts that are or have been made available for an Enterprise Fund may be deposited by such Fund in interest-bearing accounts prior to the disbursement of such funds by the Fund for program purposes. The Fund may retain for such program purposes any interest earned on such deposits without returning such interest to the Treasury of the United States and without further appropriation by the Congress. Funds made available for Enterprise Funds shall be expended at the minimum rate necessary to make timely payment for projects and activities.

(j)(1) Of the funds appropriated under this heading that are allocated for assistance for the Government of Russia, 50 percent shall be withheld from obligation until the President determines and certifies in writing to the Committees on Appropriations that the Government of Russia has terminated implementation of arrangements to provide Iran with technical expertise, training, technology, or equipment necessary to develop a nuclear reactor, related nuclear research facilities or programs, or ballistic missile capability.

(2) Notwithstanding paragraph (1) assistance may be provided for the Government of Russia if the President determines and certifies to the Committees on Appropriations that making such funds available: (A) is vital to the national security interest of the United States; and (B) that the Government of Russia is taking meaningful steps to limit major supply contracts and to curtail the transfer of technology and technological expertise related to activities referred to in paragraph (1).

(k) Of the funds appropriated under this heading, not less than \$225,000,000 shall be made available for Ukraine, which sum shall be provided with the understanding that Ukraine will undertake significant economic reforms which are additional to those which were undertaken in the previous fiscal year: *Provided*, That 50 percent of the amount made available in this subsection, exclusive of funds made available for election related initiatives and nuclear reactor safety activities, shall be withheld from obligation and expenditure until the Secretary of State determines and certifies no later than April 30, 1998, that the Government of Ukraine has made significant progress toward resolving complaints made by United States investors to the United States embassy prior to April 30, 1997: *Provided further*, That funds made available under this subsection, and funds appropriated for Ukraine in the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1997 as contained in Public Law 104-208 shall be made available to complete the preparation of safety analysis reports at each nuclear reactor in Ukraine over the next three years.

(l) Of the funds appropriated under this heading, not less than \$250,000,000 shall be made available for assistance for the Southern Caucasus region: *Provided*, That of the funds provided under this subsection 37 percent shall be made available for Georgia and 35 percent shall be made available for Armenia: *Provided further*, That of the funds made available for the Southern Caucasus region, 28 percent should be used for reconstruction and remedial activities relating to the consequences of conflicts within the region, especially those in the vicinity of Abkhazia and Nagorno-Karabakh: *Provided further*, That if the Secretary of State after May 30, 1998, determines and reports to the relevant committees of Congress that the full amount of reconstruction and remedial funds that may be made available under the previous proviso cannot be effectively utilized, up to 62.5 percent of the amount provided under the previous proviso for reconstruction and remediation may be used for other purposes under this heading.

Reports.

(m) Funds provided under the previous subsection shall be made available for humanitarian assistance for refugees, displaced persons, and needy civilians affected by the conflicts in the Southern Caucasus region, including those in the vicinity of Abkhazia and Nagorno-Karabakh, notwithstanding any other provision of this or any other Act.

(n) Funds made available under this Act or any other Act may not be provided for assistance to the Government of Azerbaijan until the President determines, and so reports to the Congress, that the Government of Azerbaijan is taking demonstrable steps to cease all blockades against Armenia and Nagorno-Karabakh: *Provided*, That the restriction of this subsection and section 907 of the FREEDOM Support Act shall not apply to—

(1) activities to support democracy or assistance under title V of the FREEDOM Support Act and section 1424 of Public Law 104-201;

(2) any assistance provided by the Trade and Development Agency under section 661 of the Foreign Assistance Act of 1961 (22 U.S.C. 2421); and

(3) any activity carried out by a member of the United States and Foreign Commercial Service while acting within his or her official capacity.

(o) None of the funds appropriated under this heading or in prior appropriations legislation may be made available to establish a joint public-private entity or organization engaged in the management of activities or projects supported by the Defense Enterprise Fund.

INDEPENDENT AGENCY

PEACE CORPS

For expenses necessary to carry out the provisions of the Peace Corps Act (75 Stat. 612), \$222,000,000, including the purchase of not to exceed five passenger motor vehicles for administrative purposes for use outside of the United States: *Provided*, That none of the funds appropriated under this heading shall be used to pay for abortions: *Provided further*, That funds appropriated under this heading shall remain available until September 30, 1999.

Abortion.

DEPARTMENT OF STATE

INTERNATIONAL NARCOTICS CONTROL

Reports.

For necessary expenses to carry out section 481 of the Foreign Assistance Act of 1961, \$215,000,000: *Provided*, That during fiscal year 1998, the Department of State may also use the authority of section 608 of the Act, without regard to its restrictions, to receive non-lethal excess property from an agency of the United States Government for the purpose of providing it to a foreign country under chapter 8 of part I of that Act subject to the regular notification procedures of the Committees on Appropriations: *Provided further*, That not later than 60 days after the date of enactment of this Act, the Secretary of State in consultation with the Director of the Office of National Drug Control Policy shall submit a report to the Committees on Appropriations containing: (1) a list of all countries in which the United States carries out international counter-narcotics activities; (2) the number, mission and agency affiliation of United States personnel assigned to each such country; and (3) all costs and expenses obligated for each program, project or activity by each United States agency in each country: *Provided further*, That of the amount made available under this heading not to exceed \$5,000,000 shall be allocated to operate the Western Hemisphere International Law Enforcement Academy: *Provided further*, That 10 percent of the funds appropriated under this heading shall not be available for obligation until the Secretary of State submits a report to the Committees on Appropriations providing a financial plan for the funds appropriated under this heading and under the heading "Narcotics Interdiction".

NARCOTICS INTERDICTION

For necessary expenses to carry out the provisions of section 481 of the Foreign Assistance Act of 1961, \$15,000,000, to remain available until expended, in addition to amounts otherwise available for such purposes, which shall be available for assistance, including procurement, for support of air drug interdiction and eradication and other related purposes: *Provided*, That funds appropriated under this heading shall be made available subject to the regular notification procedures of the Committees on Appropriations.

MIGRATION AND REFUGEE ASSISTANCE

For expenses, not otherwise provided for, necessary to enable the Secretary of State to provide, as authorized by law, a contribution to the International Committee of the Red Cross, assistance to refugees, including contributions to the International Organization for Migration and the United Nations High Commissioner for Refugees, and other activities to meet refugee and migration needs; salaries and expenses of personnel and dependents as authorized by the Foreign Service Act of 1980; allowances as authorized by sections 5921 through 5925 of title 5, United States Code; purchase and hire of passenger motor vehicles; and services as authorized by section 3109 of title 5, United States Code, \$650,000,000: *Provided*, That not more than \$12,000,000 shall be available for administrative expenses: *Provided further*, That not less than \$80,000,000 shall be made available for refugees from

the former Soviet Union and Eastern Europe and other refugees resettling in Israel.

REFUGEE RESETTLEMENT ASSISTANCE

For necessary expenses for the targeted assistance program authorized by title IV of the Immigration and Nationality Act and section 501 of the Refugee Education Assistance Act of 1980 and administered by the Office of Refugee Resettlement of the Department of Health and Human Services, in addition to amounts otherwise available for such purposes, \$5,000,000.

UNITED STATES EMERGENCY REFUGEE AND MIGRATION ASSISTANCE FUND

For necessary expenses to carry out the provisions of section 2(c) of the Migration and Refugee Assistance Act of 1962, as amended (22 U.S.C. 260(c)), \$50,000,000, to remain available until expended: *Provided*, That the funds made available under this heading are appropriated notwithstanding the provisions contained in section 2(c)(2) of the Migration and Refugee Assistance Act of 1962 which would limit the amount of funds which could be appropriated for this purpose.

NONPROLIFERATION, ANTI-TERRORISM, DEMINING AND RELATED PROGRAMS

For necessary expenses for nonproliferation, anti-terrorism and related programs and activities, \$133,000,000, to carry out the provisions of chapter 8 of part II of the Foreign Assistance Act of 1961 for anti-terrorism assistance, section 504 of the FREEDOM Support Act for the Nonproliferation and Disarmament Fund, section 23 of the Arms Export Control Act or the Foreign Assistance Act of 1961 for demining, the clearance of unexploded ordnance, and related activities, notwithstanding any other provision of law, including activities implemented through nongovernmental and international organizations, section 301 of the Foreign Assistance Act of 1961 for a voluntary contribution to the International Atomic Energy Agency (IAEA) and a voluntary contribution to the Korean Peninsula Energy Development Organization (KEDO): *Provided*, That of this amount not to exceed \$15,000,000, to remain available until expended, may be made available for the Nonproliferation and Disarmament Fund, notwithstanding any other provision of law, to promote bilateral and multilateral activities relating to nonproliferation and disarmament: *Provided further*, That such funds may also be used for such countries other than the new independent states of the former Soviet Union and international organizations when it is in the national security interest of the United States to do so: *Provided further*, That such funds shall be subject to the regular notification procedures of the Committees on Appropriations: *Provided further*, That funds appropriated under this heading may be made available for the International Atomic Energy Agency only if the Secretary of State determines (and so reports to the Congress) that Israel is not being denied its right to participate in the activities of that Agency: *Provided further*, That not to exceed \$30,000,000 may be made available to the Korean Peninsula Energy Development Organization (KEDO) only for the administrative expenses and heavy fuel oil costs associated

President.
Certification.
Reports.

Reports.

with the Agreed Framework: *Provided further*, That such funds may be obligated to KEDO only if, 30 days prior to such obligation of funds, the President certifies and so reports to Congress that: (1)(A) the parties to the Agreed Framework are taking steps to assure that progress is made on the implementation of the January 1, 1992, Joint Declaration on the Denuclearization of the Korean Peninsula and the implementation of the North-South dialogue, and (B) North Korea is complying with the other provisions of the Agreed Framework between North Korea and the United States and with the Confidential Minute; (2) North Korea is cooperating fully in the canning and safe storage of all spent fuel from its graphite-moderated nuclear reactors and that such canning and safe storage is scheduled to be completed by April 1, 1998; and (3) North Korea has not significantly diverted assistance provided by the United States for purposes for which it was not intended: *Provided further*, That the President may waive the certification requirements of the preceding proviso if the President determines that it is vital to the national security interests of the United States: *Provided further*, That no funds may be obligated for KEDO until 30 calendar days after submission to Congress of the waiver permitted under the preceding proviso: *Provided further*, That the obligation of any funds for KEDO shall be subject to the regular notification procedures of the Committees on Appropriations: *Provided further*, That the Secretary of State shall submit to the appropriate congressional committees an annual report (to be submitted with the annual presentation for appropriations) providing a full and detailed accounting of the fiscal year request for the United States contribution to KEDO, the expected operating budget of KEDO, to include unpaid debt, proposed annual costs associated with heavy fuel oil purchases, and the amount of funds pledged by other donor nations and organizations to support KEDO activities on a per country basis, and other related activities: *Provided further*, That of the funds made available under this heading, up to \$10,000,000 may be made available to KEDO, in addition to funds otherwise made available under this heading for KEDO, if the Secretary of State certifies and reports to the Committees on Appropriations that, except for the funds made available under this proviso, funds sufficient to cover all outstanding debts owed by KEDO for heavy fuel oil have been provided to KEDO by donors other than the United States.

TITLE III—MILITARY ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

INTERNATIONAL MILITARY EDUCATION AND TRAINING

For necessary expenses to carry out the provisions of section 541 of the Foreign Assistance Act of 1961, \$50,000,000: *Provided*, That the civilian personnel for whom military education and training may be provided under this heading may include civilians who are not members of a government whose participation would contribute to improved civil-military relations, civilian control of the military, or respect for human rights: *Provided further*, That funds appropriated under this heading for grant financed military education and training for Indonesia and Guatemala may only be available for expanded international military education and training and funds made available for Guatemala may only be

provided through the regular notification procedures of the Committees on Appropriations: *Provided further*, That none of the funds appropriated under this heading may be made available to support grant financed military education and training at the School of the Americas unless: (1) the Secretary of Defense certifies that the instruction and training provided by the School of the Americas is fully consistent with training and doctrine, particularly with respect to the observance of human rights, provided by the Department of Defense to United States military students at Department of Defense institutions whose primary purpose is to train United States military personnel; (2) the Secretary of Defense certifies that the Secretary of State, in consultation with the Secretary of Defense, has developed and issued specific guidelines governing the selection and screening of candidates for instruction at the School of the Americas; and (3) the Secretary of Defense submits to the Committees on Appropriations a report detailing the training activities of the School of the Americas and a general assessment regarding the performance of its graduates during 1996.

Certification.

Certification.

Reports.

FOREIGN MILITARY FINANCING PROGRAM

For expenses necessary for grants to enable the President to carry out the provisions of section 23 of the Arms Export Control Act, \$3,296,550,000: *Provided*, That of the funds appropriated under this heading, not less than \$1,800,000,000 shall be available for grants only for Israel, and not less than \$1,300,000,000 shall be made available for grants only for Egypt: *Provided further*, That the funds appropriated by this paragraph for Israel shall be disbursed within 30 days of enactment of this Act or by October 31, 1997, whichever is later: *Provided further*, That to the extent that the Government of Israel requests that funds be used for such purposes, grants made available for Israel by this paragraph shall, as agreed by Israel and the United States, be available for advanced weapons systems, of which not less than \$475,000,000 shall be available for the procurement in Israel of defense articles and defense services, including research and development: *Provided further*, That of the funds appropriated by this paragraph, not less than \$75,000,000 shall be available for assistance for Jordan: *Provided further*, That during fiscal year 1998 the President is authorized to, and shall, direct drawdowns of defense articles from the stocks of the Department of Defense, defense services of the Department of Defense, and military education and training of an aggregate value of not less than \$25,000,000 under the authority of this proviso for Jordan for the purposes of part II of the Foreign Assistance Act of 1961, and any amount so directed shall count toward meeting the earmark in the previous proviso: *Provided further*, That section 506(c) of the Foreign Assistance Act of 1961 shall apply, and section 632(d) of the Foreign Assistance Act of 1961 shall not apply, to any such drawdown: *Provided further*, That of the funds appropriated by this paragraph, a total of \$18,300,000 should be available for assistance for Estonia, Latvia, and Lithuania: *Provided further*, That none of the funds made available under this heading shall be available for any non-NATO country participating in the Partnership for Peace Program except through the regular notification procedures of the Committees on Appropriations: *Provided further*, That funds appropriated by this paragraph shall be nonrepayable notwithstanding any requirement in section 23 of the Arms Export Control Act: *Provided further*,

That funds made available under this paragraph shall be obligated upon apportionment in accordance with paragraph (5)(C) of title 31, United States Code, section 1501(a): *Provided further*, That \$50,000,000 of the funds appropriated or otherwise made available under this heading should be made available for the purpose of facilitating the integration of Poland, Hungary, and the Czech Republic into the North Atlantic Treaty Organization.

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, of direct loans authorized by section 23 of the Arms Export Control Act as follows: cost of direct loans, \$60,000,000: *Provided*, That these funds are available to subsidize gross obligations for the principal amount of direct loans of not to exceed \$657,000,000: *Provided further*, That the rate of interest charged on such loans shall be not less than the current average market yield on outstanding marketable obligations of the United States of comparable maturities: *Provided further*, That funds appropriated under this paragraph shall be made available for Greece and Turkey only on a loan basis, and the principal amount of direct loans for each country shall not exceed the following: \$105,000,000 only for Greece and \$150,000,000 only for Turkey.

None of the funds made available under this heading shall be available to finance the procurement of defense articles, defense services, or design and construction services that are not sold by the United States Government under the Arms Export Control Act unless the foreign country proposing to make such procurements has first signed an agreement with the United States Government specifying the conditions under which such procurements may be financed with such funds: *Provided*, That all country and funding level increases in allocations shall be submitted through the regular notification procedures of section 515 of this Act: *Provided further*, That none of the funds appropriated under this heading shall be available for Sudan and Liberia: *Provided further*, That funds made available under this heading may be used, notwithstanding any other provision of law, for demining, the clearance of unexploded ordnance, and related activities and may include activities implemented through nongovernmental and international organizations: *Provided further*, That only those countries for which assistance was justified for the "Foreign Military Sales Financing Program" in the fiscal year 1989 congressional presentation for security assistance programs may utilize funds made available under this heading for procurement of defense articles, defense services or design and construction services that are not sold by the United States Government under the Arms Export Control Act: *Provided further*, That, subject to the regular notification procedures of the Committees on Appropriations, funds made available under this heading for the cost of direct loans may also be used to supplement the funds available under this heading for grants, and funds made available under this heading for grants may also be used to supplement the funds available under this heading for the cost of direct loans: *Provided further*, That funds appropriated under this heading shall be expended at the minimum rate necessary to make timely payment for defense articles and services: *Provided further*, That not more than \$23,250,000 of the funds appropriated under this heading may be obligated for necessary expenses, including the purchase of passenger motor vehicles for replacement only for use outside of the United States, for the general costs of administering military assistance and sales: *Provided further*, That none of the funds

under this heading shall be available for Guatemala: *Provided further*, That not more than \$350,000,000 of funds realized pursuant to section 21(e)(1)(A) of the Arms Export Control Act may be obligated for expenses incurred by the Department of Defense during fiscal year 1998 pursuant to section 43(b) of the Arms Export Control Act, except that this limitation may be exceeded only through the regular notification procedures of the Committees on Appropriations.

PEACEKEEPING OPERATIONS

For necessary expenses to carry out the provisions of section 551 of the Foreign Assistance Act of 1961, \$77,500,000: *Provided*, That none of the funds appropriated under this heading shall be obligated or expended except as provided through the regular notification procedures of the Committees on Appropriations.

TITLE IV—MULTILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

INTERNATIONAL FINANCIAL INSTITUTIONS

CONTRIBUTION TO THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

For payment to the International Bank for Reconstruction and Development by the Secretary of the Treasury, for the United States contribution to the Global Environment Facility (GEF), \$47,500,000, to remain available until September 30, 1999.

CONTRIBUTION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION

For payment to the International Development Association by the Secretary of the Treasury, \$1,034,503,100, to remain available until expended, of which \$234,503,100 shall be available to pay for the tenth replenishment: *Provided*, That none of the funds may be obligated or made available until the Secretary of the Treasury certifies to the Committees on Appropriations that procurement restrictions applicable to United States firms under the terms of the Interim Trust Fund have been lifted from all funds which Interim Trust Fund donors proposed to set aside for review of procurement restrictions at the conclusion of the February 1997 IDA Deputies Meeting in Paris.

CONTRIBUTION TO THE INTER-AMERICAN DEVELOPMENT BANK

For payment to the Inter-American Development Bank by the Secretary of the Treasury, for the United States share of the paid-in share portion of the increase in capital stock, \$25,610,667, and for the United States share of the increase in the resources of the Fund for Special Operations, \$20,835,000, to remain available until expended.

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

The United States Governor of the Inter-American Development Bank may subscribe without fiscal year limitation to the callable capital portion of the United States share of such capital stock in an amount not to exceed \$1,503,718,910.

CONTRIBUTION TO THE ENTERPRISE FOR THE AMERICAS
MULTILATERAL INVESTMENT FUND

For payment to the Enterprise for the Americas Multilateral Investment Fund by the Secretary of the Treasury, for the United States contribution to the Fund to be administered by the Inter-American Development Bank, \$30,000,000 to remain available until expended, which shall be available for contributions previously due.

CONTRIBUTION TO THE ASIAN DEVELOPMENT BANK

For payment to the Asian Development Bank by the Secretary of the Treasury for the United States share of the paid-in portion of the increase in capital stock, \$13,221,596, to remain available until expended.

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

The United States Governor of the Asian Development Bank may subscribe without fiscal year limitation to the callable capital portion of the United States share of such capital stock in an amount not to exceed \$647,858,204.

CONTRIBUTION TO THE ASIAN DEVELOPMENT FUND

For the United States contribution by the Secretary of the Treasury to the increases in resources of the Asian Development Fund, as authorized by the Asian Development Bank Act, as amended (Public Law 89-369), \$150,000,000, of which \$50,000,000 shall be available for contributions previously due, to remain available until expended.

CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND

For the United States contribution by the Secretary of the Treasury to the increase in resources of the African Development Fund, \$45,000,000, to remain available until expended and which shall be available for contributions previously due.

CONTRIBUTION TO THE EUROPEAN BANK FOR RECONSTRUCTION AND
DEVELOPMENT

For payment to the European Bank for Reconstruction and Development by the Secretary of the Treasury, \$35,778,717, for the United States share of the paid-in portion of the increase in capital stock, to remain available until expended.

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

The United States Governor of the European Bank for Reconstruction and Development may subscribe without fiscal year limitation to the callable capital portion of the United States share of such capital stock in an amount not to exceed \$123,237,803.

NORTH AMERICAN DEVELOPMENT BANK

For payment to the North American Development Bank by the Secretary of the Treasury, for the United States share of the paid-in portion of the capital stock, \$56,500,000, to remain available until expended of which \$250,000 shall be available for contributions

previously due: *Provided*, That none of the funds appropriated under this heading that are made available for the Community Adjustment and Investment Program shall be used for purposes other than those set out in the binational agreement establishing the Bank: *Provided further*, That of the amount appropriated under this heading, not more than \$41,250,000 may be expended for the purchase of such capital shares in fiscal year 1998.

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

The United States Governor of the North American Development Bank may subscribe without fiscal year limitation to the callable capital portion of the United States share of the capital stock of the North American Development Bank in an amount not to exceed \$318,750,000.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

For necessary expenses to carry out the provisions of section 301 of the Foreign Assistance Act of 1961, and of section 2 of the United Nations Environment Program Participation Act of 1973, \$192,000,000: *Provided*, That none of the funds appropriated under this heading shall be made available for the United Nations Fund for Science and Technology: *Provided further*, That none of the funds appropriated under this heading that are made available to the United Nations Population Fund (UNFPA) shall be made available for activities in the People's Republic of China: *Provided further*, That not more than \$25,000,000 of the funds appropriated under this heading may be made available to UNFPA: *Provided further*, That not more than one-half of this amount may be provided to UNFPA before March 1, 1998, and that no later than February 15, 1998, the Secretary of State shall submit a report to the Committees on Appropriations indicating the amount UNFPA is budgeting for the People's Republic of China in 1998: *Provided further*, That any amount UNFPA plans to spend in the People's Republic of China in 1998 shall be deducted from the amount of funds provided to UNFPA after March 1, 1998, pursuant to the previous provisos: *Provided further*, That with respect to any funds appropriated under this heading that are made available to UNFPA, UNFPA shall be required to maintain such funds in a separate account and not commingle them with any other funds: *Provided further*, That none of the funds appropriated under this heading may be made available to the Korean Peninsula Energy Development Organization (KEDO) or the International Atomic Energy Agency (IAEA): *Provided further*, That not less than \$4,000,000 should be made available to the World Food Program.

Reports.

TITLE V—GENERAL PROVISIONS

OBLIGATIONS DURING LAST MONTH OF AVAILABILITY

SEC. 501. Except for the appropriations entitled “International Disaster Assistance”, and “United States Emergency Refugee and Migration Assistance Fund”, not more than 15 percent of any appropriation item made available by this Act shall be obligated during the last month of availability.

PROHIBITION OF BILATERAL FUNDING FOR INTERNATIONAL FINANCIAL INSTITUTIONS

SEC. 502. Notwithstanding section 614 of the Foreign Assistance Act of 1961, as amended, none of the funds contained in title II of this Act may be used to carry out the provisions of section 209(d) of the Foreign Assistance Act of 1961.

LIMITATION ON RESIDENCE EXPENSES

SEC. 503. Of the funds appropriated or made available pursuant to this Act, not to exceed \$126,500 shall be for official residence expenses of the Agency for International Development during the current fiscal year: *Provided*, That appropriate steps shall be taken to assure that, to the maximum extent possible, United States-owned foreign currencies are utilized in lieu of dollars.

LIMITATION ON EXPENSES

SEC. 504. Of the funds appropriated or made available pursuant to this Act, not to exceed \$5,000 shall be for entertainment expenses of the Agency for International Development during the current fiscal year.

LIMITATION ON REPRESENTATIONAL ALLOWANCES

SEC. 505. Of the funds appropriated or made available pursuant to this Act, not to exceed \$95,000 shall be available for representation allowances for the Agency for International Development during the current fiscal year: *Provided*, That appropriate steps shall be taken to assure that, to the maximum extent possible, United States-owned foreign currencies are utilized in lieu of dollars: *Provided further*, That of the funds made available by this Act for general costs of administering military assistance and sales under the heading "Foreign Military Financing Program", not to exceed \$2,000 shall be available for entertainment expenses and not to exceed \$50,000 shall be available for representation allowances: *Provided further*, That of the funds made available by this Act under the heading "International Military Education and Training", not to exceed \$50,000 shall be available for entertainment allowances: *Provided further*, That of the funds made available by this Act for the Inter-American Foundation, not to exceed \$2,000 shall be available for entertainment and representation allowances: *Provided further*, That of the funds made available by this Act for the Peace Corps, not to exceed a total of \$4,000 shall be available for entertainment expenses: *Provided further*, That of the funds made available by this Act under the heading "Trade and Development Agency", not to exceed \$2,000 shall be available for representation and entertainment allowances.

PROHIBITION ON FINANCING NUCLEAR GOODS

SEC. 506. None of the funds appropriated or made available (other than funds for "Nonproliferation, Anti-terrorism, Demining and Related Programs") pursuant to this Act, for carrying out the Foreign Assistance Act of 1961, may be used, except for purposes of nuclear safety, to finance the export of nuclear equipment, fuel, or technology.

PROHIBITION AGAINST DIRECT FUNDING FOR CERTAIN COUNTRIES

SEC. 507. None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated or expended to finance directly any assistance or reparations to Cuba, Iraq, Libya, North Korea, Iran, Sudan, or Syria: *Provided*, That for purposes of this section, the prohibition on obligations or expenditures shall include direct loans, credits, insurance and guarantees of the Export-Import Bank or its agents.

MILITARY COUPS

SEC. 508. None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated or expended to finance directly any assistance to any country whose duly elected head of government is deposed by military coup or decree: *Provided*, That assistance may be resumed to such country if the President determines and reports to the Committees on Appropriations that subsequent to the termination of assistance a democratically elected government has taken office.

TRANSFERS BETWEEN ACCOUNTS

SEC. 509. None of the funds made available by this Act may be obligated under an appropriation account to which they were not appropriated, except for transfers specifically provided for in this Act, unless the President, prior to the exercise of any authority contained in the Foreign Assistance Act of 1961 to transfer funds, consults with and provides a written policy justification to the Committees on Appropriations of the House of Representatives and the Senate: *Provided*, That the exercise of such authority shall be subject to the regular notification procedures of the Committees on Appropriations.

DEOBLIGATION/REOBLIGATION AUTHORITY

SEC. 510. (a) Amounts certified pursuant to section 1311 of the Supplemental Appropriations Act, 1955, as having been obligated against appropriations heretofore made under the authority of the Foreign Assistance Act of 1961 for the same general purpose as any of the headings under title II of this Act are, if deobligated, hereby continued available for the same period as the respective appropriations under such headings or until September 30, 1998, whichever is later, and for the same general purpose, and for countries within the same region as originally obligated: *Provided*, That the Appropriations Committees of both Houses of the Congress are notified 15 days in advance of the reobligation of such funds in accordance with regular notification procedures of the Committees on Appropriations.

(b) Obligated balances of funds appropriated to carry out section 23 of the Arms Export Control Act as of the end of the fiscal year immediately preceding the current fiscal year are, if deobligated, hereby continued available during the current fiscal year for the same purpose under any authority applicable to such appropriations under this Act: *Provided*, That the authority of this subsection may not be used in fiscal year 1998.

AVAILABILITY OF FUNDS

SEC. 511. No part of any appropriation contained in this Act shall remain available for obligation after the expiration of the current fiscal year unless expressly so provided in this Act: *Provided*, That funds appropriated for the purposes of chapters 1, 8, and 11 of part I, section 667, and chapter 4 of part II of the Foreign Assistance Act of 1961, as amended, and funds provided under the heading “Assistance for Eastern Europe and the Baltic States”, shall remain available until expended if such funds are initially obligated before the expiration of their respective periods of availability contained in this Act: *Provided further*, That, notwithstanding any other provision of this Act, any funds made available for the purposes of chapter 1 of part I and chapter 4 of part II of the Foreign Assistance Act of 1961 which are allocated or obligated for cash disbursements in order to address balance of payments or economic policy reform objectives, shall remain available until expended: *Provided further*, That the report required by section 653(a) of the Foreign Assistance Act of 1961 shall designate for each country, to the extent known at the time of submission of such report, those funds allocated for cash disbursement for balance of payment and economic policy reform purposes.

LIMITATION ON ASSISTANCE TO COUNTRIES IN DEFAULT

SEC. 512. No part of any appropriation contained in this Act shall be used to furnish assistance to any country which is in default during a period in excess of one calendar year in payment to the United States of principal or interest on any loan made to such country by the United States pursuant to a program for which funds are appropriated under this Act: *Provided*, That this section and section 620(q) of the Foreign Assistance Act of 1961 shall not apply to funds made available in this Act or during the current fiscal year for Nicaragua and Liberia, and for any narcotics-related assistance for Colombia, Bolivia, and Peru authorized by the Foreign Assistance Act of 1961 or the Arms Export Control Act.

COMMERCE AND TRADE

SEC. 513. (a) None of the funds appropriated or made available pursuant to this Act for direct assistance and none of the funds otherwise made available pursuant to this Act to the Export-Import Bank and the Overseas Private Investment Corporation shall be obligated or expended to finance any loan, any assistance or any other financial commitments for establishing or expanding production of any commodity for export by any country other than the United States, if the commodity is likely to be in surplus on world markets at the time the resulting productive capacity is expected to become operative and if the assistance will cause substantial injury to United States producers of the same, similar, or competing commodity: *Provided*, That such prohibition shall not apply to the Export-Import Bank if in the judgment of its Board of Directors the benefits to industry and employment in the United States are likely to outweigh the injury to United States producers of the same, similar, or competing commodity, and the Chairman of the Board so notifies the Committees on Appropriations.

Notification.

(b) None of the funds appropriated by this or any other Act to carry out chapter 1 of part I of the Foreign Assistance Act of 1961 shall be available for any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training in connection with the growth or production in a foreign country of an agricultural commodity for export which would compete with a similar commodity grown or produced in the United States: *Provided*, That this subsection shall not prohibit—

(1) activities designed to increase food security in developing countries where such activities will not have a significant impact in the export of agricultural commodities of the United States; or

(2) research activities intended primarily to benefit American producers.

SURPLUS COMMODITIES

SEC. 514. The Secretary of the Treasury shall instruct the United States Executive Directors of the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the International Monetary Fund, the Asian Development Bank, the Inter-American Investment Corporation, the North American Development Bank, the European Bank for Reconstruction and Development, the African Development Bank, and the African Development Fund to use the voice and vote of the United States to oppose any assistance by these institutions, using funds appropriated or made available pursuant to this Act, for the production or extraction of any commodity or mineral for export, if it is in surplus on world markets and if the assistance will cause substantial injury to United States producers of the same, similar, or competing commodity.

22 USC 262h
note.

NOTIFICATION REQUIREMENTS

SEC. 515. (a) For the purposes of providing the executive branch with the necessary administrative flexibility, none of the funds made available under this Act for “Child Survival and Disease Programs Fund”, “Development Assistance”, “International organizations and programs”, “Trade and Development Agency”, “International narcotics control”, “Narcotics Interdiction”, “Assistance for Eastern Europe and the Baltic States”, “Assistance for the New Independent States of the Former Soviet Union”, “Economic Support Fund”, “Peacekeeping operations”, “Operating expenses of the Agency for International Development”, “Operating expenses of the Agency for International Development Office of Inspector General”, “Nonproliferation, anti-terrorism, demining and related programs”, “Foreign Military Financing Program”, “International military education and training”, “Peace Corps”, “Migration and refugee assistance”, shall be available for obligation for activities, programs, projects, type of materiel assistance, countries, or other operations not justified or in excess of the amount justified to the Appropriations Committees for obligation under any of these specific headings unless the Appropriations Committees of both Houses of Congress are previously notified 15 days in advance: *Provided*, That the President shall not enter into any commitment of funds appropriated for the purposes of section 23 of the Arms

Export Control Act for the provision of major defense equipment, other than conventional ammunition, or other major defense items defined to be aircraft, ships, missiles, or combat vehicles, not previously justified to Congress or 20 percent in excess of the quantities justified to Congress unless the Committees on Appropriations are notified 15 days in advance of such commitment: *Provided further*, That this section shall not apply to any reprogramming for an activity, program, or project under chapter 1 of part I of the Foreign Assistance Act of 1961 of less than 10 percent of the amount previously justified to the Congress for obligation for such activity, program, or project for the current fiscal year: *Provided further*, That the requirements of this section or any similar provision of this Act or any other Act, including any prior Act requiring notification in accordance with the regular notification procedures of the Committees on Appropriations, may be waived if failure to do so would pose a substantial risk to human health or welfare: *Provided further*, That in case of any such waiver, notification to the Congress, or the appropriate congressional committees, shall be provided as early as practicable, but in no event later than three days after taking the action to which such notification requirement was applicable, in the context of the circumstances necessitating such waiver: *Provided further*, That any notification provided pursuant to such a waiver shall contain an explanation of the emergency circumstances.

(b) Drawdowns made pursuant to section 506(a)(2) of the Foreign Assistance Act of 1961 shall be subject to the regular notification procedures of the Committees on Appropriations.

LIMITATION ON AVAILABILITY OF FUNDS FOR INTERNATIONAL
ORGANIZATIONS AND PROGRAMS

SEC. 516. Notwithstanding any other provision of law or of this Act, none of the funds provided for "International Organizations and Programs" shall be available for the United States proportionate share, in accordance with section 307(c) of the Foreign Assistance Act of 1961, for any programs identified in section 307, or for Libya, Iran, or, at the discretion of the President, Communist countries listed in section 620(f) of the Foreign Assistance Act of 1961, as amended: *Provided*, That, subject to the regular notification procedures of the Committees on Appropriations, funds appropriated under this Act or any previously enacted Act making appropriations for foreign operations, export financing, and related programs, which are returned or not made available for organizations and programs because of the implementation of this section or any similar provision of law, shall remain available for obligation through September 30, 1999.

ECONOMIC SUPPORT FUND ASSISTANCE FOR ISRAEL

SEC. 517. The Congress finds that progress on the peace process in the Middle East is vitally important to United States security interests in the region. The Congress recognizes that, in fulfilling its obligations under the Treaty of Peace Between the Arab Republic of Egypt and the State of Israel, done at Washington on March 26, 1979, Israel incurred severe economic burdens. Furthermore, the Congress recognizes that an economically and militarily secure Israel serves the security interests of the United States, for a secure Israel is an Israel which has the incentive and confidence

to continue pursuing the peace process. Therefore, the Congress declares that, subject to the availability of appropriations, it is the policy and the intention of the United States that the funds provided in annual appropriations for the Economic Support Fund which are allocated to Israel shall not be less than the annual debt repayment (interest and principal) from Israel to the United States Government in recognition that such a principle serves United States interests in the region.

PROHIBITION ON FUNDING FOR ABORTIONS AND INVOLUNTARY
STERILIZATION

SEC. 518. None of the funds made available to carry out part I of the Foreign Assistance Act of 1961, as amended, may be used to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions. None of the funds made available to carry out part I of the Foreign Assistance Act of 1961, as amended, may be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations. None of the funds made available to carry out part I of the Foreign Assistance Act of 1961, as amended, may be used to pay for any biomedical research which relates in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning. None of the funds made available to carry out part I of the Foreign Assistance Act of 1961, as amended, may be obligated or expended for any country or organization if the President certifies that the use of these funds by any such country or organization would violate any of the above provisions related to abortions and involuntary sterilizations: *Provided*, That none of the funds made available under this Act may be used to lobby for or against abortion.

REPORTING REQUIREMENT

SEC. 519. Section 25 of the Arms Export Control Act is amended— 22 USC 2765.

(1) in subsection (a), by striking “Congress” and inserting in lieu thereof “appropriate congressional committees”;

(2) in subsection (b), by striking “the Committee on Foreign Relations of the Senate or the Committee on Foreign Affairs of the House of Representatives” and inserting in lieu thereof “any of the congressional committees described in subsection (e)”; and

(3) by adding the following subsection:

“(e) As used in this section, the term ‘appropriate congressional committees’ means the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Committee on International Relations and the Committee on Appropriations of the House of Representatives.”.

SPECIAL NOTIFICATION REQUIREMENTS

SEC. 520. None of the funds appropriated in this Act shall be obligated or expended for Colombia, Haiti, Liberia, Pakistan, Panama, Peru, Serbia, Sudan, or the Democratic Republic of Congo except as provided through the regular notification procedures of the Committees on Appropriations.

DEFINITION OF PROGRAM, PROJECT, AND ACTIVITY

SEC. 521. For the purpose of this Act, “program, project, and activity” shall be defined at the appropriations Act account level and shall include all appropriations and authorizations Acts earmarks, ceilings, and limitations with the exception that for the following accounts: Economic Support Fund and Foreign Military Financing Program, “program, project, and activity” shall also be considered to include country, regional, and central program level funding within each such account; for the development assistance accounts of the Agency for International Development “program, project, and activity” shall also be considered to include central program level funding, either as: (1) justified to the Congress; or (2) allocated by the executive branch in accordance with a report, to be provided to the Committees on Appropriations within 30 days of enactment of this Act, as required by section 653(a) of the Foreign Assistance Act of 1961.

CHILD SURVIVAL, AIDS, AND OTHER ACTIVITIES

SEC. 522. Up to \$10,000,000 of the funds made available by this Act for assistance for family planning, health, child survival, basic education, and AIDS, may be used to reimburse United States Government agencies, agencies of State governments, institutions of higher learning, and private and voluntary organizations for the full cost of individuals (including for the personal services of such individuals) detailed or assigned to, or contracted by, as the case may be, the Agency for International Development for the purpose of carrying out family planning activities, child survival, and basic education activities, and activities relating to research on, and the treatment and control of acquired immune deficiency syndrome in developing countries: *Provided*, That funds appropriated by this Act that are made available for child survival activities or activities relating to research on, and the treatment and control of, acquired immune deficiency syndrome may be made available notwithstanding any provision of law that restricts assistance to foreign countries: *Provided further*, That funds appropriated by this Act that are made available for family planning activities may be made available notwithstanding section 512 of this Act and section 620(q) of the Foreign Assistance Act of 1961.

PROHIBITION AGAINST INDIRECT FUNDING TO CERTAIN COUNTRIES

SEC. 523. None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated to finance indirectly any assistance or reparations to Cuba, Iraq, Libya, Iran, Syria, North Korea, or the People’s Republic of China, unless the President of the United States certifies that the withholding of these funds is contrary to the national interest of the United States.

RECIPROCAL LEASING

22 USC 2796.

SEC. 524. Section 61(a) of the Arms Export Control Act is amended by striking out “1997” and inserting in lieu thereof “1998”.

NOTIFICATION ON EXCESS DEFENSE EQUIPMENT

SEC. 525. Prior to providing excess Department of Defense articles in accordance with section 516(a) of the Foreign Assistance

Act of 1961, the Department of Defense shall notify the Committees on Appropriations to the same extent and under the same conditions as are other committees pursuant to subsection (c) of that section: *Provided*, That before issuing a letter of offer to sell excess defense articles under the Arms Export Control Act, the Department of Defense shall notify the Committees on Appropriations in accordance with the regular notification procedures of such Committees: *Provided further*, That such Committees shall also be informed of the original acquisition cost of such defense articles.

AUTHORIZATION REQUIREMENT

SEC. 526. Funds appropriated by this Act may be obligated and expended notwithstanding section 10 of Public Law 91–672 and section 15 of the State Department Basic Authorities Act of 1956.

PROHIBITION ON BILATERAL ASSISTANCE TO TERRORIST COUNTRIES

SEC. 527. (a) Notwithstanding any other provision of law, funds appropriated for bilateral assistance under any heading of this Act and funds appropriated under any such heading in a provision of law enacted prior to enactment of this Act, shall not be made available to any country which the President determines—

(1) grants sanctuary from prosecution to any individual or group which has committed an act of international terrorism; or

(2) otherwise supports international terrorism.

(b) The President may waive the application of subsection (a) to a country if the President determines that national security or humanitarian reasons justify such waiver. The President shall publish each waiver in the Federal Register and, at least 15 days before the waiver takes effect, shall notify the Committees on Appropriations of the waiver (including the justification for the waiver) in accordance with the regular notification procedures of the Committees on Appropriations.

President.
Federal Register,
publication.
Notification.

COMMERCIAL LEASING OF DEFENSE ARTICLES

SEC. 528. Notwithstanding any other provision of law, and subject to the regular notification procedures of the Committees on Appropriations, the authority of section 23(a) of the Arms Export Control Act may be used to provide financing to Israel, Egypt and NATO and major non-NATO allies for the procurement by leasing (including leasing with an option to purchase) of defense articles from United States commercial suppliers, not including Major Defense Equipment (other than helicopters and other types of aircraft having possible civilian application), if the President determines that there are compelling foreign policy or national security reasons for those defense articles being provided by commercial lease rather than by government-to-government sale under such Act.

22 USC 2763
note.

COMPETITIVE INSURANCE

SEC. 529. All Agency for International Development contracts and solicitations, and subcontracts entered into under such contracts, shall include a clause requiring that United States insurance

companies have a fair opportunity to bid for insurance when such insurance is necessary or appropriate.

STINGERS IN THE PERSIAN GULF REGION

SEC. 530. Except as provided in section 581 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1990, the United States may not sell or otherwise make available any Stingers to any country bordering the Persian Gulf under the Arms Export Control Act or chapter 2 of part II of the Foreign Assistance Act of 1961.

DEBT-FOR-DEVELOPMENT

SEC. 531. In order to enhance the continued participation of nongovernmental organizations in economic assistance activities under the Foreign Assistance Act of 1961, including endowments, debt-for-development and debt-for-nature exchanges, a nongovernmental organization which is a grantee or contractor of the Agency for International Development may place in interest bearing accounts funds made available under this Act or prior Acts or local currencies which accrue to that organization as a result of economic assistance provided under title II of this Act and any interest earned on such investment shall be used for the purpose for which the assistance was provided to that organization.

SEPARATE ACCOUNTS

22 USC 2359
note.

SEC. 532. (a) SEPARATE ACCOUNTS FOR LOCAL CURRENCIES.—(1) If assistance is furnished to the government of a foreign country under chapter 1 and 10 of part I or chapter 4 of part II of the Foreign Assistance Act of 1961 under agreements which result in the generation of local currencies of that country, the Administrator of the Agency for International Development shall—

(A) require that local currencies be deposited in a separate account established by that government;

(B) enter into an agreement with that government which sets forth—

(i) the amount of the local currencies to be generated; and

(ii) the terms and conditions under which the currencies so deposited may be utilized, consistent with this section; and

(C) establish by agreement with that government the responsibilities of the Agency for International Development and that government to monitor and account for deposits into and disbursements from the separate account.

(2) USES OF LOCAL CURRENCIES.—As may be agreed upon with the foreign government, local currencies deposited in a separate account pursuant to subsection (a), or an equivalent amount of local currencies, shall be used only—

(A) to carry out chapter 1 or 10 of part I or chapter 4 of part II (as the case may be), for such purposes as—

(i) project and sector assistance activities; or

(ii) debt and deficit financing; or

(B) for the administrative requirements of the United States Government.

(3) PROGRAMMING ACCOUNTABILITY.—The Agency for International Development shall take all necessary steps to ensure that the equivalent of the local currencies disbursed pursuant to subsection (a)(2)(A) from the separate account established pursuant to subsection (a)(1) are used for the purposes agreed upon pursuant to subsection (a)(2).

(4) TERMINATION OF ASSISTANCE PROGRAMS.—Upon termination of assistance to a country under chapter 1 or 10 of part I or chapter 4 of part II (as the case may be), any unencumbered balances of funds which remain in a separate account established pursuant to subsection (a) shall be disposed of for such purposes as may be agreed to by the government of that country and the United States Government.

(5) CONFORMING AMENDMENTS.—The provisions of this subsection shall supersede the tenth and eleventh provisos contained under the heading “Sub-Saharan Africa, Development Assistance” as included in the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1989 and sections 531(d) and 609 of the Foreign Assistance Act of 1961.

(6) REPORTING REQUIREMENT.—The Administrator of the Agency for International Development shall report on an annual basis as part of the justification documents submitted to the Committees on Appropriations on the use of local currencies for the administrative requirements of the United States Government as authorized in subsection (a)(2)(B), and such report shall include the amount of local currency (and United States dollar equivalent) used and/or to be used for such purpose in each applicable country.

(b) SEPARATE ACCOUNTS FOR CASH TRANSFERS.—(1) If assistance is made available to the government of a foreign country, under chapter 1 or 10 of part I or chapter 4 of part II of the Foreign Assistance Act of 1961, as cash transfer assistance or as nonproject sector assistance, that country shall be required to maintain such funds in a separate account and not commingle them with any other funds.

(2) APPLICABILITY OF OTHER PROVISIONS OF LAW.—Such funds may be obligated and expended notwithstanding provisions of law which are inconsistent with the nature of this assistance including provisions which are referenced in the Joint Explanatory Statement of the Committee of Conference accompanying House Joint Resolution 648 (H. Report No. 98-1159).

(3) NOTIFICATION.—At least 15 days prior to obligating any such cash transfer or nonproject sector assistance, the President shall submit a notification through the regular notification procedures of the Committees on Appropriations, which shall include a detailed description of how the funds proposed to be made available will be used, with a discussion of the United States interests that will be served by the assistance (including, as appropriate, a description of the economic policy reforms that will be promoted by such assistance).

President.

(4) EXEMPTION.—Nonproject sector assistance funds may be exempt from the requirements of subsection (b)(1) only through the notification procedures of the Committees on Appropriations.

COMPENSATION FOR UNITED STATES EXECUTIVE DIRECTORS TO
INTERNATIONAL FINANCIAL INSTITUTIONS

SEC. 533. (a) No funds appropriated by this Act may be made as payment to any international financial institution while the

United States Executive Director to such institution is compensated by the institution at a rate which, together with whatever compensation such Director receives from the United States, is in excess of the rate provided for an individual occupying a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code, or while any alternate United States Director to such institution is compensated by the institution at a rate in excess of the rate provided for an individual occupying a position at level V of the Executive Schedule under section 5316 of title 5, United States Code.

(b) For purposes of this section, “international financial institutions” are: the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the Asian Development Fund, the African Development Bank, the African Development Fund, the International Monetary Fund, the North American Development Bank, and the European Bank for Reconstruction and Development.

COMPLIANCE WITH UNITED NATIONS SANCTIONS AGAINST IRAQ

50 USC 1701
note.

SEC. 534. None of the funds appropriated or otherwise made available pursuant to this Act to carry out the Foreign Assistance Act of 1961 (including title IV of chapter 2 of part I, relating to the Overseas Private Investment Corporation) or the Arms Export Control Act may be used to provide assistance to any country that is not in compliance with the United Nations Security Council sanctions against Iraq unless the President determines and so certifies to the Congress that—

(1) such assistance is in the national interest of the United States;

(2) such assistance will directly benefit the needy people in that country; or

(3) the assistance to be provided will be humanitarian assistance for foreign nationals who have fled Iraq and Kuwait.

COMPETITIVE PRICING FOR SALES OF DEFENSE ARTICLES

22 USC 2762
note.

SEC. 535. Direct costs associated with meeting a foreign customer’s additional or unique requirements will continue to be allowable under contracts under section 22(d) of the Arms Export Control Act. Loadings applicable to such direct costs shall be permitted at the same rates applicable to procurement of like items purchased by the Department of Defense for its own use.

EXTENSION OF AUTHORITY TO OBLIGATE FUNDS TO CLOSE THE SPECIAL DEFENSE ACQUISITION FUND

108 Stat. 1622.

SEC. 536. Title III of Public Law 103–306 is amended under the heading “Special Defense Acquisition Fund” by striking “1998” and inserting “2000”.

AUTHORITIES FOR THE PEACE CORPS, THE INTER-AMERICAN FOUNDATION AND THE AFRICAN DEVELOPMENT FOUNDATION

SEC. 537. Unless expressly provided to the contrary, provisions of this or any other Act, including provisions contained in prior Acts authorizing or making appropriations for foreign operations, export financing, and related programs, shall not be construed to prohibit activities authorized by or conducted under the Peace

Corps Act, the Inter-American Foundation Act, or the African Development Foundation Act. The appropriate agency shall promptly report to the Committees on Appropriations whenever it is conducting activities or is proposing to conduct activities in a country for which assistance is prohibited. Reports.

IMPACT ON JOBS IN THE UNITED STATES

SEC. 538. None of the funds appropriated by this Act may be obligated or expended to provide—

(1) any financial incentive to a business enterprise currently located in the United States for the purpose of inducing such an enterprise to relocate outside the United States if such incentive or inducement is likely to reduce the number of employees of such business enterprise in the United States because United States production is being replaced by such enterprise outside the United States;

(2) assistance for the purpose of establishing or developing in a foreign country any export processing zone or designated area in which the tax, tariff, labor, environment, and safety laws of that country do not apply, in part or in whole, to activities carried out within that zone or area, unless the President determines and certifies that such assistance is not likely to cause a loss of jobs within the United States; or

(3) assistance for any project or activity that contributes to the violation of internationally recognized workers rights, as defined in section 502(a)(4) of the Trade Act of 1974, of workers in the recipient country, including any designated zone or area in that country: *Provided*, That in recognition that the application of this subsection should be commensurate with the level of development of the recipient country and sector, the provisions of this subsection shall not preclude assistance for the informal sector in such country, micro and small-scale enterprise, and smallholder agriculture.

SPECIAL AUTHORITIES

SEC. 539. (a) Funds appropriated in title II of this Act that are made available for Afghanistan, Lebanon, and for victims of war, displaced children, displaced Burmese, humanitarian assistance for Romania, and humanitarian assistance for the peoples of Bosnia and Herzegovina, Croatia, and Kosova, may be made available notwithstanding any other provision of law.

(b) Funds appropriated by this Act to carry out the provisions of sections 103 through 106 of the Foreign Assistance Act of 1961 may be used, notwithstanding any other provision of law, for the purpose of supporting tropical forestry and energy programs aimed at reducing emissions of greenhouse gases, and for the purpose of supporting biodiversity conservation activities: *Provided*, That such assistance shall be subject to sections 116, 502B, and 620A of the Foreign Assistance Act of 1961.

(c) The Agency for International Development may employ personal services contractors, notwithstanding any other provision of law, for the purpose of administering programs for the West Bank and Gaza.

(d)(1) WAIVER.—The President may waive the provisions of section 1003 of Public Law 100–204 if the President determines

and certifies in writing to the Speaker of the House of Representatives and the President pro tempore of the Senate that it is important to the national security interests of the United States.

(2) PERIOD OF APPLICATION OF WAIVER.—Any waiver pursuant to paragraph (1) shall be effective for no more than a period of six months at a time and shall not apply beyond twelve months after enactment of this Act.

POLICY ON TERMINATING THE ARAB LEAGUE BOYCOTT OF ISRAEL

SEC. 540. It is the sense of the Congress that—

(1) the Arab League countries should immediately and publicly renounce the primary boycott of Israel and the secondary and tertiary boycott of American firms that have commercial ties with Israel;

(2) the decision by the Arab League in 1997 to reinstate the boycott against Israel was deeply troubling and disappointing;

(3) the Arab League should immediately rescind its decision on the boycott and its members should develop normal relations with their neighbor Israel; and

(4) the President should—

(A) take more concrete steps to encourage vigorously Arab League countries to renounce publicly the primary boycotts of Israel and the secondary and tertiary boycotts of American firms that have commercial relations with Israel as a confidence-building measure;

(B) take into consideration the participation of any recipient country in the primary boycott of Israel and the secondary and tertiary boycotts of American firms that have commercial relations with Israel when determining whether to sell weapons to said country;

(C) report to Congress on the specific steps being taken by the President to bring about a public renunciation of the Arab primary boycott of Israel and the secondary and tertiary boycotts of American firms that have commercial relations with Israel and to expand the process of normalizing ties between Arab League countries and Israel; and

(D) encourage the allies and trading partners of the United States to enact laws prohibiting businesses from complying with the boycott and penalizing businesses that do comply.

ANTI-NARCOTICS ACTIVITIES

SEC. 541. (a) Of the funds appropriated or otherwise made available by this Act for “Economic Support Fund”, assistance may be provided to strengthen the administration of justice in countries in Latin America and the Caribbean and in other regions consistent with the provisions of section 534(b) of the Foreign Assistance Act of 1961, except that programs to enhance protection of participants in judicial cases may be conducted notwithstanding section 660 of that Act.

(b) Funds made available pursuant to this section may be made available notwithstanding section 534(c) and the second and third sentences of section 534(e) of the Foreign Assistance Act of 1961. Funds made available pursuant to subsection (a) for Bolivia, Colombia, and Peru may be made available notwithstanding section

534(c) and the second sentence of section 534(e) of the Foreign Assistance Act of 1961.

ELIGIBILITY FOR ASSISTANCE

SEC. 542. (a) ASSISTANCE THROUGH NONGOVERNMENTAL ORGANIZATIONS.—Restrictions contained in this or any other Act with respect to assistance for a country shall not be construed to restrict assistance in support of programs of nongovernmental organizations from funds appropriated by this Act to carry out the provisions of chapters 1, 10, and 11 of part I, and chapter 4 of part II, of the Foreign Assistance Act of 1961: *Provided*, That the President shall take into consideration, in any case in which a restriction on assistance would be applicable but for this subsection, whether assistance in support of programs of nongovernmental organizations is in the national interest of the United States: *Provided further*, That before using the authority of this subsection to furnish assistance in support of programs of nongovernmental organizations, the President shall notify the Committees on Appropriations under the regular notification procedures of those committees, including a description of the program to be assisted, the assistance to be provided, and the reasons for furnishing such assistance: *Provided further*, That nothing in this subsection shall be construed to alter any existing statutory prohibitions against abortion or involuntary sterilizations contained in this or any other Act.

President.

President.
Notification.

(b) PUBLIC LAW 480.—During fiscal year 1998, restrictions contained in this or any other Act with respect to assistance for a country shall not be construed to restrict assistance under the Agricultural Trade Development and Assistance Act of 1954: *Provided*, That none of the funds appropriated to carry out title I of such Act and made available pursuant to this subsection may be obligated or expended except as provided through the regular notification procedures of the Committees on Appropriations.

(c) EXCEPTION.—This section shall not apply—

(1) with respect to section 620A of the Foreign Assistance Act or any comparable provision of law prohibiting assistance to countries that support international terrorism; or

(2) with respect to section 116 of the Foreign Assistance Act of 1961 or any comparable provision of law prohibiting assistance to countries that violate internationally recognized human rights.

EARMARKS

SEC. 543. (a) Funds appropriated by this Act which are earmarked may be reprogrammed for other programs within the same account notwithstanding the earmark if compliance with the earmark is made impossible by operation of any provision of this or any other Act or, with respect to a country with which the United States has an agreement providing the United States with base rights or base access in that country, if the President determines that the recipient for which funds are earmarked has significantly reduced its military or economic cooperation with the United States since enactment of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1991; however, before exercising the authority of this subsection with regard to a base rights or base access country which has significantly reduced its

President.

military or economic cooperation with the United States, the President shall consult with, and shall provide a written policy justification to the Committees on Appropriations: *Provided*, That any such reprogramming shall be subject to the regular notification procedures of the Committees on Appropriations: *Provided further*, That assistance that is reprogrammed pursuant to this subsection shall be made available under the same terms and conditions as originally provided.

(b) In addition to the authority contained in subsection (a), the original period of availability of funds appropriated by this Act and administered by the Agency for International Development that are earmarked for particular programs or activities by this or any other Act shall be extended for an additional fiscal year if the Administrator of such agency determines and reports promptly to the Committees on Appropriations that the termination of assistance to a country or a significant change in circumstances makes it unlikely that such earmarked funds can be obligated during the original period of availability: *Provided*, That such earmarked funds that are continued available for an additional fiscal year shall be obligated only for the purpose of such earmark.

CEILINGS AND EARMARKS

SEC. 544. Ceilings and earmarks contained in this Act shall not be applicable to funds or authorities appropriated or otherwise made available by any subsequent Act unless such Act specifically so directs.

PROHIBITION ON PUBLICITY OR PROPAGANDA

SEC. 545. No part of any appropriation contained in this Act shall be used for publicity or propaganda purposes within the United States not authorized before the date of enactment of this Act by the Congress: *Provided*, That not to exceed \$500,000 may be made available to carry out the provisions of section 316 of Public Law 96-533.

PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS

SEC. 546. (a) To the maximum extent possible, assistance provided under this Act should make full use of American resources, including commodities, products, and services.

(b) It is the Sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available in this Act should be American-made.

(c) In providing financial assistance to, or entering into any contract with, any entity using funds made available in this Act, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (b) by the Congress.

PROHIBITION OF PAYMENTS TO UNITED NATIONS MEMBERS

SEC. 547. None of the funds appropriated or made available pursuant to this Act for carrying out the Foreign Assistance Act of 1961, may be used to pay in whole or in part any assessments, arrearages, or dues of any member of the United Nations.

CONSULTING SERVICES

SEC. 548. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to section 3109 of title 5, United States Code, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order pursuant to existing law.

Contracts.
Public
information.

PRIVATE VOLUNTARY ORGANIZATIONS—DOCUMENTATION

SEC. 549. None of the funds appropriated or made available pursuant to this Act shall be available to a private voluntary organization which fails to provide upon timely request any document, file, or record necessary to the auditing requirements of the Agency for International Development.

PROHIBITION ON ASSISTANCE TO FOREIGN GOVERNMENTS THAT EXPORT LETHAL MILITARY EQUIPMENT TO COUNTRIES SUPPORTING INTERNATIONAL TERRORISM

SEC. 550. (a) None of the funds appropriated or otherwise made available by this Act may be available to any foreign government which provides lethal military equipment to a country the government of which the Secretary of State has determined is a terrorist government for purposes of section 40(d) of the Arms Export Control Act. The prohibition under this section with respect to a foreign government shall terminate 12 months after that government ceases to provide such military equipment. This section applies with respect to lethal military equipment provided under a contract entered into after October 1, 1997.

Termination
date.
Applicability.

(b) Assistance restricted by subsection (a) or any other similar provision of law, may be furnished if the President determines that furnishing such assistance is important to the national interests of the United States.

(c) Whenever the waiver of subsection (b) is exercised, the President shall submit to the appropriate congressional committees a report with respect to the furnishing of such assistance. Any such report shall include a detailed explanation of the assistance estimated to be provided, including the estimated dollar amount of such assistance, and an explanation of how the assistance furthers United States national interests.

President.
Reports.

WITHHOLDING OF ASSISTANCE FOR PARKING FINES OWED BY FOREIGN COUNTRIES

SEC. 551. (a) IN GENERAL.—Of the funds made available for a foreign country under part I of the Foreign Assistance Act of 1961, an amount equivalent to 110 percent of the total unpaid fully adjudicated parking fines and penalties owed to the District of Columbia by such country as of the date of enactment of this Act shall be withheld from obligation for such country until the Secretary of State certifies and reports in writing to the appropriate congressional committees that such fines and penalties are fully paid to the government of the District of Columbia.

(b) DEFINITION.—For purposes of this section, the term “appropriate congressional committees” means the Committee on Foreign Relations and the Committee on Appropriations of the Senate and

the Committee on International Relations and the Committee on Appropriations of the House of Representatives.

LIMITATION ON ASSISTANCE FOR THE PLO FOR THE WEST BANK AND
GAZA

SEC. 552. None of the funds appropriated by this Act may be obligated for assistance for the Palestine Liberation Organization for the West Bank and Gaza unless the President has exercised the authority under section 604(a) of the Middle East Peace Facilitation Act of 1995 (title VI of Public Law 104-107) or any other legislation to suspend or make inapplicable section 307 of the Foreign Assistance Act of 1961 and that suspension is still in effect: *Provided*, That if the President fails to make the certification under section 604(b)(2) of the Middle East Peace Facilitation Act of 1995 or to suspend the prohibition under other legislation, funds appropriated by this Act may not be obligated for assistance for the Palestine Liberation Organization for the West Bank and Gaza.

WAR CRIMES TRIBUNALS DRAWDOWN

SEC. 553. If the President determines that doing so will contribute to a just resolution of charges regarding genocide or other violations of international humanitarian law, the President may direct a drawdown pursuant to section 552(c) of the Foreign Assistance Act of 1961, as amended, of up to \$25,000,000 of commodities and services for the United Nations War Crimes Tribunal established with regard to the former Yugoslavia by the United Nations Security Council or such other tribunals or commissions as the Council may establish to deal with such violations, without regard to the ceiling limitation contained in paragraph (2) thereof: *Provided*, That the determination required under this section shall be in lieu of any determinations otherwise required under section 552(c): *Provided further*, That 60 days after the date of enactment of this Act, and every 180 days thereafter, the Secretary of State shall submit a report to the Committees on Appropriations describing the steps the United States Government is taking to collect information regarding allegations of genocide or other violations of international law in the former Yugoslavia and to furnish that information to the United Nations War Crimes Tribunal for the former Yugoslavia.

Reports.
22 USC 2656
note.

LANDMINES

SEC. 554. Notwithstanding any other provision of law, demining equipment available to the Agency for International Development and the Department of State and used in support of the clearance of landmines and unexploded ordnance for humanitarian purposes may be disposed of on a grant basis in foreign countries, subject to such terms and conditions as the President may prescribe: *Provided*, That not later than 90 days after the enactment of this Act, the Secretary of Defense, in consultation with the Secretary of State, shall submit a report to the Committees on Appropriations describing potential alternative technologies or tactics and a plan for the development of such alternatives to protect anti-tank mines from tampering in a manner consistent with the "Convention on the Prohibition, Use, Stockpiling, Production and Transfer of Anti-personnel Mines and on Their Destruction".

Reports.

RESTRICTIONS CONCERNING THE PALESTINIAN AUTHORITY

SEC. 555. None of the funds appropriated by this Act may be obligated or expended to create in any part of Jerusalem a new office of any department or agency of the United States Government for the purpose of conducting official United States Government business with the Palestinian Authority over Gaza and Jericho or any successor Palestinian governing entity provided for in the Israel-PLO Declaration of Principles: *Provided*, That this restriction shall not apply to the acquisition of additional space for the existing Consulate General in Jerusalem: *Provided further*, That meetings between officers and employees of the United States and officials of the Palestinian Authority, or any successor Palestinian governing entity provided for in the Israel-PLO Declaration of Principles, for the purpose of conducting official United States Government business with such authority should continue to take place in locations other than Jerusalem. As has been true in the past, officers and employees of the United States Government may continue to meet in Jerusalem on other subjects with Palestinians (including those who now occupy positions in the Palestinian Authority), have social contacts, and have incidental discussions.

PROHIBITION OF PAYMENT OF CERTAIN EXPENSES

SEC. 556. None of the funds appropriated or otherwise made available by this Act under the heading “International Military Education and Training” or “Foreign Military Financing Program” for Informational Program activities may be obligated or expended to pay for—

- (1) alcoholic beverages;
- (2) food (other than food provided at a military installation) not provided in conjunction with Informational Program trips where students do not stay at a military installation; or
- (3) entertainment expenses for activities that are substantially of a recreational character, including entrance fees at sporting events and amusement parks.

EQUITABLE ALLOCATION OF FUNDS

SEC. 557. Not more than 18 percent of the funds appropriated by this Act to carry out the provisions of sections 103 through 106 and chapter 4 of part II of the Foreign Assistance Act of 1961, that are made available for Latin America and the Caribbean region may be made available, through bilateral and Latin America and the Caribbean regional programs, to provide assistance for any country in such region.

SPECIAL DEBT RELIEF FOR THE POOREST

SEC. 558. (a) **AUTHORITY TO REDUCE DEBT.**—The President may reduce amounts owed to the United States (or any agency of the United States) by an eligible country as a result of—

- (1) guarantees issued under sections 221 and 222 of the Foreign Assistance Act of 1961;
- (2) credits extended or guarantees issued under the Arms Export Control Act; or

(3) any obligation or portion of such obligation for a Latin American country, to pay for purchases of United States agricultural commodities guaranteed by the Commodity Credit Corporation under export credit guarantee programs authorized pursuant to section 5(f) of the Commodity Credit Corporation Charter Act of June 29, 1948, as amended, section 4(b) of the Food for Peace Act of 1966, as amended (Public Law 89-808), or section 202 of the Agricultural Trade Act of 1978, as amended (Public Law 95-501).

(b) LIMITATIONS.—

(1) The authority provided by subsection (a) may be exercised only to implement multilateral official debt relief and referendum agreements, commonly referred to as “Paris Club Agreed Minutes”.

(2) The authority provided by subsection (a) may be exercised only in such amounts or to such extent as is provided in advance by appropriations Acts.

(3) The authority provided by subsection (a) may be exercised only with respect to countries with heavy debt burdens that are eligible to borrow from the International Development Association, but not from the International Bank for Reconstruction and Development, commonly referred to as “IDA-only” countries.

(c) CONDITIONS.—The authority provided by subsection (a) may be exercised only with respect to a country whose government—

(1) does not have an excessive level of military expenditures;

(2) has not repeatedly provided support for acts of international terrorism;

(3) is not failing to cooperate on international narcotics control matters;

(4) (including its military or other security forces) does not engage in a consistent pattern of gross violations of internationally recognized human rights; and

(5) is not ineligible for assistance because of the application of section 527 of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995.

(d) AVAILABILITY OF FUNDS.—The authority provided by subsection (a) may be used only with regard to funds appropriated by this Act under the heading “Debt restructuring”.

(e) CERTAIN PROHIBITIONS INAPPLICABLE.—A reduction of debt pursuant to subsection (a) shall not be considered assistance for purposes of any provision of law limiting assistance to a country. The authority provided by subsection (a) may be exercised notwithstanding section 620(r) of the Foreign Assistance Act of 1961.

AUTHORITY TO ENGAGE IN DEBT BUYBACKS OR SALES

SEC. 559. (a) LOANS ELIGIBLE FOR SALE, REDUCTION, OR CANCELLATION.—

(1) AUTHORITY TO SELL, REDUCE, OR CANCEL CERTAIN LOANS.—Notwithstanding any other provision of law, the President may, in accordance with this section, sell to any eligible purchaser any concessional loan or portion thereof made before January 1, 1995, pursuant to the Foreign Assistance Act of 1961, to the government of any eligible country as defined in section 702(6) of that Act or on receipt of payment from

an eligible purchaser, reduce or cancel such loan or portion thereof, only for the purpose of facilitating—

(A) debt-for-equity swaps, debt-for-development swaps, or debt-for-nature swaps; or

(B) a debt buyback by an eligible country of its own qualified debt, only if the eligible country uses an additional amount of the local currency of the eligible country, equal to not less than 40 percent of the price paid for such debt by such eligible country, or the difference between the price paid for such debt and the face value of such debt, to support activities that link conservation and sustainable use of natural resources with local community development, and child survival and other child development, in a manner consistent with sections 707 through 710 of the Foreign Assistance Act of 1961, if the sale, reduction, or cancellation would not contravene any term or condition of any prior agreement relating to such loan.

(2) TERMS AND CONDITIONS.—Notwithstanding any other provision of law, the President shall, in accordance with this section, establish the terms and conditions under which loans may be sold, reduced, or canceled pursuant to this section. President.

(3) ADMINISTRATION.—The Facility, as defined in section 702(8) of the Foreign Assistance Act of 1961, shall notify the administrator of the agency primarily responsible for administering part I of the Foreign Assistance Act of 1961 of purchasers that the President has determined to be eligible, and shall direct such agency to carry out the sale, reduction, or cancellation of a loan pursuant to this section. Such agency shall make an adjustment in its accounts to reflect the sale, reduction, or cancellation.

(4) LIMITATION.—The authorities of this subsection shall be available only to the extent that appropriations for the cost of the modification, as defined in section 502 of the Congressional Budget Act of 1974, are made in advance.

(b) DEPOSIT OF PROCEEDS.—The proceeds from the sale, reduction, or cancellation of any loan sold, reduced, or canceled pursuant to this section shall be deposited in the United States Government account or accounts established for the repayment of such loan.

(c) ELIGIBLE PURCHASERS.—A loan may be sold pursuant to subsection (a)(1)(A) only to a purchaser who presents plans satisfactory to the President for using the loan for the purpose of engaging in debt-for-equity swaps, debt-for-development swaps, or debt-for-nature swaps.

(d) DEBTOR CONSULTATIONS.—Before the sale to any eligible purchaser, or any reduction or cancellation pursuant to this section, of any loan made to an eligible country, the President should consult with the country concerning the amount of loans to be sold, reduced, or canceled and their uses for debt-for-equity swaps, debt-for-development swaps, or debt-for-nature swaps.

(e) AVAILABILITY OF FUNDS.—The authority provided by subsection (a) may be used only with regard to funds appropriated by this Act under the heading “Debt restructuring”.

INTERNATIONAL FINANCIAL INSTITUTIONS

SEC. 560. (a) AUTHORIZATIONS.—The Secretary of the Treasury may, to fulfill commitments of the United States: (1) effect the United States participation in the first general capital increase

22 USC 284s
note, 285c note,
290l-4 note.

of the European Bank for Reconstruction and Development, subscribe to and make payment for 100,000 additional shares of the capital stock of the Bank on behalf of the United States; and (2) contribute on behalf of the United States to the eleventh replenishment of the resources of the International Development Association, to the sixth replenishment of the resources of the Asian Development Fund, a special fund of the Asian Development Bank. The following amounts are authorized to be appropriated without fiscal year limitation for payment by the Secretary of the Treasury: (1) \$285,772,500 for paid-in capital, and \$984,327,500 for callable capital of the European Bank for Reconstruction and Development; (2) \$1,600,000,000 for the International Development Association; (3) \$400,000,000 for the Asian Development Fund; and (4) \$76,832,001 for paid-in capital, and \$4,511,156,729 for callable capital of the Inter-American Development Bank in connection with the eighth general increase in the resources of that Bank. Each such subscription or contribution shall be subject to obtaining the necessary appropriations.

(b) CONSIDERATION OF ENVIRONMENTAL IMPACT OF INTERNATIONAL FINANCE CORPORATION LOANS.—Section 1307 of the International Financial Institutions Act (Public Law 95–118) is amended as follows:

(1) in subsection (a)(1)(A) strike “borrowing country” and insert in lieu thereof “borrower”;

(2) in subsection (a)(2)(A) strike “country”; and

(3) at the end of section 1307, add a new subsection as follows:

“(g) For purposes of this section, the term ‘multilateral development bank’ means any of the institutions named in section 1303(b) of this Act, and the International Finance Corporation.”.

(c) The Secretary of the Treasury shall instruct the United States Executive Directors of the International Bank for Reconstruction and Development and the International Development Association to use the voice and vote of the United States to strongly encourage their respective institutions to—

(1) provide timely public information on procurement opportunities available to United States suppliers, with a special emphasis on small business; and

(2) systematically consult with local communities on the potential impact of loans as part of the normal lending process, and expand the participation of affected peoples and nongovernmental organizations in decisions on the selection, design and implementation of policies and projects.

SANCTIONS AGAINST COUNTRIES HARBORING WAR CRIMINALS

SEC. 561. (a) BILATERAL ASSISTANCE.—The President is authorized to withhold funds appropriated by this Act under the Foreign Assistance Act of 1961 or the Arms Export Control Act for any country described in subsection (c).

(b) MULTILATERAL ASSISTANCE.—The Secretary of the Treasury should instruct the United States executive directors of the international financial institutions to work in opposition to, and vote against, any extension by such institutions of financing or financial or technical assistance to any country described in subsection (c).

(c) SANCTIONED COUNTRIES.—A country described in this subsection is a country the government of which knowingly grants

sanctuary to persons in its territory for the purpose of evading prosecution, where such persons—

(1) have been indicted by the International Criminal Tribunal for Rwanda, or any other international tribunal with similar standing under international law; or

(2) have been indicted for war crimes or crimes against humanity committed during the period beginning March 23, 1933 and ending on May 8, 1945 under the direction of, or in association with—

(A) the Nazi government of Germany;

(B) any government in any area occupied by the military forces of the Nazi government of Germany;

(C) any government which was established with the assistance or cooperation of the Nazi government; or

(D) any government which was an ally of the Nazi government of Germany.

LIMITATION ON ASSISTANCE FOR HAITI

SEC. 562. (a) LIMITATION.—None of the funds appropriated or otherwise made available by this Act may be provided to the Government of Haiti unless the President reports to Congress that the Government of Haiti—

(1) is conducting thorough investigations of extrajudicial and political killings;

(2) is cooperating with United States authorities in the investigations of political and extrajudicial killings;

(3) has substantially completed privatization of (or placed under long-term private management or concession) at least three major public enterprises; and

(4) has taken action to remove from the Haitian National Police, national palace and residential guard, ministerial guard, and any other public security entity of Haiti those individuals who are credibly alleged to have engaged in or conspired to conceal gross violations of internationally recognized human rights.

(b) EXCEPTIONS.—The limitation in subsection (a) does not apply to the provision of humanitarian, electoral, counter-narcotics, or law enforcement assistance.

(c) WAIVER.—The President may waive the requirements of this section on a semiannual basis if the President determines and certifies to the appropriate committees of Congress that such waiver is in the national interest of the United States.

(d) PARASTATALS DEFINED.—As used in this section, the term “parastatal” means a government-owned enterprise.

REQUIREMENT FOR DISCLOSURE OF FOREIGN AID IN REPORT OF SECRETARY OF STATE

SEC. 563. (a) FOREIGN AID REPORTING REQUIREMENT.—In addition to the voting practices of a foreign country, the report required to be submitted to Congress under section 406(a) of the Foreign Relations Authorization Act, fiscal years 1990 and 1991 (22 U.S.C. 2414a), shall include a side-by-side comparison of individual countries’ overall support for the United States at the United Nations and the amount of United States assistance provided to such country in fiscal year 1997.

22 USC 2414a
note.

(b) UNITED STATES ASSISTANCE.—For purposes of this section, the term “United States assistance” has the meaning given the term in section 481(e)(4) of the Foreign Assistance Act of 1961 (22 U.S.C. 2291(e)(4)).

RESTRICTIONS ON VOLUNTARY CONTRIBUTIONS TO UNITED NATIONS
AGENCIES

SEC. 564. (a) PROHIBITION ON VOLUNTARY CONTRIBUTIONS FOR THE UNITED NATIONS.—None of the funds appropriated or otherwise made available by this Act may be made available to pay any voluntary contribution of the United States to the United Nations (including the United Nations Development Program) if the United Nations implements or imposes any taxation on any United States persons.

(b) CERTIFICATION REQUIRED FOR DISBURSEMENT OF FUNDS.—None of the funds appropriated or otherwise made available under this Act may be made available to pay any voluntary contribution of the United States to the United Nations (including the United Nations Development Program) unless the President certifies to the Congress 15 days in advance of such payment that the United Nations is not engaged in any effort to implement or impose any taxation on United States persons in order to raise revenue for the United Nations or any of its specialized agencies.

(c) DEFINITIONS.—As used in this section the term “United States person” refers to—

- (1) a natural person who is a citizen or national of the United States; or
- (2) a corporation, partnership, or other legal entity organized under the United States or any State, territory, possession, or district of the United States.

ASSISTANCE TO TURKEY

SEC. 565. (a) Not more than \$40,000,000 of the funds appropriated in this Act under the heading “Economic Support Fund” may be made available for Turkey.

(b) Of the funds made available under the heading “Economic Support Fund” for Turkey, not less than 50 percent of these funds shall be made available for the purpose of supporting private non-governmental organizations engaged in strengthening democratic institutions in Turkey, providing economic assistance for individuals and communities affected by civil unrest, and supporting and promoting peaceful solutions and economic development which will contribute to the settlement of regional problems in Turkey.

LIMITATION ON ASSISTANCE TO THE PALESTINIAN AUTHORITY

SEC. 566. (a) PROHIBITION OF FUNDS.—None of the funds appropriated by this Act to carry out the provisions of chapter 4 of part II of the Foreign Assistance Act of 1961 may be obligated or expended with respect to providing funds to the Palestinian Authority.

(b) WAIVER.—The prohibition included in subsection (a) shall not apply if the President certifies in writing to the Speaker of the House of Representatives and the President pro tempore of the Senate that waiving such prohibition is important to the national security interests of the United States.

(c) PERIOD OF APPLICATION OF WAIVER.—Any waiver pursuant to subsection (b) shall be effective for no more than a period of six months at a time and shall not apply beyond twelve months after enactment of this Act.

LIMITATION ON ASSISTANCE TO THE GOVERNMENT OF CROATIA

SEC. 567. None of the funds appropriated or otherwise made available by title II of this Act may be made available to the Government of Croatia to relocate the remains of Croatian Ustashe soldiers, at the site of the World War II concentration camp at Jasenovac, Croatia.

BURMA LABOR REPORT

SEC. 568. Not later than 120 days after enactment of this Act, the Secretary of Labor in consultation with the Secretary of State shall provide to the Committees on Appropriations a report addressing labor practices in Burma.

HAITI

SEC. 569. The Government of Haiti shall be eligible to purchase defense articles and services under the Arms Export Control Act (22 U.S.C. 2751 et seq.), for the civilian-led Haitian National Police and Coast Guard: *Provided*, That the authority provided by this section shall be subject to the regular notification procedures of the Committees on Appropriations.

LIMITATION ON ASSISTANCE TO SECURITY FORCES

SEC. 570. None of the funds made available by this Act may be provided to any unit of the security forces of a foreign country if the Secretary of State has credible evidence that such unit has committed gross violations of human rights, unless the Secretary determines and reports to the Committees on Appropriations that the government of such country is taking effective measures to bring the responsible members of the security forces unit to justice: *Provided*, That nothing in this section shall be construed to withhold funds made available by this Act from any unit of the security forces of a foreign country not credibly alleged to be involved in gross violations of human rights: *Provided further*, That in the event that funds are withheld from any unit pursuant to this section, the Secretary of State shall promptly inform the foreign government of the basis for such action and shall, to the maximum extent practicable, assist the foreign government in taking effective measures to bring the responsible members of the security forces to justice.

LIMITATIONS ON TRANSFER OF MILITARY EQUIPMENT TO EAST TIMOR

SEC. 571. In any agreement for the sale, transfer, or licensing of any lethal equipment or helicopter for Indonesia entered into by the United States pursuant to the authority of this Act or any other Act, the agreement shall state that the United States expects that the items will not be used in East Timor: *Provided*, That nothing in this section shall be construed to limit Indonesia's inherent right to legitimate national self-defense as recognized under the United Nations Charter and international law.

TRANSPARENCY OF BUDGETS

22 USC 262k-1. SEC. 572. (a) Section 576(a)(1) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1997, as contained in Public Law 104-208, is amended to read as follows:

“(1) does not have in place a functioning system for reporting to civilian authorities audits of receipts and expenditures that fund activities of the armed forces and security forces;”.

(b) Section 576(a)(2) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1997, as contained in Public Law 104-208, is amended to read as follows:

“(2) has not provided to the institution information about the audit process requested by the institution.”.

RESTRICTIONS ON ASSISTANCE TO COUNTRIES PROVIDING SANCTUARY TO INDICTED WAR CRIMINALS

SEC. 573. (a) BILATERAL ASSISTANCE.—None of the funds made available by this or any prior Act making appropriations for foreign operations, export financing and related programs, may be provided for any country, entity or canton described in subsection (d).

(b) MULTILATERAL ASSISTANCE.—

(1) PROHIBITION.—The Secretary of the Treasury shall instruct the United States executive directors of the international financial institutions to work in opposition to, and vote against, any extension by such institutions of any financial or technical assistance or grants of any kind to any country or entity described in subsection (d).

(2) NOTIFICATION.—Not less than 15 days before any vote in an international financial institution regarding the extension of financial or technical assistance or grants to any country or entity described in subsection (d), the Secretary of the Treasury, in consultation with the Secretary of State, shall provide to the Committee on Appropriations and the Committee on Foreign Relations of the Senate and the Committee on Appropriations and the Committee on Banking and Financial Services of the House of Representatives a written justification for the proposed assistance, including an explanation of the United States position regarding any such vote, as well as a description of the location of the proposed assistance by municipality, its purpose, and its intended beneficiaries.

(3) DEFINITION.—The term “international financial institution” includes the International Monetary Fund, the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Multilateral Investment Guaranty Agency, and the European Bank for Reconstruction and Development.

(c) EXCEPTIONS.—

(1) IN GENERAL.—Subject to paragraph (2), subsections (a) and (b) shall not apply to the provision of—

(A) humanitarian assistance;

(B) democratization assistance;

(C) assistance for cross border physical infrastructure projects involving activities in both a sanctioned country, entity, or canton and a nonsanctioned contiguous country, entity, or canton, if the project is primarily located in and primarily benefits the nonsanctioned country, entity,

or canton and if the portion of the project located in the sanctioned country, entity, or canton is necessary only to complete the project;

(D) small-scale assistance projects or activities requested by United States Armed Forces that promote good relations between such forces and the officials and citizens of the areas in the United States SFOR sector of Bosnia;

(E) implementation of the Brcko Arbitral Decision;

(F) lending by the international financial institutions to a country or entity to support common monetary and fiscal policies at the national level as contemplated by the Dayton Agreement; or

(G) direct lending to a non-sanctioned entity, or lending passed on by the national government to a non-sanctioned entity.

(2) FURTHER LIMITATIONS.—Notwithstanding paragraph

(1)—

(A) no assistance may be made available by this Act, or any prior Act making appropriations for foreign operations, export financing and related programs, in any country, entity, or canton described in subsection (d), for a program, project, or activity in which a publicly indicted war criminal is known to have any financial or material interest; and

(B) no assistance (other than emergency foods or medical assistance or demining assistance) may be made available by this Act, or any prior Act making appropriations for foreign operations, export financing and related programs for any program, project, or activity in a community within any country, entity or canton described in subsection (d) if competent authorities within that community are not complying with the provisions of Article IX and Annex 4, Article II, paragraph 8 of the Dayton Agreement relating to war crimes and the Tribunal.

(d) SANCTIONED COUNTRY, ENTITY, OR CANTON.—A sanctioned country, entity, or canton described in this section is one whose competent authorities have failed, as determined by the Secretary of State, to take necessary and significant steps to apprehend and transfer to the Tribunal all persons who have been publicly indicted by the Tribunal.

(e) WAIVER.—

(1) IN GENERAL.—The Secretary of State may waive the application of subsection (a) or subsection (b) with respect to specified bilateral programs or international financial institution projects or programs in a sanctioned country, entity, or canton upon providing a written determination to the Committee on Appropriations and the Committee on Foreign Relations of the Senate and the Committee on Appropriations and the Committee on International Relations of the House of Representatives that such assistance directly supports the implementation of the Dayton Agreement and its Annexes, which include the obligation to apprehend and transfer indicted war criminals to the Tribunal.

(2) REPORT.—Not later than 15 days after the date of any written determination under paragraph (e)(1), the Secretary of State shall submit a report to the Committee on

Appropriations and the Committee on Foreign Relations of the Senate and the Committee on Appropriations and the Committee on International Relations of the House of Representatives regarding the status of efforts to secure the voluntary surrender or apprehension and transfer of persons indicted by the Tribunal, in accordance with the Dayton Agreement, and outlining obstacles to achieving this goal.

(3) ASSISTANCE PROGRAMS AND PROJECTS AFFECTED.—Any waiver made pursuant to this subsection shall be effective only with respect to a specified bilateral program or multilateral assistance project or program identified in the determination of the Secretary of State to Congress.

(f) TERMINATION OF SANCTIONS.—The sanctions imposed pursuant to subsections (a) and (b) with respect to a country or entity shall cease to apply only if the Secretary of State determines and certifies to Congress that the authorities of that country, entity, or canton have apprehended and transferred to the Tribunal all persons who have been publicly indicted by the Tribunal.

(g) DEFINITIONS.—As used in this section—

(1) COUNTRY.—The term “country” means Bosnia-Herzegovina, Croatia, and Serbia-Montenegro (Federal Republic of Yugoslavia).

(2) ENTITY.—The term “entity” refers to the Federation of Bosnia and Herzegovina and the Republika Srpska.

(3) CANTON.—The term “canton” means the administrative units in Bosnia and Herzegovina.

(4) DAYTON AGREEMENT.—The term “Dayton Agreement” means the General Framework Agreement for Peace in Bosnia and Herzegovina, together with annexes relating thereto, done at Dayton, November 10 through 16, 1995.

(5) TRIBUNAL.—The term “Tribunal” means the International Criminal Tribunal for the Former Yugoslavia.

(h) ROLE OF HUMAN RIGHTS ORGANIZATIONS AND GOVERNMENT AGENCIES.—In carrying out this subsection, the Secretary of State, the Administrator of the Agency for International Development, and the executive directors of the international financial institutions shall consult with representatives of human rights organizations and all government agencies with relevant information to help prevent publicly indicted war criminals from benefitting from any financial or technical assistance or grants provided to any country or entity described in subsection (d).

EXTENSION OF CERTAIN ADJUDICATION PROVISIONS

SEC. 574. The Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1990 (Public Law 101-167) is amended—

(1) in section 599D (8 U.S.C. 1157 note)—

(A) in subsection (b)(3), by striking “and 1997” and inserting “1997, and 1998”; and

(B) in subsection (e), by striking “October 1, 1997” each place it appears and inserting “October 1, 1998”; and

(2) in section 599E (8 U.S.C. 1255 note) in subsection (b)(2), by striking “September 30, 1997” and inserting “September 30, 1998”.

ADDITIONAL REQUIREMENTS RELATING TO STOCKPILING OF DEFENSE
ARTICLES FOR FOREIGN COUNTRIES

SEC. 575. (a) VALUE OF ADDITIONS TO STOCKPILES.—Section 514(b)(2)(A) of the Foreign Assistance Act of 1961 (22 U.S.C. 2321h(b)(2)(A)) is amended by inserting before the period at the end the following: “and \$60,000,000 for fiscal year 1998”.

(b) REQUIREMENTS RELATING TO THE REPUBLIC OF KOREA AND THAILAND.—Section 514(b)(2)(B) of such Act (22 U.S.C. 2321h(b)(2)(B)) is amended by adding at the end the following: “Of the amount specified in subparagraph (A) for fiscal year 1998, not more than \$40,000,000 may be made available for stockpiles in the Republic of Korea and not more than \$20,000,000 may be made available for stockpiles in Thailand.”.

DELIVERY OF DRAWDOWN BY COMMERCIAL TRANSPORTATION
SERVICES

SEC. 576. Section 506 of the Foreign Assistance Act of 1961 (22 U.S.C. 2318) is amended—

(1) in subsection (b)(2), by striking the period and inserting the following: “, including providing the Congress with a report detailing all defense articles, defense services, and military education and training delivered to the recipient country or international organization upon delivery of such articles or upon completion of such services or education and training. Such report shall also include whether any savings were realized by utilizing commercial transport services rather than acquiring those services from United States Government transport assets.”;

(2) by redesignating subsection (c) as subsection (d); and

(3) by inserting after subsection (b) the following:

“(c) For the purposes of any provision of law that authorizes the drawdown of defense or other articles or commodities, or defense or other services from an agency of the United States Government, such drawdown may include the supply of commercial transportation and related services that are acquired by contract for the purposes of the drawdown in question if the cost to acquire such commercial transportation and related services is less than the cost to the United States Government of providing such services from existing agency assets.”.

TO PROHIBIT FOREIGN ASSISTANCE TO THE GOVERNMENT OF RUSSIA
SHOULD IT IMPLEMENT LAWS WHICH WOULD DISCRIMINATE AGAINST
MINORITY RELIGIOUS FAITHS IN THE RUSSIAN FEDERATION

SEC. 577. (a) None of the funds appropriated under this Act may be made available for the Government of the Russian Federation unless within 30 days of the date this section becomes effective the President determines and certifies in writing to the Committees on Appropriations and the Committee on Foreign Relations of the Senate and the Committee on International Relations of the House of Representatives that the Government of the Russian Federation has implemented no statute, executive order, regulation or similar government action that would discriminate, or would have as its principal effect discrimination, against religious groups or religious communities in the Russian Federation in violation of accepted

President.
Certification.

international agreements on human rights and religious freedoms to which the Russian Federation is a party.

Effective date.

(b) This section shall become effective 150 days after the enactment of this Act

UNITED STATES POLICY REGARDING SUPPORT FOR COUNTRIES OF THE
SOUTH CAUCASUS AND CENTRAL ASIA

SEC. 578. (a) FINDINGS.—Congress makes the following findings:

(1) The ancient Silk Road, once the economic lifeline of Central Asia and the South Caucasus, traversed much of the territory now within the countries of Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

(2) Economic interdependence spurred mutual cooperation among the peoples along the Silk Road and restoration of the historic relationships and economic ties between those peoples is an important element of ensuring their sovereignty as well as the success of democratic and market reforms.

(3) The development of strong political and economic ties between countries of the South Caucasus and Central Asia and the West will foster stability in the region.

(4) The development of open market economies and open democratic systems in the countries of the South Caucasus and Central Asia will provide positive incentives for international private investment, increased trade, and other forms of commercial interactions with the rest of the world.

(5) The Caspian Sea Basin, overlapping the territory of the countries of the South Caucasus and Central Asia, contains proven oil and gas reserves that may exceed \$4,000,000,000,000 in value.

(6) The region of the South Caucasus and Central Asia will produce oil and gas in sufficient quantities to reduce the dependence of the United States on energy from the volatile Persian Gulf region.

(7) United States foreign policy and international assistance should be narrowly targeted to support the economic and political independence of the countries of the South Caucasus and Central Asia.

(b) GENERAL.—The policy of the United States in the countries of the South Caucasus and Central Asia should be—

(1) to promote sovereignty and independence with democratic government;

(2) to assist actively in the resolution of regional conflicts;

(3) to promote friendly relations and economic cooperation;

(4) to help promote market-oriented principles and practices;

(5) to assist in the development of infrastructure necessary for communications, transportation, and energy and trade on an East-West axis in order to build strong international relations and commerce between those countries and the stable, democratic, and market-oriented countries of the Euro-Atlantic Community; and

(6) to support United States business interests and investments in the region.

(c) DEFINITION.—In this section, the term “countries of the South Caucasus and Central Asia” means Armenia, Azerbaijan,

Georgia, Kazakstan, Kyrgystan, Tajikistan, Turkmenistan, and Uzbekistan.

PAKISTAN

SEC. 579. (a) OPIC.—Section 239(f) of the Foreign Assistance Act of 1961 (22 U.S.C. 2199(f)) is amended by inserting “, or Pakistan” after “China”.

(b) TRADE AND DEVELOPMENT.—It is the sense of Congress that the Director of the Trade and Development Agency should use funds made available to carry out the provisions of section 661 of the Foreign Assistance Act of 1961 (22 U.S.C. 2421) to promote United States exports to Pakistan.

REQUIREMENTS FOR THE REPORTING TO CONGRESS OF THE COSTS TO THE FEDERAL GOVERNMENT ASSOCIATED WITH THE PROPOSED AGREEMENT TO REDUCE GREENHOUSE GAS EMISSIONS

SEC. 580. The President shall provide to the Congress a detailed account of all Federal agency obligations and expenditures for climate change programs and activities, domestic and international, for fiscal year 1997, planned obligations for such activities in fiscal year 1998, and any plan for programs thereafter in the context of negotiations to amend the Framework Convention on Climate Change (FCCC) to be provided to the appropriate congressional committees no later than November 15, 1997. President.

AUTHORITY TO ISSUE INSURANCE AND EXTEND FINANCING

SEC. 581. (a) IN GENERAL.—Section 235(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2195(a)) is amended—

(1) by striking paragraphs (1) and (2)(A) and inserting the following:

“(1) INSURANCE AND FINANCING.—(A) The maximum contingent liability outstanding at any one time pursuant to insurance issued under section 234(a), and the amount of financing issued under sections 234(b) and (c), shall not exceed in the aggregate \$29,000,000,000.”;

(2) by redesignating paragraph (3) as paragraph (2); and

(3) by amending paragraph (2) (as so redesignated) by striking “September 30, 1997” and inserting “September 30, 1999”.

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 235(a) of that Act (22 U.S.C. 2195(a)), as redesignated by subsection (a), is further amended by striking “(a) and (b)” and inserting “(a), (b), and (c)”.

WITHHOLDING ASSISTANCE TO COUNTRIES VIOLATING UNITED NATIONS SANCTIONS AGAINST LIBYA

SEC. 582. (a) WITHHOLDING OF ASSISTANCE.—Except as provided in subsection (b), whenever the President determines and certifies to Congress that the government of any country is violating any sanction against Libya imposed pursuant to United Nations Security Council Resolution 731, 748, or 883, then not less than 5 percent of the funds allocated for the country under section 653(a) of the Foreign Assistance Act of 1961 out of appropriations in this Act shall be withheld from obligation and expenditure for that country.

(b) EXCEPTION.—The requirement to withhold funds under subsection (a) shall not apply to funds appropriated in this Act for allocation under section 653(a) of the Foreign Assistance Act of 1961 for development assistance or for humanitarian assistance.

(c) WAIVER.—Funds may be provided for a country without regard to subsection (a) if the President determines that to do so is in the national security interest of the United States.

WAR CRIMES PROSECUTION

18 USC 2441. SEC. 583. Section 2401 of title 18, United States Code (Public Law 104-192; the War Crimes Act of 1996) is amended as follows—

(1) in subsection (a), by striking “grave breach of the Geneva Conventions” and inserting “war crime”;

(2) in subsection (b), by striking “breach” each place it appears and inserting “war crime”; and

(3) so that subsection (c) reads as follows:

“(c) DEFINITION.—As used in this section the term ‘war crime’ means any conduct—

“(1) defined as a grave breach in any of the international conventions signed at Geneva 12 August 1949, or any protocol to such convention to which the United States is a party;

“(2) prohibited by Article 23, 25, 27, or 28 of the Annex to the Hague Convention IV, Respecting the Laws and Customs of War on Land, signed 18 October 1907;

“(3) which constitutes a violation of common Article 3 of the international conventions signed at Geneva, 12 August 1949, or any protocol to such convention to which the United States is a party and which deals with non-international armed conflict; or

“(4) of a person who, in relation to an armed conflict and contrary to the provisions of the Protocol on Prohibitions or Restrictions on the Use of Mines, Booby-Traps and Other Devices as amended at Geneva on 3 May 1996 (Protocol II as amended on 3 May 1996), when the United States is a party to such Protocol, willfully kills or causes serious injury to civilians.”.

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAMS FOR LATIN AMERICA

SEC. 584. (a) EXPANDED IMET.—The Secretary of Defense, in consultation with the Secretary of State, should make every effort to ensure that approximately 30 percent of the funds appropriated in this Act for “International Military Education and Training” for the cost of Latin American participants in IMET programs will be disbursed for the purpose of supporting enrollment of such participants in expanded IMET courses.

(b) CIVILIAN PARTICIPATION.—The Secretary of State, in consultation with the Secretary of Defense, should identify sufficient numbers of qualified, non-military personnel from countries in Latin America so that approximately 25 percent of the total number of individuals from Latin American countries attending United States supported IMET programs and the Center for Hemispheric Defense Studies at the National Defense University are civilians.

(c) REPORT.—Not later than twelve months after the date of enactment of this Act, the Secretary of Defense, in consultation with the Secretary of State, shall report in writing to the appropriate committees of the Congress on the progress made to improve military training of Latin American participants in the areas of human rights and civilian control of the military. The Secretary shall include in the report plans for implementing additional expanded IMET programs for Latin America during the next three fiscal years.

AID TO THE GOVERNMENT OF THE DEMOCRATIC REPUBLIC OF CONGO

SEC. 585. None of the funds appropriated or otherwise made available by this Act may be provided to the central Government of the Democratic Republic of Congo until such time as the President reports in writing to the Congress that the central Government of the Democratic Republic of Congo is cooperating fully with investigators from the United Nations in accounting for human rights violations committed in the Democratic Republic of Congo or adjacent countries.

Reports.

ASSISTANCE FOR THE MIDDLE EAST

SEC. 586. Of the funds appropriated by this Act under the headings “Economic Support Fund”, “Foreign Military Financing”, “International Military Education and Training”, “Peacekeeping Operations”, for refugees resettling in Israel under the heading “Migration and Refugee Assistance”, and for assistance for Israel to carry out provisions of chapter 8 of part II of the Foreign Assistance Act of 1961 under the heading “Nonproliferation, Anti-Terrorism, Demining, and Related Programs”, not more than a total of \$5,402,850,000 may be made available for Israel, Egypt, Jordan, Lebanon, the West Bank and Gaza, the Israel-Lebanon Monitoring Group, the Multinational Force and Observers, the Middle East Regional Democracy Fund, Middle East Regional Cooperation, and Middle East Multilateral Working Groups: *Provided*, That any funds that were appropriated under such headings in prior fiscal years and that were at the time of enactment of this Act obligated or allocated for other recipients may not during fiscal year 1998 be made available for activities that, if funded under this Act, would be required to count against this ceiling: *Provided further*, That funds may be made available notwithstanding the requirements of this section if the President determines and certifies to the Committees on Appropriations that it is important to the national security interest of the United States to do so and any such additional funds shall only be provided through the regular notification procedures of the Committees on Appropriations.

AGRICULTURE

110 Stat.
3009-129.

SEC. 587. The first proviso of subsection (k) under the heading “Assistance for the New Independent States of the Former Soviet Union” in the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1997, as contained in Public Law 104-208, is amended by striking “not less than” and inserting in lieu thereof “up to”.

ENTERPRISE FUND RESTRICTIONS

SEC. 588. Section 201(l) of the Support for East European Democracy Act (22 U.S.C. 5421(l)) is amended to read as follows:

“(l) LIMITATION ON PAYMENTS TO ENTERPRISE FUND PERSONNEL.—

“(1) No part of the funds of an Enterprise Fund shall inure to the benefit of any board member, officer, or employee of such Enterprise Fund, except as salary or reasonable compensation for services subject to paragraph (2).

“(2) An Enterprise Fund shall not pay compensation for services to—

“(A) any board member of the Enterprise Fund, except for services as a board member; or

“(B) any firm, association, or entity in which a board member of the Enterprise Fund serves as partner, director, officer, or employee.

“(3) Nothing in paragraph (2) shall preclude payment for services performed before the date of enactment of this subsection nor for arrangements approved by the grantor and notified in writing to the Committees on Appropriations.”.

CAMBODIA

SEC. 589. The Secretary of the Treasury should instruct the United States executive directors of the international financial institutions to use the voice and vote of the United States to oppose loans to the Government of Cambodia, except loans to support basic human needs.

EXPORT FINANCING TRANSFER AUTHORITIES

SEC. 590. Not to exceed 5 percent of any appropriation other than for administrative expenses made available for fiscal year 1998 for programs under title I of this Act may be transferred between such appropriations for use for any of the purposes, programs and activities for which the funds in such receiving account may be used, but no such appropriation, except as otherwise specifically provided, shall be increased by more than 25 percent by any such transfer: *Provided*, That the exercise of such authority shall be subject to the regular notification procedures of the Committees on Appropriations.

DEVELOPMENT CREDIT AUTHORITY

SEC. 591. For the cost, as defined in section 502 of the Congressional Budget Act of 1974, of direct loans and loan guarantees in support of the development objectives of the Foreign Assistance Act of 1961, up to \$7,500,000, which amount may be derived by transfer from funds appropriated by this Act to carry out part I of the Foreign Assistance Act of 1961 and funds appropriated by this Act under the heading “Assistance for Eastern Europe and the Baltic States”, to remain available until expended: *Provided*, That up to \$500,000 of the funds appropriated by this Act under the heading “Operating Expenses of the Agency for International Development” may be made available for administrative expenses to carry out such programs: *Provided further*, That the provisions of section 107A(d) (relating to general provisions applicable to development credit authority) of the Foreign Assistance Act of 1961, as added by section 306 of H.R. 1486 as reported by the House Committee on International Relations on May 9, 1997, shall be applicable to direct loans and loan guarantees provided under this paragraph: *Provided further*, That direct loans or loan guarantees under this paragraph may not be provided until the Director of the Office of Management and Budget has certified to the Committees on Appropriations that the Agency for International Development has established a credit management system capable of effectively managing the credit programs funded under this heading, including that such system: (1) can provide accurate and timely provision of loan and loan guarantee data; (2) contains information control systems for loan and loan guarantee data; (3) is adequately staffed; and (4) contains appropriate review and monitoring procedures.

Applicability.

AUTHORIZATION FOR POPULATION PLANNING

SEC. 592. (a) Not to exceed \$385,000,000 of the funds appropriated in title II of this Act may be available for population planning activities or other population assistance.

(b) Such funds may be apportioned only on a monthly basis, and such monthly apportionments may not exceed 8.34 percent of the total available for such activities.

This Act may be cited as the “Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1998”.

Approved November 26, 1997.

LEGISLATIVE HISTORY—H.R. 2159 (S. 955):

HOUSE REPORTS: Nos. 105–176 (Comm. on Appropriations) and 105–401 (Comm. of Conference).

SENATE REPORTS: No. 105–35 accompanying S. 955 (Comm. on Appropriations).
CONGRESSIONAL RECORD, Vol. 143 (1997):

July 30, Sept. 3, 4, considered and passed House.

Sept. 5, considered and passed Senate, amended, in lieu of S. 955.

Nov. 12, House agreed to conference report.

Nov. 13, Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Nov. 26, Presidential statement.



Public Law 105-119
105th Congress

An Act

Nov. 26, 1997
[H.R. 2267]

Making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

Departments of
Commerce,
Justice, and
State, the
Judiciary, and
Related Agencies
Appropriations
Act, 1998.
Department of
Justice
Appropriations
Act, 1998.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 1998, and for other purposes, namely:

TITLE I—DEPARTMENT OF JUSTICE

GENERAL ADMINISTRATION

SALARIES AND EXPENSES

For expenses necessary for the administration of the Department of Justice, \$76,199,000, of which not to exceed \$3,317,000 is for the Facilities Program 2000, to remain available until expended: *Provided*, That not to exceed 43 permanent positions and 44 full-time equivalent workyears and \$7,860,000 shall be expended for the Department Leadership Program exclusive of augmentation that occurred in these offices in fiscal year 1997: *Provided further*, That not to exceed 41 permanent positions and 48 full-time equivalent workyears and \$4,660,000 shall be expended for the Offices of Legislative Affairs and Public Affairs: *Provided further*, That the latter two aforementioned offices shall not be augmented by personnel details, temporary transfers of personnel on either a reimbursable or non-reimbursable basis or any other type of formal or informal transfer or reimbursement of personnel or funds on either a temporary or long-term basis.

COUNTERTERRORISM FUND

For necessary expenses, as determined by the Attorney General, \$20,000,000 to remain available until expended, to reimburse any Department of Justice organization for: (1) the costs incurred in reestablishing the operational capability of an office or facility which has been damaged or destroyed as a result of any domestic or international terrorist incident; (2) the costs of providing support to counter, investigate or prosecute domestic or international terrorism, including payment of rewards in connection with these activities; and (3) the costs of conducting a terrorism threat assessment of Federal agencies and their facilities: *Provided*, That funds provided under this paragraph shall be available only after the Attorney General notifies the Committees on Appropriations of

Notification.

the House of Representatives and the Senate in accordance with section 605 of this Act.

In addition, for necessary expenses, as determined by the Attorney General, \$32,700,000, to remain available until expended, to reimburse departments and agencies of the Federal Government for any costs incurred in connection with—

- (1) counterterrorism technology research and development;
- (2) providing training and related equipment for chemical, biological, nuclear, and cyber attack prevention and response capabilities to State and local law enforcement agencies; and
- (3) providing bomb training and response capabilities to State and local law enforcement agencies.

ADMINISTRATIVE REVIEW AND APPEALS

For expenses necessary for the administration of pardon and clemency petitions and immigration related activities, \$70,007,000.

VIOLENT CRIME REDUCTION PROGRAMS, ADMINISTRATIVE REVIEW AND APPEALS

For activities authorized by section 130005 of the Violent Crime Control and Law Enforcement Act of 1994 (Public Law 103–322), as amended, \$59,251,000, to remain available until expended, which shall be derived from the Violent Crime Reduction Trust Fund.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, \$33,211,000; including not to exceed \$10,000 to meet unforeseen emergencies of a confidential character, to be expended under the direction of, and to be accounted for solely under the certificate of, the Attorney General; and for the acquisition, lease, maintenance, and operation of motor vehicles, without regard to the general purchase price limitation for the current fiscal year: *Provided*, That up to one-tenth of one percent of the Department of Justice's allocation from the Violent Crime Reduction Trust Fund grant programs may be transferred at the discretion of the Attorney General to this account for the audit or other review of such grant programs, as authorized by section 130005 of the Violent Crime Control and Law Enforcement Act of 1994 (Public Law 103–322).

UNITED STATES PAROLE COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the United States Parole Commission as authorized by law, \$5,009,000.

LEGAL ACTIVITIES

SALARIES AND EXPENSES, GENERAL LEGAL ACTIVITIES

For expenses, necessary for the legal activities of the Department of Justice, not otherwise provided for, including not to exceed \$20,000 for expenses of collecting evidence, to be expended under the direction of, and to be accounted for solely under the certificate

of, the Attorney General; and rent of private or Government-owned space in the District of Columbia; \$444,200,000; of which not to exceed \$10,000,000 for litigation support contracts shall remain available until expended: *Provided*, That of the funds available in this appropriation, not to exceed \$17,525,000 shall remain available until expended for office automation systems for the legal divisions covered by this appropriation, and for the United States Attorneys, the Antitrust Division, and offices funded through “Salaries and Expenses”, General Administration: *Provided further*, That of the total amount appropriated, not to exceed \$1,000 shall be available to the United States National Central Bureau, INTERPOL, for official reception and representation expenses.

In addition, for reimbursement of expenses of the Department of Justice associated with processing cases under the National Childhood Vaccine Injury Act of 1986, as amended, not to exceed \$4,028,000, to be appropriated from the Vaccine Injury Compensation Trust Fund.

VIOLENT CRIME REDUCTION PROGRAMS, GENERAL LEGAL ACTIVITIES

For the expeditious deportation of denied asylum applicants, as authorized by section 130005 of the Violent Crime Control and Law Enforcement Act of 1994 (Public Law 103-322), as amended, \$7,969,000, to remain available until expended, which shall be derived from the Violent Crime Reduction Trust Fund.

SALARIES AND EXPENSES, ANTITRUST DIVISION

For expenses necessary for the enforcement of antitrust and kindred laws, \$75,495,000: *Provided*, That notwithstanding any other provision of law, not to exceed \$70,000,000 of offsetting collections derived from fees collected for premerger notification filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (15 U.S.C. 18(a)) shall be retained and used for necessary expenses in this appropriation, and shall remain available until expended: *Provided further*, That the sum herein appropriated from the general fund shall be reduced as such offsetting collections are received during fiscal year 1998, so as to result in a final fiscal year 1998 appropriation from the general fund estimated at not more than \$5,495,000: *Provided further*, That any fees received in excess of \$70,000,000 in fiscal year 1998, shall remain available until expended, but shall not be available for obligation until October 1, 1998.

SALARIES AND EXPENSES, UNITED STATES ATTORNEYS

For necessary expenses of the Office of the United States Attorneys, including intergovernmental and cooperative agreements, \$972,460,000; of which not to exceed \$2,500,000 shall be available until September 30, 1999, for: (1) training personnel in debt collection; (2) locating debtors and their property; (3) paying the net costs of selling property; and (4) tracking debts owed to the United States Government: *Provided*, That of the total amount appropriated, not to exceed \$8,000 shall be available for official reception and representation expenses: *Provided further*, That not to exceed \$10,000,000 of those funds available for automated litigation support contracts shall remain available until expended: *Provided further*, That not to exceed \$1,200,000 for the design, development,

and implementation of an information systems strategy for D.C. Superior Court shall remain available until expended: *Provided further*, That not to exceed \$2,500,000 for the operation of the National Advocacy Center shall remain available until expended: *Provided further*, That not to exceed \$2,000,000 shall remain available until expended for the expansion of existing Violent Crime Task Forces in United States Attorneys Offices into demonstration projects, including inter-governmental, inter-local, cooperative, and task-force agreements, however denominated, and contracts with State and local prosecutorial and law enforcement agencies engaged in the investigation and prosecution of violent crimes, including bank robbery and carjacking, and drug trafficking: *Provided further*, That, in addition to reimbursable full-time equivalent workyears available to the Office of the United States Attorneys, not to exceed 8,948 positions and 9,113 full-time equivalent workyears shall be supported from the funds appropriated in this Act for the United States Attorneys.

VIOLENT CRIME REDUCTION PROGRAMS, UNITED STATES ATTORNEYS

For activities authorized by sections 40114, 130005, 190001(b), 190001(d), and 250005 of the Violent Crime Control and Law Enforcement Act of 1994 (Public Law 103-322), as amended, and section 815 of the Antiterrorism and Effective Death Penalty Act of 1996 (Public Law 104-132), \$62,828,000, to remain available until expended, which shall be derived from the Violent Crime Reduction Trust Fund.

UNITED STATES TRUSTEE SYSTEM FUND

For necessary expenses of the United States Trustee Program, as authorized by 28 U.S.C. 589a(a), \$114,248,000, to remain available until expended and to be derived from the United States Trustee System Fund: *Provided*, That, notwithstanding any other provision of law, deposits to the Fund shall be available in such amounts as may be necessary to pay refunds due depositors: *Provided further*, That, notwithstanding any other provision of law, \$114,248,000 of offsetting collections derived from fees collected pursuant to 28 U.S.C. 589a(b) shall be retained and used for necessary expenses in this appropriation and remain available until expended: *Provided further*, That the sum herein appropriated from the Fund shall be reduced as such offsetting collections are received during fiscal year 1998, so as to result in a final fiscal year 1998 appropriation from the Fund estimated at \$0: *Provided further*, That any such fees collected in excess of \$114,248,000 in fiscal year 1998 shall remain available until expended but shall not be available for obligation until October 1, 1998.

SALARIES AND EXPENSES, FOREIGN CLAIMS SETTLEMENT COMMISSION

For expenses necessary to carry out the activities of the Foreign Claims Settlement Commission, including services as authorized by 5 U.S.C. 3109, \$1,226,000.

SALARIES AND EXPENSES, UNITED STATES MARSHALS SERVICE

For necessary expenses of the United States Marshals Service; including the acquisition, lease, maintenance, and operation of vehicles and aircraft, and the purchase of passenger motor vehicles

31 USC 6505
note.

for police-type use, without regard to the general purchase price limitation for the current fiscal year, \$467,833,000, as authorized by 28 U.S.C. 561(i); of which not to exceed \$6,000 shall be available for official reception and representation expenses; and of which not to exceed \$4,000,000 for development, implementation, maintenance and support, and training for an automated prisoner information system, and not to exceed \$2,200,000 to support the Justice Prisoner and Alien Transportation System, shall remain available until expended: *Provided*, That, for fiscal year 1998 and thereafter, the service of maintaining and transporting State, local, or territorial prisoners shall be considered a specialized or technical service for purposes of 31 U.S.C. 6505, and any prisoners so transported shall be considered persons (transported for other than commercial purposes) whose presence is associated with the performance of a governmental function for purposes of 49 U.S.C. 40102.

VIOLENT CRIME REDUCTION PROGRAMS, UNITED STATES MARSHALS
SERVICE

For activities authorized by section 190001(b) of the Violent Crime Control and Law Enforcement Act of 1994 (Public Law 103-322), as amended, \$25,553,000, to remain available until expended, which shall be derived from the Violent Crime Reduction Trust Fund.

FEDERAL PRISONER DETENTION

For expenses, related to United States prisoners in the custody of the United States Marshals Service as authorized in 18 U.S.C. 4013, but not including expenses otherwise provided for in appropriations available to the Attorney General, \$405,262,000, as authorized by 28 U.S.C. 561(i), to remain available until expended.

FEES AND EXPENSES OF WITNESSES

For expenses, mileage, compensation, and per diems of witnesses, for expenses of contracts for the procurement and supervision of expert witnesses, for private counsel expenses, and for per diems in lieu of subsistence, as authorized by law, including advances, \$75,000,000, to remain available until expended; of which not to exceed \$4,750,000 may be made available for planning, construction, renovations, maintenance, remodeling, and repair of buildings, and the purchase of equipment incident thereto, for protected witness safesites; of which not to exceed \$1,000,000 may be made available for the purchase and maintenance of armored vehicles for transportation of protected witnesses; and of which not to exceed \$4,000,000 may be made available for the purchase, installation and maintenance of a secure, automated information network to store and retrieve the identities and locations of protected witnesses.

SALARIES AND EXPENSES, COMMUNITY RELATIONS SERVICE

For necessary expenses of the Community Relations Service, established by title X of the Civil Rights Act of 1964, \$5,319,000 and, in addition, up to \$2,000,000 of funds made available to the Department of Justice in this Act may be transferred by the Attorney General to this account: *Provided*, That notwithstanding any

other provision of law, upon a determination by the Attorney General that emergent circumstances require additional funding for conflict prevention and resolution activities of the Community Relations Service, the Attorney General may transfer such amounts to the Community Relations Service, from available appropriations for the current fiscal year for the Department of Justice, as may be necessary to respond to such circumstances: *Provided further*, That any transfer pursuant to the previous proviso shall be treated as a reprogramming under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

ASSETS FORFEITURE FUND

For expenses authorized by 28 U.S.C. 524(c)(1)(A)(ii), (B), (F), and (G), as amended, \$23,000,000, to be derived from the Department of Justice Assets Forfeiture Fund.

RADIATION EXPOSURE COMPENSATION

ADMINISTRATIVE EXPENSES

For necessary administrative expenses in accordance with the Radiation Exposure Compensation Act, \$2,000,000.

PAYMENT TO RADIATION EXPOSURE COMPENSATION TRUST FUND

For payments to the Radiation Exposure Compensation Trust Fund, \$4,381,000.

INTERAGENCY LAW ENFORCEMENT

INTERAGENCY CRIME AND DRUG ENFORCEMENT

For necessary expenses for the detection, investigation, and prosecution of individuals involved in organized crime drug trafficking not otherwise provided for, to include intergovernmental agreements with State and local law enforcement agencies engaged in the investigation and prosecution of individuals involved in organized crime drug trafficking, \$294,967,000, of which \$50,000,000 shall remain available until expended: *Provided*, That any amounts obligated from appropriations under this heading may be used under authorities available to the organizations reimbursed from this appropriation: *Provided further*, That any unobligated balances remaining available at the end of the fiscal year shall revert to the Attorney General for reallocation among participating organizations in succeeding fiscal years, subject to the reprogramming procedures described in section 605 of this Act.

FEDERAL BUREAU OF INVESTIGATION

SALARIES AND EXPENSES

For necessary expenses of the Federal Bureau of Investigation for detection, investigation, and prosecution of crimes against the United States; including purchase for police-type use of not to exceed 3,094 passenger motor vehicles, of which 2,270 will be for replacement only, without regard to the general purchase price limitation for the current fiscal year, and hire of passenger motor

vehicles; acquisition, lease, maintenance, and operation of aircraft; and not to exceed \$70,000 to meet unforeseen emergencies of a confidential character, to be expended under the direction of, and to be accounted for solely under the certificate of, the Attorney General, \$2,750,921,000; of which not to exceed \$50,000,000 for automated data processing and telecommunications and technical investigative equipment and not to exceed \$1,000,000 for undercover operations shall remain available until September 30, 1999; of which not less than \$221,050,000 shall be for counterterrorism investigations, foreign counterintelligence, and other activities related to our national security; of which not to exceed \$98,400,000 shall remain available until expended; of which not to exceed \$10,000,000 is authorized to be made available for making advances for expenses arising out of contractual or reimbursable agreements with State and local law enforcement agencies while engaged in cooperative activities related to violent crime, terrorism, organized crime, and drug investigations; and of which \$1,500,000 shall be available to maintain an independent program office dedicated solely to the relocation of the Criminal Justice Information Services Division and the automation of fingerprint identification services: *Provided*, That not to exceed \$45,000 shall be available for official reception and representation expenses: *Provided further*, That no funds in this Act may be used to provide ballistics imaging equipment to any State or local authority which has obtained similar equipment through a Federal grant or subsidy unless the State or local authority agrees to return that equipment or to repay that grant or subsidy to the Federal Government.

VIOLENT CRIME REDUCTION PROGRAMS

For activities authorized by the Violent Crime Control and Law Enforcement Act of 1994 (Public Law 103-322), as amended (“the 1994 Act”), and the Antiterrorism and Effective Death Penalty Act of 1996 (“the Antiterrorism Act”), \$179,121,000, to remain available until expended, which shall be derived from the Violent Crime Reduction Trust Fund; of which \$102,127,000 shall be for activities authorized by section 190001(c) of the 1994 Act and section 811 of the Antiterrorism Act; \$57,994,000 shall be for activities authorized by section 190001(b) of the 1994 Act; \$4,000,000 shall be for training and investigative assistance authorized by section 210501 of the 1994 Act; \$9,500,000 shall be for grants to States, as authorized by section 811(b) of the Antiterrorism Act; and \$5,500,000 shall be for establishing DNA quality-assurance and proficiency-testing standards, establishing an index to facilitate law enforcement exchange of DNA identification information, and related activities authorized by section 210501 of the 1994 Act.

CONSTRUCTION

For necessary expenses to construct or acquire buildings and sites by purchase, or as otherwise authorized by law (including equipment for such buildings); conversion and extension of federally owned buildings; and preliminary planning and design of projects; \$44,506,000, to remain available until expended.

DRUG ENFORCEMENT ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses of the Drug Enforcement Administration, including not to exceed \$70,000 to meet unforeseen emergencies of a confidential character, to be expended under the direction of, and to be accounted for solely under the certificate of, the Attorney General; expenses for conducting drug education and training programs, including travel and related expenses for participants in such programs and the distribution of items of token value that promote the goals of such programs; purchase of not to exceed 1,602 passenger motor vehicles, of which 1,410 will be for replacement only, for police-type use without regard to the general purchase price limitation for the current fiscal year; and acquisition, lease, maintenance, and operation of aircraft; \$723,841,000, of which not to exceed \$1,800,000 for research and \$15,000,000 for transfer to the Drug Diversion Control Fee Account for operating expenses shall remain available until expended, and of which not to exceed \$4,000,000 for purchase of evidence and payments for information, not to exceed \$10,000,000 for contracting for automated data processing and telecommunications equipment, and not to exceed \$2,000,000 for laboratory equipment, \$4,000,000 for technical equipment, and \$2,000,000 for aircraft replacement retrofit and parts, shall remain available until September 30, 1999; and of which not to exceed \$50,000 shall be available for official reception and representation expenses.

VIOLENT CRIME REDUCTION PROGRAMS

For activities authorized by sections 180104 and 190001(b) of the Violent Crime Control and Law Enforcement Act of 1994 (Public Law 103-322), as amended, and section 814 of the Antiterrorism and Effective Death Penalty Act of 1996 (Public Law 104-132), \$403,537,000, to remain available until expended, which shall be derived from the Violent Crime Reduction Trust Fund.

CONSTRUCTION

For necessary expenses to construct or acquire buildings and sites by purchase, or as otherwise authorized by law (including equipment for such buildings); conversion and extension of federally owned buildings; and preliminary planning and design of projects; \$8,000,000, to remain available until expended.

IMMIGRATION AND NATURALIZATION SERVICE

SALARIES AND EXPENSES

For expenses, not otherwise provided for, necessary for the administration and enforcement of the laws relating to immigration, naturalization, and alien registration, including not to exceed \$50,000 to meet unforeseen emergencies of a confidential character, to be expended under the direction of, and to be accounted for solely under the certificate of, the Attorney General; purchase for police-type use (not to exceed 2,904 passenger motor vehicles, of which 1,711 are for replacement only), without regard to the general purchase price limitation for the current fiscal year, and hire of

passenger motor vehicles; acquisition, lease, maintenance and operation of aircraft; research related to immigration enforcement; and for the care and housing of Federal detainees held in the joint Immigration and Naturalization Service and United States Marshals Service's Buffalo Detention Facility; \$1,657,886,000 of which not to exceed \$400,000 for research shall remain available until expended; of which not to exceed \$10,000,000 shall be available for costs associated with the training program for basic officer training, and \$5,000,000 is for payments or advances arising out of contractual or reimbursable agreements with State and local law enforcement agencies while engaged in cooperative activities related to immigration; and of which not to exceed \$5,000,000 is to fund or reimburse other Federal agencies for the costs associated with the care, maintenance, and repatriation of smuggled illegal aliens: *Provided*, That none of the funds available to the Immigration and Naturalization Service shall be available to pay any employee overtime pay in an amount in excess of \$30,000 during the calendar year beginning January 1, 1998: *Provided further*, That uniforms may be purchased without regard to the general purchase price limitation for the current fiscal year: *Provided further*, That not to exceed \$5,000 shall be available for official reception and representation expenses: *Provided further*, That none of the funds provided in this or any other Act shall be used for the continued operation of the San Clemente and Temecula checkpoints unless the checkpoints are open and traffic is being checked on a continuous 24-hour basis: *Provided further*, That not to exceed 43 permanent positions and 43 full-time equivalent workyears and \$4,167,000 shall be expended for the Office of Legislative Affairs and Public Affairs: *Provided further*, That the latter two aforementioned offices shall not be augmented by personnel details, temporary transfers of personnel on either a reimbursable or non-reimbursable basis or any other type of formal or informal transfer or reimbursement of personnel or funds on either a temporary or long-term basis: *Provided further*, That beginning seven calendar days after the enactment of this Act and for each fiscal year thereafter, none of the funds appropriated or otherwise made available to the Immigration and Naturalization Service may be used by the Immigration and Naturalization Service to accept, for the purpose of conducting criminal background checks on applications for any benefit under the Immigration and Nationality Act, any FD-258 fingerprint card which has been prepared by or received from any individual or entity other than an office of the Immigration and Naturalization Service with the following exceptions: (1) State and local law enforcement agencies; and (2) United States consular offices at United States embassies and consulates abroad under the jurisdiction of the Department of State or United States military offices under the jurisdiction of the Department of Defense authorized to perform fingerprinting services to prepare FD-258 fingerprint cards for applicants residing abroad applying for immigration benefits: *Provided further*, That agencies may collect and retain a fee for fingerprinting services: *Provided further*, That, during fiscal year 1998 and each fiscal year thereafter, none of the funds appropriated or otherwise made available to the Immigration and Naturalization Service shall be used to complete adjudication of an application for naturalization unless the Immigration and Naturalization Service has received confirmation from the Federal Bureau of Investigation that a full

8 USC 1103 note.

8 USC 1446 note.

criminal background check has been completed, except for those exempted by regulation as of January 1, 1997: *Provided further*, That the number of positions filled through non-career appointment at the Immigration and Naturalization Service, for which funding is provided in this Act or is otherwise made available to the Immigration and Naturalization Service, shall not exceed four permanent positions and four full-time equivalent workyears after July 1, 1998: *Provided further*, That notwithstanding any other provision of law, during fiscal year 1998, the Attorney General is authorized and directed to impose disciplinary action, including termination of employment, pursuant to policies and procedures applicable to employees of the Federal Bureau of Investigation, for any employee of the Immigration and Naturalization Service who violates policies and procedures set forth by the Department of Justice relative to the granting of citizenship or who willfully deceives the Congress or department leadership on any matter.

VIOLENT CRIME REDUCTION PROGRAMS

For activities authorized by sections 130002, 130005, 130006, 130007, and 190001(b) of the Violent Crime Control and Law Enforcement Act of 1994 (Public Law 103-322), as amended, and section 813 of the Antiterrorism and Effective Death Penalty Act of 1996 (Public Law 104-132), \$608,206,000, to remain available until expended, which will be derived from the Violent Crime Reduction Trust Fund.

CONSTRUCTION

For planning, construction, renovation, equipping, and maintenance of buildings and facilities necessary for the administration and enforcement of the laws relating to immigration, naturalization, and alien registration, not otherwise provided for, \$75,959,000, to remain available until expended.

FEDERAL PRISON SYSTEM

SALARIES AND EXPENSES

For expenses necessary for the administration, operation, and maintenance of Federal penal and correctional institutions, including purchase (not to exceed 834, of which 599 are for replacement only) and hire of law enforcement and passenger motor vehicles, and for the provision of technical assistance and advice on corrections related issues to foreign governments; \$2,821,642,000: *Provided*, That the Attorney General may transfer to the Health Resources and Services Administration such amounts as may be necessary for direct expenditures by that Administration for medical relief for inmates of Federal penal and correctional institutions: *Provided further*, That the Director of the Federal Prison System (FPS), where necessary, may enter into contracts with a fiscal agent/fiscal intermediary claims processor to determine the amounts payable to persons who, on behalf of the FPS, furnish health services to individuals committed to the custody of the FPS: *Provided further*, That uniforms may be purchased without regard to the general purchase price limitation for the current fiscal year: *Provided further*, That not to exceed \$6,000 shall be available for official reception and representation expenses: *Provided further*,

42 USC 250a.

That not to exceed \$90,000,000 for the activation of new facilities shall remain available until September 30, 1999: *Provided further*, That of the amounts provided for Contract Confinement, not to exceed \$20,000,000 shall remain available until expended to make payments in advance for grants, contracts and reimbursable agreements, and other expenses authorized by section 501(c) of the Refugee Education Assistance Act of 1980, as amended, for the care and security in the United States of Cuban and Haitian entrants: *Provided further*, That notwithstanding section 4(d) of the Service Contract Act of 1965 (41 U.S.C. 353(d)), FPS may enter into contracts and other agreements with private entities for periods of not to exceed 3 years and 7 additional option years for the confinement of Federal prisoners.

VIOLENT CRIME REDUCTION PROGRAMS

For substance abuse treatment in Federal prisons as authorized by section 32001(e) of the Violent Crime Control and Law Enforcement Act of 1994 (Public Law 103-322), as amended, \$26,135,000, to remain available until expended, which shall be derived from the Violent Crime Reduction Trust Fund.

BUILDINGS AND FACILITIES

For planning, acquisition of sites and construction of new facilities; leasing the Oklahoma City Airport Trust Facility; purchase and acquisition of facilities and remodeling, and equipping of such facilities for penal and correctional use, including all necessary expenses incident thereto, by contract or force account; and constructing, remodeling, and equipping necessary buildings and facilities at existing penal and correctional institutions, including all necessary expenses incident thereto, by contract or force account; \$255,133,000, to remain available until expended, of which not to exceed \$14,074,000 shall be available to construct areas for inmate work programs: *Provided*, That labor of United States prisoners may be used for work performed under this appropriation: *Provided further*, That not to exceed 10 percent of the funds appropriated to “Buildings and Facilities” in this Act or any other Act may be transferred to “Salaries and Expenses”, Federal Prison System, upon notification by the Attorney General to the Committees on Appropriations of the House of Representatives and the Senate in compliance with provisions set forth in section 605 of this Act: *Provided further*, That, of the total amount appropriated, not to exceed \$2,300,000 shall be available for the renovation and construction of United States Marshals Service prisoner-holding facilities.

FEDERAL PRISON INDUSTRIES, INCORPORATED

The Federal Prison Industries, Incorporated, is hereby authorized to make such expenditures, within the limits of funds and borrowing authority available, and in accord with the law, and to make such contracts and commitments, without regard to fiscal year limitations as provided by section 9104 of title 31, United States Code, as may be necessary in carrying out the program set forth in the budget for the current fiscal year for such corporation, including purchase of (not to exceed five for replacement only) and hire of passenger motor vehicles.

LIMITATION ON ADMINISTRATIVE EXPENSES, FEDERAL PRISON
INDUSTRIES, INCORPORATED

Not to exceed \$3,266,000 of the funds of the corporation shall be available for its administrative expenses, and for services as authorized by 5 U.S.C. 3109, to be computed on an accrual basis to be determined in accordance with the corporation's current prescribed accounting system, and such amounts shall be exclusive of depreciation, payment of claims, and expenditures which the said accounting system requires to be capitalized or charged to cost of commodities acquired or produced, including selling and shipping expenses, and expenses in connection with acquisition, construction, operation, maintenance, improvement, protection, or disposition of facilities and other property belonging to the corporation or in which it has an interest.

OFFICE OF JUSTICE PROGRAMS

JUSTICE ASSISTANCE

For grants, contracts, cooperative agreements, and other assistance authorized by title I of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, and the Missing Children's Assistance Act, as amended, including salaries and expenses in connection therewith, and with the Victims of Crime Act of 1984, as amended, and sections 819 and 821 of the Antiterrorism and Effective Death Penalty Act of 1996, \$173,600,000, to remain available until expended, as authorized by section 1001 of title I of the Omnibus Crime Control and Safe Streets Act of 1968, as amended by Public Law 102-534 (106 Stat. 3524); of which \$25,000,000 is for the National Sexual Offender Registry: *Provided*, That, of funds appropriated under this heading, such funds are available as may be necessary to carry out the orderly termination of the Ounce of Prevention Council.

STATE AND LOCAL LAW ENFORCEMENT ASSISTANCE

For grants, contracts, cooperative agreements, and other assistance authorized by part E of title I of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, for State and Local Narcotics Control and Justice Assistance Improvements, notwithstanding the provisions of section 511 of said Act, \$509,000,000, to remain available until expended, as authorized by section 1001 of title I of said Act, as amended by Public Law 102-534 (106 Stat. 3524), of which \$46,500,000 shall be available to carry out the provisions of chapter A of subpart 2 of part E of title I of said Act, for discretionary grants under the Edward Byrne Memorial State and Local Law Enforcement Assistance Programs, including \$2,097,000 which shall be available to the Executive Office of United States Attorneys to support the National District Attorneys Association's participation in legal education training at the National Advocacy Center.

VIOLENT CRIME REDUCTION PROGRAMS, STATE AND LOCAL LAW
ENFORCEMENT ASSISTANCE

For assistance (including amounts for administrative costs for management and administration, which amounts shall be transferred to and merged with the “Justice Assistance” account) authorized by the Violent Crime Control and Law Enforcement Act of 1994 (Public Law 103-322), as amended (“the 1994 Act”); the Omnibus Crime Control and Safe Streets Act of 1968, as amended (“the 1968 Act”); and the Victims of Child Abuse Act of 1990, as amended (“the 1990 Act”); \$2,382,400,000, to remain available until expended, which shall be derived from the Violent Crime Reduction Trust Fund; of which \$523,000,000 shall be for Local Law Enforcement Block Grants, pursuant to H.R. 728 as passed by the House of Representatives on February 14, 1995, except that for purposes of this Act, the Commonwealth of Puerto Rico shall be considered a “unit of local government” as well as a “State”, for the purposes set forth in subparagraphs (A), (B), (D), (F), and (I) of section 101(a)(2) of H.R. 728 and for establishing crime prevention programs involving cooperation between community residents and law enforcement personnel in order to control, detect, or investigate crime or the prosecution of criminals: *Provided*, That no funds provided under this heading may be used as matching funds for any other Federal grant program: *Provided further*, That \$20,000,000 of this amount shall be for Boys and Girls Clubs in public housing facilities and other areas in cooperation with State and local law enforcement: *Provided further*, That funds may also be used to defray the costs of indemnification insurance for law enforcement officers: *Provided further*, That for the purpose of eligibility for the Local Law Enforcement Block Grant Program in the State of Louisiana, parish sheriffs are to be considered the unit of local government under section 108 of H.R. 728; of which \$45,000,000 shall be for grants to upgrade criminal records, as authorized by section 106(b) of the Brady Handgun Violence Prevention Act of 1993, as amended, and section 4(b) of the National Child Protection Act of 1993; of which \$42,500,000 shall be available as authorized by section 1001 of title I of the 1968 Act, to carry out the provisions of subpart 1, part E of title I of the 1968 Act notwithstanding section 511 of said Act, for the Edward Byrne Memorial State and Local Law Enforcement Assistance Programs; of which \$420,000,000 shall be for the State Criminal Alien Assistance Program, as authorized by section 242(j) of the Immigration and Nationality Act, as amended; of which \$720,500,000 shall be for Violent Offender Incarceration and Truth in Sentencing Incentive Grants pursuant to subtitle A of title II of the 1994 Act, of which \$165,000,000 shall be available for payments to States for incarceration of criminal aliens, of which \$25,000,000 shall be available for the Cooperative Agreement Program, and of which \$5,000,000 shall be reserved by the Attorney General for fiscal year 1998 under section 20109(a) of subtitle A of title II of the 1994 Act; of which \$7,000,000 shall be for the Court Appointed Special Advocate Program, as authorized by section 218 of the 1990 Act; of which \$2,000,000 shall be for Child Abuse Training Programs for Judicial Personnel and Practitioners, as authorized by section 224 of the 1990 Act; of which \$172,000,000 shall be for Grants to Combat Violence Against Women, to States, units of local government, and Indian tribal governments, as authorized

by section 1001(a)(18) of the 1968 Act, including \$12,000,000 which shall be used exclusively for the purpose of strengthening civil legal assistance programs for victims of domestic violence: *Provided further*, That, of these funds, \$7,000,000 shall be provided to the National Institute of Justice for research and evaluation of violence against women and \$853,000 shall be provided to the Office of the United States Attorney for the District of Columbia for domestic violence programs in D.C. Superior Court; of which \$59,000,000 shall be for Grants to Encourage Arrest Policies to States, units of local government, and Indian tribal governments, as authorized by section 1001(a)(19) of the 1968 Act; of which \$25,000,000 shall be for Rural Domestic Violence and Child Abuse Enforcement Assistance Grants, as authorized by section 40295 of the 1994 Act; of which \$2,000,000 shall be for training programs to assist probation and parole officers who work with released sex offenders, as authorized by section 40152(c) of the 1994 Act; of which \$1,000,000 shall be for grants for televised testimony, as authorized by section 1001(a)(7) of the 1968 Act; of which \$2,750,000 shall be for national stalker and domestic violence reduction, as authorized by section 40603 of the 1994 Act; of which \$63,000,000 shall be for grants for residential substance abuse treatment for State prisoners, as authorized by section 1001(a)(17) of the 1968 Act; of which \$12,500,000 shall be for grants to States and units of local government for projects to improve DNA analysis, as authorized by section 1001(a)(22) of the 1968 Act; of which \$900,000 shall be for the Missing Alzheimer's Disease Patient Alert Program, as authorized by section 240001(c) of the 1994 Act; of which \$750,000 shall be for Motor Vehicle Theft Prevention Programs, as authorized by section 220002(h) of the 1994 Act; of which \$30,000,000 shall be for Drug Courts, as authorized by title V of the 1994 Act; of which \$1,000,000 shall be for Law Enforcement Family Support Programs, as authorized by section 1001(a)(21) of the 1968 Act; of which \$2,500,000 shall be for public awareness programs addressing marketing scams aimed at senior citizens, as authorized by section 250005(3) of the 1994 Act; and of which \$250,000,000 shall be for Juvenile Accountability Incentive Block Grants pursuant to title III of H.R. 3 as passed by the House of Representatives on May 8, 1997: *Provided further*, That notwithstanding the requirements of H.R. 3, a State, or unit of local government within such State, shall be eligible for a grant under this program if the Governor of the State certifies to the Attorney General, consistent with guidelines established by the Attorney General in consultation with Congress, that the State is actively considering, or will consider within one year from the date of such certification, legislation, policies, or practices which if enacted would qualify the State for a grant under section 1802 of H.R. 3: *Provided further*, That 3 percent shall be available to the Attorney General for research, evaluation, and demonstration consistent with this program and 2 percent shall be available to the Attorney General for training and technical assistance consistent with this program: *Provided further*, That not less than 45 percent of any grant provided to a State or unit of local government shall be spent for the purposes set forth in paragraphs (3) through (9), and not less than 35 percent shall be spent for the purposes set forth in paragraphs (1), (2), and (10) of section 1801(b) of H.R. 3, unless the State or unit of local government certifies to the Attorney General or the State, whichever is appropriate, that the

Records.

interests of public safety and juvenile crime control would be better served by expending its grant for other purposes set forth under section 1801(b) of H.R. 3: *Provided further*, That the Federal share limitation in section 1805(e) of H.R. 3 shall be 50 percent in relation to the costs of constructing a permanent juvenile corrections facility: *Provided further*, That prior to receiving a grant under this program, a unit of local government must establish a coordinated enforcement plan for reducing juvenile crime, developed by a juvenile crime enforcement coalition, such coalition consisting of individuals representing the police, sheriff, prosecutor, State or local probation services, juvenile court, schools, business, and religious affiliated, fraternal, non-profit, or social service organizations involved in crime prevention: *Provided further*, That the conditions of sections 1802(a)(3) and 1802(b)(1)(C) of H.R. 3 regarding juvenile adjudication records require a State or unit of local government to make available to the Federal Bureau of Investigation records of delinquency adjudications which are treated in a manner equivalent to adult records: *Provided further*, That no State or unit of local government may receive a grant under this program unless such State or unit of local government has implemented, or will implement no later than January 1, 1999, a policy of controlled substance testing for appropriate categories of juveniles within the juvenile justice system and funds received under this program may be expended for such purpose: *Provided further*, That the minimum allocation for each State under section 1803(a)(1)(A) of H.R. 3 shall be 0.5 percent: *Provided further*, That the terms and conditions under this heading for juvenile accountability incentive block grants are effective for fiscal year 1998 only and upon the enactment of authorization legislation for juvenile accountability incentive block grants, funding provided in this Act shall from that date be subject to the provisions of that legislation and any provisions in this Act that are inconsistent with that legislation shall no longer have effect: *Provided further*, That funds made available in fiscal year 1998 under subpart 1 of part E of title I of the 1968 Act may be obligated for programs to assist States in the litigation processing of death penalty Federal habeas corpus petitions and for drug testing initiatives: *Provided further*, That if a unit of local government uses any of the funds made available under this title to increase the number of law enforcement officers, the unit of local government will achieve a net gain in the number of law enforcement officers who perform nonadministrative public safety service.

WEED AND SEED PROGRAM FUND

For necessary expenses, including salaries and related expenses of the Executive Office for Weed and Seed, to implement “Weed and Seed” program activities, \$33,500,000, for intergovernmental agreements, including grants, cooperative agreements, and contracts, with State and local law enforcement agencies engaged in the investigation and prosecution of violent crimes and drug offenses in “Weed and Seed” designated communities, and for either reimbursements or transfers to appropriation accounts of the Department of Justice and other Federal agencies which shall be specified by the Attorney General to execute the “Weed and Seed” program strategy: *Provided*, That funds designated by Congress through language for other Department of Justice appropriation accounts for “Weed and Seed” program activities shall be managed

and executed by the Attorney General through the Executive Office for Weed and Seed: *Provided further*, That the Attorney General may direct the use of other Department of Justice funds and personnel in support of “Weed and Seed” program activities only after the Attorney General notifies the Committees on Appropriations of the House of Representatives and the Senate in accordance with section 605 of this Act.

COMMUNITY ORIENTED POLICING SERVICES

VIOLENT CRIME REDUCTION PROGRAMS

For activities authorized by the Violent Crime Control and Law Enforcement Act of 1994, Public Law 103-322 (“the 1994 Act”) (including administrative costs), \$1,400,000,000, to remain available until expended, which shall be derived from the Violent Crime Reduction Trust Fund, for Public Safety and Community Policing Grants pursuant to title I of the 1994 Act: *Provided*, That not to exceed 186 permanent positions and 186 full-time equivalent workyears and \$20,553,000 shall be expended for program management and administration: *Provided further*, That of the unobligated balances available in this program, \$103,000,000 shall be used for innovative community policing programs, of which \$38,000,000 shall be used for a law enforcement technology program, \$1,000,000 shall be used for police recruitment programs authorized under subtitle H of title III of the 1994 Act, \$34,000,000 shall be used for policing initiatives to combat methamphetamine production and trafficking, \$12,500,000 shall be used for the Community Policing to Combat Domestic Violence Program pursuant to section 1701(d) of part Q of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, and \$17,500,000 shall be used for other innovative community policing programs, such as programs to improve the safety of elementary and secondary school children, reduce crime on or near elementary and secondary school grounds, and enhance policing initiatives in drug “hot spots”.

In addition, for programs of Police Corps education, training and service as set forth in sections 200101-200113 of the Violent Crime Control and Law Enforcement Act of 1994 (Public Law 103-322), \$30,000,000, to remain available until expended, which shall be derived from the Violent Crime Reduction Trust Fund.

JUVENILE JUSTICE PROGRAMS

For grants, contracts, cooperative agreements, and other assistance authorized by the Juvenile Justice and Delinquency Prevention Act of 1974, as amended (“the Act”), including salaries and expenses in connection therewith to be transferred to and merged with the appropriations for Justice Assistance, \$201,672,000, to remain available until expended, as authorized by section 299 of part I of title II and section 506 of title V of the Act, as amended by Public Law 102-586, of which: (1) notwithstanding any other provision of law, \$5,922,000 shall be available for expenses authorized by part A of title II of the Act, \$96,500,000 shall be available for expenses authorized by part B of title II of the Act, and \$45,250,000 shall be available for expenses authorized by part C of title II of the Act: *Provided*, That \$26,500,000 of the amounts provided for part B of title II of the Act, as amended, is for the purpose of providing additional formula grants under part B

to States that provide assurances to the Administrator that the State has in effect (or will have in effect no later than one year after date of application) policies and programs, that ensure that juveniles are subject to accountability-based sanctions for every act for which they are adjudicated delinquent; (2) \$12,000,000 shall be available for expenses authorized by sections 281 and 282 of part D of title II of the Act for prevention and treatment programs relating to juvenile gangs; (3) \$10,000,000 shall be available for expenses authorized by section 285 of part E of title II of the Act; (4) \$12,000,000 shall be available for expenses authorized by part G of title II of the Act for juvenile mentoring programs; and (5) \$20,000,000 shall be available for expenses authorized by title V of the Act for incentive grants for local delinquency prevention programs: *Provided further*, That upon the enactment of reauthorization legislation for Juvenile Justice Programs under the Juvenile Justice and Delinquency Prevention Act of 1974, as amended, funding provisions in this Act shall from that date be subject to the provisions of that legislation and any provisions in this Act that are inconsistent with that legislation shall no longer have effect.

In addition, for grants, contracts, cooperative agreements, and other assistance, \$5,000,000 to remain available until expended, for developing, testing, and demonstrating programs designed to reduce drug use among juveniles.

In addition, \$25,000,000 shall be available for grants of \$360,000 to each State and \$6,640,000 shall be available for discretionary grants to States, for programs and activities to enforce State laws prohibiting the sale of alcoholic beverages to minors or the purchase or consumption of alcoholic beverages by minors, prevention and reduction of consumption of alcoholic beverages by minors, and for technical assistance and training.

In addition, for grants, contracts, cooperative agreements, and other assistance authorized by the Victims of Child Abuse Act of 1990, as amended, \$7,000,000, to remain available until expended, as authorized by section 214B of the Act.

PUBLIC SAFETY OFFICERS BENEFITS

To remain available until expended, for payments authorized by part L of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796), as amended, such sums as are necessary, as authorized by section 6093 of Public Law 100-690 (102 Stat. 4339-4340); and \$2,000,000 for the Federal Law Enforcement Education Assistance Program, as authorized by section 1212 of said Act.

GENERAL PROVISIONS—DEPARTMENT OF JUSTICE

SEC. 101. In addition to amounts otherwise made available in this title for official reception and representation expenses, a total of not to exceed \$45,000 from funds appropriated to the Department of Justice in this title shall be available to the Attorney General for official reception and representation expenses in accordance with distributions, procedures, and regulations established by the Attorney General.

SEC. 102. Authorities contained in the Department of Justice Appropriation Authorization Act, Fiscal Year 1980 (Public Law 96-132; 93 Stat. 1040 (1979)), as amended, shall remain in effect

until the termination date of this Act or until the effective date of a Department of Justice Appropriation Authorization Act, whichever is earlier.

SEC. 103. None of the funds appropriated by this title shall be available to pay for an abortion, except where the life of the mother would be endangered if the fetus were carried to term, or in the case of rape: *Provided*, That should this prohibition be declared unconstitutional by a court of competent jurisdiction, this section shall be null and void.

Abortion.

SEC. 104. None of the funds appropriated under this title shall be used to require any person to perform, or facilitate in any way the performance of, any abortion.

Abortion.

SEC. 105. Nothing in the preceding section shall remove the obligation of the Director of the Bureau of Prisons to provide escort services necessary for a female inmate to receive such service outside the Federal facility: *Provided*, That nothing in this section in any way diminishes the effect of section 104 intended to address the philosophical beliefs of individual employees of the Bureau of Prisons.

SEC. 106. Notwithstanding any other provision of law, not to exceed \$10,000,000 of the funds made available in this Act may be used to establish and publicize a program under which publicly advertised, extraordinary rewards may be paid, which shall not be subject to spending limitations contained in sections 3059 and 3072 of title 18, United States Code: *Provided*, That any reward of \$100,000 or more, up to a maximum of \$2,000,000, may not be made without the personal approval of the President or the Attorney General and such approval may not be delegated.

18 USC 3059
note.

SEC. 107. Not to exceed 5 percent of any appropriation made available for the current fiscal year for the Department of Justice in this Act, including those derived from the Violent Crime Reduction Trust Fund, may be transferred between such appropriations, but no such appropriation, except as otherwise specifically provided, shall be increased by more than 10 percent by any such transfers: *Provided*, That any transfer pursuant to this section shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation except in compliance with the procedures set forth in that section.

SEC. 108. Section 524(c)(8)(E) of title 28, United States Code, is amended by striking “1996” and inserting “1997 and thereafter”.

SEC. 109. (a) Section 1402(d) of the Victims of Crime Act of 1984 (42 U.S.C. 10601(d)), is amended—

(1) by striking paragraph (1); and

(2) in paragraph (2), by striking “the next” and inserting “The first”.

(b) Any unobligated sums hitherto available to the judicial branch pursuant to the paragraph repealed by subsection (a) shall be deemed to be deposits into the Crime Victims Fund as of the effective date hereof and may be used by the Director of the Office for Victims of Crime to improve services for the benefit of crime victims, including the processing and tracking of criminal monetary penalties and related litigation activities, in the Federal criminal justice system.

42 USC 10601
note.

SEC. 110. The Immigration and Nationality Act of 1952, as amended, is further amended—

(1) by striking entirely section 286(s);

(2) in section 286(r) by—

8 USC 1356.

(A) adding “, and amount described in section 245(i)(3)(b)” after “recovered by the Department of Justice” in paragraph (2);

(B) replacing “Immigration and Naturalization Service” with “Attorney General” in paragraph (3); and

(C) striking paragraph (4), and replacing it with, “The amounts required to be refunded from the Fund for fiscal year 1998 and thereafter shall be refunded in accordance with estimates made in the budget request of the President for those fiscal years. Any proposed changes in the amounts designated in such budget requests shall only be made after Congressional reprogramming notification in accordance with the reprogramming guidelines for the applicable fiscal year.”; and

8 USC 1255.

(3) in section 245(i)(3)(B), by replacing “Immigration Detention Account established under section 286(s)” with “Breached Bond/Detention Fund established under section 286(r)”.

SEC. 111. (a) LIMITATION ON ELIGIBILITY UNDER SECTION 245(i).—Section 245(i)(1) of the Immigration and Nationality Act (8 U.S.C. 1255(i)(1)) is amended by striking “(i)(1)” through “The Attorney General” and inserting the following:

“(i)(1) Notwithstanding the provisions of subsections (a) and (c) of this section, an alien physically present in the United States—

“(A) who—

“(i) entered the United States without inspection; or

“(ii) is within one of the classes enumerated in subsection (c) of this section; and

“(B) who is the beneficiary (including a spouse or child of the principal alien, if eligible to receive a visa under section 203(d)) of—

“(i) a petition for classification under section 204 that was filed with the Attorney General on or before January 14, 1998; or

“(ii) an application for a labor certification under section 212(a)(5)(A) that was filed pursuant to the regulations of the Secretary of Labor on or before such date;

may apply to the Attorney General for the adjustment of his or her status to that of an alien lawfully admitted for permanent residence. The Attorney General”.

(b) REPEAL OF SUNSET FOR SECTION 245(i).—Section 506(c) of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1995 (Public Law 103–317; 108 Stat. 1766) is amended to read as follows:

8 USC 1182 note.
Effective dates.
Termination
date.

“(c) The amendment made by subsection (a) shall take effect on October 1, 1994, and shall cease to have effect on October 1, 1997. The amendment made by subsection (b) shall take effect on October 1, 1994.”.

(c) INAPPLICABILITY OF CERTAIN PROVISIONS OF SECTION 245(c) FOR CERTAIN EMPLOYMENT-BASED IMMIGRANTS.—Section 245 of the Immigration and Nationality Act (8 U.S.C. 1255) is amended—

(1) in subsection (c)(2), by inserting “subject to subsection (k),” after “(2)”; and

(2) by adding at the end the following:

“(k) An alien who is eligible to receive an immigrant visa under paragraph (1), (2), or (3) of section 203(b) (or, in the case of an alien who is an immigrant described in section 101(a)(27)(C),

under section 203(b)(4)) may adjust status pursuant to subsection (a) and notwithstanding subsection (c)(2), (c)(7), and (c)(8), if—

“(1) the alien, on the date of filing an application for adjustment of status, is present in the United States pursuant to a lawful admission;

“(2) the alien, subsequent to such lawful admission has not, for an aggregate period exceeding 180 days—

“(A) failed to maintain, continuously, a lawful status;

“(B) engaged in unauthorized employment; or

“(C) otherwise violated the terms and conditions of the alien’s admission.”.

SEC. 112. (a) SHORT TITLE.—This section may be cited as the “Philippine Army, Scouts, and Guerilla Veterans of World War II Naturalization Act of 1997”.

(b) IN GENERAL.—Section 405 of the Immigration and Nationality Act of 1990 (8 U.S.C. 1440 note) is amended—

(1) by striking subparagraph (B) of subsection (a)(1) and inserting the following:

“(B) who—

“(i) is listed on the final roster prepared by the Recovered Personnel Division of the United States Army of those who served honorably in an active duty status within the Philippine Army during the World War II occupation and liberation of the Philippines,

“(ii) is listed on the final roster prepared by the Guerilla Affairs Division of the United States Army of those who received recognition as having served honorably in an active duty status within a recognized guerilla unit during the World War II occupation and liberation of the Philippines, or

“(iii) served honorably in an active duty status within the Philippine Scouts or within any other component of the United States Armed Forces in the Far East (other than a component described in clause (i) or (ii)) at any time during the period beginning September 1, 1939, and ending December 31, 1946.”;

(2) by adding at the end of subsection (a) the following new paragraph:

“(3)(A) For purposes of the second sentence of section 329(a) and section 329(b)(3) of the Immigration and Nationality Act, the executive department under which a person served shall be—

“(i) in the case of an applicant claiming to have served in the Philippine Army, the United States Department of the Army;

“(ii) in the case of an applicant claiming to have served in a recognized guerilla unit, the United States Department of the Army; or

“(iii) in the case of an applicant claiming to have served in the Philippine Scouts or any other component of the United States Armed Forces in the Far East (other than a component described in clause (i) or (ii)) at any time during the period beginning September 1, 1939, and ending December 31, 1946, the United States executive department (or successor thereto) that exercised supervision over such component.

Philippine Army,
Scouts, and
Guerilla
Veterans of
World War II
Naturalization
Act of 1997.
8 USC 1101 note.

“(B) An executive department specified in subparagraph (A) may not make a determination under the second sentence of section 329(a) with respect to the service or separation from service of a person described in paragraph (1) except pursuant to a request from the Service.”; and

(3) by adding at the end the following new subsection:

“(d) IMPLEMENTATION.—(1) Notwithstanding any other provision of law, for purposes of the naturalization of natives of the Philippines under this section—

“(A) the processing of applications for naturalization, filed in accordance with the provisions of this section, including necessary interviews, shall be conducted in the Philippines by employees of the Service designated pursuant to section 335(b) of the Immigration and Nationality Act; and

“(B) oaths of allegiance for applications for naturalization under this section shall be administered in the Philippines by employees of the Service designated pursuant to section 335(b) of that Act.

“(2) Notwithstanding paragraph (1), applications for naturalization, including necessary interviews, may continue to be processed, and oaths of allegiance may continue to be taken in the United States.”.

(c) REPEAL.—Section 113 of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1993 (8 U.S.C. 1440 note), is repealed.

8 USC 1440 note.

(d) EFFECTIVE DATE; TERMINATION DATE.—

(1) APPLICATION TO PENDING APPLICATIONS.—The amendments made by subsection (b) shall apply to applications filed before February 3, 1995.

(2) TERMINATION DATE.—The authority provided by the amendments made by subsection (b) shall expire February 3, 2001.

SEC. 113. Section 101(a)(27)(J) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(27)(J)) is amended to read as follows:

“(J) an immigrant who is present in the United States—

“(i) who has been declared dependent on a juvenile court located in the United States or whom such a court has legally committed to, or placed under the custody of, an agency or department of a State and who has been deemed eligible by that court for long-term foster care due to abuse, neglect, or abandonment;

“(ii) for whom it has been determined in administrative or judicial proceedings that it would not be in the alien’s best interest to be returned to the alien’s or parent’s previous country of nationality or country of last habitual residence; and

“(iii) in whose case the Attorney General expressly consents to the dependency order serving as a precondition to the grant of special immigrant juvenile status; except that—

“(I) no juvenile court has jurisdiction to determine the custody status or placement of an alien in the actual or constructive custody of the Attorney General unless the Attorney General specifically consents to such jurisdiction; and

“(II) no natural parent or prior adoptive parent of any alien provided special immigrant status under this subparagraph shall thereafter, by virtue of such parentage, be accorded any right, privilege, or status under this Act; or”.

SEC. 114. Not to exceed \$200,000 of funds appropriated under section 1304 of title 31, United States Code, shall be available for payment pursuant to the Hearing Officer's Report in United States Court of Federal Claims No. 93-645X (June 3, 1996) (see 35 Fed. Cl. 99 (March 7, 1996)).

SEC. 115. (a) STANDARDS FOR SEX OFFENDER REGISTRATION PROGRAMS.—

(1) IN GENERAL.—Section 170101(a) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071(a)) is amended—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking “with a designated State law enforcement agency”; and

(ii) in subparagraph (B), by striking “with a designated State law enforcement agency”;

(B) by striking paragraph (2) and inserting the following:

“(2) DETERMINATION OF SEXUALLY VIOLENT PREDATOR STATUS; WAIVER; ALTERNATIVE MEASURES.—

“(A) IN GENERAL.—A determination of whether a person is a sexually violent predator for purposes of this section shall be made by a court after considering the recommendation of a board composed of experts in the behavior and treatment of sex offenders, victims' rights advocates, and representatives of law enforcement agencies.

“(B) WAIVER.—The Attorney General may waive the requirements of subparagraph (A) if the Attorney General determines that the State has established alternative procedures or legal standards for designating a person as a sexually violent predator.

“(C) ALTERNATIVE MEASURES.—The Attorney General may also approve alternative measures of comparable or greater effectiveness in protecting the public from unusually dangerous or recidivistic sexual offenders in lieu of the specific measures set forth in this section regarding sexually violent predators.”;

(C) in paragraph (3)—

(i) in subparagraph (A), by striking “that consists of—” and inserting “in a range of offenses specified by State law which is comparable to or which exceeds the following range of offenses.”;

(ii) in subparagraph (B), by striking “that consists of” and inserting “in a range of offenses specified by State law which is comparable to or which exceeds the range of offenses encompassed by”; and

(D) by adding at the end the following:

“(F) The term ‘employed, carries on a vocation’ includes employment that is full-time or part-time for a period of time exceeding 14 days or for an aggregate period of time exceeding 30 days during any calendar year, whether financially compensated, volunteered, or for the purpose of government or educational benefit.

“(G) The term ‘student’ means a person who is enrolled on a full-time or part-time basis, in any public or private educational institution, including any secondary school, trade, or professional institution, or institution of higher education.”.

(2) REQUIREMENTS UPON RELEASE, PAROLE, SUPERVISED RELEASE, OR PROBATION.—Section 170101(b) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071(b)) is amended—

(A) in paragraph (1)—

(i) by striking the paragraph designation and heading and inserting the following:

“(1) DUTIES OF RESPONSIBLE OFFICIALS.—”;

(ii) in subparagraph (A)—

(I) in the matter preceding clause (i), by striking “or in the case of probation, the court” and inserting “the court, or another responsible officer or official”;

(II) in clause (ii), by striking “give” and all that follows before the semicolon and inserting “report the change of address as provided by State law”; and

(III) in clause (iii), by striking “shall register” and all that follows before the semicolon and inserting “shall report the change of address as provided by State law and comply with any registration requirement in the new State of residence, and inform the person that the person must also register in a State where the person is employed, carries on a vocation, or is a student”; and

(iii) in subparagraph (B), by striking “or the court” and inserting “, the court, or another responsible officer or official”;

(B) by striking paragraph (2) and inserting the following:

“(2) TRANSFER OF INFORMATION TO STATE AND FBI; PARTICIPATION IN NATIONAL SEX OFFENDER REGISTRY.—

“(A) STATE REPORTING.—State procedures shall ensure that the registration information is promptly made available to a law enforcement agency having jurisdiction where the person expects to reside and entered into the appropriate State records or data system. State procedures shall also ensure that conviction data and fingerprints for persons required to register are promptly transmitted to the Federal Bureau of Investigation.

“(B) NATIONAL REPORTING.—A State shall participate in the national database established under section 170102(b) in accordance with guidelines issued by the Attorney General, including transmission of current address information and other information on registrants to the extent provided by the guidelines.”;

(C) in paragraph (3)(A)—

(i) in the matter preceding clause (i), by striking “on each” and all that follows through “applies:” and inserting the following: “State procedures shall provide for verification of address at least annually.”; and

Regulations.

(ii) by striking clauses (i) through (v);

(D) in paragraph (4), by striking “section reported” and all that follows before the period at the end and inserting the following: “section shall be reported by the person in the manner provided by State law. State procedures shall ensure that the updated address information is promptly made available to a law enforcement agency having jurisdiction where the person will reside and entered into the appropriate State records or data system”;

(E) in paragraph (5), by striking “shall register” and all that follows before the period at the end and inserting “and who moves to another State, shall report the change of address to the responsible agency in the State the person is leaving, and shall comply with any registration requirement in the new State of residence. The procedures of the State the person is leaving shall ensure that notice is provided promptly to an agency responsible for registration in the new State, if that State requires registration”; and

(F) by adding at the end the following:

“(7) REGISTRATION OF OUT-OF-STATE OFFENDERS, FEDERAL OFFENDERS, PERSONS SENTENCED BY COURTS MARTIAL, AND OFFENDERS CROSSING STATE BORDERS.—As provided in guidelines issued by the Attorney General, each State shall include in its registration program residents who were convicted in another State and shall ensure that procedures are in place to accept registration information from—

“(A) residents who were convicted in another State, convicted of a Federal offense, or sentenced by a court martial; and

“(B) nonresident offenders who have crossed into another State in order to work or attend school.”.

(3) REGISTRATION OF OFFENDER CROSSING STATE BORDER.—Section 170101 of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071) is amended by redesignating subsections (c) through (f) as (d) through (g), respectively, and inserting after subsection (b) the following:

“(c) REGISTRATION OF OFFENDER CROSSING STATE BORDER.—Any person who is required under this section to register in the State in which such person resides shall also register in any State in which the person is employed, carries on a vocation, or is a student.”.

(4) RELEASE OF INFORMATION.—Section 170101(e)(2) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071(e)(2)), as redesignated by subsection (c) of this section, is amended by striking “The designated” and all that follows through “State agency” and inserting “The State or any agency authorized by the State”.

(5) IMMUNITY FOR GOOD FAITH CONDUCT.—Section 170101(f) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071(f)), as redesignated by subsection (c) of this section, is amended by striking “, and State officials” and inserting “and independent contractors acting at the direction of such agencies, and State officials”.

(6) FBI REGISTRATION.—(A) Section 170102(a)(2) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14072(a)(2)) is amended by striking “and ‘predatory’”

and inserting the following: “‘predatory’, ‘employed, or carries on a vocation’, and ‘student’”.

(B) Section 170102(a)(3) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14072(a)(3)) is amended—

(i) in subparagraph (A), by inserting “in a range of offenses specified by State law which is comparable to or exceeds that” before “described”;

(ii) by amending subparagraph (B) to read as follows: “(B) participates in the national database established under subsection (b) of this section in conformity with guidelines issued by the Attorney General;” and

(iii) by amending subparagraph (C) to read as follows: “(C) provides for verification of address at least annually;”.

(C) Section 170102(i) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14072(i)) in the matter preceding paragraph (1), is amended by inserting “or pursuant to section 170101(b)(7)” after “subsection (g)”.

(7) PAM LYCHNER SEXUAL OFFENDER TRACKING AND IDENTIFICATION ACT OF 1996.—Section 10 of the Pam Lychner Sexual Offender Tracking and Identification Act of 1996 is amended by inserting at the end the following:

“(d) EFFECTIVE DATE.—States shall be allowed the time specified in subsection (b) to establish minimally sufficient sexual offender registration programs for purposes of the amendments made by section 2. Subsections (c) and (k) of section 170102 of the Violent Crime Control and Law Enforcement Act of 1994, and any requirement to issue related regulations, shall take effect at the conclusion of the time provided under this subsection for the establishment of minimally sufficient sexual offender registration programs.”.

(8) FEDERAL OFFENDERS AND MILITARY PERSONNEL.—(A) Section 4042 of title 18, United States Code, is amended—

(i) in subsection (a)(5), by striking “subsection (b)” and inserting “subsections (b) and (c)”;

(ii) in subsection (b), by striking paragraph (4);

(iii) by redesignating subsection (c) as subsection (d); and

(iv) by inserting after subsection (b) the following:

“(c) NOTICE OF SEX OFFENDER RELEASE.—(1) In the case of a person described in paragraph (4) who is released from prison or sentenced to probation, notice shall be provided to—

“(A) the chief law enforcement officer of the State and of the local jurisdiction in which the person will reside; and

“(B) a State or local agency responsible for the receipt or maintenance of sex offender registration information in the State or local jurisdiction in which the person will reside.

The notice requirements under this subsection do not apply in relation to a person being protected under chapter 224.

“(2) Notice provided under paragraph (1) shall include the information described in subsection (b)(2), the place where the person will reside, and the information that the person shall be subject to a registration requirement as a sex offender. For a person who is released from the custody of the Bureau of Prisons whose expected place of residence following release is known to the Bureau of Prisons, notice shall be provided at least 5 days

prior to release by the Director of the Bureau of Prisons. For a person who is sentenced to probation, notice shall be provided promptly by the probation officer responsible for the supervision of the person, or in a manner specified by the Director of the Administrative Office of the United States Courts. Notice concerning a subsequent change of residence by a person described in paragraph (4) during any period of probation, supervised release, or parole shall also be provided to the agencies and officers specified in paragraph (1) by the probation officer responsible for the supervision of the person, or in a manner specified by the Director of the Administrative Office of the United States Courts.

“(3) The Director of the Bureau of Prisons shall inform a person described in paragraph (4) who is released from prison that the person shall be subject to a registration requirement as a sex offender in any State in which the person resides, is employed, carries on a vocation, or is a student (as such terms are defined for purposes of section 170101(a)(3) of the Violent Crime Control and Law Enforcement Act of 1994), and the same information shall be provided to a person described in paragraph (4) who is sentenced to probation by the probation officer responsible for supervision of the person or in a manner specified by the Director of the Administrative Office of the United States Courts.

“(4) A person is described in this paragraph if the person was convicted of any of the following offenses (including such an offense prosecuted pursuant to section 1152 or 1153):

“(A) An offense under section 1201 involving a minor victim.

“(B) An offense under chapter 109A.

“(C) An offense under chapter 110.

“(D) An offense under chapter 117.

“(E) Any other offense designated by the Attorney General as a sexual offense for purposes of this subsection.

“(5) The United States and its agencies, officers, and employees shall be immune from liability based on good faith conduct in carrying out this subsection and subsection (b).”.

(B)(i) Section 3563(a) of title 18, United States Code, is amended by striking the matter at the end of paragraph (7) beginning with “The results of a drug test” and all that follows through the end of such paragraph and inserting that matter at the end of section 3563.

(ii) The matter inserted by subparagraph (A) at the end of section 3563 is amended—

(I) by striking “The results of a drug test” and inserting the following:

“(e) RESULTS OF DRUG TESTING.—The results of a drug test”; and

(II) by striking “paragraph (4)” each place it appears and inserting “subsection (a)(5)”.

(iii) Section 3563(a) of title 18, United States Code, is amended—

(I) so that paragraphs (6) and (7) appear in numerical order immediately after paragraph (5);

(II) by striking “and” at the end of paragraph (6);

(III) in paragraph (7), by striking “assessments.” and inserting “assessments; and”; and

(IV) by inserting immediately after paragraph (7) (as moved by clause (i)) the following new paragraph:

“(8) for a person described in section 4042(c)(4), that the person report the address where the person will reside and any subsequent change of residence to the probation officer responsible for supervision, and that the person register in any State where the person resides, is employed, carries on a vocation, or is a student (as such terms are defined under section 170101(a)(3) of the Violent Crime Control and Law Enforcement Act of 1994).”.

Courts.

(iv) Section 3583(d) of title 18, United States Code, is amended by inserting after the second sentence the following: “The court shall order, as an explicit condition of supervised release for a person described in section 4042(c)(4), that the person report the address where the person will reside and any subsequent change of residence to the probation officer responsible for supervision, and that the person register in any State where the person resides, is employed, carries on a vocation, or is a student (as such terms are defined under section 170101(a)(3) of the Violent Crime Control and Law Enforcement Act of 1994).”.

(v) Section 4209(a) of title 18, United States Code, insofar as such section remains in effect with respect to certain individuals, is amended by inserting after the first sentence the following: “In every case, the Commission shall impose as a condition of parole for a person described in section 4042(c)(4), that the parolee report the address where the parolee will reside and any subsequent change of residence to the probation officer responsible for supervision, and that the parolee register in any State where the parolee resides, is employed, carries on a vocation, or is a student (as such terms are defined under section 170101(a)(3) of the Violent Crime Control and Law Enforcement Act of 1994).”.

10 USC 951 note.

(C)(i) The Secretary of Defense shall specify categories of conduct punishable under the Uniform Code of Military Justice which encompass a range of conduct comparable to that described in section 170101(a)(3)(A) and (B) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071(a)(3)(A) and (B)), and such other conduct as the Secretary deems appropriate for inclusion for purposes of this subparagraph.

(ii) In relation to persons sentenced by a court martial for conduct in the categories specified under clause (i), the Secretary shall prescribe procedures and implement a system to—

(I) provide notice concerning the release from confinement or sentencing of such persons;

(II) inform such persons concerning registration obligations; and

(III) track and ensure compliance with registration requirements by such persons during any period of parole, probation, or other conditional release or supervision related to the offense.

(iii) The procedures and requirements established by the Secretary under this subparagraph shall, to the maximum extent practicable, be consistent with those specified for Federal offenders under the amendments made by subparagraphs (A) and (B).

(iv) If a person within the scope of this subparagraph is confined in a facility under the control of the Bureau of Prisons at the time of release, the Bureau of Prisons shall provide notice of release and inform the person concerning registration obligations under the procedures specified in section 4042(c) of title 18, United States Code.

(9) PROTECTED WITNESS REGISTRATION.—Section 3521(b)(1) of title 18, United States Code, is amended—

(A) by striking “and” at the end of subparagraph (G);

(B) by redesignating subparagraph (H) as subparagraph (I); and

(C) by inserting after subparagraph (G) the following:

“(H) protect the confidentiality of the identity and location of persons subject to registration requirements as convicted offenders under Federal or State law, including prescribing alternative procedures to those otherwise provided by Federal or State law for registration and tracking of such persons; and”

Confidentiality.

(b) SENSE OF CONGRESS AND REPORT RELATING TO STALKING LAWS.—

(1) SENSE OF CONGRESS.—It is the sense of Congress that each State should have in effect a law that makes it a crime to stalk any individual, especially children, without requiring that such individual be physically harmed or abducted before a stalker is restrained or punished.

(2) REPORT.—The Attorney General shall include in an annual report under section 40610 of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14039) information concerning existing or proposed State laws and penalties for stalking crimes against children.

42 USC 14039
note.

(c) EFFECTIVE DATE.—This section shall take effect on the date of the enactment of this Act, except that—

42 USC 14071
note.

(1) subparagraphs (A), (B), and (C) of subsection (a)(8) shall take effect 1 year after the date of the enactment of this Act; and

(2) States shall have 3 years from such date of enactment to implement amendments made by this Act which impose new requirements under the Jacob Wetterling Crimes Against Children and Sexually Violent Offender Registration Act, and the Attorney General may grant an additional 2 years to a State that is making good faith efforts to implement these amendments.

SEC. 116. (a) IN GENERAL.—Section 610(b) of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1993 (8 U.S.C. 1153; Public Law 102-395) is amended—

8 USC 1153 note.

(1) by striking “300” and inserting “3,000”; and

(2) by striking “five years” and inserting “seven years”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a)(2) shall be deemed to have become effective on October 6, 1992.

8 USC 1153 note.

SEC. 117. For fiscal year 1998, the Attorney General shall provide a magnetometer and not less than one qualified guard at each unsecured entrance to the real property (including offices, buildings, and related grounds and facilities) that is leased to the United States as a place of employment for Federal employees at 625 Silver, S.W., in Albuquerque, New Mexico for the duration of time that Department of Justice employees are occupants of

this building, after which the General Services Administration shall provide the same level of security equipment and personnel at this location until the date on which the new Albuquerque Federal building is occupied.

SEC. 118. Section 203(p)(1) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484(p)(1)) is amended—

(1) by inserting “(A)” after “(1)”; and

(2) by adding at the end the following new subparagraph:

“(B)(i) The Administrator may exercise the authority under subparagraph (A) with respect to such surplus real and related property needed by the transferee or grantee for—

“(I) law enforcement purposes, as determined by the Attorney General; or

“(II) emergency management response purposes, including fire and rescue services, as determined by the Director of the Federal Emergency Management Agency.

“(ii) The authority provided under this subparagraph shall terminate on December 31, 1999.”.

Termination
date.

SEC. 119. Section 1701(b)(2)(A) of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796dd) is amended to read as follows—

“(A) may not exceed 20 percent of the funds available for grants pursuant to this subsection in any fiscal year.”.

42 USC 10602
note.

SEC. 120. Section 233(d) of the Antiterrorism and Effective Death Penalty Act of 1996 (110 Stat. 1245) is amended by striking “1 year after the date of enactment of this Act” and inserting “October 1, 1999”.

SEC. 121. (a) DEFINITIONS.—In this section—

(1) the terms “criminal offense against a victim who is a minor”, “sexually violent offense”, and “sexually violent predator” have the meanings given those terms in section 170101(a) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071(a));

(2) the term “DNA” means deoxyribonucleic acid; and

(3) the term “sex offender” means an individual who—

(A) has been convicted in Federal court of—

(i) a criminal offense against a victim who is a minor; or

(ii) a sexually violent offense; or

(B) is a sexually violent predator.

(b) REPORT.—From amounts made available to the Department of Justice under this title, not later than 180 days after the date of enactment of this Act, the Attorney General shall submit to Congress a report, which shall include a plan for the implementation of a requirement that, prior to the release (including probation, parole, or any other supervised release) of any sex offender from Federal custody following a conviction for a criminal offense against a victim who is a minor or a sexually violent offense, the sex offender shall provide a DNA sample to the appropriate law enforcement agency for inclusion in a national law enforcement DNA database.

(c) PLAN REQUIREMENTS.—The plan submitted under subsection (b) shall include recommendations concerning—

(1) a system for—

(A) the collection of DNA samples from any sex offender;

(B) the analysis of the collected samples for DNA and other genetic typing analysis; and

(C) making the DNA and other genetic typing information available for law enforcement purposes only;

(2) guidelines for coordination with existing Federal and State DNA and genetic typing information databases and for Federal cooperation with State and local law in sharing this information;

(3) addressing constitutional, privacy, and related concerns in connection with the mandatory submission of DNA samples; and

(4) procedures and penalties for the prevention of improper disclosure or dissemination of DNA or other genetic typing information.

SEC. 122. (a) Notwithstanding any other provision of law relating to position classification or employee pay or performance, during the 3-year period beginning on the date of enactment of this Act, the Director of the Federal Bureau of Investigation may, with the approval of the Attorney General, establish a personnel management system providing for the compensation and performance management of not more than 3,000 non-Special Agent employees to fill critical scientific, technical, engineering, intelligence analyst, language translator, and medical positions in the Federal Bureau of Investigation.

5 USC 3104 note.

(b) Except as otherwise provided by law, no employee compensated under any system established under this section may be paid at a rate in excess of the rate payable for a position at level III of the Executive Schedule.

(c) Total payments to employees under any system established under this section shall be subject to the limitation on payments to employees set forth in section 5307 of title 5, United States Code.

(d) Not later than 90 days after the date of enactment of this Act, the Director of the Federal Bureau of Investigation shall submit to the Committees on Appropriations and the Committees on the Judiciary of the House of Representatives and the Senate, the Committee on Government Reform and Oversight of the House of Representatives, and the Committee on Governmental Affairs of the Senate, an operating plan describing the Director's intended use of the authority under this section, and identifying any provisions of title 5, United States Code, being waived for purposes of any personnel management system to be established by the Director under this section.

(e) Any performance management system established under this section shall have not less than 2 levels of performance above a retention standard.

(f) Not later than March 31, 2000, the Director of the Federal Bureau of Investigation shall submit to Congress an evaluation of the performance management system established under this section, which shall include—

(1) a comparison of—

(A) the compensation, benefits, and performance management provisions governing personnel of similar employment classification series in other departments and agencies of the Federal Government; and

(B) the costs, consistent with standards prescribed in Office of Management and Budget Circular A-76, of

contracting for any services provided through those departments and agencies; and

(2) if appropriate, a recommendation for legislation to extend the authority under this section.

(g) Notwithstanding any other provision of law, the Secretary of the Treasury shall have the same authority provided to the Office of Personnel Management under section 4703 of title 5, United States Code, to establish, in the discretion of the Secretary, demonstration projects for a period of 3 years, for not to exceed a combined total of 950 employees, to fill critical scientific, technical, engineering, intelligence analyst, language translator, and medical positions in the Bureau of Alcohol, Tobacco and Firearms, the United States Customs Service, and the United States Secret Service.

Termination
date.

(h) The authority under this section shall terminate 3 years after the date of enactment of this Act.

SEC. 123. (a) IN GENERAL.—Section 3626 of title 18, United States Code, is amended—

(1) in subsection (a)—

(A) in paragraph (1)(B)(i), by striking “permits” and inserting “requires”; and

(B) in paragraph (3)—

(i) in subparagraph (A), by striking “no prisoner release order shall be entered unless” and inserting “no court shall enter a prisoner release order unless”; and

(ii) in subparagraph (F)—

(I) by inserting “including a legislator” after “local official”; and

(II) by striking “program” and inserting “prison”;

(2) in subsection (b)(3), by striking “current or ongoing” and inserting “current and ongoing”;

(3) in subsection (e)—

(A) in paragraph (1), by adding at the end the following: “Mandamus shall lie to remedy any failure to issue a prompt ruling on such a motion.”;

(B) in paragraph (2), by striking “Any prospective relief subject to a pending motion shall be automatically stayed” and inserting “Any motion to modify or terminate prospective relief made under subsection (b) shall operate as a stay”; and

(C) by adding at the end the following:

“(3) POSTPONEMENT OF AUTOMATIC STAY.—The court may postpone the effective date of an automatic stay specified in subsection (e)(2)(A) for not more than 60 days for good cause. No postponement shall be permissible because of general congestion of the court’s calendar.

“(4) ORDER BLOCKING THE AUTOMATIC STAY.—Any order staying, suspending, delaying, or barring the operation of the automatic stay described in paragraph (2) (other than an order to postpone the effective date of the automatic stay under paragraph (3)) shall be treated as an order refusing to dissolve or modify an injunction and shall be appealable pursuant to section 1292(a)(1) of title 28, United States Code, regardless of how the order is styled or whether the order is termed a preliminary or a final ruling.”.

(b) EFFECTIVE DATE.—The amendments made by this Act shall take effect upon the date of the enactment of this Act and shall apply to pending cases. 18 USC 3626 note.

SEC. 124. Section 524(c)(8)(B) of title 28, United States Code, is amended by deleting “1996, and 1997,” and inserting “and 1996,” in place thereof.

SEC. 125. Section 217(f) of the Immigration and Nationality Act (8 U.S.C. 1187(f)) is amended to read as follows:

“(f) DEFINITION OF PILOT PROGRAM PERIOD.—For purposes of this section, the term ‘pilot program period’ means the period beginning on October 1, 1988, and ending on April 30, 1998.”.

SEC. 126. Section 140 of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 (Public Law 103–236), is amended in subsection (g) by striking “December 31, 1997” and inserting “May 1, 1998”. 8 USC 1182 note.

This title may be cited as the “Department of Justice Appropriations Act, 1998”.

TITLE II—DEPARTMENT OF COMMERCE AND RELATED AGENCIES

Department of
Commerce and
Related Agencies
Appropriations
Act, 1998.

TRADE AND INFRASTRUCTURE DEVELOPMENT

RELATED AGENCIES

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

SALARIES AND EXPENSES

For necessary expenses of the Office of the United States Trade Representative, including the hire of passenger motor vehicles and the employment of experts and consultants as authorized by 5 U.S.C. 3109, \$23,450,000, of which \$2,500,000 shall remain available until expended: *Provided*, That not to exceed \$98,000 shall be available for official reception and representation expenses: *Provided further*, That the total number of political appointees on board as of May 1, 1998, shall not exceed 25 positions.

INTERNATIONAL TRADE COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the International Trade Commission, including hire of passenger motor vehicles, and services as authorized by 5 U.S.C. 3109, and not to exceed \$2,500 for official reception and representation expenses, \$41,200,000 to remain available until expended.

DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE ADMINISTRATION

OPERATIONS AND ADMINISTRATION

For necessary expenses for international trade activities of the Department of Commerce provided for by law, and engaging in trade promotional activities abroad, including expenses of grants and cooperative agreements for the purpose of promoting exports of United States firms, without regard to 44 U.S.C. 3702 and

Applicability.

3703; full medical coverage for dependent members of immediate families of employees stationed overseas and employees temporarily posted overseas; travel and transportation of employees of the United States and Foreign Commercial Service between two points abroad, without regard to 49 U.S.C. 1517; employment of Americans and aliens by contract for services; rental of space abroad for periods not exceeding ten years, and expenses of alteration, repair, or improvement; purchase or construction of temporary demountable exhibition structures for use abroad; payment of tort claims, in the manner authorized in the first paragraph of 28 U.S.C. 2672 when such claims arise in foreign countries; not to exceed \$327,000 for official representation expenses abroad; purchase of passenger motor vehicles for official use abroad, not to exceed \$30,000 per vehicle; obtain insurance on official motor vehicles; and rent tie lines and teletype equipment; \$283,066,000, to remain available until expended: *Provided*, That of the \$287,866,000 provided for in direct obligations (of which \$283,066,000 is appropriated from the general fund, and \$4,800,000 is derived from unobligated balances and deobligations from prior years), \$58,986,000 shall be for Trade Development, \$17,340,000 shall be for Market Access and Compliance, \$28,770,000 shall be for the Import Administration, \$171,070,000 shall be for the United States and Foreign Commercial Service, and \$11,700,000 shall be for Executive Direction and Administration: *Provided further*, That the provisions of the first sentence of section 105(f) and all of section 108(c) of the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2455(f) and 2458(c)) shall apply in carrying out these activities without regard to section 5412 of the Omnibus Trade and Competitiveness Act of 1988 (15 U.S.C. 4912); and that for the purpose of this Act, contributions under the provisions of the Mutual Educational and Cultural Exchange Act shall include payment for assessments for services provided as part of these activities.³

EXPORT ADMINISTRATION

OPERATIONS AND ADMINISTRATION

Applicability.

For necessary expenses for export administration and national security activities of the Department of Commerce, including costs associated with the performance of export administration field activities both domestically and abroad; full medical coverage for dependent members of immediate families of employees stationed overseas; employment of Americans and aliens by contract for services abroad; rental of space abroad for periods not exceeding ten years, and expenses of alteration, repair, or improvement; payment of tort claims, in the manner authorized in the first paragraph of 28 U.S.C. 2672 when such claims arise in foreign countries; not to exceed \$15,000 for official representation expenses abroad; awards of compensation to informers under the Export Administration Act of 1979, and as authorized by 22 U.S.C. 401(b); purchase of passenger motor vehicles for official use and motor vehicles for law enforcement use with special requirement vehicles eligible for purchase without regard to any price limitation otherwise established by law; \$43,900,000 to remain available until expended, of which \$1,900,000 shall be for inspections and other activities related to national security: *Provided*, That the provisions of the first sentence of section 105(f) and all of section 108(c) of the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C.

2455(f) and 2458(c)) shall apply in carrying out these activities: *Provided further*, That payments and contributions collected and accepted for materials or services provided as part of such activities may be retained for use in covering the cost of such activities, and for providing information to the public with respect to the export administration and national security activities of the Department of Commerce and other export control programs of the United States and other governments.

ECONOMIC DEVELOPMENT ADMINISTRATION

ECONOMIC DEVELOPMENT ASSISTANCE PROGRAMS

For grants for economic development assistance as provided by the Public Works and Economic Development Act of 1965, as amended, Public Law 91-304, and such laws that were in effect immediately before September 30, 1982, and for trade adjustment assistance, \$340,000,000: *Provided*, That none of the funds appropriated or otherwise made available under this heading may be used directly or indirectly for attorneys' or consultants' fees in connection with securing grants and contracts made by the Economic Development Administration: *Provided further*, That, notwithstanding any other provision of law, the Secretary of Commerce may provide financial assistance for projects to be located on military installations closed or scheduled for closure or realignment to grantees eligible for assistance under the Public Works and Economic Development Act of 1965, as amended, without it being required that the grantee have title or ability to obtain a lease for the property, for the useful life of the project, when in the opinion of the Secretary of Commerce, such financial assistance is necessary for the economic development of the area: *Provided further*, That the Secretary of Commerce may, as the Secretary considers appropriate, consult with the Secretary of Defense regarding the title to land on military installations closed or scheduled for closure or realignment.

SALARIES AND EXPENSES

For necessary expenses of administering the economic development assistance programs as provided for by law, \$21,028,000: *Provided*, That these funds may be used to monitor projects approved pursuant to title I of the Public Works Employment Act of 1976, as amended, title II of the Trade Act of 1974, as amended, and the Community Emergency Drought Relief Act of 1977.

MINORITY BUSINESS DEVELOPMENT AGENCY

MINORITY BUSINESS DEVELOPMENT

For necessary expenses of the Department of Commerce in fostering, promoting, and developing minority business enterprise, including expenses of grants, contracts, and other agreements with public or private organizations, \$25,000,000.

ECONOMIC AND INFORMATION INFRASTRUCTURE

ECONOMIC AND STATISTICAL ANALYSIS

SALARIES AND EXPENSES

For necessary expenses, as authorized by law, of economic and statistical analysis programs of the Department of Commerce, \$47,499,000, to remain available until September 30, 1999.

ECONOMICS AND STATISTICS ADMINISTRATION REVOLVING FUND

15 USC 1527a
note.

The Secretary of Commerce is authorized to disseminate economic and statistical data products as authorized by sections 1, 2, and 4 of Public Law 91–412 (15 U.S.C. 1525–1527) and, notwithstanding section 5412 of the Omnibus Trade and Competitiveness Act of 1988 (15 U.S.C. 4912), charge fees necessary to recover the full costs incurred in their production. Notwithstanding 31 U.S.C. 3302, receipts received from these data dissemination activities shall be credited to this account, to be available for carrying out these purposes without further appropriation.

BUREAU OF THE CENSUS

SALARIES AND EXPENSES

For expenses necessary for collecting, compiling, analyzing, preparing, and publishing statistics, provided for by law, \$137,278,000.

PERIODIC CENSUSES AND PROGRAMS

For expenses necessary to conduct the decennial census, \$389,887,000, to remain available until expended: *Provided*, That of this amount, \$4,000,000 shall be transferred to the Census Monitoring Board for necessary expenses as authorized by section 210 of this Act.

In addition, for expenses to collect and publish statistics for other periodic censuses and programs provided for by law, \$165,926,000, to remain available until expended.

NATIONAL TELECOMMUNICATIONS AND INFORMATION
ADMINISTRATION

SALARIES AND EXPENSES

47 USC 903 note.

For necessary expenses, as provided for by law, of the National Telecommunications and Information Administration (NTIA), \$16,550,000, to remain available until expended: *Provided*, That notwithstanding 31 U.S.C. 1535(d), the Secretary of Commerce shall charge Federal agencies for costs incurred in spectrum management, analysis, and operations, and related services and such fees shall be retained and used as offsetting collections for costs of such spectrum services, to remain available until expended: *Provided further*, That hereafter, notwithstanding any other provision of law, NTIA shall not authorize spectrum use or provide any spectrum functions pursuant to the NTIA Organization Act, 47 U.S.C. 902–903, to any Federal entity without reimbursement as required by NTIA for such spectrum management costs, and Federal entities

withholding payment of such cost shall not use spectrum: *Provided further*, That the Secretary of Commerce is authorized to retain and use as offsetting collections all funds transferred, or previously transferred, from other Government agencies for all costs incurred in telecommunications research, engineering, and related activities by the Institute for Telecommunication Sciences of the NTIA, in furtherance of its assigned functions under this paragraph, and such funds received from other Government agencies shall remain available until expended.

PUBLIC TELECOMMUNICATIONS FACILITIES, PLANNING AND
CONSTRUCTION

For grants authorized by section 392 of the Communications Act of 1934, as amended, \$21,000,000, to remain available until expended as authorized by section 391 of the Act, as amended: *Provided*, That not to exceed \$1,500,000 shall be available for program administration as authorized by section 391 of the Act: *Provided further*, That notwithstanding the provisions of section 391 of the Act, the prior year unobligated balances may be made available for grants for projects for which applications have been submitted and approved during any fiscal year: *Provided further*, That, notwithstanding any other provision of law, the Pan-Pacific Education and Communication Experiments by Satellite (PEACESAT) Program is eligible to compete for Public Telecommunications Facilities, Planning and Construction funds.

INFORMATION INFRASTRUCTURE GRANTS

For grants authorized by section 392 of the Communications Act of 1934, as amended, \$20,000,000, to remain available until expended as authorized by section 391 of the Act, as amended: *Provided*, That not to exceed \$3,000,000 shall be available for program administration and other support activities as authorized by section 391: *Provided further*, That of the funds appropriated herein, not to exceed 5 percent may be available for telecommunications research activities for projects related directly to the development of a national information infrastructure: *Provided further*, That, notwithstanding the requirements of section 392(a) and 392(c) of the Act, these funds may be used for the planning and construction of telecommunications networks for the provision of educational, cultural, health care, public information, public safety, or other social services.

PATENT AND TRADEMARK OFFICE

SALARIES AND EXPENSES

For necessary expenses of the Patent and Trademark Office provided for by law, including defense of suits instituted against the Commissioner of Patents and Trademarks, \$691,000,000, to remain available until expended: *Provided*, That of this amount, \$664,000,000 shall be derived from offsetting collections assessed and collected pursuant to 15 U.S.C. 1113 and 35 U.S.C. 41 and 376 and shall be retained and used for necessary expenses in this appropriation: *Provided further*, That the sum herein appropriated from the general fund shall be reduced as such offsetting collections are received during fiscal year 1998, so as to result

in a final fiscal year 1998 appropriation from the general fund estimated at \$0: *Provided further*, That during fiscal year 1998, should the total amount of offsetting fee collections be less than \$664,000,000, the total amounts available to the Patent and Trademark Office shall be reduced accordingly: *Provided further*, That any fees received in excess of \$664,000,000 in fiscal year 1998 shall remain available until expended, but shall not be available for obligation until October 1, 1998: *Provided further*, That the remaining \$27,000,000 shall be derived from deposits in the Patent and Trademark Office Fee Surcharge Fund as authorized by law and shall remain available until expended.

SCIENCE AND TECHNOLOGY

TECHNOLOGY ADMINISTRATION

UNDER SECRETARY FOR TECHNOLOGY/OFFICE OF TECHNOLOGY POLICY

SALARIES AND EXPENSES

For necessary expenses for the Under Secretary for Technology/Office of Technology Policy, \$8,500,000, of which not to exceed \$1,600,000 shall remain available until September 30, 1999.

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

SCIENTIFIC AND TECHNICAL RESEARCH AND SERVICES

For necessary expenses of the National Institute of Standards and Technology, \$276,852,000, to remain available until expended, of which not to exceed \$3,800,000 shall be used to fund a cooperative agreement with Texas Tech University for wind research; and of which not to exceed \$5,000,000 of the amount above \$268,000,000 shall be used to fund a cooperative agreement with Montana State University for a research program on green buildings; and of which not to exceed \$1,625,000 may be transferred to the “Working Capital Fund”.

INDUSTRIAL TECHNOLOGY SERVICES

For necessary expenses of the Manufacturing Extension Partnership of the National Institute of Standards and Technology, \$113,500,000, to remain available until expended, of which not to exceed \$300,000 may be transferred to the “Working Capital Fund”: *Provided*, That notwithstanding the time limitations imposed by 15 U.S.C. 278k(c)(1) and (5) on the duration of Federal financial assistance that may be awarded by the Secretary of Commerce to Regional Centers for the transfer of Manufacturing Technology (“Centers”), such Federal financial assistance for a Center may continue beyond six years and may be renewed for additional periods, not to exceed one year, at a rate not to exceed one-third of the Center’s total annual costs, subject before any such renewal to a positive evaluation of the Center and to a finding by the Secretary of Commerce that continuation of Federal funding to the Center is in the best interest of the Regional Centers for the transfer of Manufacturing Technology Program: *Provided further*, That the Center’s most recent performance evaluation is positive, and the Center has submitted a reapplication which has successfully passed merit review.

15 USC 178k
note.

In addition, for necessary expenses of the Advanced Technology Program of the National Institute of Standards and Technology, \$192,500,000, to remain available until expended, of which not to exceed \$82,000,000 shall be available for the award of new grants, and of which not to exceed \$500,000 may be transferred to the “Working Capital Fund”.

CONSTRUCTION OF RESEARCH FACILITIES

For construction of new research facilities, including architectural and engineering design, and for renovation of existing facilities, not otherwise provided for the National Institute of Standards and Technology, as authorized by 15 U.S.C. 278c–278e, \$95,000,000, to remain available until expended: *Provided*, That of the amounts provided under this heading, \$78,308,000 shall be available for obligation and expenditure only after submission of a plan for the expenditure of these funds, in accordance with section 605 of this Act.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

OPERATIONS, RESEARCH, AND FACILITIES

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses of activities authorized by law for the National Oceanic and Atmospheric Administration, including maintenance, operation, and hire of aircraft; not to exceed 283 commissioned officers on the active list as of September 30, 1998; grants, contracts, or other payments to nonprofit organizations for the purposes of conducting activities pursuant to cooperative agreements; and relocation of facilities as authorized by 33 U.S.C. 883i; \$1,512,050,000, to remain available until expended: *Provided*, That, notwithstanding 31 U.S.C. 3302 but consistent with other existing law, fees shall be assessed, collected, and credited to this appropriation as offsetting collections to be available until expended, to recover the costs of administering aeronautical charting programs: *Provided further*, That the sum herein appropriated from the general fund shall be reduced as such additional fees are received during fiscal year 1998, so as to result in a final general fund appropriation estimated at not more than \$1,509,050,000: *Provided further*, That any such additional fees received in excess of \$3,000,000 in fiscal year 1998 shall not be available for obligation until October 1, 1998: *Provided further*, That fees and donations received by the National Ocean Service for the management of the national marine sanctuaries may be retained and used for the salaries and expenses associated with those activities, notwithstanding 31 U.S.C. 3302: *Provided further*, That in addition, \$62,381,000 shall be derived by transfer from the fund entitled “Promote and Develop Fishery Products and Research Pertaining to American Fisheries”: *Provided further*, That grants to States pursuant to sections 306 and 306A of the Coastal Zone Management Act of 1972, as amended, shall not exceed \$2,000,000: *Provided further*, That unexpended balances in the accounts “Construction” and “Fleet Modernization, Shipbuilding and Conversion” shall be transferred to and merged with this account, to remain available until expended for the purposes for which the funds were originally appropriated.

33 USC 851.

PROCUREMENT, ACQUISITION AND CONSTRUCTION

(INCLUDING TRANSFERS OF FUNDS)

For procurement, acquisition and construction of capital assets, including alteration and modification costs, of the National Oceanic and Atmospheric Administration, \$491,609,000, to remain available until expended: *Provided*, That not to exceed \$116,910,000 is available for the advanced weather interactive processing system, and may be available for obligation and expenditure only pursuant to a certification by the Secretary of Commerce that the total cost to complete the acquisition and deployment of the advanced weather interactive processing system and NOAA Port system, including program management, operations and maintenance costs through deployment will not exceed \$188,700,000: *Provided further*, That unexpended balances of amounts previously made available in the “Operations, Research, and Facilities” account and the “Construction” account for activities funded under this heading may be transferred to and merged with this account, to remain available until expended for the purposes for which the funds were originally appropriated.

COASTAL ZONE MANAGEMENT FUND

Of amounts collected pursuant to section 308 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1456a), not to exceed \$7,800,000, for purposes set forth in sections 308(b)(2)(A), 308(b)(2)(B)(v), and 315(e) of such Act.

FISHERMEN’S CONTINGENCY FUND

For carrying out the provisions of title IV of Public Law 95-372, not to exceed \$953,000, to be derived from receipts collected pursuant to that Act, to remain available until expended.

FOREIGN FISHING OBSERVER FUND

For expenses necessary to carry out the provisions of the Atlantic Tunas Convention Act of 1975, as amended (Public Law 96-339), the Magnuson-Stevens Fishery Conservation and Management Act of 1976, as amended (Public Law 100-627), and the American Fisheries Promotion Act (Public Law 96-561), to be derived from the fees imposed under the foreign fishery observer program authorized by these Acts, not to exceed \$189,000, to remain available until expended.

FISHERIES FINANCE PROGRAM ACCOUNT

For the cost of direct loans, \$338,000, as authorized by the Merchant Marine Act of 1936, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That none of the funds made available under this heading may be used for direct loans for any new fishing vessel that will increase the harvesting capacity in any United States fishery.

GENERAL ADMINISTRATION

SALARIES AND EXPENSES

For expenses necessary for the general administration of the Department of Commerce provided for by law, including not to exceed \$3,000 for official entertainment, \$27,490,000.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended (5 U.S.C. App. 1–11), as amended by Public Law 100–504, \$20,140,000.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

OPERATIONS, RESEARCH, AND FACILITIES

(RESCISSION)

Of the unobligated balances available under this heading, \$20,500,000 are rescinded.

UNITED STATES TRAVEL AND TOURISM ADMINISTRATION

SALARIES AND EXPENSES

(RESCISSION)

Of the unobligated balances available under this heading, \$3,000,000 are rescinded.

GENERAL PROVISIONS—DEPARTMENT OF COMMERCE

SEC. 201. During the current fiscal year, applicable appropriations and funds made available to the Department of Commerce by this Act shall be available for the activities specified in the Act of October 26, 1949 (15 U.S.C. 1514), to the extent and in the manner prescribed by the Act, and, notwithstanding 31 U.S.C. 3324, may be used for advanced payments not otherwise authorized only upon the certification of officials designated by the Secretary of Commerce that such payments are in the public interest.

SEC. 202. During the current fiscal year, appropriations made available to the Department of Commerce by this Act for salaries and expenses shall be available for hire of passenger motor vehicles as authorized by 31 U.S.C. 1343 and 1344; services as authorized by 5 U.S.C. 3109; and uniforms or allowances therefor, as authorized by law (5 U.S.C. 5901–5902).

SEC. 203. None of the funds made available by this Act may be used to support the hurricane reconnaissance aircraft and activities that are under the control of the United States Air Force or the United States Air Force Reserve.

SEC. 204. None of the funds provided in this or any previous Act, or hereinafter made available to the Department of Commerce, shall be available to reimburse the Unemployment Trust Fund or any other fund or account of the Treasury to pay for any expenses paid before October 1, 1992, as authorized by section 8501 of title 5, United States Code, for services performed after April 20, 1990, by individuals appointed to temporary positions within the Bureau

13 USC 23 note.

of the Census for purposes relating to the 1990 decennial census of population.

SEC. 205. Not to exceed 5 percent of any appropriation made available for the current fiscal year for the Department of Commerce in this Act may be transferred between such appropriations, but no such appropriation shall be increased by more than 10 percent by any such transfers: *Provided*, That any transfer pursuant to this section shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

SEC. 206. (a) Should legislation be enacted to dismantle or reorganize the Department of Commerce, or any portion thereof, the Secretary of Commerce, no later than 90 days thereafter, shall submit to the Committees on Appropriations of the House and the Senate a plan for transferring funds provided in this Act to the appropriate successor organizations: *Provided*, That the plan shall include a proposal for transferring or rescinding funds appropriated herein for agencies or programs terminated under such legislation: *Provided further*, That such plan shall be transmitted in accordance with section 605 of this Act.

(b) The Secretary of Commerce or the appropriate head of any successor organization(s) may use any available funds to carry out legislation dismantling or reorganizing the Department of Commerce, or any portion thereof, to cover the costs of actions relating to the abolishment, reorganization, or transfer of functions and any related personnel action, including voluntary separation incentives if authorized by such legislation: *Provided*, That the authority to transfer funds between appropriations accounts that may be necessary to carry out this section is provided in addition to authorities included under section 205 of this Act: *Provided further*, That use of funds to carry out this section shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

SEC. 207. Any costs incurred by a department or agency funded under this title resulting from personnel actions taken in response to funding reductions included in this title or from actions taken for the care and protection of loan collateral or grant property shall be absorbed within the total budgetary resources available to such department or agency: *Provided*, That the authority to transfer funds between appropriations accounts as may be necessary to carry out this section is provided in addition to authorities included elsewhere in this Act: *Provided further*, That use of funds to carry out this section shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

SEC. 208. The Secretary of Commerce may award contracts for hydrographic, geodetic, and photogrammetric surveying and mapping services in accordance with title IX of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 541 et seq.).

13 USC 141 note.

SEC. 209. (a) Congress finds that—

(1) it is the constitutional duty of the Congress to ensure that the decennial enumeration of the population is conducted in a manner consistent with the Constitution and laws of the United States;

(2) the sole constitutional purpose of the decennial enumeration of the population is the apportionment of Representatives in Congress among the several States;

(3) section 2 of the 14th article of amendment to the Constitution clearly states that Representatives are to be “apportioned among the several States according to their respective numbers, counting the whole number of persons in each State”;

(4) article I, section 2, clause 3 of the Constitution clearly requires an “actual Enumeration” of the population, and section 195 of title 13, United States Code, clearly provides “Except for the determination of population for purposes of apportionment of Representatives in Congress among the several States, the Secretary shall, if he considers it feasible, authorize the use of the statistical method known as ‘sampling’ in carrying out the provisions of this title.”;

(5) the decennial enumeration of the population is one of the most critical constitutional functions our Federal Government performs;

(6) it is essential that the decennial enumeration of the population be as accurate as possible, consistent with the Constitution and laws of the United States;

(7) the use of statistical sampling or statistical adjustment in conjunction with an actual enumeration to carry out the census with respect to any segment of the population poses the risk of an inaccurate, invalid, and unconstitutional census;

(8) the decennial enumeration of the population is a complex and vast undertaking, and if such enumeration is conducted in a manner that does not comply with the requirements of the Constitution or laws of the United States, it would be impracticable for the States to obtain, and the courts of the United States to provide, meaningful relief after such enumeration has been conducted; and

(9) Congress is committed to providing the level of funding that is required to perform the entire range of constitutional census activities, with a particular emphasis on accurately enumerating all individuals who have historically been undercounted, and toward this end, Congress expects—

(A) aggressive and innovative promotion and outreach campaigns in hard-to-count communities;

(B) the hiring of enumerators from within those communities;

(C) continued cooperation with local government on address list development; and

(D) maximized census employment opportunities for individuals seeking to make the transition from welfare to work.

(b) Any person aggrieved by the use of any statistical method in violation of the Constitution or any provision of law (other than this Act), in connection with the 2000 or any later decennial census, to determine the population for purposes of the apportionment or redistricting of Members in Congress, may in a civil action obtain declaratory, injunctive, and any other appropriate relief against the use of such method.

(c) For purposes of this section—

(1) the use of any statistical method as part of a dress rehearsal or other simulation of a census in preparation for

the use of such method, in a decennial census, to determine the population for purposes of the apportionment or redistricting of Members in Congress shall be considered the use of such method in connection with that census; and

(2) the report ordered by title VIII of Public Law 105-18 and the Census 2000 Operational Plan shall be deemed to constitute final agency action regarding the use of statistical methods in the 2000 decennial census, thus making the question of their use in such census sufficiently concrete and final to now be reviewable in a judicial proceeding.

(d) For purposes of this section, an aggrieved person (described in subsection (b)) includes—

(1) any resident of a State whose congressional representation or district could be changed as a result of the use of a statistical method challenged in the civil action;

(2) any Representative or Senator in Congress; and

(3) either House of Congress.

(e)(1) Any action brought under this section shall be heard and determined by a district court of three judges in accordance with section 2284 of title 28, United States Code. The chief judge of the United States court of appeals for each circuit shall, to the extent practicable and consistent with the avoidance of unnecessary delay, consolidate, for all purposes, in one district court within that circuit, all actions pending in that circuit under this section. Any party to an action under this section shall be precluded from seeking any consolidation of that action other than is provided in this paragraph. In selecting the district court in which to consolidate such actions, the chief judge shall consider the convenience of the parties and witnesses and efficient conduct of such actions. Any final order or injunction of a United States district court that is issued pursuant to an action brought under this section shall be reviewable by appeal directly to the Supreme Court of the United States. Any such appeal shall be taken by a notice of appeal filed within 10 days after such order is entered; and the jurisdictional statement shall be filed within 30 days after such order is entered. No stay of an order issued pursuant to an action brought under this section may be issued by a single Justice of the Supreme Court.

(2) It shall be the duty of a United States district court hearing an action brought under this section and the Supreme Court of the United States to advance on the docket and to expedite to the greatest possible extent the disposition of any such matter.

(f) Any agency or entity within the executive branch having authority with respect to the carrying out of a decennial census may in a civil action obtain a declaratory judgment respecting whether or not the use of a statistical method, in connection with such census, to determine the population for the purposes of the apportionment or redistricting of Members in Congress is forbidden by the Constitution and laws of the United States.

(g) The Speaker of the House of Representatives or the Speaker's designee or designees may commence or join in a civil action, for and on behalf of the House of Representatives, under any applicable law, to prevent the use of any statistical method, in connection with the decennial census, to determine the population for purposes of the apportionment or redistricting of Members in Congress. It shall be the duty of the Office of the General Counsel of the House of Representatives to represent the House in such

civil action, according to the directions of the Speaker. The Office of the General Counsel of the House of Representatives may employ the services of outside counsel and other experts for this purpose.

(h) For purposes of this section and section 210—

(1) the term “statistical method” means an activity related to the design, planning, testing, or implementation of the use of representative sampling, or any other statistical procedure, including statistical adjustment, to add or subtract counts to or from the enumeration of the population as a result of statistical inference; and

(2) the term “census” or “decennial census” means a decennial enumeration of the population.

(i) Nothing in this Act shall be construed to authorize the use of any statistical method, in connection with a decennial census, for the apportionment or redistricting of Members in Congress.

(j) Sufficient funds appropriated under this Act or under any other Act for purposes of the 2000 decennial census shall be used by the Bureau of the Census to plan, test, and become prepared to implement a 2000 decennial census, without using statistical methods, which shall result in the percentage of the total population actually enumerated being as close to 100 percent as possible. In both the 2000 decennial census, and any dress rehearsal or other simulation made in preparation for the 2000 decennial census, the number of persons enumerated without using statistical methods must be publicly available for all levels of census geography which are being released by the Bureau of the Census for: (1) all data releases before January 1, 2001; (2) the data contained in the 2000 decennial census Public Law 94–171 data file released for use in redistricting; (3) the Summary Tabulation File One (STF–1) for the 2000 decennial census; and (4) the official populations of the States transmitted from the Secretary of Commerce through the President to the Clerk of the House used to reapportion the districts of the House among the States as a result of the 2000 decennial census. Simultaneously with any other release or reporting of any of the information described in the preceding sentence through other means, such information shall be made available to the public on the Internet. These files of the Bureau of the Census shall be available concurrently to the release of the original files to the same recipients, on identical media, and at a comparable price. They shall contain the number of persons enumerated without using statistical methods and any additions or subtractions thereto. These files shall be based on data gathered and generated by the Bureau of the Census in its official capacity.

Public
information.
Internet.

(k) This section shall apply in fiscal year 1998 and succeeding fiscal years.

SEC. 210. (a) There shall be established a board to be known as the Census Monitoring Board (hereafter in this section referred to as the “Board”).

Establishment.
13 USC 141 note.

(b) The function of the Board shall be to observe and monitor all aspects of the preparation and implementation of the 2000 decennial census (including all dress rehearsals and other simulations of a census in preparation therefor).

(c)(1) The Board shall be composed of 8 members as follows:

(A) Two individuals appointed by the majority leader of the Senate.

(B) Two individuals appointed by the Speaker of the House of Representatives.

President.

- (C) Four individuals appointed by the President, of whom—
 (i) one shall be on the recommendation of the minority leader of the Senate; and
 (ii) one shall be on the recommendation of the minority leader of the House of Representatives.

All members of the Board shall be appointed within 60 days after the date of enactment of this Act. A vacancy in the Board shall be filled in the manner in which the original appointment was made.

(2) Members shall not be entitled to any pay by reason of their service on the Board, but shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

(3) The Board shall have—

(A) a co-chairman who shall be appointed jointly by the members under subsection (c)(1)(A) and (B), and

(B) a co-chairman who shall be appointed jointly by the members under subsection (c)(1)(C).

(4) The Board shall meet at the call of either co-chairman.

(5) A quorum shall consist of five members of the Board.

(6) The Board may promulgate any regulations necessary to carry out its duties.

(d)(1) The Board shall have—

(A) an executive director who shall be appointed jointly by the members under subsection (c)(1)(A) and (B), and

(B) an executive director who shall be appointed jointly by the members under subsection (c)(1)(C),

each of whom shall be paid at a rate not to exceed level IV of the Executive Schedule.

(2) Subject to such rules as the Board may prescribe, each executive director—

(A) may appoint and fix the pay of such additional personnel as that executive director considers appropriate; and

(B) may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, but at rates for individuals not to exceed the daily equivalent of the maximum annual rate of pay payable for grade GS-15 of the General Schedule.

Such rules shall include provisions to ensure an equitable division or sharing of resources, as appropriate, between the respective staff of the Board.

(3) The staff of the Board shall be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title (relating to classification and General Schedule pay rates).

(4) The Administrator of the General Services Administration, in coordination with the Secretary of Commerce, shall locate suitable office space for the operation of the Board in the W. Edwards Deming Building in Suitland, Maryland. The facilities shall serve as the headquarters of the Board and shall include all necessary equipment and incidentals required for the proper functioning of the Board.

(e)(1) For the purpose of carrying out its duties, the Board may hold such hearings (at the call of either co-chairman) and

undertake such other activities as the Board determines to be necessary to carry out its duties.

(2) The Board may authorize any member of the Board or of its staff to take any action which the Board is authorized to take by this subsection.

(3)(A) Each co-chairman of the Board and any members of the staff who may be designated by the Board under this paragraph shall be granted access to any data, files, information, or other matters maintained by the Bureau of the Census (or received by it in the course of conducting a decennial census of population) which they may request, subject to such regulations as the Board may prescribe in consultation with the Secretary of Commerce.

(B) The Board or the co-chairmen acting jointly may secure directly from any other Federal agency, including the White House, all information that the Board considers necessary to enable the Board to carry out its duties. Upon request of the Board or both co-chairmen, the head of that agency (or other person duly designated for purposes of this paragraph) shall furnish that information to the Board.

(4) The Board shall prescribe regulations under which any member of the Board or of its staff, and any person whose services are procured under subsection (d)(2)(B), who gains access to any information or other matter pursuant to this subsection shall, to the extent that any provisions of section 9 or 214 of title 13, United States Code, would apply with respect to such matter in the case of an employee of the Department of Commerce, be subject to such provisions.

Regulations.

(5) Upon the request of the Board, the head of any Federal agency is authorized to detail, without reimbursement, any of the personnel of such agency to the Board to assist the Board in carrying out its duties. Any such detail shall not interrupt or otherwise affect the civil service status or privileges of the Federal employee.

(6) Upon the request of the Board, the head of a Federal agency shall provide such technical assistance to the Board as the Board determines to be necessary to carry out its duties.

(7) The Board may use the United States mails in the same manner and under the same conditions as Federal agencies and shall, for purposes of the frank, be considered a commission of Congress as described in section 3215 of title 39, United States Code.

(8) Upon request of the Board, the Administrator of General Services shall provide to the Board on a reimbursable basis such administrative support services as the Board may request.

(9) For purposes of costs relating to printing and binding, including the cost of personnel detailed from the Government Printing Office, the Board shall be deemed to be a committee of the Congress.

(f)(1) The Board shall transmit to the Congress—

Reports.

(A) interim reports, with the first such report due by April 1, 1998;

(B) additional reports, the first of which shall be due by February 1, 1999, the second of which shall be due by April 1, 1999, and subsequent reports at least semiannually thereafter;

(C) a final report which shall be due by September 1, 2001; and

(D) any other reports which the Board considers appropriate.

The final report shall contain a detailed statement of the findings and conclusions of the Board with respect to the matters described in subsection (b).

(2) In addition to any matter otherwise required under this subsection, each such report shall address, with respect to the period covered by such report—

(A) the degree to which efforts of the Bureau of the Census to prepare to conduct the 2000 census—

(i) shall achieve maximum possible accuracy at every level of geography;

(ii) shall be taken by means of an enumeration process designed to count every individual possible; and

(iii) shall be free from political bias and arbitrary decisions; and

(B) efforts by the Bureau of the Census intended to contribute to enumeration improvement, specifically, in connection with—

(i) computer modernization and the appropriate use of automation;

(ii) address list development;

(iii) outreach and promotion efforts at all levels designed to maximize response rates, especially among groups that have historically been undercounted (including measures undertaken in conjunction with local government and community and other groups);

(iv) establishment and operation of field offices; and

(v) efforts relating to the recruitment, hiring, and training of enumerators.

(3) Any data or other information obtained by the Board under this section shall be made available to any committee or subcommittee of Congress of appropriate jurisdiction upon request of the chairman or ranking minority member of such committee or subcommittee. No such committee or subcommittee, or member thereof, shall disclose any information obtained under this paragraph which is submitted to it on a confidential basis unless the full committee determines that the withholding of that information is contrary to the national interest.

(4) The Board shall study and submit to Congress, as part of its first report under paragraph (1)(A), its findings and recommendations as to the feasibility and desirability of using postal personnel or private contractors to help carry out the decennial census.

(g) There is authorized to be appropriated \$4,000,000 for each of fiscal years 1998 through 2001 to carry out this section.

(h) To the extent practicable, members of the Board shall work to promote the most accurate and complete census possible by using their positions to publicize the need for full and timely responses to census questionnaires.

(i)(1) No individual described in paragraph (2) shall be eligible—

(A) to be appointed or to continue serving as a member of the Board or as a member of the staff thereof; or

(B) to enter into any contract with the Board.

(2) This subsection applies with respect to any individual who is serving or who has ever served—

(A) as the Director of the Census; or

Applicability.

(B) with any committee or subcommittee of either House of Congress, having jurisdiction over any aspect of the decennial census, as—

- (i) a Member of Congress; or
- (ii) a congressional employee.

(j) The Board shall cease to exist on September 30, 2001.

(k) Section 9(a) of title 13, United States Code, is amended in the matter before paragraph (1) thereof by striking “of this title—” and inserting “of this title or section 210 of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1998—”.

Termination
date.

SEC. 211. (a) Section 401 of title 22, United States Code, is amended—

(1) in subsection (a), by adding after the first sentence the following: “The Secretary of Commerce may seize and detain any commodity (other than arms or munitions of war) or technology which is intended to be or is being exported in violation of laws governing such exports and may seize and detain any vessel, vehicle, or aircraft containing the same or which has been used or is being used in exporting or attempting to export such articles.”; and

(2) in subsection (b), by adding after “and not inconsistent with the provisions hereof.” the following: “However, with respect to seizures and forfeitures of property under this section by the Secretary of Commerce, such duties as are imposed upon the customs officer or any other person with respect to the seizure and forfeiture of property under the customs law may be performed by such officers as are designated by the Secretary of Commerce or, upon the request of the Secretary of Commerce, by any other agency that has authority to manage and dispose of seized property.”.

(b) Section 524(c)(11)(B) of title 28, United States Code, is amended by adding at the end thereof “or pursuant to the authority of the Secretary of Commerce”.

SEC. 212. Notwithstanding any other provision of law, the Economic Development Administration is directed to transfer funds obligated and awarded to the Butte-Silver Bow Consolidated Local Government as Project Number 05-01-02822 to the Butte Local Development Corporation Revolving Loan Fund to be administered by the Butte Local Development Corporation, such funds to remain available until expended. In accordance with section 1557 of title 31, United States Code, funds obligated and awarded in fiscal year 1994 under the heading “Economic Development Administration-Economic Development Assistance Programs” for Metropolitan Dade County, Florida, and subsequently transferred to Miami-Dade Community College for Project No. 04-49-04021 shall be exempt from subchapter IV of chapter 15 of such title and shall remain available for expenditure without fiscal year limitation.

This title may be cited as the “Department of Commerce and Related Agencies Appropriations Act, 1998”.

The Judiciary
Appropriations
Act, 1998.

TITLE III—THE JUDICIARY

SUPREME COURT OF THE UNITED STATES

SALARIES AND EXPENSES

For expenses necessary for the operation of the Supreme Court, as required by law, excluding care of the building and grounds, including purchase or hire, driving, maintenance, and operation of an automobile for the Chief Justice, not to exceed \$10,000 for the purpose of transporting Associate Justices, and hire of passenger motor vehicles as authorized by 31 U.S.C. 1343 and 1344; not to exceed \$10,000 for official reception and representation expenses; and for miscellaneous expenses, to be expended as the Chief Justice may approve; \$29,245,000.

CARE OF THE BUILDING AND GROUNDS

For such expenditures as may be necessary to enable the Architect of the Capitol to carry out the duties imposed upon him by the Act approved May 7, 1934 (40 U.S.C. 13a–13b), \$3,400,000, of which \$485,000 shall remain available until expended.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

SALARIES AND EXPENSES

For salaries of the chief judge, judges, and other officers and employees, and for necessary expenses of the court, as authorized by law, \$15,575,000.

UNITED STATES COURT OF INTERNATIONAL TRADE

SALARIES AND EXPENSES

For salaries of the chief judge and eight judges, salaries of the officers and employees of the court, services as authorized by 5 U.S.C. 3109, and necessary expenses of the court, as authorized by law, \$11,449,000.

COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL
SERVICES

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For the salaries of circuit and district judges (including judges of the territorial courts of the United States), justices and judges retired from office or from regular active service, judges of the United States Court of Federal Claims, bankruptcy judges, magistrate judges, and all other officers and employees of the Federal Judiciary not otherwise specifically provided for, and necessary expenses of the courts, as authorized by law, \$2,682,400,000 (including the purchase of firearms and ammunition); of which not to exceed \$13,454,000 shall remain available until expended for space alteration projects; of which \$900,000 shall be transferred to the Commission on Structural Alternatives for the Federal Courts of Appeals, to remain available until expended; and of which not

to exceed \$10,000,000 shall remain available until expended for furniture and furnishings related to new space alteration and construction projects.

In addition, for expenses of the United States Court of Federal Claims associated with processing cases under the National Childhood Vaccine Injury Act of 1986, not to exceed \$2,450,000, to be appropriated from the Vaccine Injury Compensation Trust Fund.

VIOLENT CRIME REDUCTION PROGRAMS

For activities of the Federal Judiciary as authorized by law, \$40,000,000, to remain available until expended, which shall be derived from the Violent Crime Reduction Trust Fund, as authorized by section 190001(a) of Public Law 103-322, and sections 818 and 823 of Public Law 104-132.

DEFENDER SERVICES

For the operation of Federal Public Defender and Community Defender organizations; the compensation and reimbursement of expenses of attorneys appointed to represent persons under the Criminal Justice Act of 1964, as amended; the compensation and reimbursement of expenses of persons furnishing investigative, expert and other services under the Criminal Justice Act (18 U.S.C. 3006A(e)); the compensation (in accordance with Criminal Justice Act maximums) and reimbursement of expenses of attorneys appointed to assist the court in criminal cases where the defendant has waived representation by counsel; the compensation and reimbursement of travel expenses of guardians ad litem acting on behalf of financially eligible minor or incompetent offenders in connection with transfers from the United States to foreign countries with which the United States has a treaty for the execution of penal sentences; and the compensation of attorneys appointed to represent jurors in civil actions for the protection of their employment, as authorized by 28 U.S.C. 1875(d); \$329,529,000, to remain available until expended as authorized by 18 U.S.C. 3006A(i).

FEES OF JURORS AND COMMISSIONERS

For fees and expenses of jurors as authorized by 28 U.S.C. 1871 and 1876; compensation of jury commissioners as authorized by 28 U.S.C. 1863; and compensation of commissioners appointed in condemnation cases pursuant to rule 71A(h) of the Federal Rules of Civil Procedure (28 U.S.C. Appendix Rule 71A(h)); \$64,438,000, to remain available until expended: *Provided*, That the compensation of land commissioners shall not exceed the daily equivalent of the highest rate payable under section 5332 of title 5, United States Code.

COURT SECURITY

For necessary expenses, not otherwise provided for, incident to the procurement, installation, and maintenance of security equipment and protective services for the United States Courts in courtrooms and adjacent areas, including building ingress-egress control, inspection of packages, directed security patrols, and other similar activities as authorized by section 1010 of the Judicial Improvement and Access to Justice Act (Public Law 100-702);

\$167,214,000, of which not to exceed \$10,000,000 shall remain available until expended for security systems, to be expended directly or transferred to the United States Marshals Service which shall be responsible for administering elements of the Judicial Security Program consistent with standards or guidelines agreed to by the Director of the Administrative Office of the United States Courts and the Attorney General.

ADMINISTRATIVE OFFICE OF THE UNITED STATES COURTS

SALARIES AND EXPENSES

For necessary expenses of the Administrative Office of the United States Courts as authorized by law, including travel as authorized by 31 U.S.C. 1345, hire of a passenger motor vehicle as authorized by 31 U.S.C. 1343(b), advertising and rent in the District of Columbia and elsewhere, \$52,000,000, of which not to exceed \$7,500 is authorized for official reception and representation expenses.

FEDERAL JUDICIAL CENTER

SALARIES AND EXPENSES

For necessary expenses of the Federal Judicial Center, as authorized by Public Law 90–219, \$17,495,000; of which \$1,800,000 shall remain available through September 30, 1999, to provide education and training to Federal court personnel; and of which not to exceed \$1,000 is authorized for official reception and representation expenses.

JUDICIAL RETIREMENT FUNDS

PAYMENT TO JUDICIARY TRUST FUNDS

For payment to the Judicial Officers' Retirement Fund, as authorized by 28 U.S.C. 377(o), \$25,000,000; to the Judicial Survivors' Annuities Fund, as authorized by 28 U.S.C. 376(c), \$7,400,000; and to the United States Court of Federal Claims Judges' Retirement Fund, as authorized by 28 U.S.C. 178(l), \$1,800,000.

UNITED STATES SENTENCING COMMISSION

SALARIES AND EXPENSES

For the salaries and expenses necessary to carry out the provisions of chapter 58 of title 28, United States Code, \$9,240,000, of which not to exceed \$1,000 is authorized for official reception and representation expenses.

GENERAL PROVISIONS—THE JUDICIARY

SEC. 301. Appropriations and authorizations made in this title which are available for salaries and expenses shall be available for services as authorized by 5 U.S.C. 3109.

SEC. 302. Not to exceed 5 percent of any appropriation made available for the current fiscal year for the Judiciary in this Act may be transferred between such appropriations, but no such appropriation, except "Courts of Appeals, District Courts, and Other

Judicial Services, Defender Services” and “Courts of Appeals, District Courts, and Other Judicial Services, Fees of Jurors and Commissioners”, shall be increased by more than 10 percent by any such transfers: *Provided*, That any transfer pursuant to this section shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

SEC. 303. Notwithstanding any other provision of law, the salaries and expenses appropriation for district courts, courts of appeals, and other judicial services shall be available for official reception and representation expenses of the Judicial Conference of the United States: *Provided*, That such available funds shall not exceed \$10,000 and shall be administered by the Director of the Administrative Office of the United States Courts in his capacity as Secretary of the Judicial Conference.

SEC. 304. Section 612 of title 28, United States Code, shall be amended by striking out subsection (1).

SEC. 305. (a) COMMISSION ON STRUCTURAL ALTERNATIVES FOR THE FEDERAL COURTS OF APPEALS.— 28 USC 41 note.

(1) ESTABLISHMENT AND FUNCTIONS OF COMMISSION.—

(A) ESTABLISHMENT.—There is established a Commission on Structural Alternatives for the Federal Courts of Appeals (hereinafter referred to as the “Commission”).

(B) FUNCTIONS.—The functions of the Commission shall be to—

(i) study the present division of the United States into the several judicial circuits;

(ii) study the structure and alignment of the Federal Court of Appeals system, with particular reference to the Ninth Circuit; and

(iii) report to the President and the Congress its recommendations for such changes in circuit boundaries or structure as may be appropriate for the expeditious and effective disposition of the caseload of the Federal Courts of Appeals, consistent with fundamental concepts of fairness and due process. Reports.

(2) MEMBERSHIP.—

(A) COMPOSITION.—The Commission shall be composed of five members who shall be appointed by the Chief Justice of the United States.

(B) APPOINTMENT.—The members of the Commission shall be appointed within 30 days after the date of enactment of this Act.

(C) VACANCY.—Any vacancy in the Commission shall be filled in the same manner as the original appointment.

(D) CHAIR.—The Commission shall elect a chair and vice chair from among its members.

(E) QUORUM.—Three members of the Commission shall constitute a quorum, but two may conduct hearings.

(3) COMPENSATION.—

(A) IN GENERAL.—Members of the Commission who are officers, or full-time employees, of the United States shall receive no additional compensation for their services, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of duties

vested in the Commission, but not in excess of the maximum amounts authorized under section 456 of title 28, United States Code.

(B) PRIVATE MEMBERS.—Members of the Commission from private life shall receive \$200 for each day (including travel time) during which the member is engaged in the actual performance of duties, but not in excess of the maximum amounts authorized under section 456 of title 28, United States Code.

(4) PERSONNEL.—

(A) EXECUTIVE DIRECTOR.—The Commission may appoint an Executive Director who shall receive compensation at a rate not exceeding the rate prescribed for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(B) STAFF.—The Executive Director, with the approval of the Commission, may appoint and fix the compensation of such additional personnel as the Executive Director determines necessary, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service or the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates. Compensation under this paragraph shall not exceed the annual maximum rate of basic pay for a position above GS-15 of the General Schedule under section 5108 of title 5, United States Code.

(C) EXPERTS AND CONSULTANTS.—The Executive Director may procure personal services of experts and consultants as authorized by section 3109 of title 5, United States Code, at rates not to exceed the highest level payable under the General Schedule pay rates under section 5332 of title 5, United States Code.

(D) SERVICES.—The Administrative Office of the United States Courts shall provide administrative services, including financial and budgeting services, to the Commission on a reimbursable basis. The Federal Judicial Center shall provide necessary research services to the Commission on a reimbursable basis.

(5) INFORMATION.—The Commission is authorized to request from any department, agency, or independent instrumentality of the Government any information and assistance the Commission determines necessary to carry out its functions under this section. Each such department, agency, and independent instrumentality is authorized to provide such information and assistance to the extent permitted by law when requested by the chair of the Commission.

(6) REPORT.—The Commission shall conduct the studies required in this section during the 10-month period beginning on the date on which a quorum of the Commission has been appointed. Not later than 2 months following the completion of such 10-month period, the Commission shall submit its report to the President and the Congress. The Commission shall terminate 90 days after the date of the submission of its report.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Commission such sums, not to exceed \$900,000, as may be necessary to carry out the purposes of this

Termination
date.

section. Such sums as are appropriated shall remain available until expended.

SEC. 306. Pursuant to section 140 of Public Law 97–92, justices and judges of the United States are authorized during fiscal year 1998, to receive a salary adjustment in accordance with 28 U.S.C. 461: *Provided*, That \$5,000,000 is appropriated for salary adjustments pursuant to this section and such funds shall be transferred to and merged with appropriations in title III of this Act. 28 USC 461 note.

SEC. 307. Section 44(c) of title 28, United States Code, is amended by adding at the end thereof the following sentence: “In each circuit (other than the Federal judicial circuit) there shall be at least one circuit judge in regular active service appointed from the residents of each state in that circuit.”.

SEC. 308. Section 3006A(d) of title 18, United States Code, is amended by striking paragraph (4) and inserting the following:

“(4) DISCLOSURE OF FEES.—

“(A) IN GENERAL.—Subject to subparagraphs (B) through (E), the amounts paid under this subsection for services in any case shall be made available to the public by the court upon the court’s approval of the payment.

“(B) PRE-TRIAL OR TRIAL IN PROGRESS.—If a trial is in pre-trial status or still in progress and after considering the defendant’s interests as set forth in subparagraph (D), the court shall—

“(i) redact any detailed information on the payment voucher provided by defense counsel to justify the expenses to the court; and

“(ii) make public only the amounts approved for payment to defense counsel by dividing those amounts into the following categories:

“(I) Arraignment and or plea.

“(II) Bail and detention hearings.

“(III) Motions.

“(IV) Hearings.

“(V) Interviews and conferences.

“(VI) Obtaining and reviewing records.

“(VII) Legal research and brief writing.

“(VIII) Travel time.

“(IX) Investigative work.

“(X) Experts.

“(XI) Trial and appeals.

“(XII) Other.

“(C) TRIAL COMPLETED.—

“(i) IN GENERAL.—If a request for payment is not submitted until after the completion of the trial and subject to consideration of the defendant’s interests as set forth in subparagraph (D), the court shall make available to the public an unredacted copy of the expense voucher.

“(ii) PROTECTION OF THE RIGHTS OF THE DEFENDANT.—If the court determines that defendant’s interests as set forth in subparagraph (D) require a limited disclosure, the court shall disclose amounts as provided in subparagraph (B).

“(D) CONSIDERATIONS.—The interests referred to in subparagraphs (B) and (C) are—

“(i) to protect any person’s 5th amendment right against self-incrimination;

“(ii) to protect the defendant’s 6th amendment rights to effective assistance of counsel;

“(iii) the defendant’s attorney-client privilege;

“(iv) the work product privilege of the defendant’s counsel;

“(v) the safety of any person; and

“(vi) any other interest that justice may require.

“(E) NOTICE.—The court shall provide reasonable notice of disclosure to the counsel of the defendant prior to the approval of the payments in order to allow the counsel to request redaction based on the considerations set forth in subparagraph (D). Upon completion of the trial, the court shall release unredacted copies of the vouchers provided by defense counsel to justify the expenses to the court. If there is an appeal, the court shall not release unredacted copies of the vouchers provided by defense counsel to justify the expenses to the court until such time as the appeals process is completed, unless the court determines that none of the defendant’s interests set forth in subparagraph (D) will be compromised.

Applicability.

“(F) EFFECTIVE DATE.—The amendment made by paragraph (4) shall become effective 60 days after enactment of this Act, will apply only to cases filed on or after the effective date, and shall be in effect for no longer than 24 months after the effective date.”.

This title may be cited as “The Judiciary Appropriations Act, 1998”.

Department of
State and
Related Agencies
Appropriations
Act, 1998.

TITLE IV—DEPARTMENT OF STATE AND RELATED AGENCIES

DEPARTMENT OF STATE

ADMINISTRATION OF FOREIGN AFFAIRS

DIPLOMATIC AND CONSULAR PROGRAMS

For necessary expenses of the Department of State and the Foreign Service not otherwise provided for, including expenses authorized by the State Department Basic Authorities Act of 1956, as amended; representation to certain international organizations in which the United States participates pursuant to treaties, ratified pursuant to the advice and consent of the Senate, or specific Acts of Congress; acquisition by exchange or purchase of passenger motor vehicles as authorized by 31 U.S.C. 1343, 40 U.S.C. 481(c), and 22 U.S.C. 2674; and for expenses of general administration; \$1,705,600,000: *Provided*, That of the amount made available under this heading, not to exceed \$4,000,000 may be transferred to, and merged with, funds in the “Emergencies in the Diplomatic and Consular Service” appropriations account, to be available only for emergency evacuations and terrorism rewards: *Provided further*, That notwithstanding section 140(a)(5), and the second sentence of section 140(a)(3), of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 (Public Law 103–236), fees may be collected during fiscal years 1998 and 1999 under the authority of section 140(a)(1) of that Act: *Provided further*, That all fees

8 USC 1351 note.

collected under the preceding proviso shall be deposited in fiscal years 1998 and 1999 as an offsetting collection to appropriations made under this heading to recover costs as set forth under section 140(a)(2) of that Act and shall remain available until expended.

In addition to funds otherwise available, of the funds provided under this heading, \$24,856,000 shall be available only for the Diplomatic Telecommunications Service for operation of existing base services and \$17,312,000 shall be available only for the enhancement of the Diplomatic Telecommunications Service and shall remain available until expended.

In addition, not to exceed \$700,000 in registration fees collected pursuant to section 38 of the Arms Export Control Act, as amended, may be used in accordance with section 45 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2717); in addition not to exceed \$1,252,000 shall be derived from fees collected from other executive agencies for lease or use of facilities located at the International Center in accordance with section 4 of the International Center Act (Public Law 90-553), as amended, and in addition, as authorized by section 5 of such Act \$490,000, to be derived from the reserve authorized by that section, to be used for the purposes set out in that section; and in addition not to exceed \$15,000 which shall be derived from reimbursements, surcharges, and fees for use of Blair House facilities in accordance with section 46 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2718(a)).

Notwithstanding section 402 of this Act, not to exceed 20 percent of the amounts made available in this Act in the appropriation accounts "Diplomatic and Consular Programs" and "Salaries and Expenses" under the heading "Administration of Foreign Affairs" may be transferred between such appropriation accounts: *Provided*, That any transfer pursuant to this sentence shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

In addition, for counterterrorism requirements overseas, including security guards and equipment, \$23,700,000, to remain available until expended.

SALARIES AND EXPENSES

For expenses necessary for the general administration of the Department of State and the Foreign Service, provided for by law, including expenses authorized by section 9 of the Act of August 31, 1964, as amended (31 U.S.C. 3721), and the State Department Basic Authorities Act of 1956, as amended, \$363,513,000.

CAPITAL INVESTMENT FUND

For necessary expenses of the Capital Investment Fund, \$86,000,000, to remain available until expended, as authorized in Public Law 103-236: *Provided*, That section 135(e) of Public Law 103-236 shall not apply to funds available under this heading.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended (5 U.S.C. App.), \$27,495,000, notwithstanding section

209(a)(1) of the Foreign Service Act of 1980, as amended (Public Law 96-465), as it relates to post inspections.

REPRESENTATION ALLOWANCES

For representation allowances as authorized by section 905 of the Foreign Service Act of 1980, as amended (22 U.S.C. 4085), \$4,200,000.

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

For expenses, not otherwise provided, to enable the Secretary of State to provide for extraordinary protective services in accordance with the provisions of section 214 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 4314) and 3 U.S.C. 208, \$7,900,000, to remain available until September 30, 1999.

SECURITY AND MAINTENANCE OF UNITED STATES MISSIONS

For necessary expenses for carrying out the Foreign Service Buildings Act of 1926, as amended (22 U.S.C. 292-300), preserving, maintaining, repairing, and planning for, buildings that are owned or directly leased by the Department of State, and carrying out the Diplomatic Security Construction Program as authorized by title IV of the Omnibus Diplomatic Security and Antiterrorism Act of 1986 (22 U.S.C. 4851), \$404,000,000, to remain available until expended as authorized by section 24(c) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2696(c)): *Provided*, That none of the funds appropriated in this paragraph shall be available for acquisition of furniture and furnishings and generators for other departments and agencies.

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

For expenses necessary to enable the Secretary of State to meet unforeseen emergencies arising in the Diplomatic and Consular Service pursuant to the requirement of 31 U.S.C. 3526(e), \$5,500,000 to remain available until expended as authorized by section 24(c) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2696(c)), of which not to exceed \$1,000,000 may be transferred to and merged with the Repatriation Loans Program Account, subject to the same terms and conditions.

REPATRIATION LOANS PROGRAM ACCOUNT

For the cost of direct loans, \$593,000, as authorized by section 4 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2671): *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974. In addition, for administrative expenses necessary to carry out the direct loan program, \$607,000 which may be transferred to and merged with the Salaries and Expenses account under Administration of Foreign Affairs.

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

For necessary expenses to carry out the Taiwan Relations Act, Public Law 96-8, \$14,000,000.

PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY
FUND

For payment to the Foreign Service Retirement and Disability Fund, as authorized by law, \$129,935,000.

INTERNATIONAL ORGANIZATIONS AND CONFERENCES

22 USC 269a
note.

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

For expenses, not otherwise provided for, necessary to meet annual obligations of membership in international multilateral organizations, pursuant to treaties ratified pursuant to the advice and consent of the Senate, conventions or specific Acts of Congress, \$955,515,000, of which not to exceed \$54,000,000 shall remain available until expended for payment of arrearages: *Provided*, That none of the funds appropriated or otherwise made available by this Act for payment of arrearages may be obligated or expended unless such obligation or expenditure is expressly authorized by the enactment of an Act that makes payment of arrearages contingent upon reforms that should include the following: (1) a reduction in the United States assessed share of the United Nations regular budget to 20 percent and of peacekeeping operations to 25 percent; (2) reimbursement for goods and services provided by the United States to the United Nations; (3) certification that the United Nations and its specialized or affiliated agencies have not taken any action to infringe on the sovereignty of the United States; (4) a ceiling on United States contributions to international organizations after fiscal year 1998 of \$900,000,000; (5) establishment of a merit-based personnel system at the United Nations that includes a code of conduct and a personnel evaluation system; (6) United States membership on the Advisory Committee on Administrative and Budgetary Questions that oversees the United Nations budget; (7) access to United Nations financial data by the General Accounting Office; (8) achievement of a negative growth budget and the establishment of independent inspectors general for affiliated organizations; and (9) improved consultation procedures with the Congress: *Provided further*, That any payment of arrearages shall be directed toward special activities that are mutually agreed upon by the United States and the respective international organization: *Provided further*, That 20 percent of the funds appropriated in this paragraph for the assessed contribution of the United States to the United Nations shall be withheld from obligation and expenditure until a certification is made under section 401(b) of Public Law 103–236 and under such other requirements related to the Office of Internal Oversight Services of the United Nations as may be enacted into law for fiscal year 1998: *Provided further*, That certification under section 401(b) of Public Law 103–236 for fiscal year 1998 may only be made if the Committees on Appropriations and Foreign Relations of the Senate and the Committees on Appropriations and International Relations of the House of Representatives are notified of the steps taken, and anticipated, to meet the requirements of section 401(b) of Public Law 103–236 at least 15 days in advance of the proposed certification: *Provided further*, That none of the funds appropriated in this paragraph shall be available for a United States contribution to an international organization for the United States share of interest costs made known to the United States Government by

such organization for loans incurred on or after October 1, 1984, through external borrowings: *Provided further*, That of the funds appropriated in this paragraph, \$100,000,000 may be made available only on a semiannual basis pursuant to a certification by the Secretary of State on a semiannual basis, that the United Nations has taken no action during the preceding six months to increase funding for any United Nations program without identifying an offsetting decrease during that six-month period elsewhere in the United Nations budget and cause the United Nations to exceed the expected reform budget for the biennium 1998-1999 of \$2,533,000,000: *Provided further*, That not to exceed \$12,000,000 shall be transferred from funds made available under this heading to the "International Conferences and Contingencies" account for United States contributions to the Comprehensive Nuclear Test Ban Treaty Preparatory Commission, provided that such transferred funds are obligated or expended only for Commission meetings and sessions, provisional technical secretariat salaries and expenses, other Commission administrative and training activities, including purchase of training equipment, and upgrades to existing internationally based monitoring systems involved in cooperative data sharing agreements with the United States as of the date of enactment of this Act, until the United States Senate ratifies the Comprehensive Nuclear Test Ban Treaty.

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

For necessary expenses to pay assessed and other expenses of international peacekeeping activities directed to the maintenance or restoration of international peace and security, \$256,000,000, of which not to exceed \$46,000,000 shall remain available until expended for payment of arrearages: *Provided*, That none of the funds appropriated or otherwise made available by this Act for payment of arrearages may be obligated or expended unless such obligation or expenditure is expressly authorized by the enactment of an Act described in the first proviso under the heading "Contributions to International Organizations" in this title: *Provided further*, That none of the funds made available under this Act shall be obligated or expended for any new or expanded United Nations peacekeeping mission unless, at least 15 days in advance of voting for the new or expanded mission in the United Nations Security Council (or in an emergency, as far in advance as is practicable): (1) the Committees on Appropriations of the House of Representatives and the Senate and other appropriate committees of the Congress are notified of the estimated cost and length of the mission, the vital national interest that will be served, and the planned exit strategy; and (2) a reprogramming of funds pursuant to section 605 of this Act is submitted, and the procedures therein followed, setting forth the source of funds that will be used to pay for the cost of the new or expanded mission: *Provided further*, That funds shall be available for peacekeeping expenses only upon a certification by the Secretary of State to the appropriate committees of the Congress that American manufacturers and suppliers are being given opportunities to provide equipment, services, and material for United Nations peacekeeping activities equal to those being given to foreign manufacturers and suppliers.

Notification.

INTERNATIONAL COMMISSIONS

For necessary expenses, not otherwise provided for, to meet obligations of the United States arising under treaties, or specific Acts of Congress, as follows: 22 USC 269a note.

INTERNATIONAL BOUNDARY AND WATER COMMISSION, UNITED STATES
AND MEXICO

For necessary expenses for the United States Section of the International Boundary and Water Commission, United States and Mexico, and to comply with laws applicable to the United States Section, including not to exceed \$6,000 for representation; as follows:

SALARIES AND EXPENSES

For salaries and expenses, not otherwise provided for, \$17,490,000.

CONSTRUCTION

For detailed plan preparation and construction of authorized projects, \$6,463,000, to remain available until expended, as authorized by section 24(c) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2696(c)).

AMERICAN SECTIONS, INTERNATIONAL COMMISSIONS

For necessary expenses, not otherwise provided for the International Joint Commission and the International Boundary Commission, United States and Canada, as authorized by treaties between the United States and Canada or Great Britain, and for the Border Environment Cooperation Commission as authorized by Public Law 103–182, \$5,490,000, of which not to exceed \$9,000 shall be available for representation expenses incurred by the International Joint Commission.

INTERNATIONAL FISHERIES COMMISSIONS

For necessary expenses for international fisheries commissions, not otherwise provided for, as authorized by law, \$14,549,000: *Provided*, That the United States' share of such expenses may be advanced to the respective commissions, pursuant to 31 U.S.C. 3324.

OTHER

PAYMENT TO THE ASIA FOUNDATION

For a grant to the Asia Foundation, as authorized by section 501 of Public Law 101–246, \$8,000,000, to remain available until expended, as authorized by section 24(c) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2696(c)).

RELATED AGENCIES

ARMS CONTROL AND DISARMAMENT AGENCY

ARMS CONTROL AND DISARMAMENT ACTIVITIES

For necessary expenses not otherwise provided, for arms control, nonproliferation, and disarmament activities, \$41,500,000, of which not to exceed \$50,000 shall be for official reception and representation expenses as authorized by the Act of September 26, 1961, as amended (22 U.S.C. 2551 et seq.).

(RESCISSION)

Of the unexpended balances previously appropriated under this heading, \$700,000 are rescinded.

UNITED STATES INFORMATION AGENCY

INTERNATIONAL INFORMATION PROGRAMS

For expenses, not otherwise provided for, necessary to enable the United States Information Agency, as authorized by the Mutual Educational and Cultural Exchange Act of 1961, as amended (22 U.S.C. 2451 et seq.), the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1431 et seq.), and Reorganization Plan No. 2 of 1977 (91 Stat. 1636), to carry out international communication, educational and cultural activities; and to carry out related activities authorized by law, including employment, without regard to civil service and classification laws, of persons on a temporary basis (not to exceed \$700,000 of this appropriation), as authorized by section 801 of such Act of 1948 (22 U.S.C. 1471), and entertainment, including official receptions, within the United States, not to exceed \$25,000 as authorized by section 804(3) of such Act of 1948 (22 U.S.C. 1474(3)); \$427,097,000: *Provided*, That not to exceed \$1,400,000 may be used for representation abroad as authorized by section 302 of such Act of 1948 (22 U.S.C. 1452) and section 905 of the Foreign Service Act of 1980 (22 U.S.C. 4085): *Provided further*, That not to exceed \$6,000,000, to remain available until expended, may be credited to this appropriation from fees or other payments received from or in connection with English teaching, library, motion pictures, and publication programs as authorized by section 810 of such Act of 1948 (22 U.S.C. 1475e) and, notwithstanding any other law, fees from educational advising and counseling, and exchange visitor program services: *Provided further*, That not to exceed \$920,000 to remain available until expended may be used to carry out projects involving security construction and related improvements for agency facilities not physically located together with Department of State facilities abroad.

TECHNOLOGY FUND

For expenses necessary to enable the United States Information Agency to provide for the procurement of information technology improvements, as authorized by the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1431 et seq.), the Mutual Educational and Cultural Exchange Act of 1961, as amended (22 U.S.C. 2451 et seq.), and Reorganization

Plan No. 2 of 1977 (91 Stat. 1636), \$5,050,000, to remain available until expended.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

For expenses of educational and cultural exchange programs, as authorized by the Mutual Educational and Cultural Exchange Act of 1961, as amended (22 U.S.C. 2451 et seq.), and Reorganization Plan No. 2 of 1977 (91 Stat. 1636), \$197,731,000, to remain available until expended as authorized by section 105 of such Act of 1961 (22 U.S.C. 2455): *Provided*, That not to exceed \$800,000, to remain available until expended, may be credited to this appropriation from fees or other payments received from or in connection with English teaching and publication programs as authorized by section 810 of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1475e) and, notwithstanding any other provision of law, fees from educational advising and counseling.

EISENHOWER EXCHANGE FELLOWSHIP PROGRAM TRUST FUND

For necessary expenses of Eisenhower Exchange Fellowships, Incorporated, as authorized by sections 4 and 5 of the Eisenhower Exchange Fellowship Act of 1990 (20 U.S.C. 5204–5205), all interest and earnings accruing to the Eisenhower Exchange Fellowship Program Trust Fund on or before September 30, 1998, to remain available until expended: *Provided*, That none of the funds appropriated herein shall be used to pay any salary or other compensation, or to enter into any contract providing for the payment thereof, in excess of the rate authorized by 5 U.S.C. 5376; or for purposes which are not in accordance with OMB Circulars A–110 (Uniform Administrative Requirements) and A–122 (Cost Principles for Non-profit Organizations), including the restrictions on compensation for personal services.

ISRAELI ARAB SCHOLARSHIP PROGRAM

For necessary expenses of the Israeli Arab Scholarship Program as authorized by section 214 of the Foreign Relations Authorization Act, Fiscal Years 1992 and 1993 (22 U.S.C. 2452), all interest and earnings accruing to the Israeli Arab Scholarship Fund on or before September 30, 1998, to remain available until expended.

INTERNATIONAL BROADCASTING OPERATIONS

For expenses necessary to enable the United States Information Agency, as authorized by the United States Information and Educational Exchange Act of 1948, as amended, the United States International Broadcasting Act of 1994, as amended, and Reorganization Plan No. 2 of 1977, to carry out international communication activities, \$364,415,000, of which \$12,100,000 shall remain available until expended, not to exceed \$16,000 may be used for official receptions within the United States as authorized by section 804(3) of such Act of 1948 (22 U.S.C. 1747(3)), not to exceed \$35,000 may be used for representation abroad as authorized by section 302 of such Act of 1948 (22 U.S.C. 1452) and section 905 of the Foreign Service Act of 1980 (22 U.S.C. 4085), and not to exceed \$39,000 may be used for official reception and representation

expenses of Radio Free Europe/Radio Liberty; and in addition, notwithstanding any other provision of law, not to exceed \$2,000,000 in receipts from advertising and revenue from business ventures, not to exceed \$500,000 in receipts from cooperating international organizations, and not to exceed \$1,000,000 in receipts from privatization efforts of the Voice of America and the International Broadcasting Bureau, to remain available until expended for carrying out authorized purposes.

BROADCASTING TO CUBA

For expenses necessary to enable the United States Information Agency to carry out the Radio Broadcasting to Cuba Act, as amended, the Television Broadcasting to Cuba Act, and the International Broadcasting Act of 1994, including the purchase, rent, construction, and improvement of facilities for radio and television transmission and reception, and purchase and installation of necessary equipment for radio and television transmission and reception, \$22,095,000, to remain available until expended.

RADIO CONSTRUCTION

For the purchase, rent, construction, and improvement of facilities for radio transmission and reception, and purchase and installation of necessary equipment for radio and television transmission and reception as authorized by section 801 of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1471), \$40,000,000, to remain available until expended, as authorized by section 704(a) of such Act of 1948 (22 U.S.C. 1477b(a)).

EAST-WEST CENTER

To enable the Director of the United States Information Agency to provide for carrying out the provisions of the Center for Cultural and Technical Interchange Between East and West Act of 1960 (22 U.S.C. 2054-2057), by grant to the Center for Cultural and Technical Interchange Between East and West in the State of Hawaii, \$12,000,000: *Provided*, That none of the funds appropriated herein shall be used to pay any salary, or enter into any contract providing for the payment thereof, in excess of the rate authorized by 5 U.S.C. 5376.

NORTH/SOUTH CENTER

To enable the Director of the United States Information Agency to provide for carrying out the provisions of the North/South Center Act of 1991 (22 U.S.C. 2075), by grant to an educational institution in Florida known as the North/South Center, \$1,500,000, to remain available until expended.

NATIONAL ENDOWMENT FOR DEMOCRACY

For grants made by the United States Information Agency to the National Endowment for Democracy as authorized by the National Endowment for Democracy Act, \$30,000,000, to remain available until expended.

GENERAL PROVISIONS—DEPARTMENT OF STATE AND RELATED AGENCIES

SEC. 401. Funds appropriated under this title shall be available, except as otherwise provided, for allowances and differentials as authorized by subchapter 59 of title 5, United States Code; for services as authorized by 5 U.S.C. 3109; and hire of passenger transportation pursuant to 31 U.S.C. 1343(b).

SEC. 402. Not to exceed 5 percent of any appropriation made available for the current fiscal year for the Department of State in this Act may be transferred between such appropriations, but no such appropriation, except as otherwise specifically provided, shall be increased by more than 10 percent by any such transfers: *Provided*, That not to exceed 5 percent of any appropriation made available for the current fiscal year for the United States Information Agency in this Act may be transferred between such appropriations, but no such appropriation, except as otherwise specifically provided, shall be increased by more than 10 percent by any such transfers: *Provided further*, That any transfer pursuant to this section shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

SEC. 403. Funds appropriated by this Act for the United States Information Agency, the Arms Control and Disarmament Agency, and the Department of State may be obligated and expended notwithstanding section 701 of the United States Information and Educational Exchange Act of 1948 and section 313 of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995, section 53 of the Arms Control and Disarmament Act, and section 15 of the State Department Basic Authorities Act of 1956.

SEC. 404. (a)(1) For purposes of implementing the International Cooperative Administrative Support Services program in fiscal year 1998, the amounts referred to in paragraph (2) shall be transferred in accordance with the provisions of subsection (b).

(2) Paragraph (1) applies to amounts made available by title IV of this Act under the heading “ADMINISTRATION OF FOREIGN AFFAIRS” as follows:

(A) \$108,932,000 of the amount made available under the paragraph “DIPLOMATIC AND CONSULAR PROGRAMS”.

(B) \$3,530,000 of the amount made available under the paragraph “SECURITY AND MAINTENANCE OF UNITED STATES MISSIONS”.

(b) Funds transferred pursuant to subsection (a) shall be transferred to the specified appropriation, allocated to the specified account or accounts in the specified amount, be merged with funds in such account or accounts that are available for administrative support expenses of overseas activities, and be available for the same purposes, and subject to the same terms and conditions, as the funds with which merged, as follows:

(1) Appropriations for the legislative branch—

(A) for the Library of Congress, for salaries and expenses, \$500,000; and

(B) for the General Accounting Office, for salaries and expenses, \$12,000.

(2) Appropriations for the Office of the United States Trade Representative, for salaries and expenses, \$302,000.

(3) Appropriations for the Department of Commerce, for the International Trade Administration, for operations and administration, \$7,055,000.

(4) Appropriations for the Department of Justice—

(A) for legal activities—

(i) for general legal activities, for salaries and expenses, \$194,000; and

(ii) for the United States Marshals Service, for salaries and expenses, \$2,000;

(B) for the Federal Bureau of Investigation, for salaries and expenses, \$2,477,000;

(C) for the Drug Enforcement Administration, for salaries and expenses, \$6,356,000; and

(D) for the Immigration and Naturalization Service, for salaries and expenses, \$1,313,000.

(5) Appropriations for the United States Information Agency, for international information programs, \$25,047,000.

(6) Appropriations for the Arms Control and Disarmament Agency, for arms control and disarmament activities, \$1,247,000.

(7) Appropriations to the President—

(A) for the Foreign Military Financing Program, for administrative costs, \$6,660,000;

(B) for the Economic Support Fund, \$336,000;

(C) for the Agency for International Development—

(i) for operating expenses, \$6,008,000;

(ii) for the Urban and Environmental Credit Program, \$54,000;

(iii) for the Development Assistance Fund, \$124,000;

(iv) for the Development Fund for Africa, \$526,000;

(v) for assistance for the new independent states of the former Soviet Union, \$818,000;

(vi) for assistance for Eastern Europe and the Baltic States, \$283,000; and

(vii) for international disaster assistance, \$306,000;

(D) for the Peace Corps, \$3,672,000; and

(E) for the Department of State—

(i) for international narcotics control, \$1,117,000;

and

(ii) for migration and refugee assistance, \$394,000.

(8) Appropriations for the Department of Defense—

(A) for operation and maintenance—

(i) for operation and maintenance, Army, \$4,394,000;

(ii) for operation and maintenance, Navy, \$1,824,000;

(iii) for operation and maintenance, Air Force, \$1,603,000; and

(iv) for operation and maintenance, Defense-Wide, \$21,993,000; and

(B) for procurement, for other procurement, Air Force, \$4,211,000.

(9) Appropriations for the American Battle Monuments Commission, for salaries and expenses, \$210,000.

(10) Appropriations for the Department of Agriculture—

- (A) for the Animal and Plant Health Inspection Service, for salaries and expenses, \$932,000;
- (B) for the Foreign Agricultural Service and General Sales Manager, \$4,521,000; and
- (C) for the Agricultural Research Service, \$16,000.
- (11) Appropriations for the Department of the Treasury—
 - (A) for the United States Customs Service, for salaries and expenses, \$2,002,000;
 - (B) for departmental offices, for salaries and expenses, \$804,000;
 - (C) for the Internal Revenue Service, for tax law enforcement, \$662,000;
 - (D) for the Bureau of Alcohol, Tobacco, and Firearms, for salaries and expenses, \$17,000;
 - (E) for the United States Secret Service, for salaries and expenses, \$617,000; and
 - (F) for the Comptroller of the Currency, for assessment funds, \$29,000.
- (12) Appropriations for the Department of Transportation—
 - (A) for the Federal Aviation Administration, for operations, \$1,594,000; and
 - (B) for the Coast Guard, for operating expenses, \$65,000.
- (13) Appropriations for the Department of Labor, for departmental management, for salaries and expenses, \$58,000.
- (14) Appropriations for the Department of Health and Human Services—
 - (A) for the National Institutes of Health, for the National Cancer Institute, \$42,000;
 - (B) for the Office of the Secretary, for general departmental management, \$71,000; and
 - (C) for the Centers for Disease Control and Prevention, for disease control, research, and training, \$522,000.
- (15) Appropriations for the Social Security Administration, for administrative expenses, \$370,000.
- (16) Appropriations for the Department of the Interior—
 - (A) for the United States Fish and Wildlife Service, for resource management, \$12,000;
 - (B) for the United States Geological Survey, for surveys, investigations, and research, \$80,000; and
 - (C) for the Bureau of Reclamation, for water and related resources, \$101,000.
- (17) Appropriations for the Department of Veterans Affairs, for departmental administration, for general operating expenses, \$453,000.
- (18) Appropriations for the National Aeronautics and Space Administration, for mission support, \$183,000.
- (19) Appropriations for the National Science Foundation, for research and related activities, \$39,000.
- (20) Appropriations for the Federal Emergency Management Agency, for salaries and expenses, \$4,000.
- (21) Appropriations for the Department of Energy—
 - (A) for departmental administration, \$150,000; and
 - (B) for atomic energy defense activities, for other defense activities, \$54,000.
- (22) Appropriations for the Nuclear Regulatory Commission, for salaries and expenses, \$26,000.

(c)(1) The amount in subsection (a)(2)(A) is reduced by \$2,800,000.

(2) Each amount in subsection (b) is reduced on a pro rata basis in the same proportion as \$2,800,000 bears to \$112,462,000, rounded to the nearest thousand.

Border
adjustment.

SEC. 405. (a) An employee who regularly commutes from his or her place of residence in the continental United States to an official duty station in Canada or Mexico shall receive a border equalization adjustment equal to the amount of comparability payments under section 5304 of title 5, United States Code, that he or she would receive if assigned to an official duty station within the United States locality pay area closest to the employee's official duty station.

(b) For purposes of this section, the term "employee" shall mean a person who—

(1) is an "employee" as defined under section 2105 of title 5, United States Code; and

(2) is employed by the United States Department of State, the United States Information Agency, the United States Agency for International Development, or the International Joint Commission, except that the term shall not include members of the Foreign Service as defined by section 103 of the Foreign Service Act of 1980 (Public Law 96-465), section 3903 of title 22, United States Code.

(c) An equalization adjustment payable under this section shall be considered basic pay for the same purposes as are comparability payments under section 5304 of title 5, United States Code, and its implementing regulations.

Regulations.

(d) The agencies referenced in subsection (c)(2) are authorized to promulgate regulations to carry out the purposes of this section.

This title may be cited as the "Department of State and Related Agencies Appropriations Act, 1998".

TITLE V—RELATED AGENCIES

DEPARTMENT OF TRANSPORTATION

MARITIME ADMINISTRATION

OPERATING-DIFFERENTIAL SUBSIDIES

(LIQUIDATION OF CONTRACT AUTHORITY)

For the payment of obligations incurred for operating-differential subsidies, as authorized by the Merchant Marine Act, 1936, as amended, \$51,030,000, to remain available until expended.

MARITIME SECURITY PROGRAM

For necessary expenses to maintain and preserve a U.S.-flag merchant fleet to serve the national security needs of the United States, \$35,500,000, to remain available until expended.

OPERATIONS AND TRAINING

For necessary expenses of operations and training activities authorized by law, \$67,600,000: *Provided*, That reimbursements may be made to this appropriation from receipts to the "Federal

Ship Financing Fund” for administrative expenses in support of that program in addition to any amount heretofore appropriated.

MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM ACCOUNT

For the cost of guaranteed loans, as authorized by the Merchant Marine Act, 1936, \$32,000,000, to remain available until expended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed \$1,000,000,000.

In addition, for administrative expenses to carry out the guaranteed loan program, not to exceed \$3,725,000, which shall be transferred to and merged with the appropriation for Operations and Training.

ADMINISTRATIVE PROVISIONS—MARITIME ADMINISTRATION

Notwithstanding any other provision of this Act, the Maritime Administration is authorized to furnish utilities and services and make necessary repairs in connection with any lease, contract, or occupancy involving Government property under control of the Maritime Administration, and payments received therefor shall be credited to the appropriation charged with the cost thereof: *Provided*, That rental payments under any such lease, contract, or occupancy for items other than such utilities, services, or repairs shall be covered into the Treasury as miscellaneous receipts.

No obligations shall be incurred during the current fiscal year from the construction fund established by the Merchant Marine Act, 1936, or otherwise, in excess of the appropriations and limitations contained in this Act or in any prior appropriation Act, and all receipts which otherwise would be deposited to the credit of said fund shall be covered into the Treasury as miscellaneous receipts.

COMMISSION FOR THE PRESERVATION OF AMERICA’S HERITAGE
ABROAD

SALARIES AND EXPENSES

For expenses for the Commission for the Preservation of America’s Heritage Abroad, \$250,000, as authorized by section 1303 of Public Law 99-83.

COMMISSION ON CIVIL RIGHTS

SALARIES AND EXPENSES

For necessary expenses of the Commission on Civil Rights, including hire of passenger motor vehicles, \$8,740,000: *Provided*, That not to exceed \$50,000 may be used to employ consultants: *Provided further*, That none of the funds appropriated in this paragraph shall be used to employ in excess of four full-time individuals under Schedule C of the Excepted Service exclusive of one special assistant for each Commissioner: *Provided further*, That none of the funds appropriated in this paragraph shall be used to reimburse Commissioners for more than 75 billable days, with the exception of the chairperson who is permitted 125 billable days.

COMMISSION ON IMMIGRATION REFORM

SALARIES AND EXPENSES

For necessary expenses of the Commission on Immigration Reform pursuant to section 141(f) of the Immigration Act of 1990, \$459,000 to remain available until expended.

COMMISSION ON SECURITY AND COOPERATION IN EUROPE

SALARIES AND EXPENSES

For necessary expenses of the Commission on Security and Cooperation in Europe, as authorized by Public Law 94-304, \$1,090,000, to remain available until expended as authorized by section 3 of Public Law 99-7.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Equal Employment Opportunity Commission as authorized by title VII of the Civil Rights Act of 1964, as amended (29 U.S.C. 206(d) and 621-634), the Americans with Disabilities Act of 1990, and the Civil Rights Act of 1991, including services as authorized by 5 U.S.C. 3109; hire of passenger motor vehicles as authorized by 31 U.S.C. 1343(b); non-monetary awards to private citizens; and not to exceed \$27,500,000 for payments to State and local enforcement agencies for services to the Commission pursuant to title VII of the Civil Rights Act of 1964, as amended, sections 6 and 14 of the Age Discrimination in Employment Act, the Americans with Disabilities Act of 1990, and the Civil Rights Act of 1991; \$242,000,000: *Provided*, That the Commission is authorized to make available for official reception and representation expenses not to exceed \$2,500 from available funds.

FEDERAL COMMUNICATIONS COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Federal Communications Commission, as authorized by law, including uniforms and allowances therefor, as authorized by 5 U.S.C. 5901-02; not to exceed \$600,000 for land and structure; not to exceed \$500,000 for improvement and care of grounds and repair to buildings; not to exceed \$4,000 for official reception and representation expenses; purchase (not to exceed 16) and hire of motor vehicles; special counsel fees; and services as authorized by 5 U.S.C. 3109; \$186,514,000, of which not to exceed \$300,000 shall remain available until September 30, 1999, for research and policy studies: *Provided*, That \$162,523,000 of offsetting collections shall be assessed and collected pursuant to section 9 of title I of the Communications Act of 1934, as amended, and shall be retained and used for necessary expenses in this appropriation, and shall remain available until expended: *Provided further*, That the sum herein appropriated shall be reduced as such offsetting collections are received during fiscal year 1998 so as to result in a final fiscal year 1998 appropriation estimated at \$23,991,000: *Provided further*, That any offsetting collections received in excess of \$162,523,000 in fiscal year 1998

shall remain available until expended, but shall not be available for obligation until October 1, 1998.

FEDERAL MARITIME COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Federal Maritime Commission as authorized by section 201(d) of the Merchant Marine Act, 1936, as amended (46 U.S.C. App. 1111), including services as authorized by 5 U.S.C. 3109; hire of passenger motor vehicles as authorized by 31 U.S.C. 1343(b); and uniforms or allowances therefor, as authorized by 5 U.S.C. 5901–5902; \$14,000,000: *Provided*, That not to exceed \$2,000 shall be available for official reception and representation expenses.

FEDERAL TRADE COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Federal Trade Commission, including uniforms or allowances therefor, as authorized by 5 U.S.C. 5901–5902; services as authorized by 5 U.S.C. 3109; hire of passenger motor vehicles; and not to exceed \$2,000 for official reception and representation expenses; \$88,500,000: *Provided*, That not to exceed \$300,000 shall be available for use to contract with a person or persons for collection services in accordance with the terms of 31 U.S.C. 3718, as amended: *Provided further*, That notwithstanding any other provision of law, not to exceed \$70,000,000 of offsetting collections derived from fees collected for premerger notification filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (15 U.S.C. 18(a)) shall be retained and used for necessary expenses in this appropriation, and shall remain available until expended: *Provided further*, That the sum herein appropriated from the general fund shall be reduced as such offsetting collections are received during fiscal year 1998, so as to result in a final fiscal year 1998 appropriation from the general fund estimated at not more than \$18,500,000, to remain available until expended: *Provided further*, That any fees received in excess of \$70,000,000 in fiscal year 1998 shall remain available until expended, but shall not be available for obligation until October 1, 1998: *Provided further*, That none of the funds made available to the Federal Trade Commission shall be available for obligation for expenses authorized by section 151 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (Public Law 102–242; 105 Stat. 2282–2285).

GAMBLING IMPACT STUDY COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the National Gambling Impact Study Commission, \$1,000,000, to remain available until expended.

LEGAL SERVICES CORPORATION

PAYMENT TO THE LEGAL SERVICES CORPORATION

For payment to the Legal Services Corporation to carry out the purposes of the Legal Services Corporation Act of 1974, as amended, \$283,000,000, of which \$274,400,000 is for basic field programs and required independent audits; \$1,500,000 is for the Office of Inspector General, of which such amounts as may be necessary may be used to conduct additional audits of recipients; and \$7,100,000 is for management and administration.

ADMINISTRATIVE PROVISIONS—LEGAL SERVICES CORPORATION

SEC. 501. (a) CONTINUATION OF COMPETITIVE SELECTION PROCESS.—None of the funds appropriated in this Act to the Legal Services Corporation may be used to provide financial assistance to any person or entity except through a competitive selection process conducted in accordance with regulations promulgated by the Corporation in accordance with the criteria set forth in subsections (c), (d), and (e) of section 503 of Public Law 104-134 (110 Stat. 1321-52 et seq.).

(b) INAPPLICABILITY OF CERTAIN PROCEDURES.—Sections 1007(a)(9) and 1011 of the Legal Services Corporation Act (42 U.S.C. 2996f(a)(9) and 2996j) shall not apply to the provision, denial, suspension, or termination of any financial assistance using funds appropriated in this Act.

(c) ADDITIONAL PROCEDURES.—If, during any term of a grant or contract awarded to a recipient by the Legal Services Corporation under the competitive selection process referred to in subsection (a) and applicable Corporation regulations, the Corporation finds, after notice and opportunity for the recipient to be heard, that the recipient has failed to comply with any requirement of the Legal Services Corporation Act (42 U.S.C. 2996 et seq.), this Act, or any other applicable law relating to funding for the Corporation, the Corporation may terminate the grant or contract and institute a new competitive selection process for the area served by the recipient, notwithstanding the terms of the recipient's grant or contract.

SEC. 502. (a) CONTINUATION OF REQUIREMENTS AND RESTRICTIONS.—None of the funds appropriated in this Act to the Legal Services Corporation shall be expended for any purpose prohibited or limited by, or contrary to any of the provisions of—

(1) sections 501, 502, 505, 506, and 507 of Public Law 104-134 (110 Stat. 1321-51 et seq.), and all funds appropriated in this Act to the Legal Services Corporation shall be subject to the same terms and conditions as set forth in such sections, except that all references in such sections to 1995 and 1996 shall be deemed to refer instead to 1997 and 1998, respectively; and

(2) section 504 of Public Law 104-134 (110 Stat. 1321-53 et seq.), and all funds appropriated in this Act to the Legal Services Corporation shall be subject to the same terms and conditions set forth in such section, except that—

(A) subsection (c) of such section 504 shall not apply;

(B) paragraph (3) of section 508(b) of Public Law 104-134 (110 Stat. 1321-58) shall apply with respect to the requirements of subsection (a)(13) of such section 504,

Applicability.

except that all references in such section 508(b) to the date of enactment shall be deemed to refer to April 26, 1996; and

(C) subsection (a)(11) of such section 504 shall not be construed to prohibit a recipient from using funds derived from a source other than the Corporation to provide related legal assistance to—

(i) an alien who has been battered or subjected to extreme cruelty in the United States by a spouse or a parent, or by a member of the spouse's or parent's family residing in the same household as the alien and the spouse or parent consented or acquiesced to such battery or cruelty; or

(ii) an alien whose child has been battered or subjected to extreme cruelty in the United States by a spouse or parent of the alien (without the active participation of the alien in the battery or extreme cruelty), or by a member of the spouse's or parent's family residing in the same household as the alien and the spouse or parent consented or acquiesced to such battery or cruelty, and the alien did not actively participate in such battery or cruelty.

(b) DEFINITIONS.—For purposes of subsection (a)(2)(C):

(1) The term “battered or subjected to extreme cruelty” has the meaning given such term under regulations issued pursuant to subtitle G of the Violence Against Women Act of 1994 (Public Law 103-322; 108 Stat. 1953).

(2) The term “related legal assistance” means legal assistance directly related to the prevention of, or obtaining of relief from, the battery or cruelty described in such subsection.

SEC. 503. (a) CONTINUATION OF AUDIT REQUIREMENTS.—The requirements of section 509 of Public Law 104-134 (110 Stat. 1321-58 et seq.), other than subsection (1) of such section, shall apply during fiscal year 1998. Applicability.

(b) REQUIREMENT OF ANNUAL AUDIT.—An annual audit of each person or entity receiving financial assistance from the Legal Services Corporation under this Act shall be conducted during fiscal year 1998 in accordance with the requirements referred to in subsection (a).

SEC. 504. (a) DEBARMENT.—The Legal Services Corporation may debar a recipient, on a showing of good cause, from receiving an additional award of financial assistance from the Corporation. Any such action to debar a recipient shall be instituted after the Corporation provides notice and an opportunity for a hearing to the recipient.

(b) REGULATIONS.—The Legal Services Corporation shall promulgate regulations to implement this section.

(c) GOOD CAUSE.—In this section, the term “good cause”, used with respect to debarment, includes—

(1) prior termination of the financial assistance of the recipient, under part 1640 of title 45, Code of Federal Regulations (or any similar corresponding regulation or ruling);

(2) prior termination in whole, under part 1606 of title 45, Code of Federal Regulations (or any similar corresponding regulation or ruling), of the most recent financial assistance received by the recipient, prior to date of the debarment decision;

(3) substantial violation by the recipient of the statutory or regulatory restrictions that prohibit recipients from using financial assistance made available by the Legal Services Corporation or other financial assistance for purposes prohibited under the Legal Services Corporation Act (42 U.S.C. 2996 et seq.) or for involvement in any activity prohibited by, or inconsistent with, section 504 of Public Law 104-134 (110 Stat. 1321-53 et seq.), section 502(a)(2) of Public Law 104-208 (110 Stat. 3009-59 et seq.), or section 502(a)(2) of this Act;

(4) knowing entry by the recipient into a subgrant, subcontract, or other agreement with an entity that had been debarred by the Corporation; or

(5) the filing of a lawsuit by the recipient, on behalf of the recipient, as part of any program receiving any Federal funds, naming the Corporation, or any agency or employee of a Federal, State, or local government, as a defendant.

Applicability.

SEC. 505. (a) Not later than January 1, 1998, the Legal Services Corporation shall implement a system of case information disclosure which shall apply to all basic field programs which receive funds from the Legal Services Corporation from funds appropriated in this Act.

(b) Any basic field program which receives Federal funds from the Legal Services Corporation from funds appropriated in this Act must disclose to the public in written form, upon request, and to the Legal Services Corporation in semiannual reports, the following information about each case filed by its attorneys in any court:

(1) The name and full address of each party to the legal action unless such information is protected by an order or rule of a court or by State or Federal law or revealing such information would put the client of the recipient of such Federal funds at risk of physical harm.

(2) The cause of action in the case.

(3) The name and address of the court in which the case was filed and the case number assigned to the legal action.

(c) The case information disclosed in semiannual reports to the Legal Services Corporation shall be subject to disclosure under section 552 of title 5, United States Code.

SEC. 506. In establishing the income or assets of an individual who is a victim of domestic violence, under section 1007(a)(2) of the Legal Services Corporation Act (42 U.S.C. 2996f(a)(2)), to determine if the individual is eligible for legal assistance, a recipient described in such section shall consider only the assets and income of the individual, and shall not include any jointly held assets.

MARINE MAMMAL COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Marine Mammal Commission as authorized by title II of Public Law 92-522, as amended, \$1,185,000.

SECURITIES AND EXCHANGE COMMISSION

SALARIES AND EXPENSES

For necessary expenses for the Securities and Exchange Commission, including services as authorized by 5 U.S.C. 3109, the rental of space (to include multiple year leases) in the District of Columbia and elsewhere, and not to exceed \$3,000 for official reception and representation expenses, \$283,000,000, of which not to exceed \$10,000 may be used toward funding a permanent secretariat for the International Organization of Securities Commissions, and of which not to exceed \$100,000 shall be available for expenses for consultations and meetings hosted by the Commission with foreign governmental and other regulatory officials, members of their delegations, appropriate representatives and staff to exchange views concerning developments relating to securities matters, development and implementation of cooperation agreements concerning securities matters and provision of technical assistance for the development of foreign securities markets, such expenses to include necessary logistic and administrative expenses and the expenses of Commission staff and foreign invitees in attendance at such consultations and meetings including: (1) such incidental expenses as meals taken in the course of such attendance; (2) any travel and transportation to or from such meetings; and (3) any other related lodging or subsistence: *Provided*, That fees and charges authorized by sections 6(b)(4) of the Securities Act of 1933 (15 U.S.C. 77f(b)(4)) and 31(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78ee(d)) shall be credited to this account as offsetting collections: *Provided further*, That not to exceed \$249,523,000 of such offsetting collections shall be available until expended for necessary expenses of this account: *Provided further*, That the total amount appropriated from the general fund for fiscal year 1998 under this heading shall be reduced as all such offsetting fees are deposited to this appropriation so as to result in a final total fiscal year 1998 appropriation from the general fund estimated at not more than \$33,477,000.

SMALL BUSINESS ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, of the Small Business Administration as authorized by Public Law 103-403, including hire of passenger motor vehicles as authorized by 31 U.S.C. 1343 and 1344, and not to exceed \$3,500 for official reception and representation expenses, \$254,200,000, of which: \$3,000,000 shall be available for a grant to Lackawanna County, Pennsylvania for infrastructure development to assist in small business development; \$3,000,000 shall be available for a grant to the NTTC at Wheeling Jesuit University to continue the outreach program to assist small business development; \$2,000,000 shall be for a grant to Western Carolina University to develop a facility to assist in small business and rural economic development; \$1,500,000 shall be available for a grant to the State University of New York to develop a facility and operate the Institute of Entrepreneurship for small business and workforce development; \$1,000,000 shall be for a grant to the Genesis Small Business Incubator Facility, Fayetteville, Arkansas; and \$500,000 shall be available for a

continuation grant to the Center for Entrepreneurial Opportunity in Greensburg, Pennsylvania, to provide for small business consulting and assistance: *Provided*, That the Administrator is authorized to charge fees to cover the cost of publications developed by the Small Business Administration, and certain loan servicing activities: *Provided further*, That, notwithstanding 31 U.S.C. 3302, revenues received from all such activities shall be credited to this account, to be available for carrying out these purposes without further appropriations: *Provided further*, That \$75,800,000 shall be available to fund grants for performance in fiscal year 1998 or fiscal year 1999 as authorized by section 21 of the Small Business Act, as amended.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended (5 U.S.C. App. 1-11), as amended by Public Law 100-504, \$10,000,000.

BUSINESS LOANS PROGRAM ACCOUNT

For the cost of guaranteed loans, \$181,232,000, as authorized by 15 U.S.C. 631 note, of which \$45,000,000 shall remain available until September 30, 1999: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That during fiscal year 1998, commitments to guarantee loans under section 503 of the Small Business Investment Act of 1958, as amended, shall not exceed the amount of financings authorized under section 20(n)(2)(B) of the Small Business Act, as amended: *Provided further*, That during fiscal year 1998, commitments for general business loans authorized under section 7(a) of the Small Business Act, as amended, shall not exceed \$10,000,000,000 without prior notification of the Committees on Appropriations of the House of Representatives and Senate in accordance with section 605 of this Act.

In addition, for administrative expenses to carry out the direct and guaranteed loan programs, \$94,000,000, which may be transferred to and merged with the appropriations for Salaries and Expenses.

DISASTER LOANS PROGRAM ACCOUNT

For the cost of direct loans authorized by section 7(b) of the Small Business Act, as amended, \$23,200,000, to remain available until expended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974.

In addition, for administrative expenses to carry out the direct loan program, \$150,000,000, including not to exceed \$500,000 for the Office of Inspector General of the Small Business Administration for audits and reviews of disaster loans and the disaster loan program, and said sums shall be transferred to and merged with appropriations for the Office of Inspector General.

SURETY BOND GUARANTEES REVOLVING FUND

For additional capital for the “Surety Bond Guarantees Revolving Fund”, authorized by the Small Business Investment Act, as amended, \$3,500,000, to remain available without fiscal year limitation as authorized by 15 U.S.C. 631 note.

ADMINISTRATIVE PROVISION—SMALL BUSINESS ADMINISTRATION

Not to exceed 5 percent of any appropriation made available for the current fiscal year for the Small Business Administration in this Act may be transferred between such appropriations, but no such appropriation shall be increased by more than 10 percent by any such transfers: *Provided*, That any transfer pursuant to this paragraph shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

STATE JUSTICE INSTITUTE

SALARIES AND EXPENSES

For necessary expenses of the State Justice Institute, as authorized by the State Justice Institute Authorization Act of 1992 (Public Law 102-572 (106 Stat. 4515-4516)), \$6,850,000, to remain available until expended: *Provided*, That not to exceed \$2,500 shall be available for official reception and representation expenses.

TITLE VI—GENERAL PROVISIONS

SEC. 601. No part of any appropriation contained in this Act shall be used for publicity or propaganda purposes not authorized by the Congress.

SEC. 602. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 603. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to 5 U.S.C. 3109, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.

Contracts.
Public
information.

SEC. 604. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the remainder of the Act and the application of each provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

SEC. 605. (a) None of the funds provided under this Act, or provided under previous appropriations Acts to the agencies funded by this Act that remain available for obligation or expenditure in fiscal year 1998, or provided from any accounts in the Treasury of the United States derived by the collection of fees available to the agencies funded by this Act, shall be available for obligation or expenditure through a reprogramming of funds which: (1) creates new programs; (2) eliminates a program, project, or activity; (3) increases funds or personnel by any means for any project or

activity for which funds have been denied or restricted; (4) relocates an office or employees; (5) reorganizes offices, programs, or activities; or (6) contracts out or privatizes any functions, or activities presently performed by Federal employees; unless the Appropriations Committees of both Houses of Congress are notified 15 days in advance of such reprogramming of funds.

(b) None of the funds provided under this Act, or provided under previous appropriations Acts to the agencies funded by this Act that remain available for obligation or expenditure in fiscal year 1998, or provided from any accounts in the Treasury of the United States derived by the collection of fees available to the agencies funded by this Act, shall be available for obligation or expenditure for activities, programs, or projects through a reprogramming of funds in excess of \$500,000 or 10 percent, whichever is less, that: (1) augments existing programs, projects, or activities; (2) reduces by 10 percent funding for any existing program, project, or activity, or numbers of personnel by 10 percent as approved by Congress; or (3) results from any general savings from a reduction in personnel which would result in a change in existing programs, activities, or projects as approved by Congress; unless the Appropriations Committees of both Houses of Congress are notified 15 days in advance of such reprogramming of funds.

SEC. 606. None of the funds made available in this Act may be used for the construction, repair (other than emergency repair), overhaul, conversion, or modernization of vessels for the National Oceanic and Atmospheric Administration in shipyards located outside of the United States.

SEC. 607. (a) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available in this Act should be American-made.

(b) NOTICE REQUIREMENT.—In providing financial assistance to, or entering into any contract with, any entity using funds made available in this Act, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (a) by the Congress.

(c) PROHIBITION OF CONTRACTS WITH PERSONS FALSELY LABELING PRODUCTS AS MADE IN AMERICA.—If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a “Made in America” inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, the person shall be ineligible to receive any contract or subcontract made with funds made available in this Act, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

SEC. 608. None of the funds made available in this Act may be used to implement, administer, or enforce any guidelines of the Equal Employment Opportunity Commission covering harassment based on religion, when it is made known to the Federal entity or official to which such funds are made available that such guidelines do not differ in any respect from the proposed guidelines published by the Commission on October 1, 1993 (58 Fed. Reg. 51266).

SEC. 609. None of the funds appropriated or otherwise made available by this Act may be obligated or expended to pay for any cost incurred for: (1) opening or operating any United States

diplomatic or consular post in the Socialist Republic of Vietnam that was not operating on July 11, 1995; (2) expanding any United States diplomatic or consular post in the Socialist Republic of Vietnam that was operating on July 11, 1995; or (3) increasing the total number of personnel assigned to United States diplomatic or consular posts in the Socialist Republic of Vietnam above the levels existing on July 11, 1995, unless the President certifies within 60 days the following:

(A) Based upon all information available to the United States Government, the Government of the Socialist Republic of Vietnam is fully cooperating in good faith with the United States in the following:

(i) Resolving discrepancy cases, live sightings, and field activities.

(ii) Recovering and repatriating American remains.

(iii) Accelerating efforts to provide documents that will help lead to fullest possible accounting of prisoners of war and missing in action.

(iv) Providing further assistance in implementing tri-lateral investigations with Laos.

(B) The remains, artifacts, eyewitness accounts, archival material, and other evidence associated with prisoners of war and missing in action recovered from crash sites, military actions, and other locations in Southeast Asia are being thoroughly analyzed by the appropriate laboratories with the intent of providing surviving relatives with scientifically defensible, legal determinations of death or other accountability that are fully documented and available in unclassified and unredacted form to immediate family members.

SEC. 610. None of the funds made available by this Act may be used for any United Nations undertaking when it is made known to the Federal official having authority to obligate or expend such funds: (1) that the United Nations undertaking is a peacekeeping mission; (2) that such undertaking will involve United States Armed Forces under the command or operational control of a foreign national; and (3) that the President's military advisors have not submitted to the President a recommendation that such involvement is in the national security interests of the United States and the President has not submitted to the Congress such a recommendation.

SEC. 611. None of the funds made available in this Act shall be used to provide the following amenities or personal comforts in the Federal prison system—

(1) in-cell television viewing except for prisoners who are segregated from the general prison population for their own safety;

(2) the viewing of R, X, and NC-17 rated movies, through whatever medium presented;

(3) any instruction (live or through broadcasts) or training equipment for boxing, wrestling, judo, karate, or other martial art, or any bodybuilding or weightlifting equipment of any sort;

(4) possession of in-cell coffee pots, hot plates or heating elements; or

(5) the use or possession of any electric or electronic musical instrument.

SEC. 612. None of the funds made available in title II for the National Oceanic and Atmospheric Administration (NOAA) under the headings “Operations, Research, and Facilities” and “Procurement, Acquisition and Construction” may be used to implement sections 603, 604, and 605 of Public Law 102-567: *Provided*, That NOAA may develop a modernization plan for its fisheries research vessels that takes fully into account opportunities for contracting for fisheries surveys.

SEC. 613. Any costs incurred by a Department or agency funded under this Act resulting from personnel actions taken in response to funding reductions included in this Act shall be absorbed within the total budgetary resources available to such Department or agency: *Provided*, That the authority to transfer funds between appropriations accounts as may be necessary to carry out this section is provided in addition to authorities included elsewhere in this Act: *Provided further*, That use of funds to carry out this section shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

Pornography.

SEC. 614. None of the funds made available in this Act to the Federal Bureau of Prisons may be used to distribute or make available any commercially published information or material to a prisoner when it is made known to the Federal official having authority to obligate or expend such funds that such information or material is sexually explicit or features nudity.

SEC. 615. Of the funds appropriated in this Act under the heading “OFFICE OF JUSTICE PROGRAMS—STATE AND LOCAL LAW ENFORCEMENT ASSISTANCE”, not more than 90 percent of the amount to be awarded to an entity under the Local Law Enforcement Block Grant shall be made available to such an entity when it is made known to the Federal official having authority to obligate or expend such funds that the entity that employs a public safety officer (as such term is defined in section 1204 of title I of the Omnibus Crime Control and Safe Streets Act of 1968) does not provide such a public safety officer who retires or is separated from service due to injury suffered as the direct and proximate result of a personal injury sustained in the line of duty while responding to an emergency situation or a hot pursuit (as such terms are defined by State law) with the same or better level of health insurance benefits at the time of retirement or separation as they received while on duty.

SEC. 616. (a) None of the funds made available in this Act may be used to issue or renew a fishing permit or authorization for any fishing vessel of the United States greater than 165 feet in registered length or of more than 750 gross registered tons, and that has an engine or engines capable of producing a total of more than 3,000 shaft horsepower—

(1) as specified in the permit application required under part 648.4(a)(5) of title 50, Code of Federal Regulations, part 648.12 of title 50, Code of Federal Regulations, and the authorization required under part 648.80(d)(2) of title 50, Code of Federal Regulations, to engage in fishing for Atlantic mackerel or herring (or both) under the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1801 et seq.); or

(2) that would allow such a vessel to engage in the catching, taking, or harvesting of fish in any other fishery within the exclusive economic zone of the United States (except territories), unless a certificate of documentation had been issued for the vessel and endorsed with a fishery endorsement that was effective on September 25, 1997 and such fishery endorsement was not surrendered at any time thereafter.

(b) Any fishing permit or authorization issued or renewed prior to the date of the enactment of this Act for a fishing vessel to which the prohibition in subsection (a)(1) applies that would allow such vessel to engage in fishing for Atlantic mackerel or herring (or both) during fiscal year 1998 shall be null and void, and none of the funds made available in this Act may be used to issue a fishing permit or authorization that would allow a vessel whose permit or authorization was made null and void pursuant to this subsection to engage in the catching, taking, or harvesting of fish in any other fishery within the exclusive economic zone of the United States.

SEC. 617. During fiscal year 1998 and in any fiscal year thereafter, the court, in any criminal case (other than a case in which the defendant is represented by assigned counsel paid for by the public) pending on or after the date of the enactment of this Act, may award to a prevailing party, other than the United States, a reasonable attorney's fee and other litigation expenses, where the court finds that the position of the United States was vexatious, frivolous, or in bad faith, unless the court finds that special circumstances make such an award unjust. Such awards shall be granted pursuant to the procedures and limitations (but not the burden of proof) provided for an award under section 2412 of title 28, United States Code. To determine whether or not to award fees and costs under this section, the court, for good cause shown, may receive evidence ex parte and in camera (which shall include the submission of classified evidence or evidence that reveals or might reveal the identity of an informant or undercover agent or matters occurring before a grand jury) and evidence or testimony so received shall be kept under seal. Fees and other expenses awarded under this provision to a party shall be paid by the agency over which the party prevails from any funds made available to the agency by appropriation. No new appropriations shall be made as a result of this provision.

18 USC 3006A
note.

SEC. 618. None of the funds provided by this Act shall be available to promote the sale or export of tobacco or tobacco products, or to seek the reduction or removal by any foreign country of restrictions on the marketing of tobacco or tobacco products, except for restrictions which are not applied equally to all tobacco or tobacco products of the same type.

SEC. 619. None of the funds made available in this Act may be used to pay the expenses of an election officer appointed by a court to oversee an election of any officer or trustee for the International Brotherhood of Teamsters.

SEC. 620. The second proviso of the second paragraph under the heading "OFFICE OF THE CHIEF SIGNAL OFFICER." in the Act entitled "An Act Making appropriations for the support of the Regular and Volunteer Army for the fiscal year ending June thirtieth, nineteen hundred and one", approved May 26, 1900 (31 Stat. 206; ch. 586; 47 U.S.C. 17), is repealed.

SEC. 621. (a) None of the funds appropriated or otherwise made available in this Act shall be used to issue visas to any person who—

Name listing.

(1) has been credibly alleged to have ordered, carried out, or materially assisted in the extrajudicial and political killings of Antoine Izmary, Guy Malary, Father Jean-Marie Vincent, Pastor Antoine Leroy, Jacques Fleurival, Mireille Durocher Bertin, Eugene Baillergeau, Michelange Hermann, Max Mayard, Romulus Dumarsais, Claude Yves Marie, Mario Beaubrun, Leslie Grimar, Joseph Chilove, Michel Gonzalez, and Jean-Hubert Feuille;

Jean-Bertrand
Aristide.
Anthony Lake.
Rene Preval.

(2) has been included in the list presented to former President Jean-Bertrand Aristide by former National Security Council Advisor Anthony Lake in December 1995, and acted upon by President Rene Preval;

Jean-Joseph
Exume.

(3) was sought for an interview by the Federal Bureau of Investigation as part of its inquiry into the March 28, 1995, murder of Mireille Durocher Bertin and Eugene Baillergeau, Jr., and was credibly alleged to have ordered, carried out, or materially assisted in those murders, per a June 28, 1995, letter to the then Minister of Justice of the Government of Haiti, Jean-Joseph Exume;

(4) was a member of the Haitian High Command during the period 1991 through 1994, and has been credibly alleged to have planned, ordered, or participated with members of the Haitian Armed Forces in—

(A) the September 1991 coup against any person who was a duly elected government official of Haiti (or a member of the family of such official), or

(B) the murders of thousands of Haitians during the period 1991 through 1994; or

(5) has been credibly alleged to have been a member of the paramilitary organization known as FRAPH who planned, ordered, or participated in acts of violence against the Haitian people.

(b) EXEMPTION.—Subsection (a) shall not apply if the Secretary of State finds, on a case-by-case basis, that the entry into the United States of a person who would otherwise be excluded under this section is necessary for medical reasons or such person has cooperated fully with the investigation of these political murders. If the Secretary of State exempts any such person, the Secretary shall notify the appropriate congressional committees in writing.

Records.

(c) REPORTING REQUIREMENT.—(1) The United States chief of mission in Haiti shall provide the Secretary of State a list of those who have been credibly alleged to have ordered or carried out the extrajudicial and political killings mentioned in paragraph (1) of subsection (a).

(2) The Secretary of State shall submit the list provided under paragraph (1) to the appropriate congressional committees not later than 3 months after the date of enactment of this Act.

(3) The Secretary of State shall submit to the appropriate congressional committees a list of aliens denied visas, and the Attorney General shall submit to the appropriate congressional committees a list of aliens refused entry to the United States as a result of this provision.

(4) The Secretary of State shall submit a report under this subsection not later than 6 months after the date of enactment

of this Act and not later than March 1 of each year thereafter as long as the Government of Haiti has not completed the investigation of the extrajudicial and political killings and has not prosecuted those implicated for the killings specified in paragraph (1) of subsection (a).

(d) DEFINITION.—In this section, the term “appropriate congressional committees” means the Committee on International Relations and the Committee on Appropriations of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate.

SEC. 622. Section 3006 of the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 251, 269) is hereby repealed. This section shall be deemed a section of the Balanced Budget Act of 1997 for the purposes of section 10213 of that Act (111 Stat. 712), and shall be scored pursuant to paragraph (2) of such section.

47 USC 254 note.

SEC. 623. REPORT ON UNIVERSAL SERVICE UNDER THE TELECOMMUNICATIONS ACT OF 1996.—(a) The Federal Communications Commission shall undertake a review of the implementation by the Commission of the provisions of the Telecommunications Act of 1996 (Public Law 104–104) relating to universal service. Such review shall be completed and submitted to the Congress no later than April 10, 1998.

(b) The report required under subsection (a) shall provide a detailed description of the extent to which the Commission interpretations reviewed under paragraphs (1) through (5) are consistent with the plain language of the Communications Act of 1934 (47 U.S.C. 151 et seq.), as amended by the Telecommunications Act of 1996, and shall include a review of—

(1) the definitions of “information service”, “local exchange carrier”, “telecommunications”, “telecommunications service”, “telecommunications carrier”, and “telephone exchange service” that were added to section 3 of the Communications Act of 1934 (47 U.S.C. 153) by the Telecommunications Act of 1996 and the impact of the Commission’s interpretation of those definitions on the current and future provision of universal service to consumers in all areas of the Nation, including high cost and rural areas;

(2) the application of those definitions to mixed or hybrid services and the impact of such application on universal service definitions and support, and the consistency of the Commission’s application of those definitions, including with respect to Internet access under section 254(h) of the Communications Act of 1934 (47 U.S.C. 254(h));

(3) who is required to contribute to universal service under section 254(d) of the Communications Act of 1934 (47 U.S.C. 254(d)) and related existing Federal universal service support mechanisms, and of any exemption of providers or exclusion of any service that includes telecommunications from such requirement or support mechanisms;

(4) who is eligible under sections 254(e), 254(h)(1), and 254(h)(2) of the Communications Act of 1934 (47 U.S.C. 254(e), 254(h)(1), and 254(h)(2)) to receive specific Federal universal service support for the provision of universal service, and the consistency with which the Commission has interpreted each of those provisions of section 254; and

(5) the Commission's decisions regarding the percentage of universal service support provided by Federal mechanisms and the revenue base from which such support is derived.

SEC. 624. Section 6(d)(1) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 955(d)(1)) is amended by striking the word "fourteen" and inserting in lieu thereof "eight".

SEC. 625. (a) Section 814(g)(1) of the Foreign Relations Authorization Act, Fiscal Years 1986 and 1987 (22 U.S.C. 2291 note) is amended by striking "\$325,000" and inserting "\$370,000".

(b) Section 814(i) of such section is amended by striking "September 30, 1997" and inserting "September 30, 1999".

SEC. 626. (a) IN GENERAL.—Notwithstanding any provision of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.), the Administrator of General Services shall convey, to any person that acquires an interest in the Naval Petroleum Reserve Numbered 1 (Elk Hills) under subtitle B of title XXXIV of the National Defense Authorization Act for Fiscal Year 1996 (110 Stat. 631), not to exceed 318 motor vehicles that are leased for use at that reserve on November 6, 1997.

(b) PROCEDURES AND REQUIREMENTS.—Any conveyance of motor vehicles under this section shall be made—

(1) after payment to the United States of consideration equal to the fair market value of the motor vehicles; and

(2) under procedures, terms, and conditions that shall be established by negotiation between the Administrator of General Services and the person to whom the motor vehicles are conveyed.

(c) TREATMENT OF PROCEEDS.—Amounts received by the United States as consideration for motor vehicles conveyed under this section shall be retained in the General Supply Fund and available in the same manner as are increments for estimated replacement cost of motor vehicles under section 211(d)(2) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 491(d)(2)).

SEC. 627. Section 19(a) of the Indian Gaming Regulatory Act (25 U.S.C. 2718(a)) is amended to read as follows:

"(a) Subject to section 18, there are authorized to be appropriated, for fiscal year 1998, and for each fiscal year thereafter, an amount equal to the amount of funds derived from the assessments authorized by section 18(a)."

Clarence P.
Stewart.

SEC. 628. Notwithstanding the failure of Clarence P. Stewart of Broadway, North Carolina, to file a timely appeal of his wrongful dismissal, during a reduction in force, from the Department of Agriculture as a State Executive Director for the former Agricultural Stabilization and Conservation Service of the Department, the Secretary of Agriculture shall cause Clarence P. Stewart to be afforded relief that is fully commensurate with the relief afforded the similarly dismissed appellants in the case before the Merit Systems Protection Board styled *Blalock v. Department of Agriculture*, 28 M.S.P.R. 17 (1985).

SEC. 629. Funds made available under Public Law 103-112 for the purposes of section 2007 of the Social Security Act shall be considered "qualified nonprivate funds" for the purposes of section 103(13)(B) of the Small Business Investment Act of 1958 (15 U.S.C. 662(13)(B)); provided such funds were invested on or before July 1, 1995 in a licensee that was licensed prior to July 1, 1990

under section 301 of the Small Business Investment Act of 1958 (15 U.S.C. 681).

SEC. 630. Section 332 of the Act making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1998, and for other purposes, H.R. 2107 (105th Congress, 1st Session), is amended as follows—

Ante, p. 1600.

(1) after “October 1, 1997” strike “, or” and insert in lieu thereof “; those national forests”; and

(2) after “court-ordered to revise” strike “,” and insert in lieu thereof “; and the White Mountain National Forest”.

SEC. 631. Section 512(b) of Public Law 105–61 is amended by adding before the period: “unless the President announced his intent to nominate the individual prior to November 30, 1997”.

Ante, p. 1305.

SEC. 632. (a) IN GENERAL.—The Secretary of Energy shall—

New Mexico.
42 USC 2391
note.

(1) convey, without consideration, to the Incorporated County of Los Alamos, New Mexico (in this section referred to as the “County”), or to the designee of the County, fee title to the parcels of land that are allocated for conveyance to the County in the agreement under subsection (e); and

(2) transfer to the Secretary of the Interior, in trust for the Pueblo of San Ildefonso (in this section referred to as the “Pueblo”), administrative jurisdiction over the parcels that are allocated for transfer to the Secretary of the Interior in such agreement.

(b) PRELIMINARY IDENTIFICATION OF PARCELS OF LAND FOR CONVEYANCE OR TRANSFER.—(1) Not later than 90 days after the date of enactment of this Act, the Secretary of Energy shall submit to the congressional defense committees a report identifying the parcels of land under the jurisdiction or administrative control of the Secretary at or in the vicinity of Los Alamos National Laboratory that are suitable for conveyance or transfer under this section.

Reports.

(2) A parcel is suitable for conveyance or transfer for purposes of paragraph (1) if the parcel—

(A) is not required to meet the national security mission of the Department of Energy or will not be required for that purpose before the end of the 10-year period beginning on the date of enactment of this Act;

(B) is likely to be conveyable or transferable, as the case may be, under this section not later than the end of such period; and

(C) is suitable for use for a purpose specified in subsection (h).

(c) REVIEW OF TITLE.—(1) Not later than one year after the date of enactment of this Act, the Secretary shall submit to the congressional defense committees a report setting forth the results of a title search on each parcel of land identified as suitable for conveyance or transfer under subsection (b), including an analysis of any claims against or other impairments to the fee title to each such parcel.

Reports.

(2) In the period beginning on the date of the completion of the title search with respect to a parcel under paragraph (1) and ending on the date of the submittal of the report under that paragraph, the Secretary shall take appropriate actions to resolve the claims against or other impairments, if any, to fee title that are identified with respect to the parcel in the title search.

(d) ENVIRONMENTAL RESTORATION.—(1) Not later than 21 months after the date of enactment of this Act, the Secretary shall—

(A) identify the environmental restoration or remediation, if any, that is required with respect to each parcel of land identified under subsection (b) to which the United States has fee title;

(B) carry out any review of the environmental impact of the conveyance or transfer of each such parcel that is required under the provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.); and

Reports.

(C) submit to Congress a report setting forth the results of the activities under subparagraphs (A) and (B).

(2) If the Secretary determines under paragraph (1) that a parcel described in paragraph (1)(A) requires environmental restoration or remediation, the Secretary shall, to the maximum extent practicable, complete the environmental restoration or remediation of the parcel not later than 10 years after the date of enactment of this Act.

(e) AGREEMENT FOR ALLOCATION OF PARCELS.—As soon as practicable after completing the review of titles to parcels of land under subsection (c), but not later than 90 days after the submittal of the report under subsection (d)(1)(C), the County and the Pueblo shall submit to the Secretary an agreement between the County and the Pueblo which allocates between the County and the Pueblo the parcels identified for conveyance or transfer under subsection (b).

(f) PLAN FOR CONVEYANCE AND TRANSFER.—(1) Not later than 90 days after the date of the submittal to the Secretary of Energy of the agreement under subsection (e), the Secretary shall submit to the congressional defense committees a plan for conveying or transferring parcels of land under this section in accordance with the allocation specified in the agreement.

(2) The plan under paragraph (1) shall provide for the completion of the conveyance or transfer of parcels under this section not later than 9 months after the date of the submittal of the plan under that paragraph.

(g) CONVEYANCE OR TRANSFER.—(1) Subject to paragraphs (2) and (3), the Secretary shall convey or transfer parcels of land in accordance with the allocation specified in the agreement submitted to the Secretary under subsection (e).

(2) In the case of a parcel allocated under the agreement that is not available for conveyance or transfer in accordance with the requirement in subsection (f)(2) by reason of its requirement to meet the national security mission of the Department, the Secretary shall convey or transfer the parcel, as the case may be, when the parcel is no longer required for that purpose.

(3)(A) In the case of a parcel allocated under the agreement that is not available for conveyance or transfer in accordance with such requirement by reason of requirements for environmental restoration or remediation, the Secretary shall convey or transfer the parcel, as the case may be, upon the completion of the environmental restoration or remediation that is required with respect to the parcel.

(B) If the Secretary determines that environmental restoration or remediation cannot reasonably be expected to be completed with respect to a parcel by the end of the 10-year period beginning

on the date of enactment of this Act, the Secretary shall not convey or transfer the parcel under this section.

(h) USE OF CONVEYED OR TRANSFERRED LAND.—The parcels of land conveyed or transferred under this section shall be used for historic, cultural, or environmental preservation purposes, economic diversification purposes, or community self-sufficiency purposes.

(i) TREATMENT OF CONVEYANCES AND TRANSFERS.—(1) The purpose of the conveyances and transfers under this section is to fulfill the obligations of the United States with respect to Los Alamos National Laboratory, New Mexico, under sections 91 and 94 of the Atomic Energy Community Act of 1955 (42 U.S.C. 2391, 2394).

(2) Upon the completion of the conveyance or transfer of the parcels of land available for conveyance or transfer under this section, the Secretary shall make no further payments with respect to Los Alamos National Laboratory under section 91 or section 94 of the Atomic Energy Community Act of 1955.

(j) REPEAL OF SUPERSEDED PROVISION.—In the event of the enactment of the National Defense Authorization Act for Fiscal Year 1998 by reason of the approval of the President of the conference report to accompany the bill (H.R. 1119) of the 105th Congress, section 3165 of such Act is repealed.

SEC. 633. Effective only for losses beginning March 1, 1997 through the date of enactment of this Act, the Secretary of Agriculture may use up to \$6,000,000 from proceeds earned from the sale of grain in the disaster reserve established in the Agricultural Act of 1970 to implement a livestock indemnity program for losses from natural disasters pursuant to a Presidential or Secretarial declaration requested subsequent to enactment of Public Law 105-18 and prior to December 1, 1997, in a manner similar to catastrophic loss coverage available for other commodities under 7 U.S.C. 1508(b): *Provided*, That in administering a program described in the preceding sentence, the Secretary shall, to the extent practicable, utilize gross income and payment limitations conditions established for the Disaster Reserve Assistance Program for the 1996 crop year: *Provided further*, That the entire amount shall be available only to the extent an official budget request, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: *Provided further*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

SEC. 634. During fiscal year 1998, from funds available to the Department of Defense, up to \$800,000 is available to the Department of Defense to compensate persons who have suffered documented commercial loss of cranberry crops in 1997 in the Mashpee or Falmouth bogs, located on the Quashnet and Coonamessett Rivers, respectively, as a result of the presence of ethylene dibromide (EDB) in or on cranberries from either of the plumes of EDB-contaminated groundwater known as “FS-28” and “FS-1” adjacent to the Massachusetts Military Reservation, Cape Cod, Massachusetts.

Ante, p. 2050.

Effective date.

TITLE VII—RESCISSIONS
DEPARTMENT OF JUSTICE
GENERAL ADMINISTRATION
WORKING CAPITAL FUND
(RESCISSION)

Of the unobligated balances available under this heading on September 30, 1997, \$100,000,000 are rescinded.

TITLE VIII—EMERGENCY SUPPLEMENTAL
APPROPRIATIONS

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
OPERATIONS, RESEARCH, AND FACILITIES

For an additional amount for “Operations, Research, and Facilities”, for emergency expenses to provide disaster assistance pursuant to section 312(a) of the Magnuson-Stevens Fishery Conservation and Management Act for the Bristol Bay and Kuskokwim areas of Alaska, \$7,000,000 to remain available until expended: *Provided*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: *Provided further*, That the entire amount shall be available only to the extent that the Secretary of Commerce transmits a determination that there is a commercial fishery failure.

This Act may be cited as the “Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1998”.

Approved November 26, 1997.

LEGISLATIVE HISTORY—H.R. 2267 (S. 1022):

HOUSE REPORTS: Nos. 105–207 (Comm. on Appropriations) and 105–405 (Comm. of Conference).

SENATE REPORTS: No. 105–48, accompanying S. 1022 (Comm. on Appropriations).
CONGRESSIONAL RECORD, Vol. 143 (1997):

Sept. 24–26, 30, considered and passed House.

Oct. 1, considered and passed Senate, amended, in lieu of S. 1022.

Nov. 13, House and Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Nov. 26, Presidential statement.

Dec. 2, President’s special message on line item veto.

FEDERAL REGISTER, Vol. 62 (1997):

Dec. 3, Cancellation of item pursuant to the Line Item Veto Act.



Public Law 105–120
105th Congress

Joint Resolution

Waiving certain enrollment requirements with respect to certain specified bills
of the One Hundred Fifth Congress.

Nov. 26, 1997
[H.J. Res. 103]

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the provisions of sections 106 and 107 of title 1, United States Code, are waived for the balance of the first session of the One Hundred Fifth Congress with respect to the printing (on parchment or otherwise) of the enrollment of any bill or joint resolution making general appropriations for the fiscal year ending on September 30, 1998, or continuing appropriations for the fiscal year ending on September 30, 1998. The enrollment of any such bill or joint resolution shall be in such form as the Committee on House Oversight of the House of Representatives certifies to be a true enrollment.

1 USC 106 note.

Approved November 26, 1997.

LEGISLATIVE HISTORY—H.J. Res. 103:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 9, considered and passed House.

Nov. 13, considered and passed Senate.



Public Law 105–121
105th Congress

An Act

Nov. 26, 1997
[S. 1026]

To reauthorize the Export-Import Bank of the United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

12 USC 635 note.

(a) **SHORT TITLE.**—This Act may be cited as the “Export-Import Bank Reauthorization Act of 1997”.

(b) **TABLE OF CONTENTS.**—

- Sec. 1. Short title; table of contents.
- Sec. 2. Extension of authority.
- Sec. 3. Tied aid credit fund authority.
- Sec. 4. Extension of authority to provide financing for the export of nonlethal defense articles or services the primary end use of which will be for civilian purposes.
- Sec. 5. Clarification of procedures for denying credit based on the national interest.
- Sec. 6. Administrative Counsel.
- Sec. 7. Advisory Committee for sub-Saharan Africa.
- Sec. 8. Increase in labor representation on the Advisory Committee of the Export-Import Bank.
- Sec. 9. Outreach to companies.
- Sec. 10. Clarification of the objectives of the Export-Import Bank.
- Sec. 11. Including child labor as a criterion for denying credit based on the national interest.
- Sec. 12. Prohibition relating to Russian transfers of certain missiles to the People’s Republic of China.

SEC. 2. EXTENSION OF AUTHORITY.

(a) **IN GENERAL.**—Section 7 of the Export-Import Bank Act of 1945 (12 U.S.C. 635f) is amended by striking “until” and all that follows through “but” and inserting “until the close of business on September 30, 2001, but”.

12 USC 635f
note.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall take effect on September 30, 1997.

SEC. 3. TIED AID CREDIT FUND AUTHORITY.

(a) **EXPENDITURES FROM FUND.**—Section 10(c)(2) of the Export-Import Bank Act of 1945 (12 U.S.C. 635i–3(c)(2)) is amended by striking “through” and all that follows through “1997”.

(b) **AUTHORIZATION.**—Section 10(e) of such Act (12 U.S.C. 635i–3(e)) is amended by striking the first sentence and inserting the following: “There are authorized to be appropriated to the Fund such sums as may be necessary to carry out the purposes of this section.”.

SEC. 4. EXTENSION OF AUTHORITY TO PROVIDE FINANCING FOR THE EXPORT OF NONLETHAL DEFENSE ARTICLES OR SERVICES THE PRIMARY END USE OF WHICH WILL BE FOR CIVILIAN PURPOSES.

Section 1(c) of Public Law 103-428 (12 U.S.C. 635 note; 108 Stat. 4376) is amended by striking “1997” and inserting “2001”.

SEC. 5. CLARIFICATION OF PROCEDURES FOR DENYING CREDIT BASED ON THE NATIONAL INTEREST.

Section 2(b)(1)(B) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(1)(B)) is amended—

(1) in the last sentence, by inserting “, after consultation with the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate,” after “President”; and

(2) by adding at the end the following: “Each such determination shall be delivered in writing to the President of the Bank, shall state that the determination is made pursuant to this section, and shall specify the applications or categories of applications for credit which should be denied by the Bank in furtherance of the national interest.”.

SEC. 6. ADMINISTRATIVE COUNSEL.

Section 3(e) of the Export-Import Bank Act of 1945 (12 U.S.C. 635a(e)) is amended—

(1) by inserting “(1)” after “(e)”; and

(2) by adding at the end the following:

“(2) The General Counsel of the Bank shall ensure that the directors, officers, and employees of the Bank have available appropriate legal counsel for advice on, and oversight of, issues relating to personnel matters and other administrative law matters by designating an attorney to serve as Assistant General Counsel for Administration, whose duties, under the supervision of the General Counsel, shall be concerned solely or primarily with such issues.”.

SEC. 7. ADVISORY COMMITTEE FOR SUB-SAHARAN AFRICA.

(a) IN GENERAL.—Section 2(b) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)) is amended by inserting after paragraph (8) the following:

“(9)(A) The Board of Directors of the Bank shall take prompt measures, consistent with the credit standards otherwise required by law, to promote the expansion of the Bank’s financial commitments in sub-Saharan Africa under the loan, guarantee, and insurance programs of the Bank.

“(B)(i) The Board of Directors shall establish and use an advisory committee to advise the Board of Directors on the development and implementation of policies and programs designed to support the expansion described in subparagraph (A).

“(ii) The advisory committee shall make recommendations to the Board of Directors on how the Bank can facilitate greater support by United States commercial banks for trade with sub-Saharan Africa.

“(iii) The advisory committee shall terminate 4 years after the date of enactment of this subparagraph.”.

(b) REPORTS TO CONGRESS.—Within 6 months after the date of enactment of this Act, and annually for each of the 4 years thereafter, the Board of Directors of the Export-Import Bank of

12 USC 635 note.

the United States shall submit to Congress a report on the steps that the Board has taken to implement section 2(b)(9)(B) of the Export-Import Bank Act of 1945 and any recommendations of the advisory committee established pursuant to such section.

SEC. 8. INCREASE IN LABOR REPRESENTATION ON THE ADVISORY COMMITTEE OF THE EXPORT-IMPORT BANK.

Section 3(d)(2) of the Export-Import Bank Act of 1945 (12 U.S.C. 635a(d)(2)) is amended—

(1) by inserting “(A)” after “(2)”; and

(2) by adding at the end the following:

“(B) Not less than 2 members appointed to the Advisory Committee shall be representative of the labor community, except that no 2 representatives of the labor community shall be selected from the same labor union.”.

SEC. 9. OUTREACH TO COMPANIES.

Section 2(b)(1) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(1)) is amended by adding at the end the following:

“(I) The President of the Bank shall undertake efforts to enhance the Bank’s capacity to provide information about the Bank’s programs to small and rural companies which have not previously participated in the Bank’s programs. Not later than 1 year after the date of enactment of this subparagraph, the President of the Bank shall submit to Congress a report on the activities undertaken pursuant to this subparagraph.”.

SEC. 10. CLARIFICATION OF THE OBJECTIVES OF THE EXPORT-IMPORT BANK.

Section 2(b)(1)(A) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(1)(A)) is amended in the first sentence by striking “real income” and all that follows to the end period and inserting: “real income, a commitment to reinvestment and job creation, and the increased development of the productive resources of the United States”.

SEC. 11. INCLUDING CHILD LABOR AS A CRITERION FOR DENYING CREDIT BASED ON THE NATIONAL INTEREST.

Section 2(b)(1)(B) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(1)(B)), as amended by section 5, is amended in the next to the last sentence by inserting “(including child labor)” after “human rights”.

SEC. 12. PROHIBITION RELATING TO RUSSIAN TRANSFERS OF CERTAIN MISSILES TO THE PEOPLE’S REPUBLIC OF CHINA.

Section 2(b) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)) is amended by adding at the end the following:

“(12) PROHIBITION RELATING TO RUSSIAN TRANSFERS OF CERTAIN MISSILE SYSTEMS.—If the President of the United States determines that the military or Government of the Russian Federation has transferred or delivered to the People’s Republic of China an SS-N-22 missile system and that the transfer or delivery represents a significant and imminent threat to the security of the United States, the President of the United States shall notify the Bank of the transfer or delivery as soon as practicable. Upon receipt of the notice and if so directed by the President of the United States, the Board of Directors of the Bank shall not give approval to guarantee, insure, extend

credit, or participate in the extension of credit in connection with the purchase of any good or service by the military or Government of the Russian Federation.”.

Approved November 26, 1997.

LEGISLATIVE HISTORY—S. 1026 (H.R. 1370):

HOUSE REPORTS: Nos. 105–224 accompanying H.R. 1370 (Comm. on Banking and Financial Services) and 105–392 (Comm. of Conference).

SENATE REPORTS: No. 105–76 (Comm. on Banking, Housing, and Urban Affairs).
CONGRESSIONAL RECORD, Vol. 143 (1997):

Sept. 16, considered and passed Senate.

Oct. 6, considered and passed House, amended, in lieu of H.R. 1370.

Nov. 8, Senate agreed to conference report.

Nov. 9, House agreed to conference report.



Public Law 105–122
105th Congress

An Act

Dec. 1, 1997
[S. 819]

To designate the United States courthouse at 200 South Washington Street in Alexandria, Virginia, as the “Martin V. B. Bostetter, Jr. United States Courthouse”.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION OF MARTIN V. B. BOSTETTER, JR. UNITED STATES COURTHOUSE.

The United States courthouse at 200 South Washington Street in Alexandria, Virginia, shall be known and designated as the “Martin V. B. Bostetter, Jr. United States Courthouse”.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the United States courthouse referred to in section 1 shall be deemed to be a reference to the “Martin V. B. Bostetter, Jr. United States Courthouse”.

Approved December 1, 1997.

LEGISLATIVE HISTORY—S. 819 (H.R. 1851):

HOUSE REPORTS: No. 105–212, accompanying H.R. 1851 (Comm. on Transportation and Infrastructure).

CONGRESSIONAL RECORD, Vol. 143 (1997):

June 12, considered and passed Senate.

Sept. 29, Nov. 13, considered and passed House.



Public Law 105–123
105th Congress

An Act

To designate the Federal building courthouse at Public Square and Superior Avenue in Cleveland, Ohio, as the “Howard M. Metzenbaum United States Courthouse”.

Dec. 1, 1997
[S. 833]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION OF HOWARD M. METZENBAUM UNITED STATES COURTHOUSE.

The Federal building courthouse at Public Square and Superior Avenue in Cleveland, Ohio, shall be known and designated as the “Howard M. Metzenbaum United States Courthouse”.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the Federal building courthouse referred to in section 1 shall be deemed to be a reference to the “Howard M. Metzenbaum United States Courthouse”.

Approved December 1, 1997.

LEGISLATIVE HISTORY—S. 833:

CONGRESSIONAL RECORD, Vol. 143 (1997):

July 25, considered and passed Senate.

Sept. 29, Nov. 13, considered and passed House.



Public Law 105–124
105th Congress

An Act

Dec. 1, 1997
[S. 1228]

To provide for a 10-year circulating commemorative coin program to commemorate each of the 50 States, and for other purposes.

50 States
Commemorative
Coin Program
Act.
31 USC 5101
note.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “50 States Commemorative Coin Program Act”.

31 USC 5112
note.

SEC. 2. FINDINGS.

The Congress finds that—

(1) it is appropriate and timely—

(A) to honor the unique Federal republic of 50 States that comprise the United States; and

(B) to promote the diffusion of knowledge among the youth of the United States about the individual States, their history and geography, and the rich diversity of the national heritage;

(2) the circulating coinage of the United States has not been modernized during the 25-year period preceding the date of enactment of this Act;

(3) a circulating commemorative 25-cent coin program could produce earnings of \$110,000,000 from the sale of silver proof coins and sets over the 10-year period of issuance, and would produce indirect earnings of an estimated \$2,600,000,000 to \$5,100,000,000 to the United States Treasury, money that will replace borrowing to fund the national debt to at least that extent; and

(4) it is appropriate to launch a commemorative circulating coin program that encourages young people and their families to collect memorable tokens of all of the States for the face value of the coins.

SEC. 3. ISSUANCE OF REDESIGNED QUARTER DOLLARS OVER 10-YEAR PERIOD COMMEMORATING EACH OF THE 50 STATES.

Section 5112 of title 31, United States Code, is amended by inserting after subsection (k) the following new subsection:

“(1) REDESIGN AND ISSUANCE OF QUARTER DOLLAR IN COMMEMORATION OF EACH OF THE 50 STATES.—

“(1) REDESIGN BEGINNING IN 1999.—

“(A) IN GENERAL.—Notwithstanding the fourth sentence of subsection (d)(1) and subsection (d)(2), quarter dollar coins issued during the 10-year period beginning in 1999, shall have designs on the reverse side selected

in accordance with this subsection which are emblematic of the 50 States.

“(B) TRANSITION PROVISION.—Notwithstanding subparagraph (A), the Secretary may continue to mint and issue quarter dollars in 1999 which bear the design in effect before the redesign required under this subsection and an inscription of the year ‘1998’ as required to ensure a smooth transition into the 10-year program under this subsection.

“(2) SINGLE STATE DESIGNS.—The design on the reverse side of each quarter dollar issued during the 10-year period referred to in paragraph (1) shall be emblematic of 1 of the 50 States.

“(3) ISSUANCE OF COINS COMMEMORATING 5 STATES DURING EACH OF THE 10 YEARS.—

“(A) IN GENERAL.—The designs for the quarter dollar coins issued during each year of the 10-year period referred to in paragraph (1) shall be emblematic of 5 States selected in the order in which such States ratified the Constitution of the United States or were admitted into the Union, as the case may be.

“(B) NUMBER OF EACH OF 5 COIN DESIGNS IN EACH YEAR.—Of the quarter dollar coins issued during each year of the 10-year period referred to in paragraph (1), the Secretary of the Treasury shall prescribe, on the basis of such factors as the Secretary determines to be appropriate, the number of quarter dollars which shall be issued with each of the 5 designs selected for such year.

“(4) SELECTION OF DESIGN.—

“(A) IN GENERAL.—Each of the 50 designs required under this subsection for quarter dollars shall be—

“(i) selected by the Secretary after consultation with—

“(I) the Governor of the State being commemorated, or such other State officials or group as the State may designate for such purpose; and

“(II) the Commission of Fine Arts; and

“(ii) reviewed by the Citizens Commemorative Coin Advisory Committee.

“(B) SELECTION AND APPROVAL PROCESS.—Designs for quarter dollars may be submitted in accordance with the design selection and approval process developed by the Secretary in the sole discretion of the Secretary.

“(C) PARTICIPATION.—The Secretary may include participation by State officials, artists from the States, engravers of the United States Mint, and members of the general public.

“(D) STANDARDS.—Because it is important that the Nation’s coinage and currency bear dignified designs of which the citizens of the United States can be proud, the Secretary shall not select any frivolous or inappropriate design for any quarter dollar minted under this subsection.

“(E) PROHIBITION ON CERTAIN REPRESENTATIONS.—No head and shoulders portrait or bust of any person, living or dead, and no portrait of a living person may be included in the design of any quarter dollar under this subsection.

“(5) TREATMENT AS NUMISMATIC ITEMS.—For purposes of sections 5134 and 5136, all coins minted under this subsection shall be considered to be numismatic items.

“(6) ISSUANCE.—

“(A) QUALITY OF COINS.—The Secretary may mint and issue such number of quarter dollars of each design selected under paragraph (4) in uncirculated and proof qualities as the Secretary determines to be appropriate.

“(B) SILVER COINS.—Notwithstanding subsection (b), the Secretary may mint and issue such number of quarter dollars of each design selected under paragraph (4) as the Secretary determines to be appropriate, with a content of 90 percent silver and 10 percent copper.

“(C) SOURCES OF BULLION.—The Secretary shall obtain silver for minting coins under subparagraph (B) from available resources, including stockpiles established under the Strategic and Critical Materials Stock Piling Act.

“(7) APPLICATION IN EVENT OF THE ADMISSION OF ADDITIONAL STATES.—If any additional State is admitted into the Union before the end of the 10-year period referred to in paragraph (1), the Secretary of the Treasury may issue quarter dollar coins, in accordance with this subsection, with a design which is emblematic of such State during any 1 year of such 10-year period, in addition to the quarter dollar coins issued during such year in accordance with paragraph (3)(A).”.

United States \$1
Coin Act of 1997.
31 YSC 5101
note.

SEC. 4. UNITED STATES DOLLAR COINS.

(a) SHORT TITLE.—This section may be cited as the “United States \$1 Coin Act of 1997”.

(b) WEIGHT.—Section 5112(a)(1) of title 31, United States Code, is amended by striking “and weighs 8.1 grams”.

(c) COLOR AND CONTENT.—Section 5112(b) of title 31, United States Code, is amended—

(1) in the first sentence, by striking “dollar,”; and

(2) by inserting after the fourth sentence the following: “The dollar coin shall be golden in color, have a distinctive edge, have tactile and visual features that make the denomination of the coin readily discernible, be minted and fabricated in the United States, and have similar metallic, anti-counterfeiting properties as United States coinage in circulation on the date of enactment of the United States \$1 Coin Act of 1997.”.

(d) DESIGN.—Section 5112(d)(1) of title 31, United States Code, is amended by striking the fifth and sixth sentences and inserting the following: “The Secretary of the Treasury, in consultation with the Congress, shall select appropriate designs for the obverse and reverse sides of the dollar coin.”.

(e) PRODUCTION OF NEW DOLLAR COINS.—

(1) IN GENERAL.—Upon the depletion of the Government’s supply (as of the date of enactment of this Act) of \$1 coins bearing the likeness of Susan B. Anthony, the Secretary of the Treasury shall place into circulation \$1 coins that comply with the requirements of subsections (b) and (d)(1) of section 5112 of title 31, United States Code, as amended by this section.

(2) AUTHORITY OF SECRETARY TO CONTINUE PRODUCTION.—If the supply of \$1 coins bearing the likeness of Susan B. Anthony is depleted before production has begun of \$1 coins

31 USC 5112
note.

which bear a design which complies with the requirements of subsections (b) and (d)(1) of section 5112 of title 31, United States Code, as amended by this section, the Secretary of the Treasury may continue to mint and issue \$1 coins bearing the likeness of Susan B. Anthony in accordance with that section 5112 (as in effect on the day before the date of enactment of this Act) until such time as production begins.

(3) NUMISMATIC SETS.—The Secretary may include such \$1 coins in any numismatic set produced by the United States Mint before the date on which the \$1 coins authorized by this section are placed in circulation.

(f) MARKETING PROGRAM.—

31 USC 5112
note.

(1) IN GENERAL.—Before placing into circulation \$1 coins authorized under this section, the Secretary of the Treasury shall adopt a program to promote the use of such coins by commercial enterprises, mass transit authorities, and Federal, State, and local government agencies.

(2) STUDY REQUIRED.—The Secretary of the Treasury shall conduct a study on the progress of the marketing program adopted in accordance with paragraph (1).

(3) REPORT.—Not later than March 31, 2001, the Secretary of the Treasury shall submit a report to the Congress on the results of the study conducted pursuant to paragraph (2).

SEC. 5. RULE OF CONSTRUCTION.

31 USC 5112
note.

Nothing in this Act or the amendments made by this Act shall be construed to evidence any intention to eliminate or to limit the printing or circulation of United States currency in the \$1 denomination.

SEC. 6. FIRST FLIGHT COMMEMORATIVE COINS.

31 USC 5112
note.

(a) COIN SPECIFICATIONS.—

(1) DENOMINATIONS.—The Secretary of the Treasury (hereafter in this section referred to as the “Secretary”) shall mint and issue the following coins:

(A) \$10 GOLD COINS.—Not more than 100,000 \$10 coins, each of which shall—

- (i) weigh 16.718 grams;
- (ii) have a diameter of 1.06 inches; and
- (iii) contain 90 percent gold and 10 percent alloy.

(B) \$1 SILVER COINS.—Not more than 500,000 \$1 coins, each of which shall—

- (i) weigh 26.73 grams;
- (ii) have a diameter of 1.500 inches; and
- (iii) contain 90 percent silver and 10 percent copper.

(C) HALF DOLLAR CLAD COINS.—Not more than 750,000 half dollar coins each of which shall—

- (i) weigh 11.34 grams;
- (ii) have a diameter of 1.205 inches; and
- (iii) be minted to the specifications for half dollar coins contained in section 5112(b) of title 31, United States Code.

(b) LEGAL TENDER.—The coins minted under this section shall be legal tender, as provided in section 5103 of title 31, United States Code.

(c) SOURCES OF BULLION.—The Secretary shall obtain gold and silver for minting coins under this section pursuant to the authority

of the Secretary under other provisions of law, including authority relating to the use of silver stockpiles established under the Strategic and Critical Materials Stockpiling Act, as applicable.

(d) DESIGN OF COINS.—

(1) DESIGN REQUIREMENTS.—

(A) IN GENERAL.—The design of the coins minted under this section shall be emblematic of the first flight of Orville and Wilbur Wright in Kitty Hawk, North Carolina, on December 17, 1903.

(B) DESIGNATION AND INSCRIPTIONS.—On each coin minted under this section there shall be—

(i) a designation of the value of the coin;

(ii) an inscription of the year “2003”; and

(iii) inscriptions of the words “Liberty”, “In God We Trust”, “United States of America”, and “E Pluribus Unum”.

(2) SELECTION.—The design for the coins minted under this section shall be—

(A) selected by the Secretary after consultation with the Board of Directors of the First Flight Foundation and the Commission of Fine Arts; and

(B) reviewed by the Citizens Commemorative Coin Advisory Committee.

(e) PERIOD FOR ISSUANCE OF COINS.—The Secretary may issue coins minted under this section only during the period beginning on August 1, 2003, and ending on July 31, 2004.

(f) SALE OF COINS.—

(1) SALE PRICE.—The coins issued under this section shall be sold by the Secretary at a price equal to the sum of—

(A) the face value of the coins;

(B) the surcharge provided in paragraph (4) with respect to such coins; and

(C) the cost of designing and issuing the coins (including labor, materials, dies, use of machinery, overhead expenses, marketing, and shipping).

(2) BULK SALES.—The Secretary shall make bulk sales of the coins issued under this section at a reasonable discount.

(3) PREPAID ORDERS.—

(A) IN GENERAL.—The Secretary shall accept prepaid orders for the coins minted under this section before the issuance of such coins.

(B) DISCOUNT.—Sale prices with respect to prepaid orders under subparagraph (A) shall be at a reasonable discount.

(4) SURCHARGES.—All sales shall include a surcharge of—

(A) \$35 per coin for the \$10 coin;

(B) \$10 per coin for the \$1 coin; and

(C) \$1 per coin for the half dollar coin.

(g) GENERAL WAIVER OF PROCUREMENT REGULATIONS.—

(1) IN GENERAL.—Except as provided in paragraph (2), no provision of law governing procurement or public contracts shall be applicable to the procurement of goods and services necessary for carrying out the provisions of this Act.

(2) EQUAL EMPLOYMENT OPPORTUNITY.—Paragraph (1) does not relieve any person entering into a contract under the

authority of this section from complying with any law relating to equal employment opportunity.

(h) TREATMENT AS NUMISMATIC ITEMS.—For purposes of sections 5134 and 5136 of title 31, United States Code, all coins minted under this subsection shall be considered to be numismatic items.

(i) DISTRIBUTION OF SURCHARGES.—

(1) IN GENERAL.—Subject to section 5134 of title 31, United States Code, all surcharges received by the Secretary from the sale of coins issued under this section shall be promptly paid by the Secretary to the First Flight Foundation for the purposes of—

(A) repairing, refurbishing, and maintaining the Wright Brothers Monument on the Outer Banks of North Carolina; and

(B) expanding (or, if necessary, replacing) and maintaining the visitor center and other facilities at the Wright Brothers National Memorial Park on the Outer Banks of North Carolina, including providing educational programs and exhibits for visitors.

(2) AUDITS.—The Comptroller General of the United States shall have the right to examine such books, records, documents, and other data of the First Flight Foundation as may be related to the expenditures of amounts paid under paragraph (1).

(j) FINANCIAL ASSURANCES.—The Secretary shall take such actions as may be necessary to ensure that minting and issuing coins under this section will not result in any net cost to the United States Government.

Approved December 1, 1997.

LEGISLATIVE HISTORY—S. 1228:

SENATE REPORTS: No. 105-130 (Comm. on Banking, Housing, and Urban Affairs).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 9, considered and passed Senate.

Nov. 13, considered and passed House.



Public Law 105–125
105th Congress

An Act

Dec. 1, 1997
[S. 1354]

To amend the Communications Act of 1934 to provide for the designation of common carriers not subject to the jurisdiction of a State commission as eligible telecommunications carriers.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AMENDMENT OF COMMUNICATIONS ACT OF 1934.

Section 214(e) of the Communications Act of 1934 (47 U.S.C. 214(e)) is amended—

(1) by striking “(2) or (3)” in paragraph (1) and inserting “(2), (3), or (6)”;

(2) by striking “interstate services,” in paragraph (3) and inserting “interstate services or an area served by a common carrier to which paragraph (6) applies,”;

(3) by inserting “(or the Commission in the case of a common carrier designated under paragraph (6))” in paragraph (4) after “State commission” each place such term appears;

(4) by inserting “(or the Commission under paragraph (6))” in paragraph (5) after “State commission”; and

(5) by inserting after paragraph (5) the following:

“(6) COMMON CARRIERS NOT SUBJECT TO STATE COMMISSION JURISDICTION.—In the case of a common carrier providing telephone exchange service and exchange access that is not subject to the jurisdiction of a State commission, the Commission shall upon request designate such a common carrier that meets the requirements of paragraph (1) as an eligible telecommunications carrier for a service area designated by the Commission consistent with applicable Federal and State law. Upon request and consistent with the public interest, convenience and necessity, the Commission may, with respect to an area served by a rural telephone company, and shall, in the case of all other areas, designate more than one common carrier as an eligible telecommunications carrier for a service area designated under this paragraph, so long as each additional requesting

carrier meets the requirements of paragraph (1). Before designating an additional eligible telecommunications carrier for an area served by a rural telephone company, the Commission shall find that the designation is in the public interest.”.

Approved December 1, 1997.

LEGISLATIVE HISTORY—S. 1354:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 9, considered and passed Senate.

Nov. 13, considered and passed House.



Public Law 105–126
105th Congress

An Act

Dec. 1, 1997
[S. 1378]

To extend the authorization of use of official mail in the location and recovery of missing children, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

**SECTION 1. EXTENSION OF AUTHORIZATION OF USE OF OFFICIAL MAIL
IN THE LOCATION AND RECOVERY OF MISSING CHILDREN.**

The Act entitled “An Act to amend title 3, United States Code, to authorize the use of penalty and franked mail in efforts relating to the location and recovery of missing children”, approved August 9, 1985 (39 U.S.C. 3220 note; Public Law 99–87), is amended—

39 USC 3220
note.

(1) in section 3(a) by striking “June 30, 1997” and inserting “June 30, 2002”; and

39 USC 3220
note.

(2) in section 5 by striking “December 31, 1997” and inserting “December 31, 2002”.

Approved December 1, 1997.

LEGISLATIVE HISTORY—S. 1378:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 5, considered and passed Senate.

Nov. 12, considered and passed House.



Public Law 105–127
105th Congress

An Act

To provide for the design, construction, furnishing and equipping of a Center for Performing Arts within the complex known as the New Mexico Hispanic Cultural Center and for other purposes.

Dec. 1, 1997

[S. 1417]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Hispanic
Cultural Center
Act of 1997.

SECTION 1. SHORT TITLE.

This Act may be cited as the “Hispanic Cultural Center Act of 1997”.

SEC. 2. CONSTRUCTION OF A CENTER FOR PERFORMING ARTS.

(a) FINDINGS.—Congress makes the following findings:

(1) The United States has an enriched legacy of Hispanic influence in politics, government, economic development, and cultural expression.

(2) The Hispanic culture in what is now the United States can be traced to 1528 when a Spanish expedition from Cuba to Florida was shipwrecked on the Texas coast.

(3) The Hispanic culture in New Mexico can be traced to 1539 when a Spanish Franciscan Friar, Marcos de Niza, and his guide, Estevanico, traveled into present day New Mexico in search of the fabled city of Cibola and made contact with the people of Zuni.

(4) The Hispanic influence in New Mexico is particularly dominant and a part of daily living for all the citizens of New Mexico, who are a diverse composite of racial, ethnic, and cultural peoples. Don Juan de Oñate and the first New Mexican families established the first capital in the United States, San Juan de los Caballeros, in July of 1598.

(5) Based on the 1990 census, there are approximately 650,000 Hispanics in New Mexico, the majority having roots reaching back ten or more generations.

(6) There are an additional 200,000 Hispanics living outside of New Mexico with roots in New Mexico.

(7) The New Mexico Hispanic Cultural Center is a living tribute to the Hispanic experience and will provide all citizens of New Mexico, the Southwestern United States, the entire United States, and around the world, an opportunity to learn about, partake in, and enjoy the unique Hispanic culture, and the New Mexico Hispanic Cultural Center will assure that this 400-year old culture is preserved.

(8) The New Mexico Hispanic Cultural Center will teach, showcase, and share all facets of Hispanic culture, including literature, performing arts, visual arts, culinary arts, and language arts.

(9) The New Mexico Hispanic Cultural Center will promote a better cross-cultural understanding of the Hispanic culture and the contributions of individuals to the society in which we all live.

(10) In 1993, the legislature and Governor of New Mexico created the Hispanic Cultural Division as a division within the Office of Cultural Affairs. One of the principal responsibilities of the Hispanic Cultural Division is to oversee the planning, construction, and operation of the New Mexico Hispanic Cultural Center.

(11) The mission of the New Mexico Hispanic Cultural Center is to create a greater appreciation and understanding of Hispanic culture.

(12) The New Mexico Hispanic Cultural Center will serve as a local, regional, national, and international site for the study and advancement of Hispanic culture, expressing both the rich history and the forward-looking aspirations of Hispanics throughout the world.

(13) The New Mexico Hispanic Cultural Center will be a Hispanic arts and humanities showcase to display the works of national and international artists, and to provide a venue for educators, scholars, artists, children, elders, and the general public.

(14) The New Mexico Hispanic Cultural Center will provide a venue for presenting the historic and contemporary representations and achievements of the Hispanic culture.

(15) The New Mexico Hispanic Cultural Center will sponsor arts and humanities programs, including programs related to visual arts of all forms (including drama, dance, and traditional and contemporary music), research, literary arts, genealogy, oral history, publications, and special events such as, fiestas, culinary arts demonstrations, film video productions, storytelling presentations and education programs.

(16) Phase I of the New Mexico Hispanic Cultural Center complex is scheduled to be completed by August of 1998 and is planned to consist of an art gallery with exhibition space and a museum, administrative offices, a restaurant, a ballroom, a gift shop, an amphitheater, a research and literary arts center, and other components.

(17) Phase II of the New Mexico Hispanic Cultural Center complex is planned to include a performing arts center (containing a 700-seat theater, a stage house, and a 300-seat film/video theater), a 150-seat black box theater, an art studio building, a culinary arts building, and a research and literary arts building.

(18) It is appropriate for the Federal Government to share in the cost of constructing the New Mexico Hispanic Cultural Center because Congress recognizes that the New Mexico Hispanic Cultural Center has the potential to be a premier facility for performing arts and a national repository for Hispanic arts and culture.

(b) DEFINITIONS.—In this section:

(1) CENTER.—The term “Center” means the Center for Performing Arts, within the complex known as the New Mexico Hispanic Cultural Center, which Center for the Performing Arts is a central facility in Phase II of the New Mexico Hispanic Cultural Center complex.

(2) HISPANIC CULTURAL DIVISION.—The term “Hispanic Cultural Division” means the Hispanic Cultural Division of the Office of Cultural Affairs of the State of New Mexico.

(3) SECRETARY.—The term “Secretary” means the Secretary of the Interior.

(c) CONSTRUCTION OF CENTER.—The Secretary shall award a grant to New Mexico to pay for the Federal share of the costs of the design, construction, furnishing, and equipping of the Center for Performing Arts that will be located at a site to be determined by the Hispanic Cultural Division, within the complex known as the New Mexico Hispanic Cultural Center.

(d) GRANT REQUIREMENTS.—

(1) IN GENERAL.—In order to receive a grant awarded under subsection (c), New Mexico, acting through the Director of the Hispanic Cultural Division—

(A) shall submit to the Secretary, within 30 days of the date of enactment of this section, a copy of the New Mexico Hispanic Cultural Center Program document dated January 1996; and

(B) shall exercise due diligence to expeditiously execute, in a period not to exceed 90 days after the date of enactment of this section, the memorandum of understanding under paragraph (2) recognizing that time is of the essence for the construction of the Center because 1998 marks the 400th anniversary of the first permanent Spanish settlement in New Mexico.

(2) MEMORANDUM OF UNDERSTANDING.—The memorandum of understanding described in paragraph (1) shall provide—

(A) the date of completion of the construction of the Center;

(B) that Antoine Predock, an internationally recognized architect, shall be the supervising architect for the construction of the Center or any other architect subsequently named by the State;

(C) that the Director of the Hispanic Cultural Division shall award the contract for architectural engineering and design services in accordance with the New Mexico Procurement Code; and

(D) that the contract for the construction of the Center—

(i) shall be awarded pursuant to a competitive bidding process; and

(ii) shall be awarded not later than 3 months after the solicitation for bids for the construction of the Center.

(3) **FEDERAL SHARE.**—The Federal share of the costs described in subsection (c) shall be 50 percent.

(4) **NON-FEDERAL SHARE.**—The non-Federal share of the costs described in subsection (c) shall be in cash or in kind fairly evaluated, including plant, equipment, or services. The non-Federal share shall include any contribution received by New Mexico for the design, construction, furnishing, or equipping of Phase I or Phase II of the New Mexico Hispanic Cultural Center complex prior to the date of enactment of this section. The non-Federal share of the costs described in subsection (c) shall include the following:

(A) \$16,410,000 that was appropriated by the New Mexico legislature since January 1, 1993, for the planning, property acquisition, design, construction, furnishing, and equipping of the New Mexico Hispanic Cultural Center complex.

(B) \$116,000 that was appropriated by the New Mexico legislature for fiscal year 1995 for the startup and operating expenses of the New Mexico Hispanic Cultural Center.

(C) \$226,000 that was appropriated by the New Mexico legislature for fiscal year 1996 for the startup and operating expenses of the New Mexico Hispanic Cultural Center.

(D) \$442,000 that was appropriated by the New Mexico legislature for fiscal year 1997 for the startup and operating expenses of the New Mexico Hispanic Cultural Center.

(E) \$551,000 that was appropriated by the New Mexico legislature for fiscal year 1998 for the startup and operating expenses of the New Mexico Hispanic Cultural Center.

(F) A 10.9-acre lot with a historic 22,000 square foot building donated by the Mayor and City Council of Albuquerque, New Mexico, to New Mexico for the New Mexico Hispanic Cultural Center.

(G) 12 acres of “Bosque” land adjacent to the New Mexico Hispanic Cultural Center complex for use by the New Mexico Hispanic Cultural Center.

(H) The \$30,000 donation by the Sandia National Laboratories and Lockheed Martin Corporation to support the New Mexico Hispanic Cultural Center and the program activities of the New Mexico Hispanic Cultural Center.

(e) **USE OF FUNDS FOR DESIGN, CONSTRUCTION, FURNISHING, AND EQUIPMENT.**—The funds received under a grant awarded under subsection (c) shall be used only for the design, construction, management, inspection, furnishing, and equipment of the Center.

(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this section a total of \$17,800,000 for fiscal year 1998 and succeeding fiscal years. Funds appropriated pursuant to the authority of the preceding sentence shall remain available until expended.

Approved December 1, 1997.

LEGISLATIVE HISTORY—S. 1417:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 7, considered and passed Senate.

Nov. 13, considered and passed House.



Public Law 105–128
105th Congress

An Act

Dec. 1, 1997
[S. 1505]

To make technical and conforming amendments to the Museum and Library Services Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Museum and
Library Services
Technical and
Conforming
Amendments of
1997.
20 USC 9101
note.
20 USC 9105.

SECTION 1. SHORT TITLE.

This Act may be cited as the “Museum and Library Services Technical and Conforming Amendments of 1997”.

SEC. 2. APPOINTMENT OF EMPLOYEES.

Section 206 of the Museum and Library Services Act (20 U.S.C. 9105 et seq.) is amended—

- (1) by redesignating subsection (b) as subsection (c); and
- (2) by inserting after subsection (a) the following:

“(b) APPOINTMENT AND COMPENSATION OF TECHNICAL AND PROFESSIONAL EMPLOYEES.—

“(1) IN GENERAL.—Subject to paragraph (2), the Director may appoint without regard to the provisions of title 5, United States Code, governing the appointment in the competitive service and may compensate without regard to the provisions of chapter 51 or subchapter III of chapter 53 of such title (relating to the classification and General Schedule pay rates), such technical and professional employees as the Director determines to be necessary to carry out the duties of the Institute.

“(2) NUMBER AND COMPENSATION.—The number of employees appointed and compensated under paragraph (1) shall not exceed $\frac{1}{5}$ of the number of full-time regular or professional employees of the Institute. The rate of basic compensation for the employees appointed and compensated under paragraph (1) may not exceed the rate prescribed for level GS–15 of the General Schedule under section 5332 of title 5.”.

SEC. 3. SPECIAL LIBRARIES.

Section 213(2)(E) of the Museum and Library Services Act (20 U.S.C. 9122(2)(E)) is amended—

- (1) by inserting “or other special library” after “a private library”; and
- (2) by inserting “or special” after “such private”.

SEC. 4. RESERVATIONS.

Section 221(a)(1) of the Museum and Library Services Act (20 U.S.C. 9131(a)(1)) is amended—

- (1) in subparagraph (A), by striking “1½ percent” and inserting “1.75 percent”; and

(2) in subparagraph (B), by striking “4 percent” and inserting “3.75 percent”.

SEC. 5. MAINTENANCE OF EFFORT.

The second sentence of section 223(c)(1)(A)(i) of the Museum and Library Services Act (20 U.S.C. 9133(c)(1)(A)(i)) is amended to read as follows: “The amount of the reduction in the allotment for any fiscal year shall be equal to the allotment multiplied by a fraction—

“(I) the numerator of which is the result obtained by subtracting the level of such State expenditures for the fiscal year for which the determination is made, from the average of the total level of such State expenditures for the 3 fiscal years preceding the fiscal year for which the determination is made; and

“(II) the denominator of which is the average of the total level of such State expenditures for the 3 fiscal years preceding the fiscal year for which the determination is made.”.

SEC. 6. SERVICE TO INDIAN TRIBES.

Section 261 of the Museum and Library Services Act (20 U.S.C. 9161) is amended—

(1) in the section heading, by striking “**INDIAN TRIBES**” and inserting “**NATIVE AMERICANS**”; and

(2) by striking “to organizations” and all that follows through “such organizations” and inserting “to Indian tribes and to organizations that primarily serve and represent Native Hawaiians (as the term is defined in section 9212 of the Native Hawaiian Education Act (20 U.S.C. 7912) to enable such tribes and organizations”.

SEC. 7. NATIONAL LEADERSHIP GRANTS OR CONTRACTS.

Section 262 of the Museum and Library Services Act (20 U.S.C. 9162) is amended—

(1) in the section heading, by striking “**NATIONAL LEADERSHIP GRANTS OR CONTRACTS**” and inserting “**NATIONAL LEADERSHIP GRANTS, CONTRACTS, OR COOPERATIVE AGREEMENTS**”;

(2) in subsection (a)—

(A) by striking “program awarding national leadership grants or contracts” and inserting “program of awarding grants or entering into contracts or cooperative agreements”; and

(B) by striking “Such grants or contracts” and inserting “Such grants, contracts, and cooperative agreements”;

(3) in subsection (b)—

(A) in the section heading, by striking “(b) GRANTS OR CONTRACTS” and inserting “(b) GRANTS, CONTRACTS, OR COOPERATIVE AGREEMENTS”; and

(B) in paragraph (1), by inserting “or cooperative agreements,” after “contracts”; and

(C) in paragraph (2), by striking “Grants and contracts” and inserting “Grants, contracts, and cooperative agreements”.

SEC. 8. CORRECTION OF TYPOGRAPHICAL ERROR.

Section 262(a)(3) of the Museum and Library Services Act (20 U.S.C. 9162(a)(3)) is amended by striking “preservation of digitization” and inserting “preserving or digitization”.

Approved December 1, 1997.

LEGISLATIVE HISTORY—S. 1505:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 9, considered and passed Senate.

Nov. 13, considered and passed House.



Public Law 105–129
105th Congress

An Act

To amend the National Defense Authorization Act for Fiscal Year 1998 to make certain technical corrections.

Dec. 1, 1997
[S. 1507]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TECHNICAL CORRECTIONS.

(a) IMPLEMENTATION OF ELECTRONIC COMMERCE CAPABILITY.—

(1) Section 2302c(a)(1) of title 10, United States Code, is amended by inserting “of section 2303(a) of this title” after “paragraphs (1), (5), and (6)”.

(2) The amendment made by paragraph (1) shall take effect as if included in the amendment to section 2302c of title 10, United States Code, made by section 850(f)(3)(A) of the National Defense Authorization Act for Fiscal Year 1998 to which the amendment made by paragraph (1) relates.

10 USC 2302c
note.

(b) COMMEMORATION OF 50TH ANNIVERSARY OF KOREAN CONFLICT.—(1) Section 1083(f) of the National Defense Authorization Act for Fiscal Year 1998 is amended by striking out “\$100,000” and inserting in lieu thereof “\$1,000,000”.

Ante, p. 1918.

(2) The amendment made by paragraph (1) shall take effect as if included in the provisions of the National Defense Authorization Act for Fiscal Year 1998 to which such amendment relates.

10 USC 113 note.

Approved December 1, 1997.

LEGISLATIVE HISTORY—S. 1507:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 9, considered and passed Senate.

Nov. 12, considered and passed House.



Public Law 105–130
105th Congress

An Act

Dec. 1, 1997
[S. 1519]

To provide a 6-month extension of highway, highway safety, and transit programs pending enactment of a law reauthorizing the Intermodal Surface Transportation Efficiency Act of 1991.

Surface
Transportation
Extension Act of
1997.
23 USC 101 note.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Surface Transportation Extension Act of 1997”.

23 USC 104 note.

SEC. 2. ADVANCES.

(a) **IN GENERAL.**—The Secretary of Transportation (referred to in this Act as the “Secretary”) shall apportion funds made available under section 1003(d) of the Intermodal Surface Transportation Efficiency Act of 1991 to each State in the ratio that—

(1) the State’s total fiscal year 1997 obligation authority for funds apportioned for the Federal-aid highway program; bears to

(2) all States’ total fiscal year 1997 obligation authority for funds apportioned for the Federal-aid highway program.

(b) **PROGRAMMATIC DISTRIBUTIONS.**—

(1) **PROGRAMS.**—Of the funds to be apportioned to each State under subsection (a), the Secretary shall ensure that the State is apportioned an amount of the funds, determined under paragraph (2), for the Interstate maintenance program, the National Highway System, the bridge program, the surface transportation program, the congestion mitigation and air quality improvement program, minimum allocation under section 157 of title 23, United States Code, Interstate reimbursement under section 160 of that title, the donor State bonus under section 1013(c) of the Intermodal Surface Transportation Efficiency Act of 1991 (105 Stat. 1940), hold harmless under section 1015(a) of that Act (105 Stat. 1943), 90 percent of payments adjustments under section 1015(b) of that Act (105 Stat. 1944), section 1015(c) of that Act (105 Stat. 1944), an amount equal to the funds provided under sections 1103 through 1108 of that Act (105 Stat. 2027), and funding restoration under section 202 of the National Highway System Designation Act of 1995 (109 Stat. 571).

(2) **IN GENERAL.**—The amount that each State shall be apportioned under this subsection for each item referred to in paragraph (1) shall be determined by multiplying—

(A) the amount apportioned to the State under subsection (a); by

(B) the ratio that—

(i) the amount of funds apportioned for the item, or allocated under sections 1103 through 1108 of the Intermodal Surface Transportation Efficiency Act of 1991 (105 Stat. 2027), to the State for fiscal year 1997; bears to

(ii) the total of the amount of funds apportioned for the items, and allocated under those sections, to the State for fiscal year 1997.

(3) USE OF FUNDS.—Amounts apportioned to a State under subsection (a) attributable to sections 1103 through 1108 of the Intermodal Surface Transportation Efficiency Act of 1991 shall be available to the State for projects eligible for assistance under chapter 1 of title 23, United States Code.

(4) ADMINISTRATION.—Funds authorized by the amendment made by subsection (d) shall be administered as if they had been apportioned, allocated, deducted, or set aside, as the case may be, under title 23, United States Code; except that the deduction under section 104(a) of title 23, United States Code, the set-asides under section 104(b)(1) of that title for the territories and under section 104(f)(1) of that title for metropolitan planning, and the expenditure required under section 104(d)(1) of that title shall not apply to those funds.

(c) REPAYMENT FROM FUTURE APPORTIONMENTS.—

(1) IN GENERAL.—The Secretary shall reduce the amount that would, but for this section, be apportioned to a State for programs under chapter 1 of title 23, United States Code, for fiscal year 1998 under a law reauthorizing the Federal-aid highway program enacted after the date of enactment of this Act by the amount that is apportioned to each State under subsection (a) and section 5(f) for each such program.

(2) PROGRAM CATEGORY RECONCILIATION.—The Secretary may establish procedures under which funds apportioned under subsection (a) for a program category for which funds are not authorized under a law described in paragraph (1) may be restored to the Federal-aid highway program.

(d) AUTHORIZATION OF CONTRACT AUTHORITY.—Section 1003 of the Intermodal Surface Transportation Efficiency Act of 1991 (105 Stat. 1918) is amended by adding at the end the following:

“(d) ADVANCE AUTHORIZATIONS.—

“(1) IN GENERAL.—There shall be available from the Highway Trust Fund (other than the Mass Transit Account) to carry out section 2(a) of the Surface Transportation Extension Act of 1997 \$5,500,000,000 for the period of November 16, 1997, through January 31, 1998.

“(2) SPECIAL RULE.—Funds apportioned under subsection (a) shall be subject to any limitation on obligations for Federal-aid highways and highway safety construction programs.

“(e) AUTHORIZATION OF CONTRACT AUTHORITY.—

“(1) AUTHORIZATION.—Notwithstanding section 157(e) of title 23, United States Code, there shall be available from the Highway Trust Fund (other than the Mass Transit Account) to carry out section 157 of title 23, United States Code, not to exceed \$15,460,000 for the period of January 26, 1998, through January 31, 1998.

“(2) ALLOCATION.—The Secretary shall allocate the amounts authorized under paragraph (1) to each State in the ratio that—

“(A) the amount allocated to the State for fiscal year 1997 under section 157 of that title; bears to

“(B) the amounts allocated to all States for fiscal year 1997 under section 157 of that title.

“(f) CONTRACT AUTHORITY.—Funds authorized under subsections (d) and (e) shall be available for obligation in the same manner as if the funds were apportioned under chapter 1 of title 23, United States Code.”.

(e) LIMITATION ON OBLIGATIONS.—

(1) IN GENERAL.—Subject to paragraph (2), after the date of enactment of this Act, the Secretary shall allocate to each State an amount of obligation authority made available under the Department of Transportation and Related Agencies Appropriations Act, 1998 (Public Law 105-66) that is—

(A) equal to the greater of—

(i) the State's unobligated balance, as of October 1, 1997, of Federal-aid highway apportionments subject to any limitation on obligations; or

(ii) 50 percent of the State's total fiscal year 1997 obligation authority for funds apportioned for the Federal-aid highway program; but

(B) not greater than 75 percent of the State's total fiscal year 1997 obligation authority for funds apportioned for the Federal-aid highway program.

(2) LIMITATION ON AMOUNT.—The total of all allocations under paragraph (1) shall not exceed \$9,786,275,000.

(3) TIME PERIOD FOR OBLIGATIONS OF FUNDS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), a State shall not obligate any funds for any Federal-aid highway program project after May 1, 1998, until the earlier of the date of enactment of a multiyear law reauthorizing the Federal-aid highway program or July 1, 1998.

(B) REOBLIGATION.—Subparagraph (A) shall not preclude the reobligation of previously obligated funds.

(C) DISTRIBUTION OF REMAINING OBLIGATION AUTHORITY.—On the earlier of the date of enactment of a law described in subparagraph (A) or July 1, 1998, the Secretary shall distribute to each State any remaining amounts of obligation authority for Federal-aid highways and highway safety construction programs by allocation in accordance with section 310(a) of the Department of Transportation and Related Agencies Appropriations Act, 1998 (Public Law 105-66).

(D) CONTRACT AUTHORITY.—No contract authority made available to the States prior to July 1, 1998, shall be obligated after that date until such time as a multiyear law reauthorizing the Federal-aid highway program has been enacted.

(4) TREATMENT OF OBLIGATIONS.—Any obligation of an allocation of obligation authority made under this subsection shall be considered to be an obligation for Federal-aid highways and highway safety construction programs for fiscal year 1998 for the purposes of the matter under the heading “LIMITATION

ON OBLIGATIONS)” under the heading “FEDERAL-AID HIGHWAYS” in title I of the Department of Transportation and Related Agencies Appropriations Act, 1998 (Public Law 105-66).

SEC. 3. TRANSFERS OF UNOBLIGATED APPORTIONMENTS.

(a) **IN GENERAL.**—In addition to any other authority of a State to transfer funds, for fiscal year 1998, a State may transfer any funds apportioned to the State for any program under section 104 (including amounts apportioned under section 104(b)(3) or set aside or suballocated under section 133(d)), 144, or 402 of title 23, United States Code, before, on, or after the date of enactment of this Act, granted to the State for any program under section 410 of that title before, on, or after such date of enactment, or allocated to the State for any program under chapter 311 of title 49, United States Code, before, on, or after such date of enactment, that are subject to any limitation on obligations, and that are not obligated, to any other of those programs.

(b) **TREATMENT OF TRANSFERRED FUNDS.**—Any funds transferred to another program under subsection (a) shall be subject to the provisions of the program to which the funds are transferred, except that funds transferred to a program under section 133 (other than subsections (d)(1) and (d)(2)) of title 23, United States Code, shall not be subject to section 133(d) of that title.

(c) **RESTORATION OF APPORTIONMENTS.**—

(1) **IN GENERAL.**—As soon as practicable after the date of enactment of a law reauthorizing the Federal-aid highway program enacted after the date of enactment of this Act, the Secretary shall restore any funds that a State transferred under subsection (a) for any project not eligible for the funds but for this section to the program category from which the funds were transferred.

(2) **PROGRAM CATEGORY RECONCILIATION.**—The Secretary may establish procedures under which funds transferred under subsection (a) from a program category for which funds are not authorized may be restored to the Federal-aid highway, highway safety, and motor carrier safety programs.

(3) **LIMITATION ON STATUTORY CONSTRUCTION.**—No provision of law, except a statute enacted after the date of enactment of this Act that expressly limits the application of this subsection, shall impair the authority of the Secretary to restore funds pursuant to this subsection.

(d) **GUIDANCE.**—The Secretary may issue guidance for use in carrying out this section.

SEC. 4. ADMINISTRATIVE EXPENSES.

(a) **EXPENSES OF FEDERAL HIGHWAY ADMINISTRATION.**—

(1) **AUTHORITY TO BORROW.**—

(A) **FROM UNOBLIGATED FUNDS AVAILABLE FOR DISCRETIONARY ALLOCATIONS.**—If unobligated balances of funds deducted by the Secretary under section 104(a) of title 23, United States Code, for administrative and research expenses of the Federal-aid highway program are insufficient to pay those expenses for fiscal year 1998, the Secretary may borrow to pay those expenses not to exceed \$60,000,000 from unobligated funds available to the Secretary for discretionary allocations.

(B) **REQUIREMENT TO REIMBURSE.**—Funds borrowed under subparagraph (A) shall be reimbursed from amounts

made available to the Secretary under section 104(a) of title 23, United States Code, as soon as practicable after the date of enactment of a law reauthorizing the Federal-aid highway program enacted after the date of enactment of this Act.

(2) AUTHORIZATION OF CONTRACT AUTHORITY.—

(A) IN GENERAL.—In addition to funds made available under paragraph (1), there shall be available from the Highway Trust Fund (other than the Mass Transit Account) for administrative and research expenses of the Federal-aid highway program \$158,500,000 for fiscal year 1998.

(B) CONTRACT AUTHORITY.—Funds authorized under this paragraph shall be available for obligation in the same manner as if the funds were apportioned under chapter 1 of title 23, United States Code, and shall be subject to any limitation on obligations for Federal-aid highways and highway safety construction programs.

(3) USE OF CERTAIN ADMINISTRATIVE FUNDS.—Section 104(i)(1) of title 23, United States Code, is amended by inserting “, and for the period of October 1, 1997, through March 31, 1998,” after “1997”.

(b) BUREAU OF TRANSPORTATION STATISTICS.—Section 6006 of the Intermodal Surface Transportation Efficiency Act of 1991 (105 Stat. 2172) is amended—

49 USC 111.

(1) by inserting “(a) IN GENERAL.—” before “Chapter I”; and

(2) in the first sentence of subsection (b)—

(A) by striking “1996, and” and inserting “1996,”; and

(B) by inserting before the period at the end the following: “, and \$12,500,000 for the period of October 1, 1997, through March 31, 1998”.

SEC. 5. OTHER FEDERAL-AID HIGHWAY PROGRAMS.

(a) FEDERAL LANDS HIGHWAYS.—Section 1003(a)(6) of the Intermodal Surface Transportation Efficiency Act of 1991 (105 Stat. 1919) is amended—

(1) in subparagraph (A)—

(A) by striking “1992 and” and inserting “1992,”; and

(B) by inserting before the period at the end the following: “, and \$95,500,000 for the period of October 1, 1997, through March 31, 1998”;

(2) in subparagraph (B)—

(A) by striking “1995, and” and inserting “1995,”; and

(B) by inserting before the period at the end the following: “and \$86,000,000 for the period of October 1, 1997, through March 31, 1998”; and

(3) in subparagraph (C)—

(A) by striking “1995, and” and inserting “1995,”; and

(B) by inserting before the period at the end the following: “, and \$42,000,000 for the period of October 1, 1997, through March 31, 1998”.

(b) NATIONAL RECREATIONAL TRAILS PROGRAM.—Section 1003 of the Intermodal Surface Transportation Efficiency Act of 1991 (105 Stat. 1918) (as amended by section 2(d)) is amended by adding at the end the following:

23 USC 104.

“(e) NATIONAL RECREATIONAL TRAILS PROGRAM.—Section 104(h) of title 23, United States Code, is amended by inserting ‘and

\$7,500,000 for the period of October 1, 1997, through March 31, 1998' after '1997'."

(c) CERTAIN ALLOCATED PROGRAMS.—

(1) HIGHWAY USE TAX EVASION.—Section 1040(f)(1) of the Intermodal Surface Transportation Efficiency Act of 1991 (23 U.S.C. 101 note; 105 Stat. 1992) is amended in the first sentence by inserting before the period at the end the following: "and \$2,500,000 for the period of October 1, 1997, through March 31, 1998".

(2) SCENIC BYWAYS PROGRAM.—Section 1047(d) of the Intermodal Surface Transportation Efficiency Act of 1991 (23 U.S.C. 101 note; 105 Stat. 1998) is amended in the first sentence—

(A) by striking "1994, and" and inserting "1994,"; and

(B) by inserting before the period at the end the following: ", and \$7,000,000 for the period of October 1, 1997, through March 31, 1998".

(d) INTELLIGENT TRANSPORTATION SYSTEMS.—Section 6058(b) of the Intermodal Surface Transportation Efficiency Act of 1991 (105 Stat. 2194) is amended—

(1) by striking "1992 and" and inserting "1992,"; and

(2) by inserting before the period at the end the following: ", and \$47,000,000 for the period of October 1, 1997, through March 31, 1998".

23 USC 307 note.

(e) SURFACE TRANSPORTATION RESEARCH.—

(1) OPERATION LIFESAVER.—

(A) IN GENERAL.—There shall be available from the Highway Trust Fund (other than the Mass Transit Account) to carry out the operation lifesaver program under section 104(d)(1) of title 23, United States Code, \$150,000 for the period of October 1, 1997, through March 31, 1998.

(B) CONTRACT AUTHORITY.—Funds authorized under this paragraph shall be available for obligation in the same manner as if the funds were apportioned under chapter 1 of title 23, United States Code, and shall be subject to any limitation on obligations for Federal-aid highways and highway safety construction programs.

(2) DWIGHT DAVID EISENHOWER TRANSPORTATION FELLOWSHIP PROGRAM.—

(A) IN GENERAL.—There shall be available from the Highway Trust Fund (other than the Mass Transit Account) to carry out the Dwight David Eisenhower Transportation Fellowship Program under section 307(a)(1)(C)(ii) of title 23, United States Code, \$1,000,000 for the period of October 1, 1997, through March 31, 1998.

(B) CONTRACT AUTHORITY.—Funds authorized under this paragraph shall be available for obligation in the same manner as if the funds were apportioned under chapter 1 of title 23, United States Code, and shall be subject to any limitation on obligations for Federal-aid highways and highway safety construction programs.

(3) NATIONAL HIGHWAY INSTITUTE.—Section 321(f) of title 23, United States Code, is amended by adding at the end the following: "There shall be available from the Highway Trust Fund (other than the Mass Transit Account) to carry out this section \$2,500,000 for the period of October 1, 1997, through

March 31, 1998, and such funds shall be subject to any limitation on obligations for Federal-aid highways and highway safety construction programs.”.

(4) **EDUCATION AND TRAINING PROGRAM.**—Section 326(c) of title 23, United States Code, is amended by adding at the end the following: “There shall be available from the Highway Trust Fund (other than the Mass Transit Account) to carry out this section \$3,000,000 for the period of October 1, 1997, through March 31, 1998, and such funds shall be subject to any limitation on obligations for Federal-aid highways and highway safety construction programs.”.

(f) **METROPOLITAN PLANNING.**—

(1) **AUTHORIZATION OF CONTRACT AUTHORITY.**—

(A) **IN GENERAL.**—There shall be available from the Highway Trust Fund (other than the Mass Transit Account) to carry out section 134 of title 23, United States Code, \$78,500,000 for the period of October 1, 1997, through March 31, 1998.

(B) **CONTRACT AUTHORITY.**—Funds authorized under this paragraph shall be available for obligation in the same manner as if the funds were apportioned under chapter 1 of title 23, United States Code, and shall be subject to any limitation on obligations for Federal-aid highways and highway safety construction programs.

(2) **DISTRIBUTION OF FUNDS.**—The Secretary shall distribute funds authorized under paragraph (1) to the States in accordance with section 104(f)(2) of title 23, United States Code.

(g) **TERRITORIES.**—Section 1003 of the Intermodal Surface Transportation Efficiency Act of 1991 (105 Stat. 1918) (as amended by subsection (b)) is amended by adding at the end the following:

“(f) **TERRITORIES.**—

“(1) **IN GENERAL.**—In lieu of the amounts deducted under section 104(b)(1) of title 23, United States Code, there shall be available from the Highway Trust Fund (other than the Mass Transit Account) for the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands \$15,000,000 for the period of October 1, 1997, through March 31, 1998.

“(2) **CONTRACT AUTHORITY.**—Funds authorized under this subsection shall be available for obligation in the same manner as if the funds were apportioned under chapter 1 of title 23, United States Code, and shall be subject to any limitation on obligations for Federal-aid highways and highway safety construction programs.”.

SEC. 6. EXTENSION OF HIGHWAY SAFETY PROGRAMS.

(a) **NHTSA HIGHWAY SAFETY PROGRAMS.**—Section 2005(1) of the Intermodal Surface Transportation Efficiency Act of 1991 (105 Stat. 2079) is amended—

(1) by striking “1996, and” and inserting “1996,”; and

(2) by inserting before the period at the end the following: “, and \$83,000,000 for the period of October 1, 1997, through March 31, 1998”; and

(b) **ALCOHOL-IMPAIRED DRIVING COUNTERMEASURES.**—Section 410 of title 23, United States Code, is amended—

(1) in subsection (c)—

(A) by striking “5” and inserting “6”; and

(B) in paragraph (3), by striking “and fifth” and inserting “fifth, and sixth”;

(2) in subsection (d)(2)(B), by striking “two” and inserting “3”; and

(3) in the first sentence of subsection (j)—

(A) by striking “1997, and” and inserting “1997,”; and

(B) by inserting before the period at the end the following “, and \$12,500,000 for the period of October 1, 1997, through March 31, 1998”.

(c) NATIONAL DRIVER REGISTER.—Section 30308(a) of title 49, United States Code, is amended—

(1) by striking “1994, and” and inserting “1994,”; and

(2) by inserting after “1997,” the following: “and \$1,855,000 for the period of October 1, 1997, through March 31, 1998,”.

SEC. 7. EXTENSION OF MOTOR CARRIER SAFETY PROGRAM.

Section 31104(a) of title 49, United States Code, is amended—

(1) in paragraphs (1) through (5), by striking “not more” each place it appears and inserting “Not more”; and

(2) by adding at the end the following:

“(6) Not more than \$45,000,000 for the period of October 1, 1997, through March 31, 1998.”.

SEC. 8. EXTENSION OF FEDERAL TRANSIT PROGRAMS.

Title III of the Intermodal Surface Transportation Efficiency Act of 1991 (105 Stat. 2087–2140) is amended by adding at the end the following:

49 USC 5309,
5337, 5338.

“SEC. 3049. EXTENSION OF FEDERAL TRANSIT PROGRAMS FOR THE PERIOD OF OCTOBER 1, 1997, THROUGH MARCH 31, 1998.

“(a) ALLOCATING AMOUNTS.—Section 5309(m)(1) of title 49, United States Code, is amended by inserting ‘, and for the period of October 1, 1997, through March 31, 1998’ after ‘1997’.

“(b) APPORTIONMENT OF APPROPRIATIONS FOR FIXED GUIDEWAY MODERNIZATION.—Section 5337 of title 49, United States Code, is amended—

“(1) in subsection (a), by inserting ‘and for the period of October 1, 1997, through March 31, 1998,’ after ‘1997,’; and

“(2) by adding at the end the following:

“(e) SPECIAL RULE FOR OCTOBER 1, 1997, THROUGH MARCH 31, 1998.—The Secretary shall determine the amount that each urbanized area is to be apportioned for fixed guideway modernization under this section on a pro rata basis to reflect the partial fiscal year 1998 funding made available by section 5338(b)(1)(F).”.

“(c) AUTHORIZATIONS.—Section 5338 of title 49, United States Code, is amended—

“(1) in subsection (a)—

“(A) in paragraph (1), by adding at the end the following:

“(F) \$1,328,400,000 for the period of October 1, 1997, through March 31, 1998.”; and

“(B) in paragraph (2), by adding at the end the following:

“(F) \$369,000,000 for the period of October 1, 1997, through March 31, 1998.”;

“(2) in subsection (b)(1), by adding at the end the following:

“(F) \$1,131,600,000 for the period of October 1, 1997, through March 31, 1998.”;

“(3) in subsection (c), by inserting ‘and not more than \$1,500,000 for the period of October 1, 1997, through March 31, 1998,’ after ‘1997.’;

“(4) in subsection (e), by inserting ‘and not more than \$3,000,000 is available from the Fund (except the Account) for the Secretary for the period of October 1, 1997, through March 31, 1998,’ after ‘1997.’;

“(5) in subsection (h)(3), by inserting ‘and \$3,000,000 is available for section 5317 for the period of October 1, 1997, through March 31, 1998’ after ‘1997.’;

“(6) in subsection (j)(5)—

“(A) in subparagraph (B), by striking ‘and’ at the end;

“(B) in subparagraph (C), by striking the period at the end and inserting ‘; and’; and

“(C) by adding at the end the following:

“(D) the lesser of \$1,500,000 or an amount that the Secretary determines is necessary is available to carry out section 5318 for the period of October 1, 1997, through March 31, 1998.’;

“(7) in subsection (k), by striking ‘or (e)’ and inserting ‘(e), or (m)’; and

“(8) by adding at the end the following:

“(m) SECTION 5316 FOR THE PERIOD OF OCTOBER 1, 1997, THROUGH MARCH 31, 1998.—Not more than the following amounts may be appropriated to the Secretary from the Fund (except the Account) for the period of October 1, 1997, through March 31, 1998:

“(1) \$125,000 to carry out section 5316(a).

“(2) \$1,500,000 to carry out section 5316(b).

“(3) \$500,000 to carry out section 5316(c).

“(4) \$500,000 to carry out section 5316(d).

“(5) \$500,000 to carry out section 5316(e).’.”.

SEC. 9. EXTENSION OF TRUST FUNDS FUNDED BY HIGHWAY-RELATED TAXES.

26 USC 9503. (a) HIGHWAY TRUST FUND.—Section 9503 of the Internal Revenue Code of 1986 (relating to Highway Trust Fund) is amended—

(1) in subsection (c)—

(A) in paragraph (1)—

(i) by striking “1997” and inserting “1998”; and

(ii) by striking the last sentence and inserting the following new flush sentence:

“In determining the authorizations under the Acts referred to in the preceding subparagraphs, such Acts shall be applied as in effect on the date of the enactment of this sentence.”;

(B) in paragraph (4)(A), by striking “1997” and inserting “1998”;

(C) in paragraph (5)(A), by striking “1997” and inserting “1998”; and

(D) in paragraph (6)(E), by striking “1997” and inserting “1998”; and

(2) in subsection (e)(3)—

(A) by striking “1997” and inserting “1998”, and

(B) by striking all that follows “the enactment of” and inserting “the last sentence of subsection (c)(1).”.

(b) AQUATIC RESOURCES TRUST FUND.—Section 9504(c) of the Internal Revenue Code of 1986 (relating to expenditures from Boat Safety Account) is amended by striking “April 1, 1998” and inserting “October 1, 1998”. 26 USC 9504.

(c) NATIONAL RECREATIONAL TRAILS TRUST FUND.—Section 9511(c) of the Internal Revenue Code of 1986 (relating to expenditures from Trust Fund) is amended by striking “1997” and inserting “1998”. 26 USC 9511.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1997. 26 USC 9503 note.

Approved December 1, 1997.

LEGISLATIVE HISTORY—S. 1519:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 10, considered and passed Senate.

Nov. 12, considered and passed House.



Public Law 105–131
105th Congress

An Act

Dec. 2, 1997
[H.R. 1254]

To designate the United States Post Office building located at 1919 West Bennett Street in Springfield, Missouri, as the “John N. Griesemer Post Office Building”.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The United States Post Office building located at 1919 West Bennett Street in Springfield, Missouri, shall be known and designated as the “John N. Griesemer Post Office Building”.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the United States Post Office building referred to in section 1 shall be deemed to be a reference to the “John N. Griesemer Post Office Building”.

Approved December 2, 1997.

LEGISLATIVE HISTORY—H.R. 1254 (S. 595):

CONGRESSIONAL RECORD, Vol. 143 (1997):

Sept. 16, considered and passed House.

Nov. 13, considered and passed Senate.



Public Law 105–132
105th Congress

An Act

To provide certain benefits of the Pick-Sloan Missouri River Basin program to the Lower Brule Sioux Tribe, and for other purposes.

Dec. 2, 1997

[S. 156]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Lower Brule Sioux Tribe Infrastructure Development Trust Fund Act”.

Lower Brule
Sioux Tribe
Infrastructure
Development
Trust Fund Act.

SEC. 2. FINDINGS.

Congress finds that—

(1) under the Act of December 22, 1944, commonly known as the “Flood Control Act of 1944” (58 Stat. 887, chapter 665; 33 U.S.C. 701–1 et seq.) Congress approved the Pick-Sloan Missouri River Basin program—

(A) to promote the general economic development of the United States;

(B) to provide for irrigation above Sioux City, Iowa;

(C) to protect urban and rural areas from devastating floods of the Missouri River; and

(D) for other purposes;

(2) the Fort Randall and Big Bend projects are major components of the Pick-Sloan Missouri River Basin program, and contribute to the national economy by generating a substantial amount of hydropower and impounding a substantial quantity of water;

(3) the Fort Randall and Big Bend projects overlie the eastern boundary of the Lower Brule Indian Reservation, having inundated the fertile, wooded bottom lands of the Tribe along the Missouri River that constituted the most productive agricultural and pastoral lands of the Lower Brule Sioux Tribe and the homeland of the members of the Tribe;

(4) Public Law 85–923 (72 Stat. 1773 et seq.) authorized the acquisition of 7,997 acres of Indian land on the Lower Brule Indian Reservation for the Fort Randall project and Public Law 87–734 (76 Stat. 698 et seq.) authorized the acquisition of 14,299 acres of Indian land on the Lower Brule Indian Reservation for the Big Bend project;

(5) Public Law 87-734 (76 Stat. 698 et seq.) provided for the mitigation of the effects of the Fort Randall and Big Bend projects on the Lower Brule Indian Reservation, by directing the Secretary of the Army to—

(A) as necessary, by reason of the Big Bend project, protect, replace, relocate, or reconstruct—

(i) any essential governmental and agency facilities on the reservation, including schools, hospitals, offices of the Public Health Service and the Bureau of Indian Affairs, service buildings, and employee quarters existing at the time that the projects were carried out; and

(ii) roads, bridges, and incidental matters or facilities in connection with those facilities;

(B) provide for a townsite adequate for 50 homes, including streets and utilities (including water, sewage, and electricity), taking into account the reasonable future growth of the townsite; and

(C) provide for a community center containing space and facilities for community gatherings, tribal offices, tribal council chamber, offices of the Bureau of Indian Affairs, offices and quarters of the Public Health Service, and a combination gymnasium and auditorium;

(6) the requirements under Public Law 87-734 (76 Stat. 698 et seq.) with respect to the mitigation of the effects of the Fort Randall and Big Bend projects on the Lower Brule Indian Reservation have not been fulfilled;

(7) although the national economy has benefited from the Fort Randall and Big Bend projects, the economy on the Lower Brule Indian Reservation remains underdeveloped, in part as a consequence of the failure of the Federal Government to fulfill the obligations of the Federal Government under the laws referred to in paragraph (4);

(8) the economic and social development and cultural preservation of the Lower Brule Sioux Tribe will be enhanced by increased tribal participation in the benefits of the Fort Randall and Big Bend components of the Pick-Sloan Missouri River Basin program; and

(9) the Lower Brule Sioux Tribe is entitled to additional benefits of the Pick-Sloan Missouri River Basin program.

SEC. 3. DEFINITIONS.

In this Act:

(1) **FUND.**—The term “Fund” means the Lower Brule Sioux Tribe Infrastructure Development Trust Fund established under section 4(a).

(2) **PLAN.**—The term “plan” means the plan for socioeconomic recovery and cultural preservation prepared under section 5.

(3) **PROGRAM.**—The term “Program” means the power program of the Pick-Sloan Missouri River Basin program, administered by the Western Area Power Administration.

(4) **SECRETARY.**—The term “Secretary” means the Secretary of the Interior.

(5) **TRIBE.**—The term “Tribe” means the Lower Brule Sioux Tribe of Indians, a band of the Great Sioux Nation recognized by the United States of America.

SEC. 4. ESTABLISHMENT OF LOWER BRULE SIOUX TRIBE INFRASTRUCTURE DEVELOPMENT TRUST FUND.

(a) LOWER BRULE SIOUX TRIBE INFRASTRUCTURE DEVELOPMENT TRUST FUND.—There is established in the Treasury of the United States a fund to be known as the “Lower Brule Sioux Tribe Infrastructure Development Trust Fund”.

(b) FUNDING.—Beginning with fiscal year 1998, and for each fiscal year thereafter, until such time as the aggregate of the amounts deposited in the Fund is equal to \$39,300,000, the Secretary of the Treasury shall deposit into the Fund an amount equal to 25 percent of the receipts from the deposits to the Treasury of the United States for the preceding fiscal year from the Program.

(c) INVESTMENTS.—The Secretary of the Treasury shall invest the amounts deposited under subsection (b) only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States.

(d) PAYMENT OF INTEREST TO TRIBE.—

(1) ESTABLISHMENT OF ACCOUNT AND TRANSFER OF INTEREST.—The Secretary of the Treasury shall, in accordance with this subsection, transfer any interest that accrues on amounts deposited under subsection (b) into a separate account established by the Secretary of the Treasury in the Treasury of the United States.

(2) PAYMENTS.—

(A) IN GENERAL.—Beginning with the fiscal year immediately following the fiscal year during which the aggregate of the amounts deposited in the Fund is equal to the amount specified in subsection (b), and for each fiscal year thereafter, all amounts transferred under paragraph (1) shall be available, without fiscal year limitation, to the Secretary of the Interior for use in accordance with subparagraph (C).

(B) WITHDRAWAL AND TRANSFER OF FUNDS.—For each fiscal year specified in subparagraph (A), the Secretary of the Treasury shall withdraw amounts from the account established under paragraph (1) and transfer such amounts to the Secretary of the Interior for use in accordance with subparagraph (C). The Secretary of the Treasury may only withdraw funds from the account for the purpose specified in this paragraph.

(C) PAYMENTS TO TRIBE.—The Secretary of the Interior shall use the amounts transferred under subparagraph (B) only for the purpose of making payments to the Tribe.

(D) USE OF PAYMENTS BY TRIBE.—The Tribe shall use the payments made under subparagraph (C) only for carrying out projects and programs pursuant to the plan prepared under section 5.

(3) PROHIBITION ON PER CAPITA PAYMENTS.—No portion of any payment made under this subsection may be distributed to any member of the Tribe on a per capita basis.

(e) TRANSFERS AND WITHDRAWALS.—Except as provided in subsection (d)(1), the Secretary of the Treasury may not transfer or withdraw any amount deposited under subsection (b).

SEC. 5. PLAN FOR SOCIOECONOMIC RECOVERY AND CULTURAL PRESERVATION.

(a) PLAN.—

(1) IN GENERAL.—The Tribe shall, not later than 2 years after the date of enactment of this Act, prepare a plan for the use of the payments made to the Tribe under section 4(d)(2). In developing the plan, the Tribe shall consult with the Secretary of the Interior and the Secretary of Health and Human Services.

(2) REQUIREMENTS FOR PLAN COMPONENTS.—The plan shall, with respect to each component of the plan—

(A) identify the costs and benefits of that component; and

(B) provide plans for that component.

(b) CONTENT OF PLAN.—The plan shall include the following programs and components:

(1) EDUCATIONAL FACILITY.—The plan shall provide for an educational facility to be located on the Lower Brule Indian Reservation.

(2) COMPREHENSIVE INPATIENT AND OUTPATIENT HEALTH CARE FACILITY.—The plan shall provide for a comprehensive inpatient and outpatient health care facility to provide essential services that the Secretary of Health and Human Services, in consultation with the individuals and entities referred to in subsection (a)(1), determines to be—

(A) needed; and

(B) unavailable through facilities of the Indian Health Service on the Lower Brule Indian Reservation in existence at the time of the determination.

(3) WATER SYSTEM.—The plan shall provide for the construction, operation, and maintenance of a municipal, rural, and industrial water system for the Lower Brule Indian Reservation.

(4) RECREATIONAL FACILITIES.—The plan shall provide for recreational facilities suitable for high-density recreation at Lake Sharpe at Big Bend Dam and at other locations on the Lower Brule Indian Reservation in South Dakota.

(5) OTHER PROJECTS AND PROGRAMS.—The plan shall provide for such other projects and programs for the educational, social welfare, economic development, and cultural preservation of the Tribe as the Tribe considers to be appropriate.

SEC. 6. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such funds as may be necessary to carry out this Act, including such funds as may be necessary to cover the administrative expenses of the Fund.

SEC. 7. EFFECT OF PAYMENTS TO TRIBE.

(a) IN GENERAL.—No payment made to the Tribe pursuant to this Act shall result in the reduction or denial of any service or program to which, pursuant to Federal law—

(1) the Tribe is otherwise entitled because of the status of the Tribe as a federally recognized Indian tribe; or

(2) any individual who is a member of the Tribe is entitled because of the status of the individual as a member of the Tribe.

(b) EXEMPTIONS; STATUTORY CONSTRUCTION.—

(1) POWER RATES.—No payment made pursuant to this Act shall affect Pick-Sloan Missouri River Basin power rates.

(2) STATUTORY CONSTRUCTION.—Nothing in this Act may be construed as diminishing or affecting—

(A) any right of the Tribe that is not otherwise
addressed in this Act; or

(B) any treaty obligation of the United States.

Approved December 2, 1997.

LEGISLATIVE HISTORY—S. 156:

SENATE REPORTS: No. 105–146 (Comm. on Indian Affairs).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 9, considered and passed Senate.

Nov. 13, considered and passed House.



Public Law 105–133
105th Congress

An Act

Dec. 2, 1997
[S. 476]

To provide for the establishment of not less than 2,500 Boys and Girls Clubs of America facilities by the year 2000.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. 2,500 BOYS AND GIRLS CLUBS BEFORE 2000.

(a) IN GENERAL.—Section 401(a) of the Economic Espionage Act of 1996 (42 U.S.C. 13751 note) is amended by striking paragraph (2) and inserting the following:

“(2) PURPOSE.—The purpose of this section is to provide adequate resources in the form of seed money for the Boys and Girls Clubs of America to establish 1,000 additional local clubs where needed, with particular emphasis placed on establishing clubs in public housing projects and distressed areas, and to ensure that there are a total of not less than 2,500 Boys and Girls Clubs of America facilities in operation not later than December 31, 1999.”.

(b) ACCELERATED GRANTS.—Section 401 of the Economic Espionage Act of 1996 (42 U.S.C. 13751 note) is amended—

(1) in subsection (b)(2), by striking “or rural” and all that follows through the end and inserting the following: “rural area, or Indian reservation with a population of high risk youth as defined in section 517 of the Public Health Service Act (42 U.S.C. 290bb–23) of sufficient size to warrant the establishment of a Boys and Girls Club.”; and

(2) by striking subsection (c) and inserting the following: “(c) ESTABLISHMENT.—

“(1) IN GENERAL.—For each of the fiscal years 1997, 1998, 1999, 2000, and 2001, the Director of the Bureau of Justice Assistance of the Department of Justice shall make a grant to the Boys and Girls Clubs of America for the purpose of establishing and extending Boys and Girls Clubs facilities where needed, with particular emphasis placed on establishing clubs in and extending services to public housing projects and distressed areas.

“(2) APPLICATIONS.—The Attorney General shall accept an application for a grant under this subsection if submitted by the Boys and Girls Clubs of America, and approve or deny the grant not later than 90 days after the date on which the application is submitted, if the application—

“(A) includes a long-term strategy to establish 1,000 additional Boys and Girls Clubs and detailed summary of those areas in which new facilities will be established,

or in which existing facilities will be expanded to serve additional youths, during the next fiscal year;

“(B) includes a plan to ensure that there are a total of not less than 2,500 Boys and Girls Clubs of America facilities in operation before January 1, 2000;

“(C) certifies that there will be appropriate coordination with those communities where clubs will be located; and

“(D) explains the manner in which new facilities will operate without additional, direct Federal financial assistance to the Boys and Girls Clubs once assistance under this subsection is discontinued.”.

(c) **ROLE MODEL GRANTS.**—Section 401 of the Economic Espionage Act of 1996 (42 U.S.C. 13751 note) is amended by adding at the end the following:

“(f) **ROLE MODEL GRANTS.**—Of amounts made available under subsection (e) for any fiscal year—

“(1) not more than 5 percent may be used to provide a grant to the Boys and Girls Clubs of America for administrative, travel, and other costs associated with a national role-model speaking tour program; and

“(2) no amount may be used to compensate speakers other than to reimburse speakers for reasonable travel and accommodation costs associated with the program described in paragraph (1).”.

Approved December 2, 1997.

LEGISLATIVE HISTORY—S. 476 (H.R. 1753):

HOUSE REPORTS: No. 105-368 accompanying H.R. 1753 (Comm. on the Judiciary).

CONGRESSIONAL RECORD, Vol. 143 (1997):

May 15, considered and passed Senate.

Nov. 13, considered and passed House, amended, in lieu of H.R. 1753. Senate concurred in House amendment.



Public Law 105–134
105th Congress

An Act

Dec. 2, 1997
[S. 738]

To reform the statutes relating to Amtrak, to authorize appropriations for Amtrak, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Amtrak Reform
and
Accountability
Act of 1997.
Inter-
governmental
relations.
49 USC 20101
note.

SECTION 1. SHORT TITLE; AMENDMENT OF TITLE 49; TABLE OF SECTIONS.

(a) **SHORT TITLE.**—This Act may be cited as the “Amtrak Reform and Accountability Act of 1997”.

(b) **AMENDMENT OF TITLE 49, UNITED STATES CODE.**—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 49, United States Code.

(c) **TABLE OF SECTIONS.**—The table of sections for this Act is as follows:

Sec. 1. Short title; amendment of title 49; table of sections.
Sec. 2. Findings.

TITLE I—REFORMS

SUBTITLE A—OPERATIONAL REFORMS

Sec. 101. Basic system.
Sec. 102. Mail, express, and auto-ferry transportation.
Sec. 103. Route and service criteria.
Sec. 104. Additional qualifying routes.
Sec. 105. Transportation requested by States, authorities, and other persons.
Sec. 106. Amtrak commuter.
Sec. 107. Through service in conjunction with intercity bus operations.
Sec. 108. Rail and motor carrier passenger service.
Sec. 109. Passenger choice.
Sec. 110. Application of certain laws.

SUBTITLE B—PROCUREMENT

Sec. 121. Contracting out.

SUBTITLE C—EMPLOYEE PROTECTION REFORMS

Sec. 141. Railway Labor Act Procedures.
Sec. 142. Service discontinuance.

SUBTITLE D—USE OF RAILROAD FACILITIES

Sec. 161. Liability limitation.
Sec. 162. Retention of facilities.

TITLE II—FISCAL ACCOUNTABILITY

Sec. 201. Amtrak financial goals.
Sec. 202. Independent assessment.
Sec. 203. Amtrak Reform Council.

- Sec. 204. Sunset trigger.
- Sec. 205. Senate procedure for consideration of restructuring and liquidation plans.
- Sec. 206. Access to records and accounts.
- Sec. 207. Officers' pay.
- Sec. 208. Exemption from taxes.
- Sec. 209. Limitation on use of tax refund.

TITLE III—AUTHORIZATION OF APPROPRIATIONS

- Sec. 301. Authorization of appropriations.

TITLE IV—MISCELLANEOUS

- Sec. 401. Status and applicable laws.
- Sec. 402. Waste disposal.
- Sec. 403. Assistance for upgrading facilities.
- Sec. 404. Demonstration of new technology.
- Sec. 405. Program master plan for Boston-New York main line.
- Sec. 406. Americans with Disabilities Act of 1990.
- Sec. 407. Definitions.
- Sec. 408. Northeast Corridor cost dispute.
- Sec. 409. Inspector General Act of 1978 amendment.
- Sec. 410. Interstate rail compacts.
- Sec. 411. Board of Directors.
- Sec. 412. Educational participation.
- Sec. 413. Report to Congress on Amtrak bankruptcy.
- Sec. 414. Amtrak to notify Congress of lobbying relationships.
- Sec. 415. Financial powers.

SEC. 2. FINDINGS.

49 USC 24101
note.

The Congress finds that—

(1) intercity rail passenger service is an essential component of a national intermodal passenger transportation system;

(2) Amtrak is facing a financial crisis, with growing and substantial debt obligations severely limiting its ability to cover operating costs and jeopardizing its long-term viability;

(3) immediate action is required to improve Amtrak's financial condition if Amtrak is to survive;

(4) all of Amtrak's stakeholders, including labor, management, and the Federal Government, must participate in efforts to reduce Amtrak's costs and increase its revenues;

(5) additional flexibility is needed to allow Amtrak to operate in a businesslike manner in order to manage costs and maximize revenues;

(6) Amtrak should ensure that new management flexibility produces cost savings without compromising safety;

(7) Amtrak's management should be held accountable to ensure that all investment by the Federal Government and State governments is used effectively to improve the quality of service and the long-term financial health of Amtrak;

(8) Amtrak and its employees should proceed quickly with proposals to modify collective bargaining agreements to make more efficient use of manpower and to realize cost savings which are necessary to reduce Federal financial assistance;

(9) Amtrak and intercity bus service providers should work cooperatively and develop coordinated intermodal relationships promoting seamless transportation services which enhance travel options and increase operating efficiencies;

(10) Amtrak's Strategic Business Plan calls for the establishment of a dedicated source of capital funding for Amtrak in order to ensure that Amtrak will be able to fulfill the goals of maintaining—

(A) a national passenger rail system; and

(B) that system without Federal operating assistance;

and

(11) Federal financial assistance to cover operating losses incurred by Amtrak should be eliminated by the year 2002.

TITLE I—REFORMS

Subtitle A—Operational Reforms

SEC. 101. BASIC SYSTEM.

(a) OPERATION OF BASIC SYSTEM.—(1) Section 24701 is amended to read as follows:

“§ 24701. National rail passenger transportation system

“Amtrak shall operate a national rail passenger transportation system which ties together existing and emergent regional rail passenger service and other intermodal passenger service.”.

(2) The item relating to section 24701 in the table of sections of chapter 247 is amended to read as follows:

“24701. National rail passenger transportation system.”.

(b) IMPROVING RAIL PASSENGER TRANSPORTATION.—Section 24702 and the item relating thereto in the table of sections for chapter 247 are repealed.

(c) DISCONTINUANCE.—Section 24706 is amended—

(1) by striking “90 days” and inserting “180 days” in subsection (a)(1);

(2) by striking “24707(a) or (b) of this title,” in subsection (a)(1) and inserting “or discontinuing service over a route.”;

(3) by inserting “or assume” after “agree to share” in subsection (a)(1);

(4) by striking “section 24707(a) or (b) of this title” in subsection (a)(2) and inserting “paragraph (1)”; and

(5) by striking “section 24707(a) or (b) of this title” in subsection (b)(1) and inserting “subsection (a)(1)”.

(d) COST AND PERFORMANCE REVIEW.—Section 24707 and the item relating thereto in the table of sections for chapter 247 are repealed.

(e) SPECIAL COMMUTER TRANSPORTATION.—Section 24708 and the item relating thereto in the table of sections for chapter 247 are repealed.

(f) CONFORMING AMENDMENT.—Section 24312(a)(1) is amended by striking “, 24701(a),”.

SEC. 102. MAIL, EXPRESS, AND AUTO-FERRY TRANSPORTATION.

Section 24306 is amended—

(1) by striking the last sentence of subsection (a); and

(2) by striking subsection (b) and inserting the following:

“(b) AUTHORITY OF OTHERS TO PROVIDE AUTO-FERRY TRANSPORTATION.—State and local laws and regulations that impair the provision of auto-ferry transportation do not apply to Amtrak or a rail carrier providing auto-ferry transportation. A rail carrier may not refuse to participate with Amtrak in providing auto-ferry transportation because a State or local law or regulation makes the transportation unlawful.”.

SEC. 103. ROUTE AND SERVICE CRITERIA.

Section 24703 and the item relating thereto in the table of sections for chapter 247 are repealed.

SEC. 104. ADDITIONAL QUALIFYING ROUTES.

Section 24705 and the item relating thereto in the table of sections for chapter 247 are repealed.

SEC. 105. TRANSPORTATION REQUESTED BY STATES, AUTHORITIES, AND OTHER PERSONS.

(a) REPEAL.—Section 24704 and the item relating thereto in the table of sections of chapter 247 are repealed.

(b) STATE, REGIONAL, AND LOCAL COOPERATION.—Section 24101(c)(2) is amended by inserting “, separately or in combination,” after “and the private sector”.

(c) CONFORMING AMENDMENT.—Section 24312(a)(1) is amended by striking “or 24704(b)(2)”.

SEC. 106. AMTRAK COMMUTER.

(a) REPEAL OF CHAPTER 245.—Chapter 245 and the item relating thereto in the table of chapters for subtitle V of such title, are repealed.

49 USC 24501
et seq.

(b) CONFORMING AMENDMENT.—Section 24301(f) is amended to read as follows:

“(f) TAX EXEMPTION FOR CERTAIN COMMUTER AUTHORITIES.—A commuter authority that was eligible to make a contract with Amtrak Commuter to provide commuter rail passenger transportation but which decided to provide its own rail passenger transportation beginning January 1, 1983, is exempt, effective October 1, 1981, from paying a tax or fee to the same extent Amtrak is exempt.”

(c) TRACKAGE RIGHTS NOT AFFECTED.—The repeal of chapter 245 of title 49, United States Code, by subsection (a) of this section is without prejudice to the retention of trackage rights over property owned or leased by commuter authorities.

49 USC 24501
note.

SEC. 107. THROUGH SERVICE IN CONJUNCTION WITH INTERCITY BUS OPERATIONS.

(a) IN GENERAL.—Section 24305(a) is amended by adding at the end the following new paragraph:

“(3)(A) Except as provided in subsection (d)(2), Amtrak may enter into a contract with a motor carrier of passengers for the intercity transportation of passengers by motor carrier over regular routes only—

“(i) if the motor carrier is not a public recipient of governmental assistance, as such term is defined in section 13902(b)(8)(A) of this title, other than a recipient of funds under section 5311 of this title;

“(ii) for passengers who have had prior movement by rail or will have subsequent movement by rail; and

“(iii) if the buses, when used in the provision of such transportation, are used exclusively for the transportation of passengers described in clause (ii).

“(B) Subparagraph (A) shall not apply to transportation funded predominantly by a State or local government, or to ticket selling agreements.”

(b) POLICY STATEMENT.—Section 24305(d) is amended by adding at the end the following new paragraph:

“(3) Congress encourages Amtrak and motor common carriers of passengers to use the authority conferred in sections 11322 and 14302 of this title for the purpose of providing improved service to the public and economy of operation.”

49 USC 24305
note.

SEC. 108. RAIL AND MOTOR CARRIER PASSENGER SERVICE.

(a) **IN GENERAL.**—Notwithstanding any other provision of law (other than section 24305(a)(3) of title 49, United States Code), Amtrak and motor carriers of passengers are authorized—

(1) to combine or package their respective services and facilities to the public as a means of increasing revenues; and

(2) to coordinate schedules, routes, rates, reservations, and ticketing to provide for enhanced intermodal surface transportation.

(b) **REVIEW.**—The authority granted by subsection (a) is subject to review by the Surface Transportation Board and may be modified or revoked by the Board if modification or revocation is in the public interest.

49 USC 24301
note.

SEC. 109. PASSENGER CHOICE.

Federal employees are authorized to travel on Amtrak for official business where total travel cost from office to office is competitive on a total trip or time basis.

SEC. 110. APPLICATION OF CERTAIN LAWS.

(a) **APPLICATION OF FOIA.**—Section 24301(e) is amended by adding at the end thereof the following: “Section 552 of title 5, United States Code, applies to Amtrak for any fiscal year in which Amtrak receives a Federal subsidy.”

49 USC 24301
note.

(b) **APPLICATION OF FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT.**—Section 303B(m) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253b(m)) applies to a proposal in the possession or control of Amtrak.

Subtitle B—Procurement

SEC. 121. CONTRACTING OUT.

(a) **REPEAL OF BAN ON CONTRACTING OUT.**—Section 24312 is amended—

(1) by striking subsection (b);

(2) by striking “(1)” in subsection (a); and

(3) by striking “(2) Wage” in subsection (a) and inserting “(b) WAGE RATES.—Wage”.

49 USC 24312
note.

(b) **AMENDMENT OF EXISTING COLLECTIVE BARGAINING AGREEMENT.**—

(1) **CONTRACTING OUT.**—Any collective bargaining agreement entered into between Amtrak and an organization representing Amtrak employees before the date of enactment of this Act is deemed amended to include the language of section 24312(b) of title 49, United States Code, as that section existed on the day before the effective date of the amendments made by subsection (a).

(2) **ENFORCEABILITY OF AMENDMENT.**—The amendment to any such collective bargaining agreement deemed to be made by paragraph (1) of this subsection is binding on all parties to the agreement and has the same effect as if arrived at by agreement of the parties under the Railway Labor Act.

49 USC 24312
note.

(c) **CONTRACTING-OUT ISSUES TO BE INCLUDED IN NEGOTIATIONS.**—Proposals on the subject matter of contracting out work, other than work related to food and beverage service, which results in the layoff of an Amtrak employee—

(1) shall be included in negotiations under section 6 of the Railway Labor Act (45 U.S.C. 156) between Amtrak and an organization representing Amtrak employees, which shall be commenced by—

(A) the date on which labor agreements under negotiation on the date of enactment of this Act may be reopened; or

(B) November 1, 1999,
whichever is earlier;

(2) may, at the mutual election of Amtrak and an organization representing Amtrak employees, be included in any negotiation in progress under section 6 of the Railway Labor Act (45 U.S.C. 156) on the date of enactment of this Act; and

(3) may not be included in any negotiation in progress under section 6 of the Railway Labor Act (45 U.S.C. 156) on the date of enactment of this Act, unless both Amtrak and the organization representing Amtrak employees agree to include it in the negotiation.

No contract between Amtrak and an organization representing Amtrak employees, that is under negotiation on the date of enactment of this Act, may contain a moratorium that extends more than 5 years from the date of expiration of the last moratorium.

(d) NO INFERENCE.—The amendment made by subsection (a)(1) is without prejudice to the power of Amtrak to contract out the provision of food and beverage services on board Amtrak trains or to contract out work not resulting in the layoff of Amtrak employees.

49 USC 24312
note.

Subtitle C—Employee Protection Reforms

49 USC 24706
note.

SEC. 141. RAILWAY LABOR ACT PROCEDURES.

(a) NOTICES.—Notwithstanding any arrangement in effect before the date of the enactment of this Act, notices under section 6 of the Railway Labor Act (45 U.S.C. 156) with respect to all issues relating to employee protective arrangements and severance benefits which are applicable to employees of Amtrak, including all provisions of Appendix C–2 to the National Railroad Passenger Corporation Agreement, signed July 5, 1973, shall be deemed served and effective on the date which is 45 days after the date of the enactment of this Act. Amtrak, and each affected labor organization representing Amtrak employees, shall promptly supply specific information and proposals with respect to each such notice.

(b) NATIONAL MEDIATION BOARD EFFORTS.—Except as provided in subsection (c), the National Mediation Board shall complete all efforts, with respect to the dispute described in subsection (a), under section 5 of the Railway Labor Act (45 U.S.C. 155) not later than 120 days after the date of the enactment of this Act.

(c) RAILWAY LABOR ACT ARBITRATION.—The parties to the dispute described in subsection (a) may agree to submit the dispute to arbitration under section 7 of the Railway Labor Act (45 U.S.C. 157), and any award resulting therefrom shall be retroactive to the date which is 120 days after the date of the enactment of this Act.

(d) DISPUTE RESOLUTION.—(1) With respect to the dispute described in subsection (a) which—

(A) is unresolved as of the date which is 120 days after the date of the enactment of this Act; and

(B) is not submitted to arbitration as described in subsection (c),

Amtrak shall, and the labor organization parties to such dispute shall, within 127 days after the date of the enactment of this Act, each select an individual from the entire roster of arbitrators maintained by the National Mediation Board. Within 134 days after the date of the enactment of this Act, the individuals selected under the preceding sentence shall jointly select an individual from such roster to make recommendations with respect to such dispute under this subsection. If the National Mediation Board is not informed of the selection under the preceding sentence 134 days after the date of enactment of this Act, the Board shall immediately select such individual.

(2) No individual shall be selected under paragraph (1) who is pecuniarily or otherwise interested in any organization of employees or any railroad.

Applicability.

(3) The compensation of individuals selected under paragraph (1) shall be fixed by the National Mediation Board. The second paragraph of section 10 of the Railway Labor Act shall apply to the expenses of such individuals as if such individuals were members of a board created under such section 10.

(4) If the parties to a dispute described in subsection (a) fail to reach agreement within 150 days after the date of the enactment of this Act, the individual selected under paragraph (1) with respect to such dispute shall make recommendations to the parties proposing contract terms to resolve the dispute.

(5) If the parties to a dispute described in subsection (a) fail to reach agreement, no change shall be made by either of the parties in the conditions out of which the dispute arose for 30 days after recommendations are made under paragraph (4).

(6) Section 10 of the Railway Labor Act (45 U.S.C. 160) shall not apply to a dispute described in subsection (a).

(e) NO PRECEDENT FOR FREIGHT.—Nothing in this Act, or in any amendment made by this Act, shall affect the level of protection provided to freight railroad employees and mass transportation employees as it existed on the day before the date of enactment of this Act.

SEC. 142. SERVICE DISCONTINUANCE.

(a) REPEAL.—Section 24706(c) is repealed.

(b) EXISTING CONTRACTS.—Any provision of a contract entered into before the date of the enactment of this Act between Amtrak and a labor organization representing Amtrak employees relating to employee protective arrangements and severance benefits applicable to employees of Amtrak is extinguished, including all provisions of Appendix C-2 to the National Railroad Passenger Corporation Agreement, signed July 5, 1973.

(c) SPECIAL EFFECTIVE DATE.—Subsections (a) and (b) of this section shall take effect 180 days after the date of the enactment of this Act.

(d) NONAPPLICATION OF BANKRUPTCY LAW PROVISION.—Section 1172(c) of title 11, United States Code, shall not apply to Amtrak and its employees.

Subtitle D—Use of Railroad Facilities

SEC. 161. LIABILITY LIMITATION.

(a) IN GENERAL.—Chapter 281 is amended by adding at the end the following new section:

“§ 28103. Limitations on rail passenger transportation liability

“(a) LIMITATIONS.—(1) Notwithstanding any other statutory or common law or public policy, or the nature of the conduct giving rise to damages or liability, in a claim for personal injury to a passenger, death of a passenger, or damage to property of a passenger arising from or in connection with the provision of rail passenger transportation, or from or in connection with any rail passenger transportation operations over or rail passenger transportation use of right-of-way or facilities owned, leased, or maintained by any high-speed railroad authority or operator, any commuter authority or operator, any rail carrier, or any State, punitive damages, to the extent permitted by applicable State law, may be awarded in connection with any such claim only if the plaintiff establishes by clear and convincing evidence that the harm that is the subject of the action was the result of conduct carried out by the defendant with a conscious, flagrant indifference to the rights or safety of others. If, in any case wherein death was caused, the law of the place where the act or omission complained of occurred provides, or has been construed to provide, for damages only punitive in nature, this paragraph shall not apply.

“(2) The aggregate allowable awards to all rail passengers, against all defendants, for all claims, including claims for punitive damages, arising from a single accident or incident, shall not exceed \$200,000,000.

“(b) CONTRACTUAL OBLIGATIONS.—A provider of rail passenger transportation may enter into contracts that allocate financial responsibility for claims.

“(c) MANDATORY COVERAGE.—Amtrak shall maintain a total minimum liability coverage for claims through insurance and self-insurance of at least \$200,000,000 per accident or incident.

“(d) EFFECT ON OTHER LAWS.—This section shall not affect the damages that may be recovered under the Act of April 27, 1908 (45 U.S.C. 51 et seq.; popularly known as the ‘Federal Employers’ Liability Act’) or under any workers compensation Act.

“(e) DEFINITION.—For purposes of this section—

“(1) the term ‘claim’ means a claim made—

“(A) against Amtrak, any high-speed railroad authority or operator, any commuter authority or operator, any rail carrier, or any State; or

“(B) against an officer, employee, affiliate engaged in railroad operations, or agent, of Amtrak, any high-speed railroad authority or operator, any commuter authority or operator, any rail carrier, or any State;

“(2) the term ‘punitive damages’ means damages awarded against any person or entity to punish or deter such person or entity, or others, from engaging in similar behavior in the future; and

“(3) the term ‘rail carrier’ includes a person providing excursion, scenic, or museum train service, and an owner or operator of a privately owned rail passenger car.”.

(b) CONFORMING AMENDMENT.—The table of sections for chapter 281 is amended by adding at the end the following new item: “28103. Limitations on rail passenger transportation liability.”.

SEC. 162. RETENTION OF FACILITIES.

Section 24309(b) is amended by inserting “or on January 1, 1997,” after “1979,”.

TITLE II—FISCAL ACCOUNTABILITY

SEC. 201. AMTRAK FINANCIAL GOALS.

Section 24101(d) is amended by adding at the end thereof the following: “Amtrak shall prepare a financial plan to operate within the funding levels authorized by section 24104 of this chapter, including budgetary goals for fiscal years 1998 through 2002. Commencing no later than the fiscal year following the fifth anniversary of the Amtrak Reform and Accountability Act of 1997, Amtrak shall operate without Federal operating grant funds appropriated for its benefit.”.

49 USC 24101
note.
Contracts.

SEC. 202. INDEPENDENT ASSESSMENT.

(a) INITIATION.—Not later than 15 days after the date of enactment of this Act, the Secretary of Transportation shall contract with an entity independent of Amtrak and not in any contractual relationship with Amtrak, and independent of the Department of Transportation, to conduct a complete independent assessment of the financial requirements of Amtrak through fiscal year 2002. The entity shall have demonstrated knowledge about railroad industry accounting requirements, including the uniqueness of the industry and of Surface Transportation Board accounting requirements. The Department of Transportation, Office of Inspector General, shall approve the entity’s statement of work and the award and shall oversee the contract. In carrying out its responsibilities under the preceding sentence, the Inspector General’s Office shall perform such overview and validation or verification of data as may be necessary to assure that the assessment conducted under this subsection meets the requirements of this section.

(b) ASSESSMENT CRITERIA.—The Secretary and Amtrak shall provide to the independent entity estimates of the financial requirements of Amtrak for the period described in subsection (a), using as a base the fiscal year 1997 appropriation levels established by the Congress. The independent assessment shall be based on an objective analysis of Amtrak’s funding needs.

(c) CERTAIN FACTORS TO BE TAKEN INTO ACCOUNT.—The independent assessment shall take into account all relevant factors, including Amtrak’s—

- (1) cost allocation process and procedures;
- (2) expenses related to intercity rail passenger service, commuter service, and any other service Amtrak provides;
- (3) Strategic Business Plan, including Amtrak’s projected expenses, capital needs, ridership, and revenue forecasts; and
- (4) assets and liabilities.

For purposes of paragraph (3), in the capital needs part of its Strategic Business Plan Amtrak shall distinguish between that

portion of the capital required for the Northeast Corridor and that required outside the Northeast Corridor, and shall include rolling stock requirements, including capital leases, “state of good repair” requirements, and infrastructure improvements.

(d) BIDDING PRACTICES.—

(1) STUDY.—The independent assessment also shall determine whether, and to what extent, Amtrak has performed each year during the period from 1992 through 1996 services under contract at amounts less than the cost to Amtrak of performing such services with respect to any activity other than the provision of intercity rail passenger transportation, or mail or express transportation. For purposes of this clause, the cost to Amtrak of performing services shall be determined using generally accepted accounting principles for contracting. If identified, such contracts shall be detailed in the report of the independent assessment, as well as the methodology for preparation of bids to reflect Amtrak’s actual cost of performance.

(2) REFORM.—If the independent assessment performed under this subparagraph reveals that Amtrak has performed services under contract for an amount less than the cost to Amtrak of performing such services, with respect to any activity other than the provision of intercity rail passenger transportation, or mail or express transportation, then Amtrak shall revise its methodology for preparation of bids to reflect its cost of performance.

(e) DEADLINE.—The independent assessment shall be completed not later than 180 days after the contract is awarded, and shall be submitted to the Council established under section 203, the Secretary of Transportation, the Committee on Commerce, Science, and Transportation of the United States Senate, and the Committee on Transportation and Infrastructure of the United States House of Representatives.

SEC. 203. AMTRAK REFORM COUNCIL.

49 USC 24101
note.

(a) ESTABLISHMENT.—There is established an independent commission to be known as the Amtrak Reform Council.

(b) MEMBERSHIP.—

(1) IN GENERAL.—The Council shall consist of 11 members, as follows:

(A) The Secretary of Transportation.

(B) Two individuals appointed by the President, of which— President.

(i) one shall be a representative of a rail labor organization; and

(ii) one shall be a representative of rail management.

(C) Three individuals appointed by the Majority Leader of the United States Senate.

(D) One individual appointed by the Minority Leader of the United States Senate.

(E) Three individuals appointed by the Speaker of the United States House of Representatives.

(F) One individual appointed by the Minority Leader of the United States House of Representatives.

(2) APPOINTMENT CRITERIA.—

(A) TIME FOR INITIAL APPOINTMENTS.—Appointments under paragraph (1) shall be made within 30 days after the date of enactment of this Act.

(B) EXPERTISE.—Individuals appointed under subparagraphs (C) through (F) of paragraph (1)—

(i) may not be employees of the United States;

(ii) may not be board members or employees of Amtrak;

(iii) may not be representatives of rail labor organizations or rail management; and

(iv) shall have technical qualifications, professional standing, and demonstrated expertise in the field of corporate management, finance, rail or other transportation operations, labor, economics, or the law, or other areas of expertise relevant to the Council.

(3) TERM.—Members shall serve for terms of 5 years. If a vacancy occurs other than by the expiration of a term, the individual appointed to fill the vacancy shall be appointed in the same manner as, and shall serve only for the unexpired portion of the term for which, that individual's predecessor was appointed.

(4) CHAIRMAN.—The Council shall elect a chairman from among its membership within 15 days after the earlier of—

(A) the date on which all members of the Council have been appointed under paragraph (2)(A); or

(B) 45 days after the date of enactment of this Act.

(5) MAJORITY REQUIRED FOR ACTION.—A majority of the members of the Council present and voting is required for the Council to take action. No person shall be elected chairman of the Council who receives fewer than 5 votes.

(c) ADMINISTRATIVE SUPPORT.—The Secretary of Transportation shall provide such administrative support to the Council as it needs in order to carry out its duties under this section.

(d) TRAVEL EXPENSES.—Each member of the Council shall serve without pay, but shall receive travel expenses, including per diem in lieu of subsistence, in accordance with section 5702 and 5703 of title 5, United States Code.

(e) MEETINGS.—Each meeting of the Council, other than a meeting at which proprietary information is to be discussed, shall be open to the public.

(f) ACCESS TO INFORMATION.—Amtrak shall make available to the Council all information the Council requires to carry out its duties under this section. The Council shall establish appropriate procedures to ensure against the public disclosure of any information obtained under this subsection that is a trade secret or commercial or financial information that is privileged or confidential.

(g) DUTIES.—

(1) EVALUATION AND RECOMMENDATION.—The Council shall—

(A) evaluate Amtrak's performance; and

(B) make recommendations to Amtrak for achieving further cost containment and productivity improvements, and financial reforms.

(2) SPECIFIC CONSIDERATIONS.—In making its evaluation and recommendations under paragraph (1), the Council shall consider all relevant performance factors, including—

Regulations.

(A) Amtrak's operation as a national passenger rail system which provides access to all regions of the country and ties together existing and emerging rail passenger corridors;

(B) appropriate methods for adoption of uniform cost and accounting procedures throughout the Amtrak system, based on generally accepted accounting principles; and

(C) management efficiencies and revenue enhancements, including savings achieved through labor and contracting negotiations.

(3) MONITOR WORK-RULE SAVINGS.—If, after January 1, 1997, Amtrak enters into an agreement involving work-rules intended to achieve savings with an organization representing Amtrak employees, then Amtrak shall report quarterly to the Council—

(A) the savings realized as a result of the agreement; and

(B) how the savings are allocated.

(h) ANNUAL REPORT.—Each year before the fifth anniversary of the date of enactment of this Act, the Council shall submit to the Congress a report that includes an assessment of—

(1) Amtrak's progress on the resolution of productivity issues; or

(2) the status of those productivity issues, and makes recommendations for improvements and for any changes in law it believes to be necessary or appropriate.

(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Council such sums as may be necessary to enable the Council to carry out its duties.

SEC. 204. SUNSET TRIGGER.

(a) IN GENERAL.—If at any time more than 2 years after the date of enactment of this Act and implementation of the financial plan referred to in section 24104(d) of title 49, United States Code, as amended by section 201 of this Act, the Amtrak Reform Council finds that—

(1) Amtrak's business performance will prevent it from meeting the financial goals set forth in section 24104(d) of title 49, United States Code, as amended by section 201 of this Act; or

(2) Amtrak will require operating grant funds after the fifth anniversary of the date of enactment of this Act, then the Council shall immediately notify the President, the Committee on Commerce, Science, and Transportation of the United States Senate, and the Committee on Transportation and Infrastructure of the United States House of Representatives.

(b) FACTORS CONSIDERED.—In making a finding under subsection (a), the Council shall take into account—

(1) Amtrak's performance;

(2) the findings of the independent assessment conducted under section 202;

(3) the level of Federal funds made available for carrying out the financial plan referred to in section 24104(d) of title 49, United States Code, as amended by section 201 of this Act; and

(4) Acts of God, national emergencies, and other events beyond the reasonable control of Amtrak.

49 USC 24101
note.

(c) ACTION PLAN.—Within 90 days after the Council makes a finding under subsection (a)—

(1) it shall develop and submit to the Congress an action plan for a restructured and rationalized national intercity rail passenger system; and

(2) Amtrak shall develop and submit to the Congress an action plan for the complete liquidation of Amtrak, after having the plan reviewed by the Inspector General of the Department of Transportation and the General Accounting Office for accuracy and reasonableness.

49 USC 24101
note.

**SEC. 205. SENATE PROCEDURE FOR CONSIDERATION OF
RESTRUCTURING AND LIQUIDATION PLANS.**

(a) IN GENERAL.—If, within 90 days (not counting any day on which either House is not in session) after a restructuring plan is submitted to the House of Representatives and the Senate by the Amtrak Reform Council under section 204 of this Act, an implementing Act with respect to a restructuring plan (without regard to whether it is the plan submitted) has not been passed by the Congress, then a liquidation disapproval resolution shall be introduced in the Senate by the Majority Leader of the Senate, for himself and the Minority Leader of the Senate, or by Members of the Senate designated by the Majority Leader and Minority Leader of the Senate. The liquidation disapproval resolution shall be held at the desk at the request of the Presiding Officer.

(b) CONSIDERATION IN THE SENATE.—

(1) REFERRAL AND REPORTING.—A liquidation disapproval resolution introduced in the Senate shall be placed directly and immediately on the Calendar.

(2) IMPLEMENTING RESOLUTION FROM HOUSE.—When the Senate receives from the House of Representatives a liquidation disapproval resolution, the resolution shall not be referred to committee and shall be placed on the Calendar.

(3) CONSIDERATION OF SINGLE LIQUIDATION DISAPPROVAL RESOLUTION.—After the Senate has proceeded to the consideration of a liquidation disapproval resolution under this subsection, then no other liquidation disapproval resolution originating in that same House shall be subject to the procedures set forth in this section.

(4) AMENDMENTS.—No amendment to the resolution is in order except an amendment that is relevant to liquidation of Amtrak. Consideration of the resolution for amendment shall not exceed one hour excluding time for recorded votes and quorum calls. No amendment shall be subject to further amendment, except for perfecting amendments.

(5) MOTION NONDEBATABLE.—A motion to proceed to consideration of a liquidation disapproval resolution under this subsection shall not be debatable. It shall not be in order to move to reconsider the vote by which the motion to proceed was adopted or rejected, although subsequent motions to proceed may be made under this paragraph.

(6) LIMIT ON CONSIDERATION.—

(A) After no more than 20 hours of consideration of a liquidation disapproval resolution, the Senate shall proceed, without intervening action or debate (except as permitted under paragraph (9)), to vote on the final disposition thereof to the exclusion of all amendments not then pending

and to the exclusion of all motions, except a motion to reconsider or table.

(B) The time for debate on the liquidation disapproval resolution shall be equally divided between the Majority Leader and the Minority Leader or their designees.

(7) DEBATE OF AMENDMENTS.—Debate on any amendment to a liquidation disapproval resolution shall be limited to one hour, equally divided and controlled by the Senator proposing the amendment and the majority manager, unless the majority manager is in favor of the amendment, in which case the minority manager shall be in control of the time in opposition.

(8) NO MOTION TO RECOMMIT.—A motion to recommit a liquidation disapproval resolution shall not be in order.

(9) DISPOSITION OF SENATE RESOLUTION.—If the Senate has read for the third time a liquidation disapproval resolution that originated in the Senate, then it shall be in order at any time thereafter to move to proceed to the consideration of a liquidation disapproval resolution for the same special message received from the House of Representatives and placed on the Calendar pursuant to paragraph (2), strike all after the enacting clause, substitute the text of the Senate liquidation disapproval resolution, agree to the Senate amendment, and vote on final disposition of the House liquidation disapproval resolution, all without any intervening action or debate.

(10) CONSIDERATION OF HOUSE MESSAGE.—Consideration in the Senate of all motions, amendments, or appeals necessary to dispose of a message from the House of Representatives on a liquidation disapproval resolution shall be limited to not more than 4 hours. Debate on each motion or amendment shall be limited to 30 minutes. Debate on any appeal or point of order that is submitted in connection with the disposition of the House message shall be limited to 20 minutes. Any time for debate shall be equally divided and controlled by the proponent and the majority manager, unless the majority manager is a proponent of the motion, amendment, appeal, or point of order, in which case the minority manager shall be in control of the time in opposition.

(c) CONSIDERATION IN CONFERENCE.—

(1) CONVENING OF CONFERENCE.—In the case of disagreement between the two Houses of Congress with respect to a liquidation disapproval resolution passed by both Houses, conferees should be promptly appointed and a conference promptly convened, if necessary.

(2) SENATE CONSIDERATION.—Consideration in the Senate of the conference report and any amendments in disagreement on a liquidation disapproval resolution shall be limited to not more than 4 hours equally divided and controlled by the Majority Leader and the Minority Leader or their designees. A motion to recommit the conference report is not in order.

(d) DEFINITIONS.—For purposes of this section—

(1) LIQUIDATION DISAPPROVAL RESOLUTION.—The term “liquidation disapproval resolution” means only a resolution of either House of Congress which is introduced as provided in subsection (a) with respect to the liquidation of Amtrak.

(2) RESTRUCTURING PLAN.—The term “restructuring plan” means a plan to provide for a restructured and rationalized national intercity rail passenger transportation system.

(e) RULES OF SENATE.—This section is enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate, and as such they are deemed a part of the rules of the Senate, but applicable only with respect to the procedure to be followed in the Senate in the case of a liquidation disapproval resolution; and they supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of the Senate to change the rules (so far as relating to the procedure of the Senate) at any time, in the same manner and to the same extent as in the case of any other rule of the Senate.

SEC. 206. ACCESS TO RECORDS AND ACCOUNTS.

Section 24315 is amended by adding at the end the following new subsection:

“(h) ACCESS TO RECORDS AND ACCOUNTS.—A State shall have access to Amtrak’s records, accounts, and other necessary documents used to determine the amount of any payment to Amtrak required of the State.”.

SEC. 207. OFFICERS’ PAY.

Section 24303(b) is amended by adding at the end the following: “The preceding sentence shall not apply for any fiscal year for which no Federal assistance is provided to Amtrak.”.

SEC. 208. EXEMPTION FROM TAXES.

Section 24301(l)(1) is amended—

(1) by striking so much as precedes “exempt from a tax” and inserting the following:

“(1) IN GENERAL.—Amtrak, a rail carrier subsidiary of Amtrak, and any passenger or other customer of Amtrak or such subsidiary, are”;

(2) by striking “tax or fee imposed” and all that follows through “levied on it” and inserting “tax, fee, head charge, or other charge, imposed or levied by a State, political subdivision, or local taxing authority on Amtrak, a rail carrier subsidiary of Amtrak, or on persons traveling in intercity rail passenger transportation or on mail or express transportation provided by Amtrak or such a subsidiary, or on the carriage of such persons, mail, or express, or on the sale of any such transportation, or on the gross receipts derived therefrom”; and

(3) by amending the last sentence thereof to read as follows: “In the case of a tax or fee that Amtrak was required to pay as of September 10, 1982, Amtrak is not exempt from such tax or fee if it was assessed before April 1, 1997.”.

49 USC 24104
note.

SEC. 209. LIMITATION ON USE OF TAX REFUND.

(a) IN GENERAL.—Amtrak may not use any amount received under section 977 of the Taxpayer Relief Act of 1997—

(1) for any purpose other than making payments to non-Amtrak States (pursuant to section 977(c) of that Act), or the financing of qualified expenses (as that term is defined in section 977(e)(1) of that Act); or

(2) to offset other amounts used for any purpose other than the financing of such expenses.

(b) REPORT BY ARC.—The Amtrak Reform Council shall report quarterly to the Congress on the use of amounts received by Amtrak under section 977 of the Taxpayer Relief Act of 1997.

TITLE III—AUTHORIZATION OF APPROPRIATIONS

SEC. 301. AUTHORIZATION OF APPROPRIATIONS.

(a) AMENDMENT.—Section 24104(a) is amended to read as follows:

“(a) IN GENERAL.—There are authorized to be appropriated to the Secretary of Transportation—

- “(1) \$1,138,000,000 for fiscal year 1998;
- “(2) \$1,058,000,000 for fiscal year 1999;
- “(3) \$1,023,000,000 for fiscal year 2000;
- “(4) \$989,000,000 for fiscal year 2001; and
- “(5) \$955,000,000 for fiscal year 2002,

for the benefit of Amtrak for capital expenditures under chapters 243, 247, and 249 of this title, operating expenses, and payments described in subsection (c)(1) (A) through (C). In fiscal years following the fifth anniversary of the enactment of the Amtrak Reform and Accountability Act of 1997 no funds authorized for Amtrak shall be used for operating expenses other than those prescribed for tax liabilities under section 3221 of the Internal Revenue Code of 1986 that are more than the amount needed for benefits of individuals who retire from Amtrak and for their beneficiaries.”.

(b) AMTRAK REFORM LEGISLATION.—This Act constitutes Amtrak reform legislation within the meaning of section 977(f)(1) of the Taxpayer Relief Act of 1997.

26 USC 172 note.

TITLE IV—MISCELLANEOUS

SEC. 401. STATUS AND APPLICABLE LAWS.

Section 24301 is amended—

(1) by striking “rail carrier under section 10102” in subsection (a)(1) and inserting “railroad carrier under section 20102(2) and chapters 261 and 281”; and

(2) by amending subsection (c) to read as follows:

“(c) APPLICATION OF SUBTITLE IV.—Subtitle IV of this title shall not apply to Amtrak, except for sections 11301, 11322(a), 11502, and 11706. Notwithstanding the preceding sentence, Amtrak shall continue to be considered an employer under the Railroad Retirement Act of 1974, the Railroad Unemployment Insurance Act, and the Railroad Retirement Tax Act.”.

SEC. 402. WASTE DISPOSAL.

Section 24301(m)(1)(A) is amended by striking “1996” and inserting “2001”.

SEC. 403. ASSISTANCE FOR UPGRADING FACILITIES.

Section 24310 and the item relating thereto in the table of sections for chapter 243 are repealed.

SEC. 404. DEMONSTRATION OF NEW TECHNOLOGY.

Section 24314 and the item relating thereto in the table of sections for chapter 243 are repealed.

SEC. 405. PROGRAM MASTER PLAN FOR BOSTON-NEW YORK MAIN LINE.

(a) **REPEAL.**—Section 24903 is repealed and the table of sections for chapter 249 is amended by striking the item relating to that section.

(b) **CONFORMING AMENDMENTS.**—

(1) Section 24902 is amended—

(A) by striking subsections (a), (c), and (d) and redesignating subsection (b) as subsection (a) and subsections (e) through (m) as subsections (b) through (j), respectively; and

(B) in subsection (j), as so redesignated by subparagraph (A) of this paragraph, by striking “(m)”.

(2) Section 24904(a) is amended—

(A) by inserting “and” at the end of paragraph (6);

(B) by striking “; and” at the end of paragraph (7) and inserting a period; and

(C) by striking paragraph (8).

SEC. 406. AMERICANS WITH DISABILITIES ACT OF 1990.

(a) **APPLICATION TO AMTRAK.**—

(1) **ACCESS IMPROVEMENTS AT CERTAIN SHARED STATIONS.**—Amtrak is responsible for its share, if any, of the costs of accessibility improvements required by the Americans With Disabilities Act of 1990 at any station jointly used by Amtrak and a commuter authority.

(2) **CERTAIN REQUIREMENTS NOT TO APPLY UNTIL 1998.**—Amtrak shall not be subject to any requirement under subsection (a)(1), (a)(3), or (e)(2) of section 242 of the Americans With Disabilities Act of 1990 (42 U.S.C. 12162) until January 1, 1998.

(b) **CONFORMING AMENDMENT.**—Section 24307 is amended—

(1) by striking subsection (b); and

(2) by redesignating subsection (c) as subsection (b).

SEC. 407. DEFINITIONS.

Section 24102 is amended—

(1) by striking paragraphs (2) and (11);

(2) by redesignating paragraphs (3) through (10) as paragraphs (2) through (9), respectively; and

(3) by inserting “, including a unit of State or local government,” after “means a person” in paragraph (7), as so redesignated.

SEC. 408. NORTHEAST CORRIDOR COST DISPUTE.

Section 1163 of the Northeast Rail Service Act of 1981 (45 U.S.C. 1111) is repealed.

SEC. 409. INSPECTOR GENERAL ACT OF 1978 AMENDMENT.

(a) **AMENDMENT.**—

(1) **IN GENERAL.**—Section 8G(a)(2) of the Inspector General Act of 1978 (5 U.S.C. App.) is amended by striking “Amtrak,”.

(2) **EFFECTIVE DATE.**—The amendment made by paragraph (1) shall take effect at the beginning of the first fiscal year after a fiscal year for which Amtrak receives no Federal subsidy.

49 USC 24307
note.

5 USC app. 8G
note.

(b) **AMTRAK NOT FEDERAL ENTITY.**—Amtrak shall not be considered a Federal entity for purposes of the Inspector General Act of 1978. The preceding sentence shall apply for any fiscal year for which Amtrak receives no Federal subsidy.

5 USC app. 8G note.

Applicability.

(c) **FEDERAL SUBSIDY.**—

5 USC app. 8G note.

(1) **ASSESSMENT.**—In any fiscal year for which Amtrak requests Federal assistance, the Inspector General of the Department of Transportation shall review Amtrak's operations and conduct an assessment similar to the assessment required by section 202(a). The Inspector General shall report the results of the review and assessment to—

Reports.

(A) the President of Amtrak;

(B) the Secretary of Transportation;

(C) the United States Senate Committee on Appropriations;

(D) the United States Senate Committee on Commerce, Science, and Transportation;

(E) the United States House of Representatives Committee on Appropriations; and

(F) the United States House of Representatives Committee on Transportation and Infrastructure.

(2) **REPORT.**—The report shall be submitted, to the extent practicable, before any such committee reports legislation authorizing or appropriating funds for Amtrak for capital acquisition, development, or operating expenses.

(3) **SPECIAL EFFECTIVE DATE.**—This subsection takes effect 1 year after the date of enactment of this Act.

SEC. 410. INTERSTATE RAIL COMPACTS.

49 USC 24101 note.

(a) **CONSENT TO COMPACTS.**—Congress grants consent to States with an interest in a specific form, route, or corridor of intercity passenger rail service (including high speed rail service) to enter into interstate compacts to promote the provision of the service, including—

(1) retaining an existing service or commencing a new service;

(2) assembling rights-of-way; and

(3) performing capital improvements, including—

(A) the construction and rehabilitation of maintenance facilities;

(B) the purchase of locomotives; and

(C) operational improvements, including communications, signals, and other systems.

(b) **FINANCING.**—An interstate compact established by States under subsection (a) may provide that, in order to carry out the compact, the States may—

(1) accept contributions from a unit of State or local government or a person;

(2) use any Federal or State funds made available for intercity passenger rail service (except funds made available for Amtrak);

(3) on such terms and conditions as the States consider advisable—

(A) borrow money on a short-term basis and issue notes for the borrowing; and

(B) issue bonds; and

(4) obtain financing by other means permitted under Federal or State law.

SEC. 411. BOARD OF DIRECTORS.

(a) AMENDMENT.—Section 24302 is amended to read as follows:

“§ 24302. Board of Directors

“(a) REFORM BOARD.—

“(1) ESTABLISHMENT AND DUTIES.—The Reform Board described in paragraph (2) shall assume the responsibilities of the Board of Directors of Amtrak by March 31, 1998, or as soon thereafter as at least 4 members have been appointed and qualified. The Board appointed under prior law shall be abolished when the Reform Board assumes such responsibilities.

“(2) MEMBERSHIP.—(A)(i) The Reform Board shall consist of 7 voting members appointed by the President, by and with the advice and consent of the Senate, for a term of 5 years.

“(ii) Notwithstanding clause (i), if the Secretary of Transportation is appointed to the Reform Board, such appointment shall not be subject to the advice and consent of the Senate. If appointed, the Secretary may be represented at Board meetings by his designee.

“(B) In selecting the individuals described in subparagraph (A) for nominations for appointments to the Reform Board, the President should consult with the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the Majority Leader of the Senate, and the Minority Leader of the Senate.

“(C) Appointments under subparagraph (A) shall be made from among individuals who—

“(i) have technical qualifications, professional standing, and demonstrated expertise in the fields of transportation or corporate or financial management;

“(ii) are not representatives of rail labor or rail management; and

“(iii) in the case of 6 of the 7 individuals selected, are not employees of Amtrak or of the United States.

“(D) The President of Amtrak shall serve as an ex officio, nonvoting member of the Reform Board.

“(3) CONFIRMATION PROCEDURE IN SENATE.—

“(A) This paragraph is enacted by the Congress—

“(i) as an exercise of the rulemaking power of the Senate, and as such it is deemed a part of the rules of the Senate, but applicable only with respect to the procedure to be followed in the Senate in the case of a motion to discharge; and it supersedes other rules only to the extent that it is inconsistent therewith; and

“(ii) with full recognition of the constitutional right of the Senate to change the rules (so far as relating to the procedure of the Senate) at any time, in the same manner and to the same extent as in the case of any other rule of the Senate.

“(B) If, by the first day of June on which the Senate is in session after a nomination is submitted to the Senate under this section, the committee to which the nomination

was referred has not reported the nomination, then it shall be discharged from further consideration of the nomination and the nomination shall be placed on the Executive Calendar.

“(C) It shall be in order at any time thereafter to move to proceed to the consideration of the nomination without any intervening action or debate.

“(D) After no more than 10 hours of debate on the nomination, which shall be evenly divided between, and controlled by, the Majority Leader and the Minority Leader, the Senate shall proceed without intervening action to vote on the nomination.

“(b) BOARD OF DIRECTORS.—Five years after the establishment of the Reform Board under subsection (a), a Board of Directors shall be selected—

“(1) if Amtrak has, during the then current fiscal year, received Federal assistance, in accordance with the procedures set forth in subsection (a)(2); or

“(2) if Amtrak has not, during the then current fiscal year, received Federal assistance, pursuant to bylaws adopted by the Reform Board (which shall provide for employee representation), and the Reform Board shall be dissolved.

“(c) AUTHORITY TO RECOMMEND PLAN.—The Reform Board shall have the authority to recommend to the Congress a plan to implement the recommendations of the 1997 Working Group on Inter-City Rail regarding the transfer of Amtrak’s infrastructure assets and responsibilities to a new separately governed corporation.”.

(b) EFFECT ON AUTHORIZATIONS.—If the Reform Board has not assumed the responsibilities of the Board of Directors of Amtrak before July 1, 1998, all provisions authorizing appropriations under the amendments made by section 301(a) of this Act for a fiscal year after fiscal year 1998 shall cease to be effective. The preceding sentence shall have no effect on funds provided to Amtrak pursuant to section 977 of the Taxpayer Relief Act of 1997.

49 USC 24104
note.

SEC. 412. EDUCATIONAL PARTICIPATION.

Amtrak shall participate in educational efforts with elementary and secondary schools to inform students on the advantages of rail travel and the need for rail safety.

49 USC 24305
note.

SEC. 413. REPORT TO CONGRESS ON AMTRAK BANKRUPTCY.

Within 120 days after the date of enactment of this Act, the Comptroller General shall submit a report identifying financial and other issues associated with an Amtrak bankruptcy to the United States Senate Committee on Commerce, Science, and Transportation and to the United States House of Representatives Committee on Transportation and Infrastructure. The report shall include an analysis of the implications of such a bankruptcy on the Federal Government, Amtrak’s creditors, and the Railroad Retirement System.

SEC. 414. AMTRAK TO NOTIFY CONGRESS OF LOBBYING RELATIONSHIPS.

If, at any time, during a fiscal year in which Amtrak receives Federal assistance, Amtrak enters into a consulting contract or similar arrangement, or a contract for lobbying, with a lobbying firm, an individual who is a lobbyist, or who is affiliated with a lobbying firm, as those terms are defined in section 3 of the

49 USC 24315
note.

Lobbying Disclosure Act of 1995 (2 U.S.C. 1602), Amtrak shall notify the United States Senate Committee on Commerce, Science, and Transportation, and the United States House of Representatives Committee on Transportation and Infrastructure of—

- (1) the name of the individual or firm involved;
- (2) the purpose of the contract or arrangement; and
- (3) the amount and nature of Amtrak's financial obligation under the contract.

This section applies only to contracts, renewals or extensions of contracts, or arrangements entered into after the date of the enactment of this Act.

SEC. 415. FINANCIAL POWERS.

(a) CAPITALIZATION.—(1) Section 24304 is amended to read as follows:

“§ 24304. Employee stock ownership plans

“In issuing stock pursuant to applicable corporate law, Amtrak is encouraged to include employee stock ownership plans.”.

(2) The item relating to section 24304 in the table of sections of chapter 243 is amended to read as follows:

“24304. Employee stock ownership plans.”.

49 USC 24304
note.

(b) REDEMPTION OF COMMON STOCK.—Amtrak shall, before October 1, 2002, redeem all common stock previously issued, for the fair market value of such stock.

49 USC 24304
note.

(c) ELIMINATION OF LIQUIDATION PREFERENCE AND VOTING RIGHTS OF PREFERRED STOCK.—(1)(A) Preferred stock of Amtrak held by the Secretary of Transportation shall confer no liquidation preference.

Effective date.

(B) Subparagraph (A) shall take effect 90 days after the date of the enactment of this Act.

(2)(A) Preferred stock of Amtrak held by the Secretary of Transportation shall confer no voting rights.

Effective date.

(B) Subparagraph (A) shall take effect 60 days after the date of the enactment of this Act.

(d) STATUS AND APPLICABLE LAWS.—(1) Section 24301(a)(3) is amended by inserting “, and shall not be subject to title 31” after “United States Government”.

(2) Section 9101(2) of title 31, United States Code, relating to Government corporations, is amended by striking subparagraph

(A) and redesignating subparagraphs (B) through (L) as subparagraphs (A) through (K), respectively.

Approved December 2, 1997.

LEGISLATIVE HISTORY—S. 738 (H.R. 2247):

HOUSE REPORTS: No. 105–251 accompanying H.R. 2247 (Comm. on Transportation and Infrastructure).

SENATE REPORTS: No. 105–85 (Comm. on Commerce, Science, and Transportation).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 7, considered and passed Senate.

Nov. 13, considered and passed House, amended. Senate concurred in House amendment.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Dec. 2, Presidential statement.



Public Law 105–135
105th Congress

An Act

Dec. 2, 1997
[S. 1139]

Small Business
Reauthorization
Act of 1997.
15 USC 631 note.

To reauthorize the programs of the Small Business Administration, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Small Business Reauthorization Act of 1997”.

(b) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Definitions.
- Sec. 3. Effective date.

TITLE I—AUTHORIZATIONS

- Sec. 101. Authorizations.

TITLE II—FINANCIAL ASSISTANCE

Subtitle A—Microloan Program

- Sec. 201. Microloan program.
- Sec. 202. Welfare-to-work microloan initiative.

Subtitle B—Small Business Investment Company Program

- Sec. 211. 5-year commitments for SBICs at option of Administrator.
- Sec. 212. Underserved areas.
- Sec. 213. Private capital.
- Sec. 214. Fees.
- Sec. 215. Small business investment company program reform.
- Sec. 216. Examination fees.

Subtitle C—Certified Development Company Program

- Sec. 221. Loans for plant acquisition, construction, conversion, and expansion.
- Sec. 222. Development company debentures.
- Sec. 223. Premier certified lenders program.

Subtitle D—Miscellaneous Provisions

- Sec. 231. Background check of loan applicants.
- Sec. 232. Report on increased lender approval, servicing, foreclosure, liquidation, and litigation of section 7(a) loans.
- Sec. 233. Completion of planning for loan monitoring system.

TITLE III—WOMEN’S BUSINESS ENTERPRISES

- Sec. 301. Interagency committee participation.
- Sec. 302. Reports.
- Sec. 303. Council duties.
- Sec. 304. Council membership.
- Sec. 305. Authorization of appropriations.
- Sec. 306. National Women’s Business Council procurement project.
- Sec. 307. Studies and other research.

Sec. 308. Women’s business centers.

TITLE IV—COMPETITIVENESS PROGRAM AND PROCUREMENT
OPPORTUNITIES

Subtitle A—Small Business Competitiveness Program

- Sec. 401. Program term.
- Sec. 402. Monitoring agency performance.
- Sec. 403. Reports to Congress.
- Sec. 404. Small business participation in dredging.
- Sec. 405. Technical amendments.

Subtitle B—Small Business Procurement Opportunities Program

- Sec. 411. Contract bundling.
- Sec. 412. Definition of contract bundling.
- Sec. 413. Assessing proposed contract bundling.
- Sec. 414. Reporting of bundled contract opportunities.
- Sec. 415. Evaluating subcontract participation in awarding contracts.
- Sec. 416. Improved notice of subcontracting opportunities.
- Sec. 417. Deadlines for issuance of regulations.

TITLE V—MISCELLANEOUS PROVISIONS

- Sec. 501. Small Business Technology Transfer program.
- Sec. 502. Small Business Development Centers.
- Sec. 503. Pilot preferred surety bond guarantee program extension.
- Sec. 504. Extension of cosponsorship authority.
- Sec. 505. Asset sales.
- Sec. 506. Small business export promotion.
- Sec. 507. Defense Loan and Technical Assistance program.
- Sec. 508. Very small business concerns.
- Sec. 509. Trade assistance program for small business concerns adversely affected by NAFTA.

TITLE VI—HUBZONE PROGRAM

- Sec. 601. Short title.
- Sec. 602. Historically underutilized business zones.
- Sec. 603. Technical and conforming amendments to the Small Business Act.
- Sec. 604. Other technical and conforming amendments.
- Sec. 605. Regulations.
- Sec. 606. Report.
- Sec. 607. Authorization of appropriations.

TITLE VII—SERVICE DISABLED VETERANS

- Sec. 701. Purposes.
- Sec. 702. Definitions.
- Sec. 703. Report by Small Business Administration.
- Sec. 704. Information collection.
- Sec. 705. State of small business report.
- Sec. 706. Loans to veterans.
- Sec. 707. Entrepreneurial training, counseling, and management assistance.
- Sec. 708. Grants for eligible veterans’ outreach programs.
- Sec. 709. Outreach for eligible veterans.

SEC. 2. DEFINITIONS.

15 USC 631 note.

In this Act—

- (1) the term “Administration” means the Small Business Administration;
- (2) the term “Administrator” means the Administrator of the Small Business Administration;
- (3) the term “Committees” means the Committees on Small Business of the House of Representatives and the Senate; and
- (4) the term “small business concern” has the meaning given the term in section 3 of the Small Business Act (15 U.S.C. 632).

SEC. 3. EFFECTIVE DATE.

15 USC 631 note.

This Act and the amendments made by this Act shall take effect on October 1, 1997.

TITLE I—AUTHORIZATIONS

SEC. 101. AUTHORIZATIONS.

Section 20 of the Small Business Act (15 U.S.C. 631 note) is amended by striking subsections (c) through (q) and inserting the following:

“(c) FISCAL YEAR 1998.—

“(1) PROGRAM LEVELS.—The following program levels are authorized for fiscal year 1998:

“(A) For the programs authorized by this Act, the Administration is authorized to make—

“(i) \$40,000,000 in technical assistance grants, as provided in section 7(m); and

“(ii) \$60,000,000 in direct loans, as provided in section 7(m).

“(B) For the programs authorized by this Act, the Administration is authorized to make \$16,040,000,000 in deferred participation loans and other financings. Of such sum, the Administration is authorized to make—

“(i) \$12,000,000,000 in general business loans as provided in section 7(a);

“(ii) \$3,000,000,000 in financings as provided in section 7(a)(13) of this Act and section 504 of the Small Business Investment Act of 1958;

“(iii) \$1,000,000,000 in loans as provided in section 7(a)(21); and

“(iv) \$40,000,000 in loans as provided in section 7(m).

“(C) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make—

“(i) \$700,000,000 in purchases of participating securities; and

“(ii) \$600,000,000 in guarantees of debentures.

“(D) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed \$2,000,000,000, of which not more than \$650,000,000 may be in bonds approved pursuant to section 411(a)(3) of that Act.

“(E) The Administration is authorized to make grants or enter into cooperative agreements—

“(i) for the Service Corps of Retired Executives program authorized by section 8(b)(1), \$4,000,000; and

“(ii) for activities of small business development centers pursuant to section 21(c)(3)(G), \$15,000,000, to remain available until expended.

“(2) ADDITIONAL AUTHORIZATIONS.—

“(A) There are authorized to be appropriated to the Administration for fiscal year 1998 such sums as may be necessary to carry out this Act, including administrative expenses and necessary loan capital for disaster loans pursuant to section 7(b), and to carry out the Small Business Investment Act of 1958, including salaries and expenses of the Administration.

“(B) Notwithstanding subparagraph (A), for fiscal year 1998—

“(i) no funds are authorized to be provided to carry out the loan program authorized by section 7(a)(21) except by transfer from another Federal department or agency to the Administration, unless the program level authorized for general business loans under paragraph (1)(B)(i) is fully funded; and

“(ii) the Administration may not approve loans on behalf of the Administration or on behalf of any other department or agency, by contract or otherwise, under terms and conditions other than those specifically authorized under this Act or the Small Business Investment Act of 1958, except that it may approve loans under section 7(a)(21) of this Act in gross amounts of not more than \$1,250,000.

“(d) FISCAL YEAR 1999.—

“(1) PROGRAM LEVELS.—The following program levels are authorized for fiscal year 1999:

“(A) For the programs authorized by this Act, the Administration is authorized to make—

“(i) \$40,000,000 in technical assistance grants as provided in section 7(m); and

“(ii) \$60,000,000 in direct loans, as provided in section 7(m).

“(B) For the programs authorized by this Act, the Administration is authorized to make \$17,540,000,000 in deferred participation loans and other financings. Of such sum, the Administration is authorized to make—

“(i) \$13,000,000,000 in general business loans as provided in section 7(a);

“(ii) \$3,500,000,000 in financings as provided in section 7(a)(13) of this Act and section 504 of the Small Business Investment Act of 1958;

“(iii) \$1,000,000,000 in loans as provided in section 7(a)(21); and

“(iv) \$40,000,000 in loans as provided in section 7(m).

“(C) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make—

“(i) \$800,000,000 in purchases of participating securities; and

“(ii) \$700,000,000 in guarantees of debentures.

“(D) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed \$2,000,000,000, of which not more than \$650,000,000 may be in bonds approved pursuant to section 411(a)(3) of that Act.

“(E) The Administration is authorized to make grants or enter cooperative agreements—

“(i) for the Service Corps of Retired Executives program authorized by section 8(b)(1), \$4,500,000; and

“(ii) for activities of small business development centers pursuant to section 21(c)(3)(G), not to exceed \$15,000,000, to remain available until expended.

“(2) ADDITIONAL AUTHORIZATIONS.—

“(A) There are authorized to be appropriated to the Administration for fiscal year 1999 such sums as may be necessary to carry out this Act, including administrative expenses and necessary loan capital for disaster loans pursuant to section 7(b), and to carry out the Small Business Investment Act of 1958, including salaries and expenses of the Administration.

“(B) Notwithstanding subparagraph (A), for fiscal year 1999—

“(i) no funds are authorized to be provided to carry out the loan program authorized by section 7(a)(21) except by transfer from another Federal department or agency to the Administration, unless the program level authorized for general business loans under paragraph (1)(B)(i) is fully funded; and

“(ii) the Administration may not approve loans on behalf of the Administration or on behalf of any other department or agency, by contract or otherwise, under terms and conditions other than those specifically authorized under this Act or the Small Business Investment Act of 1958, except that it may approve loans under section 7(a)(21) of this Act in gross amounts of not more than \$1,250,000.

“(e) FISCAL YEAR 2000.—

“(1) PROGRAM LEVELS.—The following program levels are authorized for fiscal year 2000:

“(A) For the programs authorized by this Act, the Administration is authorized to make—

“(i) \$40,000,000 in technical assistance grants as provided in section 7(m); and

“(ii) \$60,000,000 in direct loans, as provided in section 7(m).

“(B) For the programs authorized by this Act, the Administration is authorized to make \$20,040,000,000 in deferred participation loans and other financings. Of such sum, the Administration is authorized to make—

“(i) \$14,500,000,000 in general business loans as provided in section 7(a);

“(ii) \$4,500,000,000 in financings as provided in section 7(a)(13) of this Act and section 504 of the Small Business Investment Act of 1958;

“(iii) \$1,000,000,000 in loans as provided in section 7(a)(21); and

“(iv) \$40,000,000 in loans as provided in section 7(m).

“(C) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make—

“(i) \$900,000,000 in purchases of participating securities; and

“(ii) \$800,000,000 in guarantees of debentures.

“(D) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed \$2,000,000,000, of which not more than

\$650,000,000 may be in bonds approved pursuant to section 411(a)(3) of that Act.

“(E) The Administration is authorized to make grants or enter cooperative agreements—

“(i) for the Service Corps of Retired Executives program authorized by section 8(b)(1), \$5,000,000; and

“(ii) for activities of small business development centers pursuant to section 21(c)(3)(G), not to exceed \$15,000,000, to remain available until expended.

“(2) ADDITIONAL AUTHORIZATIONS.—

“(A) There are authorized to be appropriated to the Administration for fiscal year 2000 such sums as may be necessary to carry out this Act, including administrative expenses and necessary loan capital for disaster loans pursuant to section 7(b), and to carry out the Small Business Investment Act of 1958, including salaries and expenses of the Administration.

“(B) Notwithstanding subparagraph (A), for fiscal year 2000—

“(i) no funds are authorized to be provided to carry out the loan program authorized by section 7(a)(21) except by transfer from another Federal department or agency to the Administration, unless the program level authorized for general business loans under paragraph (1)(B)(i) is fully funded; and

“(ii) the Administration may not approve loans on behalf of the Administration or on behalf of any other department or agency, by contract or otherwise, under terms and conditions other than those specifically authorized under this Act or the Small Business Investment Act of 1958, except that it may approve loans under section 7(a)(21) of this Act in gross amounts of not more than \$1,250,000.”.

TITLE II—FINANCIAL ASSISTANCE

Subtitle A—Microloan Program

SEC. 201. MICROLOAN PROGRAM.

(a) **LOAN LIMITS.**—Section 7(m)(3)(C) of the Small Business Act (15 U.S.C. 636(m)(3)(C)) is amended by striking “\$2,500,000” and inserting “\$3,500,000”.

(b) **LOAN LOSS RESERVE FUND.**—Section 7(m)(3)(D) of the Small Business Act (15 U.S.C. 636(m)(3)(D)) is amended by striking clauses (i) and (ii), and inserting the following:

“(i) during the initial 5 years of the intermediary’s participation in the program under this subsection, at a level equal to not more than 15 percent of the outstanding balance of the notes receivable owed to the intermediary; and

“(ii) in each year of participation thereafter, at a level equal to not more than the greater of—

“(I) 2 times an amount reflecting the total losses of the intermediary as a result of participation in the program under this subsection, as determined by the Administrator on a case-by-case basis; or

“(II) 10 percent of the outstanding balance of the notes receivable owed to the intermediary.”.

(c) **AUTHORIZATION OF APPROPRIATIONS.**—Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended—

(1) in the subsection heading, by striking “DEMONSTRATION”;

(2) by striking “Demonstration” each place that term appears;

(3) by striking “demonstration” each place that term appears; and

(4) in paragraph (12), by striking “during fiscal years 1995 through 1997” and inserting “during fiscal years 1998 through 2000”.

(d) **TECHNICAL ASSISTANCE GRANTS.**—Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended—

(1) in paragraph (4)(E)—

(A) by striking “Each intermediary” and inserting the following:

“(i) **IN GENERAL.**—Each intermediary”;

(B) by striking “15” and inserting “25”; and

(C) by adding at the end the following:

“(ii) **TECHNICAL ASSISTANCE.**—An intermediary may expend not more than 25 percent of the funds received under paragraph (1)(B)(ii) to enter into third party contracts for the provision of technical assistance.”; and

(2) in paragraph (5)(A)—

(A) by striking “in each of the 5 years of the demonstration program established under this subsection,”; and

(B) by striking “for terms of up to 5 years” and inserting “annually”.

SEC. 202. WELFARE-TO-WORK MICROLOAN INITIATIVE.

(a) **INITIATIVE.**—Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended—

(1) in paragraph (1)(A)—

(A) in clause (ii), by striking “and” at the end;

(B) in clause (iii), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following:

“(iv) to establish a welfare-to-work microloan initiative, which shall be administered by the Administration, in order to test the feasibility of supplementing the technical assistance grants provided under clauses (ii) and (iii) of subparagraph (B) to individuals who are receiving assistance under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), or under any comparable State funded means tested program of assistance for low-income individuals, in order to adequately assist those individuals in—

“(I) establishing small businesses; and

“(II) eliminating their dependence on that assistance.”;

(2) in paragraph (4), by adding at the end the following:

“(F) SUPPLEMENTAL GRANT.—

“(i) IN GENERAL.—The Administration may accept any funds transferred to the Administration from other departments or agencies of the Federal Government to make grants in accordance with this subparagraph and section 202(b) of the Small Business Reauthorization Act of 1997 to participating intermediaries and technical assistance providers under paragraph (5), for use in accordance with clause (iii) to provide additional technical assistance and related services to recipients of assistance under a State program described in paragraph (1)(A)(iv) at the time they initially apply for assistance under this subparagraph.

“(ii) ELIGIBLE RECIPIENTS; GRANT AMOUNTS.—In making grants under this subparagraph, the Administration may select, from among participating intermediaries and technical assistance providers described in clause (i), not more than 20 grantees in fiscal year 1998, not more than 25 grantees in fiscal year 1999, and not more than 30 grantees in fiscal year 2000, each of whom may receive a grant under this subparagraph in an amount not to exceed \$200,000 per year.

“(iii) USE OF GRANT AMOUNTS.—Grants under this subparagraph—

“(I) are in addition to other grants provided under this subsection and shall not require the contribution of matching amounts as a condition of eligibility; and

“(II) may be used by a grantee—

“(aa) to pay or reimburse a portion of child care and transportation costs of recipients of assistance described in clause (i), to the extent such costs are not otherwise paid by State block grants under the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) or under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

“(bb) for marketing, management, and technical assistance to recipients of assistance described in clause (i).

“(iv) MEMORANDUM OF UNDERSTANDING.—Prior to accepting any transfer of funds under clause (i) from a department or agency of the Federal Government, the Administration shall enter into a Memorandum of Understanding with the department or agency, which shall—

“(I) specify the terms and conditions of the grants under this subparagraph; and

“(II) provide for appropriate monitoring of expenditures by each grantee under this subparagraph and each recipient of assistance described in clause (i) who receives assistance from a grantee

under this subparagraph, in order to ensure compliance with this subparagraph by those grantees and recipients of assistance.”;

(3) in paragraph (6), by adding at the end the following:

“(E) ESTABLISHMENT OF CHILD CARE OR TRANSPORTATION BUSINESSES.—In addition to other eligible small businesses concerns, borrowers under any program under this subsection may include individuals who will use the loan proceeds to establish for-profit or nonprofit child care establishments or businesses providing for-profit transportation services.”;

(4) in paragraph (9)—

(A) by striking the paragraph designation and paragraph heading and inserting the following:

“(9) GRANTS FOR MANAGEMENT, MARKETING, TECHNICAL ASSISTANCE, AND RELATED SERVICES.—”; and

(B) by adding at the end the following:

“(C) WELFARE-TO-WORK MICROLOAN INITIATIVE.—Of amounts made available to carry out the welfare-to-work microloan initiative under paragraph (1)(A)(iv) in any fiscal year, the Administration may use not more than 5 percent to provide technical assistance, either directly or through contractors, to welfare-to-work microloan initiative grantees, to ensure that, as grantees, they have the knowledge, skills, and understanding of microlending and welfare-to-work transition, and other related issues, to operate a successful welfare-to-work microloan initiative.”; and

(5) by adding at the end the following:

“(13) EVALUATION OF WELFARE-TO-WORK MICROLOAN INITIATIVE.—On January 31, 1999, and annually thereafter, the Administration shall submit to the Committees on Small Business of the House of Representatives and the Senate a report on any monies distributed pursuant to paragraph (4)(F).”.

Reports.

15 USC 636 note.

(b) TRANSFER OF FUNDS.—

(1) IN GENERAL.—No funds are authorized to be appropriated or otherwise provided to carry out the grant program under section 7(m)(4)(F) of the Small Business Act (15 U.S.C. 636(m)(4)(F)) (as added by this section), except by transfer from another department or agency of the Federal Government to the Administration in accordance with this subsection.

(2) LIMITATION ON AMOUNTS.—The total amount transferred to the Administration from other departments and agencies of the Federal Government to carry out the grant program under section 7(m)(4)(F) of the Small Business Act (15 U.S.C. 636(m)(4)(F)) (as added by this section) shall not exceed—

(A) \$3,000,000 for fiscal year 1998;

(B) \$4,000,000 for fiscal year 1999; and

(C) \$5,000,000 for fiscal year 2000.

Subtitle B—Small Business Investment Company Program

SEC. 211. 5-YEAR COMMITMENTS FOR SBICs AT OPTION OF ADMINISTRATOR.

Section 20(a)(2) of the Small Business Act (15 U.S.C. 631 note) is amended in the last sentence by striking “the following fiscal

year” and inserting “any 1 or more of the 4 subsequent fiscal years”.

SEC. 212. UNDERSERVED AREAS.

Section 301(c)(4)(B) of the Small Business Investment Act of 1958 (15 U.S.C. 681(c)(4)(B)) is amended to read as follows:

“(B) **LEVERAGE.**—An applicant licensed pursuant to the exception provided in this paragraph shall not be eligible to receive leverage as a licensee until the applicant satisfies the requirements of section 302(a), unless the applicant—

“(i) files an application for a license not later than 180 days after the date of enactment of the Small Business Reauthorization Act of 1997;

“(ii) is located in a State that is not served by a licensee; and

“(iii) agrees to be limited to 1 tier of leverage available under section 302(b), until the applicant meets the requirements of section 302(a).”.

SEC. 213. PRIVATE CAPITAL.

Section 103(9)(B)(iii) of the Small Business Investment Act of 1958 (15 U.S.C. 662(9)(B)(iii)) is amended—

(1) by redesignating subclauses (I) and (II) as subclauses (II) and (III), respectively; and

(2) by inserting before subclause (II) (as redesignated) the following:

“(I) funds obtained from the business revenues (excluding any governmental appropriation) of any federally chartered or government-sponsored corporation established prior to October 1, 1987;”.

SEC. 214. FEES.

Section 301 of the Small Business Investment Act of 1958 (15 U.S.C. 681) is amended by adding at the end the following:

“(e) **FEES.**—

“(1) **IN GENERAL.**—The Administration may prescribe fees to be paid by each applicant for a license to operate as a small business investment company under this Act.

“(2) **USE OF AMOUNTS.**—Fees collected under this subsection—

“(A) shall be deposited in the account for salaries and expenses of the Administration; and

“(B) are authorized to be appropriated solely to cover the costs of licensing examinations.”.

SEC. 215. SMALL BUSINESS INVESTMENT COMPANY PROGRAM REFORM.

(a) **BANK INVESTMENTS.**—Section 302(b) of the Small Business Investment Act of 1958 (15 U.S.C. 682(b)) is amended by striking “1956,” and all that follows before the period and inserting the following: “1956, any national bank, or any member bank of the Federal Reserve System or nonmember insured bank to the extent permitted under applicable State law, may invest in any 1 or more small business investment companies, or in any entity established to invest solely in small business investment companies, except that in no event shall the total amount of such investments of any such bank exceed 5 percent of the capital and surplus of the bank”.

(b) INDEXING FOR LEVERAGE.—Section 303 of the Small Business Investment Act of 1958 (15 U.S.C. 683) is amended—

(1) in subsection (b)—

(A) in paragraph (2), by adding at the end the following:

“(D)(i) The dollar amounts in subparagraphs (A), (B), and (C) shall be adjusted annually to reflect increases in the Consumer Price Index established by the Bureau of Labor Statistics of the Department of Labor.

“(ii) The initial adjustments made under this subparagraph after the date of enactment of the Small Business Reauthorization Act of 1997 shall reflect only increases from March 31, 1993.”; and

(B) by striking paragraph (4) and inserting the following:

“(4) MAXIMUM AGGREGATE AMOUNT OF LEVERAGE.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), the aggregate amount of outstanding leverage issued to any company or companies that are commonly controlled (as determined by the Administrator) may not exceed \$90,000,000, as adjusted annually for increases in the Consumer Price Index.

“(B) EXCEPTIONS.—The Administrator may, on a case-by-case basis—

“(i) approve an amount of leverage that exceeds the amount described in subparagraph (A) for companies under common control; and

“(ii) impose such additional terms and conditions as the Administrator determines to be appropriate to minimize the risk of loss to the Administration in the event of default.

“(C) APPLICABILITY OF OTHER PROVISIONS.—Any leverage that is issued to a company or companies commonly controlled in an amount that exceeds \$90,000,000, whether as a result of an increase in the Consumer Price Index or a decision of the Administrator, is subject to subsection (d).”; and

(2) by striking subsection (d) and inserting the following:

“(d) REQUIRED CERTIFICATIONS.—

“(1) IN GENERAL.—The Administrator shall require each licensee, as a condition of approval of an application for leverage, to certify in writing—

“(A) for licensees with leverage less than or equal to \$90,000,000, that not less than 20 percent of the licensee’s aggregate dollar amount of financings will be provided to smaller enterprises; and

“(B) for licensees with leverage in excess of \$90,000,000, that, in addition to satisfying the requirements of subparagraph (A), 100 percent of the licensee’s aggregate dollar amount of financings made in whole or in part with leverage in excess of \$90,000,000 will be provided to smaller enterprises (as defined in section 103(12)).

“(2) MULTIPLE LICENSEES.—Multiple licensees under common control (as determined by the Administrator) shall be considered to be a single licensee for purposes of determining both the applicability of and compliance with the investment percentage requirements of this subsection.”.

(c) **TAX DISTRIBUTIONS.**—Section 303(g)(8) of the Small Business Investment Act of 1958 (15 U.S.C. 683(g)(8)) is amended by adding at the end the following: “A company may also elect to make a distribution under this paragraph at the end of any calendar quarter based on a quarterly estimate of the maximum tax liability. If a company makes 1 or more quarterly distributions for a calendar year, and the aggregate amount of those distributions exceeds the maximum amount that the company could have distributed based on a single annual computation, any subsequent distribution by the company under this paragraph shall be reduced by an amount equal to the excess amount distributed.”.

(d) **LEVERAGE FEE.**—Section 303(i) of the Small Business Investment Act of 1958 (15 U.S.C. 683(i)) is amended by striking “, payable upon” and all that follows before the period and inserting the following: “in the following manner: 1 percent upon the date on which the Administration enters into any commitment for such leverage with the licensee, and the balance of 2 percent (or 3 percent if no commitment has been entered into by the Administration) on the date on which the leverage is drawn by the licensee”.

(e) **PERIODIC ISSUANCE OF GUARANTEES AND TRUST CERTIFICATES.**—Section 320 of the Small Business Investment Act of 1958 (15 U.S.C. 687m) is amended by striking “three months” and inserting “6 months”.

SEC. 216. EXAMINATION FEES.

Section 310(b) of the Small Business Investment Act of 1958 (15 U.S.C. 687b(b)) is amended by inserting after the first sentence the following: “Fees collected under this subsection shall be deposited in the account for salaries and expenses of the Administration, and are authorized to be appropriated solely to cover the costs of examinations and other program oversight activities.”.

Subtitle C—Certified Development Company Program

SEC. 221. LOANS FOR PLANT ACQUISITION, CONSTRUCTION, CONVERSION, AND EXPANSION.

Section 502 of the Small Business Investment Act of 1958 (15 U.S.C. 696) is amended—

(1) by striking paragraph (1) and inserting the following:

“(1) **USE OF PROCEEDS.**—The proceeds of any such loan shall be used solely by the borrower to assist 1 or more identifiable small business concerns and for a sound business purpose approved by the Administration.”;

(2) in paragraph (3), by adding at the end the following:

“(D) **SELLER FINANCING.**—Seller-provided financing may be used to meet the requirements of subparagraph (B), if the seller subordinates the interest of the seller in the property to the debenture guaranteed by the Administration.

“(E) **COLLATERALIZATION.**—The collateral provided by the small business concern shall generally include a subordinate lien position on the property being financed under this title, and is only 1 of the factors to be evaluated in the credit determination. Additional collateral shall be required only if the Administration determines, on a case-

by-case basis, that additional security is necessary to protect the interest of the Government.”; and

(3) by adding at the end the following:

“(5) LIMITATION ON LEASING.—In addition to any portion of the project permitted to be leased under paragraph (4), not to exceed 20 percent of the project may be leased by the assisted small business to 1 or more other tenants, if the assisted small business occupies permanently and uses not less than a total of 60 percent of the space in the project after the execution of any leases authorized under this section.”.

SEC. 222. DEVELOPMENT COMPANY DEBENTURES.

Section 503 of the Small Business Investment Act of 1958 (15 U.S.C. 697) is amended—

(1) in subsection (b)(7), by striking subparagraph (A) and inserting the following:

“(A) assesses and collects a fee, which shall be payable by the borrower, in an amount established annually by the Administration, which amount shall not exceed the lesser of—

“(i) 0.9375 percent per year of the outstanding balance of the loan; and

“(ii) the minimum amount necessary to reduce the cost (as defined in section 502 of the Federal Credit Reform Act of 1990) to the Administration of purchasing and guaranteeing debentures under this Act to zero; and”;

(2) in subsection (f), by striking “1997” and inserting “2000”.

SEC. 223. PREMIER CERTIFIED LENDERS PROGRAM.

(a) IN GENERAL.—Section 508 of the Small Business Investment Act of 1958 (15 U.S.C. 697e) is amended—

(1) in subsection (a), by striking “not more than 15”;

(2) in subsection (b)—

(A) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by striking “if such company”;

(ii) by striking subparagraphs (A) and (B) and inserting the following:

“(A) if the company is an active certified development company in good standing and has been an active participant in the accredited lenders program during the entire 12-month period preceding the date on which the company submits an application under paragraph (1), except that the Administration may waive this requirement if the company is qualified to participate in the accredited lenders program;

“(B) if the company has a history of—

“(i) submitting to the Administration adequately analyzed debenture guarantee application packages; and

“(ii) of properly closing section 504 loans and servicing its loan portfolio;”;

(iii) in subparagraph (C)—

(I) by inserting “if the company” after “(C)”; and

(II) by striking the period at the end and inserting “; and”; and

(iv) by adding at the end the following:

“(D) the Administrator determines, with respect to the company, that the loss reserve established in accordance with subsection (c)(2) is sufficient for the company to meet its obligations to protect the Federal Government from risk of loss.”; and

(B) by adding at the end the following:

“(3) APPLICABILITY OF CRITERIA AFTER DESIGNATION.—The Administrator may revoke the designation of a certified development company as a premier certified lender under this section at any time, if the Administrator determines that the certified development company does not meet any requirement described in subparagraphs (A) through (D) of paragraph (2).”;

(3) by striking subsection (c) and inserting the following: “(c) LOSS RESERVE.—

“(1) ESTABLISHMENT.—A company designated as a premier certified lender shall establish a loss reserve for financing approved pursuant to this section.

“(2) AMOUNT.—The amount of each loss reserve established under paragraph (1) shall be 10 percent of the amount of the company’s exposure, as determined under subsection (b)(2)(C).

“(3) ASSETS.—Each loss reserve established under paragraph (1) shall be comprised of—

“(A) segregated funds on deposit in an account or accounts with a federally insured depository institution or institutions selected by the company, subject to a collateral assignment in favor of, and in a format acceptable to, the Administration;

“(B) irrevocable letter or letters of credit, with a collateral assignment in favor of, and a commercially reasonable format acceptable to, the Administration; or

“(C) any combination of the assets described in subparagraphs (A) and (B).

“(4) CONTRIBUTIONS.—The company shall make contributions to the loss reserve, either cash or letters of credit as provided above, in the following amounts and at the following intervals:

“(A) 50 percent when a debenture is closed.

“(B) 25 percent additional not later than 1 year after a debenture is closed.

“(C) 25 percent additional not later than 2 years after a debenture is closed.

“(5) REPLENISHMENT.—If a loss has been sustained by the Administration, any portion of the loss reserve, and other funds provided by the premier company as necessary, may be used to reimburse the Administration for the premier company’s 10 percent share of the loss as provided in subsection (b)(2)(C). If the company utilizes the reserve, within 30 days it shall replace an equivalent amount of funds.

“(6) DISBURSEMENTS.—The Administration shall allow the certified development company to withdraw from the loss reserve amounts attributable to any debenture that has been repaid.”;

(4) in subsection (d)(1), by striking “to approve loans” and inserting “to approve, authorize, close, service, foreclose, litigate (except that the Administration may monitor the conduct of

any such litigation to which a premier certified lender is a party), and liquidate loans”;

(5) in subsection (f), by striking “State or local” and inserting “certified”;

(6) in subsection (g), by striking the subsection heading and inserting the following:

“(g) EFFECT OF SUSPENSION OR REVOCATION.—”;

(7) by striking subsection (h) and inserting the following:

“(h) PROGRAM GOALS.—Each certified development company participating in the program under this section shall establish a goal of processing a minimum of not less than 50 percent of the loan applications for assistance under section 504 pursuant to the program authorized under this section.”; and

(8) in subsection (i), by striking “other lenders” and inserting “other lenders, specifically comparing default rates and recovery rates on liquidations”.

(b) REGULATIONS.—The Administrator shall—

(1) not later than 150 days after the date of enactment of this Act, promulgate regulations to carry out the amendments made by subsection (a); and

(2) not later than 180 days after the date of enactment of this Act, issue program guidelines and fully implement the amendments made by subsection (a).

(c) PROGRAM EXTENSION.—Section 217(b) of the Small Business Reauthorization and Amendments Act of 1994 (15 U.S.C. 697e note) is amended by striking “October 1, 1997” and inserting “October 1, 2000”.

Subtitle D—Miscellaneous Provisions

SEC. 231. BACKGROUND CHECK OF LOAN APPLICANTS.

Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended—

(1) by striking “(a) The Administration” and inserting the following:

“(a) LOANS TO SMALL BUSINESS CONCERNS; ALLOWABLE PURPOSES; QUALIFIED BUSINESS; RESTRICTIONS AND LIMITATIONS.—The Administration”; and

(2) in paragraph (1)—

(A) by striking “(1) No financial” and inserting the following:

“(1) IN GENERAL.—

“(A) CREDIT ELSEWHERE.—No financial”; and

(B) by adding at the end the following:

“(B) BACKGROUND CHECKS.—Prior to the approval of any loan made pursuant to this subsection, or section 503 of the Small Business Investment Act of 1958, the Administrator may verify the applicant’s criminal background, or lack thereof, through the best available means, including, if possible, use of the National Crime Information Center computer system at the Federal Bureau of Investigation.”.

SEC. 232. REPORT ON INCREASED LENDER APPROVAL, SERVICING, FORECLOSURE, LIQUIDATION, AND LITIGATION OF SECTION 7(a) LOANS.

(a) IN GENERAL.—

(1) **SUBMISSION.**—Not later than 6 months after the date of enactment of this Act, the Administrator shall submit to the Committees a report on action taken and planned for future reliance on private sector lender resources to originate, approve, close, service, liquidate, foreclose, and litigate loans made under section 7(a) of the Small Business Act. Reports.

(2) **CONTENTS.**—The report under this subsection shall address administrative and other steps necessary to achieve the results described in paragraph (1), including—

(A) streamlining the process for approving lenders and standardizing requirements;

(B) establishing uniform reporting requirements using on-line automated capabilities to the maximum extent feasible;

(C) reducing paperwork through automation, simplified forms, or incorporation of lender's forms;

(D) providing uniform standards for approval, closing, servicing, foreclosure, and liquidation;

(E) promulgating new regulations or amending existing ones;

(F) establishing a timetable for implementing the plan for reliance on private sector lenders;

(G) implementing organizational changes at SBA; and

(H) estimating the annual savings that would occur as a result of implementation.

(b) **CONSULTATION.**—In preparing the report under subsection (a), the Administrator shall consult with, among others—

(1) borrowers and lenders under section 7(a) of the Small Business Act;

(2) small businesses that are potential program participants under section 7(a) of the Small Business Act;

(3) financial institutions that are potential program lenders under section 7(a) of the Small Business Act; and

(4) representative industry associations.

SEC. 233. COMPLETION OF PLANNING FOR LOAN MONITORING SYSTEM.

15 USC 633 note.

(a) **IN GENERAL.**—The Administrator shall perform and complete the planning needed to serve as the basis for funding the development and implementation of the computerized loan monitoring system, including—

(1) fully defining the system requirement using on-line, automated capabilities to the extent feasible;

(2) identifying all data inputs and outputs necessary for timely report generation;

(3) benchmark loan monitoring business processes and systems against comparable industry processes and, if appropriate, simplify or redefine work processes based on these benchmarks;

(4) determine data quality standards and control systems for ensuring information accuracy;

(5) identify an acquisition strategy and work increments to completion;

(6) analyze the benefits and costs of alternatives and use to demonstrate the advantage of the final project;

(7) ensure that the proposed information system is consistent with the agency's information architecture; and

(8) estimate the cost to system completion, identifying the essential cost element.

(b) REPORT.—

(1) IN GENERAL.—On the date that is 6 months after the date of enactment of this Act, the Administrator shall submit a report on the progress of the Administrator in carrying out subsection (a) to—

(A) the Committees; and

(B) the Comptroller General of the United States.

(2) EVALUATION.—Not later than 28 days after receipt of the report under paragraph (1)(B), the Comptroller General of the United States shall—

(A) prepare a written evaluation of the report for compliance with subsection (a); and

(B) submit the evaluation to the Committees.

(3) LIMITATION.—None of the funds provided for the purchase of the loan monitoring system may be obligated or expended until 45 days after the date on which the Committees and the Comptroller General of the United States receive the report under paragraph (1).

TITLE III—WOMEN’S BUSINESS ENTERPRISES

SEC. 301. INTERAGENCY COMMITTEE PARTICIPATION.

Section 403 of the Women’s Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended—

(1) in subsection (a)(2)(A)—

(A) by striking “and Amendments Act of 1994” and inserting “Act of 1997”; and

(B) by inserting before the final period “, and who shall report directly to the head of the agency on the status of the activities of the Interagency Committee”;

(2) in subsection (a)(2)(B), by inserting before the final period the following: “and shall report directly to the Administrator on the status of the activities on the Interagency Committee and shall serve as the Interagency Committee Liaison to the National Women’s Business Council established under section 405”; and

(3) in subsection (b), by striking “and Amendments Act of 1994” and inserting “Act of 1997”.

SEC. 302. REPORTS.

Section 404 of the Women’s Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended—

(1) by inserting “, through the Small Business Administration,” after “transmit”;

(2) by striking paragraph (1) and redesignating paragraphs (2) through (4) as paragraphs (1) through (3), respectively; and

(3) in paragraph (1), as redesignated, by inserting before the semicolon the following: “, including a verbatim report on the status of progress of the Interagency Committee in meeting its responsibilities and duties under section 402(a)”.

SEC. 303. COUNCIL DUTIES.

Section 406 of the Women's Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended—

(1) in subsection (c), by inserting after "Administrator" the following: "(through the Assistant Administrator of the Office of Women's Business Ownership)"; and

(2) in subsection (d)—

(A) in paragraph (4), by striking "and" at the end;

(B) in paragraph (5), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

"(6) not later than 90 days after the last day of each fiscal year, submit to the President and to the Committee on Small Business of the Senate and the Committee on Small Business of the House of Representatives, a report containing—

"(A) a detailed description of the activities of the council, including a status report on the Council's progress toward meeting its duties outlined in subsections (a) and (d) of section 406;

"(B) the findings, conclusions, and recommendations of the Council; and

"(C) the Council's recommendations for such legislation and administrative actions as the Council considers appropriate to promote the development of small business concerns owned and controlled by women.

"(e) FORM OF TRANSMITTAL.—The information included in each report under subsection (d) that is described in subparagraphs (A) through (C) of subsection (d)(6), shall be reported verbatim, together with any separate additional, concurring, or dissenting views of the Administrator."

SEC. 304. COUNCIL MEMBERSHIP.

Section 407 of the Women's Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended—

(1) in subsection (a), by striking "and Amendments Act of 1994" and inserting "Act of 1997";

(2) in subsection (b)—

(A) by striking "and Amendments Act of 1994" and inserting "Act of 1997";

(B) by inserting after "the Administrator shall" the following: ", after receiving the recommendations of the Chairman and the Ranking Member of the Committees on Small Business of the House of Representatives and the Senate,";

(C) by striking "9" and inserting "14";

(D) in paragraph (1), by striking "2" and inserting "4";

(E) in paragraph (2), by striking "2" and inserting "4"; and

(F) in paragraph (3)—

(i) by striking "5" and inserting "6";

(ii) by striking "national"; and

(iii) by inserting ", including representatives of women's business center sites" before the period at the end;

(3) in subsection (c), by inserting "(including both urban and rural areas)" after "geographic";

(4) by striking subsection (d) and inserting the following:
“(d) TERMS.—Each member of the Council shall be appointed for a term of 3 years, except that, of the initial members appointed to the Council—

“(1) 2 members appointed under subsection (b)(1) shall be appointed for a term of 1 year;

“(2) 2 members appointed under subsection (b)(2) shall be appointed for a term of 1 year; and

“(3) each member appointed under subsection (b)(3) shall be appointed for a term of 2 years.”; and

(5) by striking subsection (f) and inserting the following:
“(f) VACANCIES.—

“(1) IN GENERAL.—A vacancy on the Council shall be filled not later than 30 days after the date on which the vacancy occurs, in the manner in which the original appointment was made, and shall be subject to any conditions that applied to the original appointment.

“(2) UNEXPIRED TERM.—An individual chosen to fill a vacancy shall be appointed for the unexpired term of the member replaced.”.

SEC. 305. AUTHORIZATION OF APPROPRIATIONS.

Section 409 of the Women’s Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended to read as follows:

“SEC. 411. AUTHORIZATION OF APPROPRIATIONS.

“(a) IN GENERAL.—There is authorized to be appropriated to carry out this title \$600,000, for each of fiscal years 1998 through 2000, of which \$200,000 shall be available in each fiscal year to carry out sections 409 and 410.

“(b) BUDGET REVIEW.—No amount made available under this section for any fiscal year may be obligated or expended by the Council before the date on which the Council reviews and approves the operating budget of the Council to carry out the responsibilities of the Council for that fiscal year.”.

SEC. 306. NATIONAL WOMEN’S BUSINESS COUNCIL PROCUREMENT PROJECT.

The Women’s Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended by inserting after section 408 the following:

“SEC. 409. NATIONAL WOMEN’S BUSINESS COUNCIL PROCUREMENT PROJECT.

“(a) FEDERAL PROCUREMENT STUDY.—

“(1) IN GENERAL.—During the first fiscal year for which amounts are made available to carry out this section, the Council shall conduct a study on the award of Federal prime contracts and subcontracts to women-owned businesses, which study shall include—

“(A) an analysis of data collected by Federal agencies on contract awards to women-owned businesses;

“(B) a determination of the degree to which individual Federal agencies are in compliance with the 5 percent women-owned business procurement goal established by section 15(g)(1) of the Small Business Act (15 U.S.C. 644(g)(1));

“(C) a determination of the types and amounts of Federal contracts characteristically awarded to women-owned businesses; and

“(D) other relevant information relating to participation of women-owned businesses in Federal procurement.

“(2) SUBMISSION OF RESULTS.—Not later than 12 months after initiating the study under paragraph (1), the Council shall submit to the Committees on Small Business of the House of Representatives and the Senate, and to the President, the results of the study conducted under paragraph (1).

“(b) BEST PRACTICES REPORT.—Not later than 18 months after initiating the study under subsection (a)(1), the Council shall submit to the Committees on Small Business of the House of Representatives and the Senate, and to the President, a report, which shall include—

“(1) an analysis of the most successful practices in attracting women-owned businesses as prime contractors and subcontractors by—

“(A) Federal agencies (as supported by findings from the study required under subsection (a)(1)) in Federal procurement awards; and

“(B) the private sector; and

“(2) recommendations for policy changes in Federal procurement practices, including an increase in the Federal procurement goal for women-owned businesses, in order to maximize the number of women-owned businesses performing Federal contracts.

“(c) CONTRACT AUTHORITY.—In conducting any study or other research under this section, the Council may contract with 1 or more public or private entities.”.

SEC. 307. STUDIES AND OTHER RESEARCH.

The Women’s Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended by inserting after section 409 (as added by section 306 of this title) the following:

“SEC. 410. STUDIES AND OTHER RESEARCH.

“(a) IN GENERAL.—To the extent that it does not delay submission of the report under section 409(b), the Council may also conduct such studies and other research relating to the award of Federal prime contracts and subcontracts to women-owned businesses, or to issues relating to access to credit and investment capital by women entrepreneurs, as the Council determines to be appropriate.

“(b) CONTRACT AUTHORITY.—In conducting any study or other research under this section, the Council may contract with 1 or more public or private entities.”.

SEC. 308. WOMEN’S BUSINESS CENTERS.

(a) IN GENERAL.—Section 29 of the Small Business Act (15 U.S.C. 656) is amended to read as follows:

“SEC. 29. WOMEN’S BUSINESS CENTER PROGRAM.

“(a) DEFINITIONS.—In this section—

“(1) the term ‘Assistant Administrator’ means the Assistant Administrator of the Office of Women’s Business Ownership established under subsection (g);

“(2) the term ‘small business concern owned and controlled by women’, either startup or existing, includes any small business concern—

“(A) that is not less than 51 percent owned by 1 or more women; and

“(B) the management and daily business operations of which are controlled by 1 or more women; and

“(3) the term ‘women’s business center site’ means the location of—

“(A) a women’s business center; or

“(B) 1 or more women’s business centers, established in conjunction with another women’s business center in another location within a State or region—

“(i) that reach a distinct population that would otherwise not be served;

“(ii) whose services are targeted to women; and

“(iii) whose scope, function, and activities are similar to those of the primary women’s business center or centers in conjunction with which it was established.

“(b) **AUTHORITY.**—The Administration may provide financial assistance to private organizations to conduct 5-year projects for the benefit of small business concerns owned and controlled by women. The projects shall provide—

“(1) financial assistance, including training and counseling in how to apply for and secure business credit and investment capital, preparing and presenting financial statements, and managing cash flow and other financial operations of a business concern;

“(2) management assistance, including training and counseling in how to plan, organize, staff, direct, and control each major activity and function of a small business concern; and

“(3) marketing assistance, including training and counseling in identifying and segmenting domestic and international market opportunities, preparing and executing marketing plans, developing pricing strategies, locating contract opportunities, negotiating contracts, and utilizing varying public relations and advertising techniques.

“(c) **CONDITIONS OF PARTICIPATION.**—

“(1) **NON-FEDERAL CONTRIBUTIONS.**—As a condition of receiving financial assistance authorized by this section, the recipient organization shall agree to obtain, after its application has been approved and notice of award has been issued, cash contributions from non-Federal sources as follows:

“(A) in the first and second years, 1 non-Federal dollar for each 2 Federal dollars;

“(B) in the third and fourth years, 1 non-Federal dollar for each Federal dollar; and

“(C) in the fifth year, 2 non-Federal dollars for each Federal dollar.

“(2) **FORM OF NON-FEDERAL CONTRIBUTIONS.**—Not more than one-half of the non-Federal sector matching assistance may be in the form of in-kind contributions that are budget line items only, including office equipment and office space.

“(3) **FORM OF FEDERAL CONTRIBUTIONS.**—The financial assistance authorized pursuant to this section may be made by grant, contract, or cooperative agreement and may contain such provision, as necessary, to provide for payments in lump

sum or installments, and in advance or by way of reimbursement. The Administration may disburse up to 25 percent of each year's Federal share awarded to a recipient organization after notice of the award has been issued and before the non-Federal sector matching funds are obtained.

“(4) FAILURE TO OBTAIN NON-FEDERAL FUNDING.—If any recipient of assistance fails to obtain the required non-Federal contribution during any project, it shall not be eligible thereafter for advance disbursements pursuant to paragraph (3) during the remainder of that project, or for any other project for which it is or may be funded by the Administration, and prior to approving assistance to such organization for any other projects, the Administration shall specifically determine whether the Administration believes that the recipient will be able to obtain the requisite non-Federal funding and enter a written finding setting forth the reasons for making such determination.

“(d) CONTRACT AUTHORITY.—A women's business center may enter into a contract with a Federal department or agency to provide specific assistance to women and other underserved small business concerns. Performance of such contract should not hinder the women's business centers in carrying out the terms of the grant received by the women's business centers from the Administration.

“(e) SUBMISSION OF 5-YEAR PLAN.—Each applicant organization initially shall submit a 5-year plan to the Administration on proposed fundraising and training activities, and a recipient organization may receive financial assistance under this program for a maximum of 5 years per women's business center site.

“(f) CRITERIA.—The Administration shall evaluate and rank applicants in accordance with predetermined selection criteria that shall be stated in terms of relative importance. Such criteria and their relative importance shall be made publicly available and stated in each solicitation for applications made by the Administration. The criteria shall include—

“(1) the experience of the applicant in conducting programs or ongoing efforts designed to impart or upgrade the business skills of women business owners or potential owners;

“(2) the present ability of the applicant to commence a project within a minimum amount of time;

“(3) the ability of the applicant to provide training and services to a representative number of women who are both socially and economically disadvantaged; and

“(4) the location for the women's business center site proposed by the applicant.

“(g) OFFICE OF WOMEN'S BUSINESS OWNERSHIP.—

“(1) ESTABLISHMENT.—There is established within the Administration an Office of Women's Business Ownership, which shall be responsible for the administration of the Administration's programs for the development of women's business enterprises (as defined in section 408 of the Women's Business Ownership Act of 1988 (15 U.S.C. 631 note)). The Office of Women's Business Ownership shall be administered by an Assistant Administrator, who shall be appointed by the Administrator.

“(2) ASSISTANT ADMINISTRATOR OF THE OFFICE OF WOMEN'S BUSINESS OWNERSHIP.—

“(A) QUALIFICATION.—The position of Assistant Administrator shall be a Senior Executive Service position under section 3132(a)(2) of title 5, United States Code. The Assistant Administrator shall serve as a noncareer appointee (as defined in section 3132(a)(7) of that title).

“(B) RESPONSIBILITIES AND DUTIES.—

“(i) RESPONSIBILITIES.—The responsibilities of the Assistant Administrator shall be to administer the programs and services of the Office of Women’s Business Ownership established to assist women entrepreneurs in the areas of—

“(I) starting and operating a small business;

“(II) development of management and technical skills;

“(III) seeking Federal procurement opportunities; and

“(IV) increasing the opportunity for access to capital.

“(ii) DUTIES.—The Assistant Administrator shall—

“(I) administer and manage the Women’s Business Center program;

“(II) recommend the annual administrative and program budgets for the Office of Women’s Business Ownership (including the budget for the Women’s Business Center program);

“(III) establish appropriate funding levels therefore;

“(IV) review the annual budgets submitted by each applicant for the Women’s Business Center program;

“(V) select applicants to participate in the program under this section;

“(VI) implement this section;

“(VII) maintain a clearinghouse to provide for the dissemination and exchange of information between women’s business centers;

“(VIII) serve as the vice chairperson of the Interagency Committee on Women’s Business Enterprise;

“(IX) serve as liaison for the National Women’s Business Council; and

“(X) advise the Administrator on appointments to the Women’s Business Council.

“(C) CONSULTATION REQUIREMENTS.—In carrying out the responsibilities and duties described in this paragraph, the Assistant Administrator shall confer with and seek the advice of the Administration officials in areas served by the women’s business centers.

“(h) PROGRAM EXAMINATION.—

“(1) IN GENERAL.—Not later than 180 days after the date of enactment of the Small Business Reauthorization Act of 1997, the Administrator shall develop and implement an annual programmatic and financial examination of each women’s business center established pursuant to this section.

“(2) EXTENSION OF CONTRACTS.—In extending or renewing a contract with a women’s business center, the Administrator

shall consider the results of the examination conducted under paragraph (1).

“(i) CONTRACT AUTHORITY.—The authority of the Administrator to enter into contracts shall be in effect for each fiscal year only to the extent and in the amounts as are provided in advance in appropriations Acts. After the Administrator has entered into a contract, either as a grant or a cooperative agreement, with any applicant under this section, it shall not suspend, terminate, or fail to renew or extend any such contract unless the Administrator provides the applicant with written notification setting forth the reasons therefore and affords the applicant an opportunity for a hearing, appeal, or other administrative proceeding under chapter 5 of title 5, United States Code.

“(j) REPORT.—The Administrator shall prepare and submit an annual report to the Committees on Small Business of the House of Representatives and the Senate on the effectiveness of all projects conducted under the authority of this section. Such report shall provide information concerning—

“(1) the number of individuals receiving assistance;

“(2) the number of startup business concerns formed;

“(3) the gross receipts of assisted concerns;

“(4) increases or decreases in profits of assisted concerns;

and

“(5) the employment increases or decreases of assisted concerns.

“(k) AUTHORIZATION OF APPROPRIATIONS.—

“(1) IN GENERAL.—There is authorized to be appropriated \$8,000,000 for each fiscal year to carry out the projects authorized under this section, of which, for fiscal year 1998, not more than 5 percent may be used for administrative expenses related to the program under this section.

“(2) USE OF AMOUNTS.—Amounts made available under this subsection for fiscal year 1999, and each fiscal year thereafter, may only be used for grant awards and may not be used for costs incurred by the Administration in connection with the management and administration of the program under this section.

“(3) EXPEDITED ACQUISITION.—Notwithstanding any other provision of law, the Administrator, acting through the Assistant Administrator, may use such expedited acquisition methods as the Administrator determines to be appropriate to carry out this section, except that the Administrator shall ensure that all small business sources are provided a reasonable opportunity to submit proposals.”.

(b) APPLICABILITY.—

(1) IN GENERAL.—Subject to paragraph (2), any organization conducting a 3-year project under section 29 of the Small Business Act (15 U.S.C. 656) (as in effect on the day before the effective date of this Act) on September 30, 1997, may request an extension of the term of that project to a total term of 5 years. If such an extension is made, the organization shall receive financial assistance in accordance with section 29(c) of the Small Business Act (as amended by this section) subject to procedures established by the Administrator, in coordination with the Assistant Administrator of the Office of Women's Business Ownership established under section 29 of the Small Business Act (15 U.S.C. 656) (as amended by this section).

15 USC 656 note.

(2) **TERMS OF ASSISTANCE FOR CERTAIN ORGANIZATIONS.**—Any organization operating in the third year of a 3-year project under section 29 of the Small Business Act (15 U.S.C. 656) (as in effect on the day before the effective date of this Act) on September 30, 1997, may request an extension of the term of that project to a total term of 5 years. If such an extension is made, during the fourth and fifth years of the project, the organization shall receive financial assistance in accordance with section 29(c)(1)(C) of the Small Business Act (as amended by this section) subject to procedures established by the Administrator, in coordination with the Assistant Administrator of the Office of Women’s Business Ownership established under section 29 of the Small Business Act (15 U.S.C. 656) (as amended by this section).

TITLE IV—COMPETITIVENESS PROGRAM AND PROCUREMENT OPPORTUNITIES

Subtitle A—Small Business Competitiveness Program

SEC. 401. PROGRAM TERM.

Section 711(c) of the Small Business Competitiveness Demonstration Program Act of 1988 (15 U.S.C. 644 note) is amended by striking “, and terminate on September 30, 1997”.

SEC. 402. MONITORING AGENCY PERFORMANCE.

Section 712(d)(1) of the Small Business Competitiveness Demonstration Program Act of 1988 (15 U.S.C. 644 note) is amended to read as follows:

“(1) Participating agencies shall monitor the attainment of their small business participation goals on an annual basis. An annual review by each participating agency shall be completed not later than January 31 of each year, based on the data for the preceding fiscal year, from October 1 through September 30.”.

SEC. 403. REPORTS TO CONGRESS.

Section 716(a) of the Small Business Competitiveness Demonstration Program Act of 1988 (15 U.S.C. 644 note) is amended—

- (1) by striking “1996” and inserting “2000”;
- (2) by striking “for Federal Procurement Policy” and inserting “of the Small Business Administration”; and
- (3) by striking “Government Operations” and inserting “Government Reform and Oversight”.

SEC. 404. SMALL BUSINESS PARTICIPATION IN DREDGING.

Section 722(a) of the Small Business Competitiveness Demonstration Program Act of 1988 (15 U.S.C. 644 note) is amended by striking “and terminating on September 30, 1997”.

SEC. 405. TECHNICAL AMENDMENTS.

Section 717 of the Small Business Competitiveness Demonstration Program Act of 1988 (15 U.S.C. 644 note) is amended—

(1) by inserting “or North American Industrial Classification Code” after “standard industrial classification code” each place it appears; and

(2) by inserting “or North American Industrial Classification Codes” after “standard industrial classification codes” each place it appears.

Subtitle B—Small Business Procurement Opportunities Program

SEC. 411. CONTRACT BUNDLING.

Section 2 of the Small Business Act (15 U.S.C. 631) is amended by adding at the end the following:

“(j) **CONTRACT BUNDLING.**—In complying with the statement of congressional policy expressed in subsection (a), relating to fostering the participation of small business concerns in the contracting opportunities of the Government, each Federal agency, to the maximum extent practicable, shall—

“(1) comply with congressional intent to foster the participation of small business concerns as prime contractors, subcontractors, and suppliers;

“(2) structure its contracting requirements to facilitate competition by and among small business concerns, taking all reasonable steps to eliminate obstacles to their participation; and

“(3) avoid unnecessary and unjustified bundling of contract requirements that precludes small business participation in procurements as prime contractors.”.

SEC. 412. DEFINITION OF CONTRACT BUNDLING.

Section 3 of the Small Business Act (15 U.S.C. 632) is amended by adding at the end the following:

“(o) **DEFINITIONS OF BUNDLING OF CONTRACT REQUIREMENTS AND RELATED TERMS.**—In this Act:

“(1) **BUNDLED CONTRACT.**—The term ‘bundled contract’ means a contract that is entered into to meet requirements that are consolidated in a bundling of contract requirements.

“(2) **BUNDLING OF CONTRACT REQUIREMENTS.**—The term ‘bundling of contract requirements’ means consolidating 2 or more procurement requirements for goods or services previously provided or performed under separate smaller contracts into a solicitation of offers for a single contract that is likely to be unsuitable for award to a small-business concern due to—

“(A) the diversity, size, or specialized nature of the elements of the performance specified;

“(B) the aggregate dollar value of the anticipated award;

“(C) the geographical dispersion of the contract performance sites; or

“(D) any combination of the factors described in subparagraphs (A), (B), and (C).

“(3) **SEPARATE SMALLER CONTRACT.**—The term ‘separate smaller contract’, with respect to a bundling of contract requirements, means a contract that has been performed by 1 or more small business concerns or was suitable for award to 1 or more small business concerns.”.

SEC. 413. ASSESSING PROPOSED CONTRACT BUNDLING.

(a) **IN GENERAL.**—Section 15 of the Small Business Act (15 U.S.C. 644) is amended by inserting after subsection (d) the following:

“(e) **PROCUREMENT STRATEGIES; CONTRACT BUNDLING.**—

“(1) **IN GENERAL.**—To the maximum extent practicable, procurement strategies used by the various agencies having contracting authority shall facilitate the maximum participation of small business concerns as prime contractors, subcontractors, and suppliers.

“(2) **MARKET RESEARCH.**—

“(A) **IN GENERAL.**—Before proceeding with an acquisition strategy that could lead to a contract containing consolidated procurement requirements, the head of an agency shall conduct market research to determine whether consolidation of the requirements is necessary and justified.

“(B) **FACTORS.**—For purposes of subparagraph (A), consolidation of the requirements may be determined as being necessary and justified if, as compared to the benefits that would be derived from contracting to meet those requirements if not consolidated, the Federal Government would derive from the consolidation measurably substantial benefits, including any combination of benefits that, in combination, are measurably substantial. Benefits described in the preceding sentence may include the following:

“(i) Cost savings.

“(ii) Quality improvements.

“(iii) Reduction in acquisition cycle times.

“(iv) Better terms and conditions.

“(v) Any other benefits.

“(C) **REDUCTION OF COSTS NOT DETERMINATIVE.**—The reduction of administrative or personnel costs alone shall not be a justification for bundling of contract requirements unless the cost savings are expected to be substantial in relation to the dollar value of the procurement requirements to be consolidated.

“(3) **STRATEGY SPECIFICATIONS.**—If the head of a contracting agency determines that a proposed procurement strategy for a procurement involves a substantial bundling of contract requirements, the proposed procurement strategy shall—

“(A) identify specifically the benefits anticipated to be derived from the bundling of contract requirements;

“(B) set forth an assessment of the specific impediments to participation by small business concerns as prime contractors that result from the bundling of contract requirements and specify actions designed to maximize small business participation as subcontractors (including suppliers) at various tiers under the contract or contracts that are awarded to meet the requirements; and

“(C) include a specific determination that the anticipated benefits of the proposed bundled contract justify its use.

“(4) **CONTRACT TEAMING.**—In the case of a solicitation of offers for a bundled contract that is issued by the head of an agency, a small-business concern may submit an offer that provides for use of a particular team of subcontractors for

the performance of the contract. The head of the agency shall evaluate the offer in the same manner as other offers, with due consideration to the capabilities of all of the proposed subcontractors. If a small business concern teams under this paragraph, it shall not affect its status as a small business concern for any other purpose.”.

(b) **ADMINISTRATION REVIEW.**—Section 15(a) of the Small Business Act (15 U.S.C. 644(a)) is amended in the third sentence—

(1) by inserting “or the solicitation involves an unnecessary or unjustified bundling of contract requirements, as determined by the Administration,” after “discrete construction projects,”;

(2) by striking “or (4)” and inserting “(4)”; and

(3) by inserting before the period at the end of the sentence the following: “, or (5) why the agency has determined that the bundled contract (as defined in section 3(o)) is necessary and justified”.

(c) **RESPONSIBILITIES OF AGENCY SMALL BUSINESS ADVOCATES.**—Section 15(k) of the Small Business Act (15 U.S.C. 644(k)) is amended—

(1) by redesignating paragraphs (5) through (9) as paragraphs (6) through (10), respectively; and

(2) by inserting after paragraph (4) the following:

“(5) identify proposed solicitations that involve significant bundling of contract requirements, and work with the agency acquisition officials and the Administration to revise the procurement strategies for such proposed solicitations where appropriate to increase the probability of participation by small businesses as prime contractors, or to facilitate small business participation as subcontractors and suppliers, if a solicitation for a bundled contract is to be issued.”.

SEC. 414. REPORTING OF BUNDLED CONTRACT OPPORTUNITIES.

41 USC 405 note.

(a) **DATA COLLECTION REQUIRED.**—The Federal Procurement Data System described in section 6(d)(4)(A) of the Office of Federal Procurement Policy Act (41 U.S.C. 405(d)(4)(A)) shall be modified to collect data regarding bundling of contract requirements when the contracting officer anticipates that the resulting contract price, including all options, is expected to exceed \$5,000,000. The data shall reflect a determination made by the contracting officer regarding whether a particular solicitation constitutes a contract bundling.

(b) **DEFINITIONS.**—In this section, the term “bundling of contract requirements” has the meaning given that term in section 3(o) of the Small Business Act (15 U.S.C. 632(o)) (as added by section 412 of this subtitle).

SEC. 415. EVALUATING SUBCONTRACT PARTICIPATION IN AWARDING CONTRACTS.

Section 8(d)(4) of the Small Business Act (15 U.S.C. 637(d)(4)) is amended by adding at the end the following:

“(G) The following factors shall be designated by the Federal agency as significant factors for purposes of evaluating offers for a bundled contract where the head of the agency determines that the contract offers a significant opportunity for subcontracting:

“(i) A factor that is based on the rate provided under the subcontracting plan for small business participation in the performance of the contract.

“(ii) For the evaluation of past performance of an offeror, a factor that is based on the extent to which the offeror attained applicable goals for small business participation in the performance of contracts.”.

SEC. 416. IMPROVED NOTICE OF SUBCONTRACTING OPPORTUNITIES.

(a) **USE OF THE COMMERCE BUSINESS DAILY AUTHORIZED.**—Section 8 of the Small Business Act (15 U.S.C. 637) is amended by adding at the end the following:

“(k) **NOTICES OF SUBCONTRACTING OPPORTUNITIES.**—

“(1) **IN GENERAL.**—Notices of subcontracting opportunities may be submitted for publication in the Commerce Business Daily by—

“(A) a business concern awarded a contract by an executive agency subject to subsection (e)(1)(C); and

“(B) a business concern that is a subcontractor or supplier (at any tier) to such contractor having a subcontracting opportunity in excess of \$10,000.

“(2) **CONTENT OF NOTICE.**—The notice of a subcontracting opportunity shall include—

“(A) a description of the business opportunity that is comparable to the description specified in paragraphs (1), (2), (3), and (4) of subsection (f); and

“(B) the due date for receipt of offers.”.

15 USC 637 note.

(b) **REGULATIONS REQUIRED.**—The Federal Acquisition Regulation shall be amended to provide uniform implementation of the amendments made by this section.

(c) **CONFORMING AMENDMENT.**—Section 8(e)(1)(C) of the Small Business Act (15 U.S.C. 637(e)(1)(C)) is amended by striking “\$25,000” each place that term appears and inserting “\$100,000”.

Publication.
15 USC 631 note.

SEC. 417. DEADLINES FOR ISSUANCE OF REGULATIONS.

(a) **PROPOSED REGULATIONS.**—Proposed amendments to the Federal Acquisition Regulation or proposed Small Business Administration regulations under this subtitle and the amendments made by this subtitle shall be published not later than 120 days after the date of enactment of this Act for the purpose of obtaining public comment pursuant to section 22 of the Office of Federal Procurement Policy Act (41 U.S.C. 418b), or chapter 5 of title 5, United States Code, as appropriate. The public shall be afforded not less than 60 days to submit comments.

Effective date.

(b) **FINAL REGULATIONS.**—Final regulations shall be published not later than 270 days after the date of enactment of this Act. The effective date for such final regulations shall be not less than 30 days after the date of publication.

TITLE V—MISCELLANEOUS PROVISIONS

SEC. 501. SMALL BUSINESS TECHNOLOGY TRANSFER PROGRAM.

(a) **REQUIRED EXPENDITURES.**—Section 9(n) of the Small Business Act (15 U.S.C. 638(n)) is amended by striking paragraph (1) and inserting the following:

“(1) **REQUIRED EXPENDITURE AMOUNTS.**—With respect to fiscal years 1998, 1999, 2000, and 2001, each Federal agency that has an extramural budget for research, or research and development, in excess of \$1,000,000,000 for that fiscal year, is authorized to expend with small business concerns not less

than 0.15 percent of that extramural budget specifically in connection with STTR programs that meet the requirements of this section and any policy directives and regulations issued under this section.”.

(b) REPORTS AND OUTREACH.—

(1) IN GENERAL.—Section 9 of the Small Business Act (15 U.S.C. 638) is amended—

(A) in subsection (o)—

(i) by redesignating paragraphs (8) through (11) as paragraphs (10) through (13), respectively; and

(ii) by inserting after paragraph (7) the following:

“(8) include, as part of its annual performance plan as required by subsections (a) and (b) of section 1115 of title 31, United States Code, a section on its STTR program, and shall submit such section to the Committee on Small Business of the Senate, and the Committee on Science and the Committee on Small Business of the House of Representatives;

“(9) collect such data from awardees as is necessary to assess STTR program outputs and outcomes;”;

(B) in subsection (e)(4)(A), by striking “(ii)”; and

(C) by adding at the end the following:

“(s) OUTREACH.—

“(1) DEFINITION OF ELIGIBLE STATE.—In this subsection, the term ‘eligible State’ means a State—

“(A) if the total value of contracts awarded to the State during fiscal year 1995 under this section was less than \$5,000,000; and

“(B) that certifies to the Administration described in paragraph (2) that the State will, upon receipt of assistance under this subsection, provide matching funds from non-Federal sources in an amount that is not less than 50 percent of the amount provided under this subsection.

“(2) PROGRAM AUTHORITY.—Of amounts made available to carry out this section for fiscal year 1998, 1999, 2000, or 2001 the Administrator may expend with eligible States not more than \$2,000,000 in each such fiscal year in order to increase the participation of small business concerns located in those States in the programs under this section.

“(3) AMOUNT OF ASSISTANCE.—The amount of assistance provided to an eligible State under this subsection in any fiscal year—

“(A) shall be equal to twice the total amount of matching funds from non-Federal sources provided by the State; and

“(B) shall not exceed \$100,000.

“(4) USE OF ASSISTANCE.—Assistance provided to an eligible State under this subsection shall be used by the State, in consultation with State and local departments and agencies, for programs and activities to increase the participation of small business concerns located in the State in the programs under this section, including—

“(A) the establishment of quantifiable performance goals, including goals relating to—

“(i) the number of program awards under this section made to small business concerns in the State; and

“(ii) the total amount of Federal research and development contracts awarded to small business concerns in the State;

“(B) the provision of competition outreach support to small business concerns in the State that are involved in research and development; and

“(C) the development and dissemination of educational and promotional information relating to the programs under this section to small business concerns in the State.

“(t) INCLUSION IN STRATEGIC PLANS.—Program information relating to the SBIR and STTR programs shall be included by each Federal agency in any update or revision required of the Federal agency under section 306(b) of title 5, United States Code.”.

Effective date.

(2) REPEAL.—Effective October 1, 2001, section 9(s) of the Small Business Act (as added by paragraph (1) of this subsection) is repealed.

SEC. 502. SMALL BUSINESS DEVELOPMENT CENTERS.

(a) IN GENERAL.—Section 21(a) of the Small Business Act (15 U.S.C. 648(a)) is amended—

(1) in paragraph (1)—

(A) by inserting “any women’s business center operating pursuant to section 29,” after “credit or finance corporation,”;

(B) by inserting “or a women’s business center operating pursuant to section 29” after “other than an institution of higher education”; and

(C) by inserting “and women’s business centers operating pursuant to section 29” after “utilize institutions of higher education”;

(2) in paragraph (3)—

(A) by striking “, but with” and all that follows through “parties.” and inserting the following: “for the delivery of programs and services to the small business community. Such programs and services shall be jointly developed, negotiated, and agreed upon, with full participation of both parties, pursuant to an executed cooperative agreement between the Small Business Development Center applicant and the Administration.”; and

(B) by adding at the end the following:

“(C) On an annual basis, the Small Business Development Center shall review and coordinate public and private partnerships and cosponsorships with the Administration for the purpose of more efficiently leveraging available resources on a National and a State basis.”;

(3) in paragraph (4)(C)—

(A) by striking clause (i) and inserting the following:

“(i) IN GENERAL.—

“(I) GRANT AMOUNT.—Subject to subclauses (II) and (III), the amount of a grant received by a State under this section shall be equal to the greater of \$500,000, or the sum of—

“(aa) the State’s pro rata share of the national program, based upon the population of the State as compared to the total population of the United States; and

“(bb) \$300,000 in fiscal year 1998, \$400,000 in fiscal year 1999, and \$500,000 in each fiscal year thereafter.

“(II) PRO RATA REDUCTIONS.—If the amount made available to carry out this section for any fiscal year is insufficient to carry out subclause (I)(bb), the Administration shall make pro rata reductions in the amounts otherwise payable to States under subclause (I)(bb).

“(III) MATCHING REQUIREMENT.—The amount of a grant received by a State under this section shall not exceed the amount of matching funds from sources other than the Federal Government provided by the State under subparagraph (A).”; and

(B) in clause (iii), by striking “(iii)” and all that follows through “1997.” and inserting the following:

“(iii) NATIONAL PROGRAM.—There are authorized to be appropriated to carry out the national program under this section—

“(I) \$85,000,000 for fiscal year 1998;

“(II) \$90,000,000 for fiscal year 1999; and

“(III) \$95,000,000 for fiscal year 2000 and each fiscal year thereafter.”; and

(4) in paragraph (6)—

(A) in subparagraph (A), by striking “and” at the end;

(B) in subparagraph (B), by striking the comma at the end and inserting “; and”; and

(C) inserting after subparagraph (B) the following:

“(C) with outreach, development, and enhancement of minority-owned small business startups or expansions, HUBZone small business concerns, veteran-owned small business startups or expansions, and women-owned small business startups or expansions, in communities impacted by base closings or military or corporate downsizing, or in rural or underserved communities;”.

(b) SBDC SERVICES.—Section 21(c) of the Small Business Act (15 U.S.C. 648(c)) is amended—

(1) in paragraph (3)—

(A) in subparagraph (A), by striking “businesses,” and inserting “businesses, including—

“(i) working with individuals to increase awareness of basic credit practices and credit requirements;

“(ii) working with individuals to develop business plans, financial packages, credit applications, and contract proposals;

“(iii) working with the Administration to develop and provide informational tools for use in working with individuals on pre-business startup planning, existing business expansion, and export planning; and

“(iv) working with individuals referred by the local offices of the Administration and Administration participating lenders;”;

(B) in each of subparagraphs (B), (C), (D), (E), (F), (G), (M), (N), (O), (Q), and (R) by moving each margin 2 ems to the left; and

(C) in subparagraph (C), by inserting “and the Administration” after “Center”;

(2) in paragraph (5)—

(A) by moving the margin 2 ems to the right;

(B) by striking “paragraph (a)(1)” and inserting “subsection (a)(1)”;

(C) by striking “which ever” and inserting “whichever”;

and

(D) by striking “last,,” and inserting “last,”;

(3) by redesignating paragraphs (4) through (7) as paragraphs (5) through (8), respectively; and

(4) in paragraph (3), in the undesignated material following subparagraph (R), by striking “A small” and inserting the following:

“(4) A small”.

(c) **COMPETITIVE AWARDS.**—Section 21(l) of the Small Business Act (15 U.S.C. 648(l)) is amended by adding at the end the following: “If any contract or cooperative agreement under this section with an entity that is covered by this section is not renewed or extended, any award of a successor contract or cooperative agreement under this section to another entity shall be made on a competitive basis.”.

(d) **PROHIBITION ON CERTAIN FEES.**—Section 21 of the Small Business Act (15 U.S.C. 648) is amended by adding at the end the following:

“(m) **PROHIBITION ON CERTAIN FEES.**—A small business development center shall not impose or otherwise collect a fee or other compensation in connection with the provision of counseling services under this section.”.

SEC. 503. PILOT PREFERRED SURETY BOND GUARANTEE PROGRAM EXTENSION.

Section 207 of the Small Business Administration Reauthorization and Amendment Act of 1988 (15 U.S.C. 694b note) is amended by striking “September 30, 1997” and inserting “September 30, 2000”.

SEC. 504. EXTENSION OF COSPONSORSHIP AUTHORITY.

Section 401(a)(2) of the Small Business Administration Reauthorization and Amendments Act of 1994 (15 U.S.C. 637 note) is amended by striking “September 30, 1997” and inserting “September 30, 2000”.

15 USC 634 note.

SEC. 505. ASSET SALES.

In connection with the Administration’s implementation of a program to sell to the private sector loans and other assets held by the Administration, the Administration shall provide to the Committees a copy of the draft and final plans describing the sale and the anticipated benefits resulting from such sale.

SEC. 506. SMALL BUSINESS EXPORT PROMOTION.

(a) **IN GENERAL.**—Section 21(c)(3) of the Small Business Act (15 U.S.C. 648(c)(3)) is amended—

(1) in subparagraph (Q), by striking “and” at the end;

(2) in subparagraph (R), by striking the period at the end and inserting “; and”; and

(3) by inserting after subparagraph (R) the following:

“(S) providing small business owners with access to a wide variety of export-related information by establishing on-line computer linkages between small business development centers

and an international trade data information network with ties to the Export Assistance Center program.”.

(b) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated to carry out section 21(c)(3)(S) of the Small Business Act (15 U.S.C. 648(c)(3)(S)), as added by this section, \$1,500,000 for each fiscal years 1998 and 1999.

SEC. 507. DEFENSE LOAN AND TECHNICAL ASSISTANCE PROGRAM. 15 USC 636 note.

(a) **DELTA PROGRAM AUTHORIZED.**—

(1) **IN GENERAL.**—The Administrator may administer the Defense Loan and Technical Assistance program in accordance with the authority and requirements of this section.

(2) **EXPIRATION OF AUTHORITY.**—The authority of the Administrator to carry out the DELTA program under paragraph (1) shall terminate when the funds referred to in subsection (g)(1) have been expended.

(3) **DELTA PROGRAM DEFINED.**—In this section, the terms “Defense Loan and Technical Assistance program” and “DELTA program” mean the Defense Loan and Technical Assistance program that has been established by a memorandum of understanding entered into by the Administrator and the Secretary of Defense on June 26, 1995.

(b) **ASSISTANCE.**—

(1) **AUTHORITY.**—Under the DELTA program, the Administrator may assist small business concerns that are economically dependent on defense expenditures to acquire dual-use capabilities.

(2) **FORMS OF ASSISTANCE.**—Forms of assistance authorized under paragraph (1) are as follows:

(A) **LOAN GUARANTEES.**—Loan guarantees under the terms and conditions specified under this section and other applicable law.

(B) **NONFINANCIAL ASSISTANCE.**—Other forms of assistance that are not financial.

(c) **ADMINISTRATION OF PROGRAM.**—In the administration of the DELTA program under this section, the Administrator shall—

(1) process applications for DELTA program loan guarantees;

(2) guarantee repayment of the resulting loans in accordance with this section; and

(3) take such other actions as are necessary to administer the program.

(d) **SELECTION AND ELIGIBILITY REQUIREMENTS FOR DELTA LOAN GUARANTEES.**—

(1) **IN GENERAL.**—The selection criteria and eligibility requirements set forth in this subsection shall be applied in the selection of small business concerns to receive loan guarantees under the DELTA program.

(2) **SELECTION CRITERIA.**—The criteria used for the selection of a small business concern to receive a loan guarantee under this section are as follows:

(A) The selection criteria established under the memorandum of understanding referred to in subsection (a)(3).

(B) The extent to which the loans to be guaranteed would support the retention of defense workers whose employment would otherwise be permanently or temporarily terminated as a result of reductions in expenditures

by the United States for defense, the termination or cancellation of a defense contract, the failure to proceed with an approved major weapon system, the merger or consolidation of the operations of a defense contractor, or the closure or realignment of a military installation.

(C) The extent to which the loans to be guaranteed would stimulate job creation and new economic activities in communities most adversely affected by reductions in expenditures by the United States for defense, the termination or cancellation of a defense contract, the failure to proceed with an approved major weapon system, the merger or consolidation of the operations of a defense contractor, or the closure or realignment of a military installation.

(D) The extent to which the loans to be guaranteed would be used to acquire (or permit the use of other funds to acquire) capital equipment to modernize or expand the facilities of the borrower to enable the borrower to remain in the national technology and industrial base available to the Department of Defense.

(3) ELIGIBILITY REQUIREMENTS.—To be eligible for a loan guarantee under the DELTA program, a borrower must demonstrate to the satisfaction of the Administrator that, during any 1 of the 5 preceding operating years of the borrower, not less than 25 percent of the value of the borrower's sales were derived from—

(A) contracts with the Department of Defense or the defense-related activities of the Department of Energy; or

(B) subcontracts in support of defense-related prime contracts.

(e) MAXIMUM AMOUNT OF LOAN PRINCIPAL.—With respect to each borrower, the maximum amount of loan principal for which the Administrator may provide a guarantee under this section during a fiscal year may not exceed \$1,250,000.

(f) LOAN GUARANTY RATE.—The maximum allowable guarantee percentage for loans guaranteed under this section may not exceed 80 percent.

(g) FUNDING.—

(1) IN GENERAL.—The funds that have been made available for loan guarantees under the DELTA program and have been transferred from the Department of Defense to the Small Business Administration before the date of the enactment of this Act shall be used for carrying out the DELTA program under this section.

(2) CONTINUED AVAILABILITY OF EXISTING FUNDS.—The funds made available under the second proviso under the heading "RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE-WIDE" in Public Law 103-335 (108 Stat. 2613) shall be available until expended—

(A) to cover the costs (as defined in section 502(5) of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a(5))) of loan guarantees issued under this section; and

(B) to cover the reasonable costs of the administration of the loan guarantees.

SEC. 508. VERY SMALL BUSINESS CONCERNS.

Section 304(i) of the Small Business Administration Reauthorization and Amendments Act of 1994 (15 U.S.C. 644 note) is amended by striking “September 30, 1998” and inserting “September 30, 2000”.

SEC. 509. TRADE ASSISTANCE PROGRAM FOR SMALL BUSINESS CONCERNS ADVERSELY AFFECTED BY NAFTA.

15 USC 636 note.

The Administrator shall coordinate Federal assistance in order to provide counseling to small business concerns adversely affected by the North American Free Trade Agreement.

TITLE VI—HUBZONE PROGRAM

HUBZone Act of 1997.

SEC. 601. SHORT TITLE.

15 USC 631 note.

This title may be cited as the “HUBZone Act of 1997”.

SEC. 602. HISTORICALLY UNDERUTILIZED BUSINESS ZONES.

(a) DEFINITIONS.—Section 3 of the Small Business Act (15 U.S.C. 632) (as amended by section 412 of this Act) is amended by adding at the end the following:

“(p) DEFINITIONS RELATING TO HUBZONES.—In this Act:

“(1) HISTORICALLY UNDERUTILIZED BUSINESS ZONE.—The term ‘historically underutilized business zone’ means any area located within 1 or more—

“(A) qualified census tracts;

“(B) qualified nonmetropolitan counties; or

“(C) lands within the external boundaries of an Indian reservation.

“(2) HUBZONE.—The term ‘HUBZone’ means a historically underutilized business zone.

“(3) HUBZONE SMALL BUSINESS CONCERN.—The term ‘HUBZone small business concern’ means a small business concern—

“(A) that is owned and controlled by 1 or more persons, each of whom is a United States citizen; and

“(B) the principal office of which is located in a HUBZone; or

“(4) QUALIFIED AREAS.—

“(A) QUALIFIED CENSUS TRACT.—The term ‘qualified census tract’ has the meaning given that term in section 42(d)(5)(C)(ii)(I) of the Internal Revenue Code of 1986.

“(B) QUALIFIED NONMETROPOLITAN COUNTY.—The term ‘qualified nonmetropolitan county’ means any county—

“(i) that, based on the most recent data available from the Bureau of the Census of the Department of Commerce—

“(I) is not located in a metropolitan statistical area (as defined in section 143(k)(2)(B) of the Internal Revenue Code of 1986); and

“(II) in which the median household income is less than 80 percent of the nonmetropolitan State median household income; or

“(ii) that, based on the most recent data available from the Secretary of Labor, has an unemployment rate that is not less than 140 percent of the statewide

average unemployment rate for the State in which the county is located.

“(5) QUALIFIED HUBZONE SMALL BUSINESS CONCERN.—

“(A) IN GENERAL.—A HUBZone small business concern is ‘qualified’, if—

“(i) the small business concern has certified in writing to the Administrator (or the Administrator otherwise determines, based on information submitted to the Administrator by the small business concern, or based on certification procedures, which shall be established by the Administration by regulation) that—

“(I) it is a HUBZone small business concern;

“(II) not less than 35 percent of the employees of the small business concern reside in a HUBZone, and the small business concern will attempt to maintain this employment percentage during the performance of any contract awarded to the small business concern on the basis of a preference provided under section 31(b); and

“(III) with respect to any subcontract entered into by the small business concern pursuant to a contract awarded to the small business concern under section 31, the small business concern will ensure that—

“(aa) in the case of a contract for services (except construction), not less than 50 percent of the cost of contract performance incurred for personnel will be expended for its employees or for employees of other HUBZone small business concerns; and

“(bb) in the case of a contract for procurement of supplies (other than procurement from a regular dealer in such supplies), not less than 50 percent of the cost of manufacturing the supplies (not including the cost of materials) will be incurred in connection with the performance of the contract in a HUBZone by 1 or more HUBZone small business concerns; and

“(ii) no certification made or information provided by the small business concern under clause (i) has been, in accordance with the procedures established under section 31(c)(1)—

“(I) successfully challenged by an interested party; or

“(II) otherwise determined by the Administrator to be materially false.

“(B) CHANGE IN PERCENTAGES.—The Administrator may utilize a percentage other than the percentage specified in item (aa) or (bb) of subparagraph (A)(i)(III), if the Administrator determines that such action is necessary to reflect conventional industry practices among small business concerns that are below the numerical size standard for businesses in that industry category.

“(C) CONSTRUCTION AND OTHER CONTRACTS.—The Administrator shall promulgate final regulations imposing

requirements that are similar to those specified in subclauses (IV) and (V) of subparagraph (A)(i) on contracts for general and specialty construction, and on contracts for any other industry category that would not otherwise be subject to those requirements. The percentage applicable to any such requirement shall be determined in accordance with subparagraph (B).

“(D) LIST OF QUALIFIED SMALL BUSINESS CONCERNS.—The Administrator shall establish and maintain a list of qualified HUBZone small business concerns, which list shall, to the extent practicable—

“(i) include the name, address, and type of business with respect to each such small business concern;

“(ii) be updated by the Administrator not less than annually; and

“(iii) be provided upon request to any Federal agency or other entity.”.

(b) FEDERAL CONTRACTING.—

(1) IN GENERAL.—The Small Business Act (15 U.S.C. 631 et seq.) is amended—

(A) by redesignating section 31 as section 32; and 15 USC 631 note.

(B) by inserting after section 30 the following:

“SEC. 31. HUBZONE PROGRAM.

15 USC 657a.

“(a) IN GENERAL.—There is established within the Administration a program to be carried out by the Administrator to provide for Federal contracting assistance to qualified HUBZone small business concerns in accordance with this section.

“(b) ELIGIBLE CONTRACTS.—

“(1) DEFINITIONS.—In this subsection—

“(A) the term ‘contracting officer’ has the meaning given that term in section 27(f)(5) of the Office of Federal Procurement Policy Act (41 U.S.C. 423(f)(5)); and

“(B) the term ‘full and open competition’ has the meaning given that term in section 4 of the Office of Federal Procurement Policy Act (41 U.S.C. 403).

“(2) AUTHORITY OF CONTRACTING OFFICER.—Notwithstanding any other provision of law—

“(A) a contracting officer may award sole source contracts under this section to any qualified HUBZone small business concern, if—

“(i) the qualified HUBZone small business concern is determined to be a responsible contractor with respect to performance of such contract opportunity, and the contracting officer does not have a reasonable expectation that 2 or more qualified HUBZone small business concerns will submit offers for the contracting opportunity;

“(ii) the anticipated award price of the contract (including options) will not exceed—

“(I) \$5,000,000, in the case of a contract opportunity assigned a standard industrial classification code for manufacturing; or

“(II) \$3,000,000, in the case of all other contract opportunities; and

“(iii) in the estimation of the contracting officer, the contract award can be made at a fair and reasonable price;

“(B) a contract opportunity shall be awarded pursuant to this section on the basis of competition restricted to qualified HUBZone small business concerns if the contracting officer has a reasonable expectation that not less than 2 qualified HUBZone small business concerns will submit offers and that the award can be made at a fair market price; and

“(C) not later than 5 days from the date the Administration is notified of a procurement officer’s decision not to award a contract opportunity under this section to a qualified HUBZone small business concern, the Administrator may notify the contracting officer of the intent to appeal the contracting officer’s decision, and within 15 days of such date the Administrator may file a written request for reconsideration of the contracting officer’s decision with the Secretary of the department or agency head.

“(3) PRICE EVALUATION PREFERENCE IN FULL AND OPEN COMPETITIONS.—In any case in which a contract is to be awarded on the basis of full and open competition, the price offered by a qualified HUBZone small business concern shall be deemed as being lower than the price offered by another offeror (other than another small business concern), if the price offered by the qualified HUBZone small business concern is not more than 10 percent higher than the price offered by the otherwise lowest, responsive, and responsible offeror.

“(4) RELATIONSHIP TO OTHER CONTRACTING PREFERENCES.—A procurement may not be made from a source on the basis of a preference provided in paragraph (2) or (3), if the procurement would otherwise be made from a different source under section 4124 or 4125 of title 18, United States Code, or the Javits-Wagner-O’Day Act (41 U.S.C. 46 et seq.).

“(c) ENFORCEMENT; PENALTIES.—

“(1) VERIFICATION OF ELIGIBILITY.—In carrying out this section, the Administrator shall establish procedures relating to—

“(A) the filing, investigation, and disposition by the Administration of any challenge to the eligibility of a small business concern to receive assistance under this section (including a challenge, filed by an interested party, relating to the veracity of a certification made or information provided to the Administration by a small business concern under section 3(p)(5)); and

“(B) verification by the Administrator of the accuracy of any certification made or information provided to the Administration by a small business concern under section 3(p)(5).

“(2) EXAMINATIONS.—The procedures established under paragraph (1) may provide for program examinations (including random program examinations) by the Administrator of any small business concern making a certification or providing information to the Administrator under section 3(p)(5).

“(3) PROVISION OF DATA.—Upon the request of the Administrator, the Secretary of Labor, the Secretary of Housing and Urban Development, and the Secretary of the Interior (or the

Regulations.

Assistant Secretary for Indian Affairs), shall promptly provide to the Administrator such information as the Administrator determines to be necessary to carry out this subsection.

“(4) PENALTIES.—In addition to the penalties described in section 16(d), any small business concern that is determined by the Administrator to have misrepresented the status of that concern as a ‘HUBZone small business concern’ for purposes of this section, shall be subject to—

“(A) section 1001 of title 18, United States Code; and

“(B) sections 3729 through 3733 of title 31, United States Code.”.

(2) INITIAL LIMITED APPLICABILITY.—During the period beginning on the date of enactment of this Act and ending on September 30, 2000, section 31 of the Small Business Act (as added by paragraph (1) of this subsection) shall apply only to procurements by—

15 USC 657a
note.

(A) the Department of Defense;

(B) the Department of Agriculture;

(C) the Department of Health and Human Services;

(D) the Department of Transportation;

(E) the Department of Energy;

(F) the Department of Housing and Urban Development;

(G) the Environmental Protection Agency;

(H) the National Aeronautics and Space Administration;

(I) the General Services Administration; and

(J) the Department of Veterans Affairs.

SEC. 603. TECHNICAL AND CONFORMING AMENDMENTS TO THE SMALL BUSINESS ACT.

(a) PERFORMANCE OF CONTRACTS.—Section 8(d) of the Small Business Act (15 U.S.C. 637(d)) is amended—

(1) in paragraph (1)—

(A) in the first sentence, by striking “, small business concerns owned and controlled by socially and economically disadvantaged individuals” and inserting “, qualified HUBZone small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals”; and

(B) in the second sentence, by inserting “qualified HUBZone small business concerns,” after “small business concerns,”;

(2) in paragraph (3)—

(A) by inserting “qualified HUBZone small business concerns,” after “small business concerns,” each place that term appears; and

(B) by adding at the end the following:

“(F) In this contract, the term ‘qualified HUBZone small business concern’ has the meaning given that term in section 3(p) of the Small Business Act.”;

(3) in paragraph (4)(E), by striking “small business concerns and” and inserting “small business concerns, qualified HUBZone small business concerns, and”;

(4) in paragraph (6), by inserting “qualified HUBZone small business concerns,” after “small business concerns,” each place that term appears; and

(5) in paragraph (10), by inserting “qualified HUBZone small business concerns,” after “small business concerns,”.

(b) AWARDS OF CONTRACTS.—Section 15 of the Small Business Act (15 U.S.C. 644) is amended—

(1) in subsection (g)(1)—

(A) by inserting “qualified HUBZone small business concerns,” after “small business concerns,” each place that term appears;

(B) in the second sentence, by striking “20 percent” and inserting “23 percent”; and

(C) by inserting after the second sentence the following: “The Governmentwide goal for participation by qualified HUBZone small business concerns shall be established at not less than 1 percent of the total value of all prime contract awards for fiscal year 1999, not less than 1.5 percent of the total value of all prime contract awards for fiscal year 2000, not less than 2 percent of the total value of all prime contract awards for fiscal year 2001, not less than 2.5 percent of the total value of all prime contract awards for fiscal year 2002, and not less than 3 percent of the total value of all prime contract awards for fiscal year 2003 and each fiscal year thereafter.”;

(2) in subsection (g)(2)—

(A) in the first sentence, by striking “, by small business concerns owned and controlled by socially and economically disadvantaged individuals” and inserting “, by qualified HUBZone small business concerns, by small business concerns owned and controlled by socially and economically disadvantaged individuals”;

(B) in the second sentence, by inserting “qualified HUBZone small business concerns,” after “small business concerns,”; and

(C) in the fourth sentence, by striking “by small business concerns owned and controlled by socially and economically disadvantaged individuals and participation by small business concerns owned and controlled by women” and inserting “by qualified HUBZone small business concerns, by small business concerns owned and controlled by socially and economically disadvantaged individuals, and by small business concerns owned and controlled by women”; and

(3) in subsection (h), by inserting “qualified HUBZone small business concerns,” after “small business concerns,” each place that term appears.

(c) OFFENSES AND PENALTIES.—Section 16 of the Small Business Act (15 U.S.C. 645) is amended—

(1) in subsection (d)(1)—

(A) by inserting “, a ‘qualified HUBZone small business concern,’” after “‘small business concern,’”; and

(B) in subparagraph (A), by striking “section 9 or 15” and inserting “section 9, 15, or 31”; and

(2) in subsection (e), by inserting “, a ‘HUBZone small business concern,’” after “‘small business concern,’”.

SEC. 604. OTHER TECHNICAL AND CONFORMING AMENDMENTS.

(a) TITLE 10, UNITED STATES CODE.—Section 2323 of title 10, United States Code, is amended—

(1) in subsection (a)(1)(A), by inserting before the semicolon the following: “, and qualified HUBZone small business concerns (as defined in section 3(p) of the Small Business Act)”; and

(2) in subsection (f)(1), by inserting “or as a qualified HUBZone small business concern (as defined in section 3(p) of the Small Business Act)” after “(as described in subsection (a))”.

(b) FEDERAL HOME LOAN BANK ACT.—Section 21A(b)(13) of the Federal Home Loan Bank Act (12 U.S.C. 1441a(b)(13)) is amended—

(1) by striking “concerns and small” and inserting “concerns, small”; and

(2) by inserting “, and qualified HUBZone small business concerns (as defined in section 3(p) of the Small Business Act)” after “disadvantaged individuals”.

(c) SMALL BUSINESS ECONOMIC POLICY ACT OF 1980.—Section 303(e) of the Small Business Economic Policy Act of 1980 (15 U.S.C. 631b(e)) is amended—

(1) in paragraph (1), by striking “and” at the end;

(2) in paragraph (2), by striking the period at the end and inserting “, and”; and

(3) by adding at the end the following:

“(3) qualified HUBZone small business concern (as defined in section 3(p) of the Small Business Act).”.

(d) SMALL BUSINESS INVESTMENT ACT OF 1958.—Section 411(c)(3)(B) of the Small Business Investment Act of 1958 (15 U.S.C. 694b(c)(3)(B)) is amended by inserting before the semicolon the following: “, or to a qualified HUBZone small business concern (as defined in section 3(p) of the Small Business Act)”.

(e) TITLE 31, UNITED STATES CODE.—

(1) CONTRACTS FOR COLLECTION SERVICES.—Section 3718(b) of title 31, United States Code, is amended—

(A) in paragraph (1)(B), by inserting “and law firms that are qualified HUBZone small business concerns (as defined in section 3(p) of the Small Business Act)” after “disadvantaged individuals”; and

(B) in paragraph (3)—

(i) in the first sentence, by inserting before the period “and law firms that are qualified HUBZone small business concerns”; and

(ii) in subparagraph (A), by striking “and” at the end;

(iii) in subparagraph (B), by striking the period at the end and inserting “, and”; and

(iv) by adding at the end the following:

“(C) the term ‘qualified HUBZone small business concern’ has the meaning given that term in section 3(p) of the Small Business Act.”.

(2) PAYMENTS TO LOCAL GOVERNMENTS.—Section 6701(f) of title 31, United States Code, is amended—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking “and” at the end;

(ii) in subparagraph (B), by striking the period at the end and inserting “, and”; and

(iii) by adding at the end the following:

“(C) qualified HUBZone small business concerns.”; and
(B) in paragraph (3)—

(i) in subparagraph (A), by striking “and” at the end;

(ii) in subparagraph (B), by striking the period at the end and inserting “; and”; and

(iii) by adding at the end the following:

“(C) the term ‘qualified HUBZone small business concern’ has the meaning given that term in section 3(p) of the Small Business Act (15 U.S.C. 632(o)).”.

(3) REGULATIONS.—Section 7505(c) of title 31, United States Code, is amended by striking “small business concerns and” and inserting “small business concerns, qualified HUBZone small business concerns, and”.

(f) OFFICE OF FEDERAL PROCUREMENT POLICY ACT.—

(1) ENUMERATION OF INCLUDED FUNCTIONS.—Section 6(d) of the Office of Federal Procurement Policy Act (41 U.S.C. 405(d)) is amended—

(A) in paragraph (11), by inserting “qualified HUBZone small business concerns (as defined in section 3(p) of the Small Business Act),” after “small businesses,”; and

(B) in paragraph (12), by inserting “qualified HUBZone small business concerns (as defined in section 3(p) of the Small Business Act (15 U.S.C. 632(o)),” after “small businesses,”.

(2) PROCUREMENT DATA.—Section 502 of the Women’s Business Ownership Act of 1988 (41 U.S.C. 417a) is amended—

(A) in subsection (a)—

(i) in the first sentence, by inserting “the number of qualified HUBZone small business concerns,” after “Procurement Policy”; and

(ii) by inserting a comma after “women”; and

(B) in subsection (b), by inserting after “section 204 of this Act” the following: “, and the term ‘qualified HUBZone small business concern’ has the meaning given that term in section 3(p) of the Small Business Act (15 U.S.C. 632(o)).”.

(g) ENERGY POLICY ACT OF 1992.—Section 3021 of the Energy Policy Act of 1992 (42 U.S.C. 13556) is amended—

(1) in subsection (a)—

(A) in paragraph (2), by striking “or”;

(B) in paragraph (3), by striking the period and inserting “; or”; and

(C) by adding at the end the following:

“(4) qualified HUBZone small business concerns.”; and

(2) in subsection (b), by adding at the end the following:

“(3) The term ‘qualified HUBZone small business concern’ has the meaning given that term in section 3(p) of the Small Business Act (15 U.S.C. 632(o)).”.

(h) TITLE 49, UNITED STATES CODE.—

(1) PROJECT GRANT APPLICATION APPROVAL CONDITIONED ON ASSURANCES ABOUT AIRPORT OPERATION.—Section 47107(e) of title 49, United States Code, is amended—

(A) in paragraph (1), by inserting before the period “or qualified HUBZone small business concerns (as defined in section 3(p) of the Small Business Act)”; and

(B) in paragraph (4)(B), by inserting before the period “or as a qualified HUBZone small business concern (as defined in section 3(p) of the Small Business Act)”; and

(C) in paragraph (6), by inserting “or a qualified HUBZone small business concern (as defined in section 3(p) of the Small Business Act)” after “disadvantaged individual”.

(2) MINORITY AND DISADVANTAGED BUSINESS PARTICIPATION.—Section 47113 of title 49, United States Code, is amended—

(A) in subsection (a)—

(i) in paragraph (1), by striking the period at the end and inserting a semicolon;

(ii) in paragraph (2), by striking the period at the end and inserting “; and”; and

(iii) by adding at the end the following:

“(3) the term ‘qualified HUBZone small business concern’ has the meaning given that term in section 3(p) of the Small Business Act (15 U.S.C. 632(o)).”; and

(B) in subsection (b), by inserting before the period “or qualified HUBZone small business concerns”.

SEC. 605. REGULATIONS.

(a) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Administrator shall publish in the Federal Register such final regulations as may be necessary to carry out this title and the amendments made by this title.

(b) FEDERAL ACQUISITION REGULATION.—Not later than 180 days after the date on which final regulations are published under subsection (a), the Federal Acquisition Regulatory Council shall amend the Federal Acquisition Regulation in order to ensure consistency between the Federal Acquisition Regulation, this title and the amendments made by this title, and the final regulations published under subsection (a).

Federal Register,
publication.
15 USC 632 note.

SEC. 606. REPORT.

Not later than March 1, 2002, the Administrator shall submit to the Committees a report on the implementation of the HUBZone program established under section 31 of the Small Business Act (as added by section 602(b) of this title) and the degree to which the HUBZone program has resulted in increased employment opportunities and an increased level of investment in HUBZones (as defined in section 3(p) of the Small Business Act (15 U.S.C. 632(p)), as added by section 602(a) of this title).

15 USC 657a
note.

SEC. 607. AUTHORIZATION OF APPROPRIATIONS.

Section 20 of the Small Business Act (15 U.S.C. 631 note) (as amended by section 101 of this Act) is amended—

(1) in subsection (c), by adding at the end the following:

“(3) HUBZONE PROGRAM.—There are authorized to be appropriated to the Administration to carry out the program under section 31, \$5,000,000 for fiscal year 1998.”;

(2) in subsection (d), by adding at the end the following:

“(3) HUBZONE PROGRAM.—There are authorized to be appropriated to the Administration to carry out the program under section 31, \$5,000,000 for fiscal year 1999.”; and

(3) in subsection (e), by adding at the end the following:

“(3) HUBZONE PROGRAM.—There are authorized to be appropriated to the Administration to carry out the program under section 31, \$5,000,000 for fiscal year 2000.”.

TITLE VII—SERVICE DISABLED VETERANS

15 USC 631 note. **SEC. 701. PURPOSES.**

The purposes of this title are—

(1) to foster enhanced entrepreneurship among eligible veterans by providing increased opportunities;

(2) to vigorously promote the legitimate interests of small business concerns owned and controlled by eligible veterans; and

(3) to ensure that those concerns receive fair consideration in purchases made by the Federal Government.

15 USC 631 note. **SEC. 702. DEFINITIONS.**

In this title:

(1) **ELIGIBLE VETERAN.**—The term “eligible veteran” means a disabled veteran (as defined in section 4211(3) of title 38, United States Code).

(2) **SMALL BUSINESS CONCERN OWNED AND CONTROLLED BY ELIGIBLE VETERANS.**—The term “small business concern owned and controlled by eligible veterans” means a small business concern (as defined in section 3 of the Small Business Act)—

(A) that is at least 51 percent owned by 1 or more eligible veterans, or in the case of a publicly owned business, at least 51 percent of the stock of which is owned by 1 or more eligible veterans; and

(B) whose management and daily business operations are controlled by eligible veterans.

15 USC 631 note. **SEC. 703. REPORT BY SMALL BUSINESS ADMINISTRATION.**

(a) **STUDY AND REPORT.**—

(1) **IN GENERAL.**—Not later than 9 months after the date of enactment of this Act, the Administrator shall conduct a comprehensive study and submit to the Committees a final report containing findings and recommendations of the Administrator on—

(A) the needs of small business concerns owned and controlled by eligible veterans;

(B) the availability and utilization of Administration programs by small business concerns owned and controlled by eligible veterans;

(C) the percentage, and dollar value, of Federal contracts awarded to small business concerns owned and controlled by eligible veterans in the preceding 5 fiscal years; and

(D) methods to improve Administration and other agency programs to serve the needs of small business concerns owned and controlled by eligible veterans.

(2) **CONTENTS.**—The report under paragraph (1) shall include recommendations to Congress concerning the need for legislation and recommendations to the Office of Management and Budget,

relevant offices within the Administration, and the Department of Veterans Affairs.

(b) CONDUCT OF STUDY.—In carrying out subsection (a), the Administrator—

(1) may conduct surveys of small business concerns owned and controlled by eligible veterans and service disabled veterans, including those who have sought financial assistance or other services from the Administration;

(2) shall consult with the appropriate committees of Congress, relevant groups and organizations in the nonprofit sector, and Federal or State government agencies; and

(3) shall have access to any information within other Federal agencies that pertains to such veterans and their small businesses, unless such access is specifically prohibited by law.

SEC. 704. INFORMATION COLLECTION.

15 USC 631 note.

After the date of issuance of the report required by section 703(a), the Secretary of Veterans Affairs shall, in consultation with the Assistant Secretary for Veterans' Employment and Training and the Administrator, engage in efforts each fiscal year to identify small business concerns owned and controlled by eligible veterans in the United States. The Secretary shall inform each small business concern identified under this section that information on Federal procurement is available from the Administrator.

SEC. 705. STATE OF SMALL BUSINESS REPORT.

Section 303(b) of the Small Business Economic Policy Act of 1980 (15 U.S.C. 631b(b)) is amended by striking “and female-owned businesses” and inserting “, female-owned, and veteran-owned businesses”.

SEC. 706. LOANS TO VETERANS.

Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended by inserting after paragraph (7) the following:

“(8) The Administration may make loans under this subsection to small business concerns owned and controlled by disabled veterans (as defined in section 4211(3) of title 38, United States Code).”.

SEC. 707. ENTREPRENEURIAL TRAINING, COUNSELING, AND MANAGEMENT ASSISTANCE.

15 USC 631 note.

The Administrator shall take such actions as may be necessary to ensure that small business concerns owned and controlled by eligible veterans have access to programs established under the Small Business Act that provide entrepreneurial training, business development assistance, counseling, and management assistance to small business concerns, including, among others, the Small Business Development Center program and the Service Corps of Retired Executives (SCORE) program.

SEC. 708. GRANTS FOR ELIGIBLE VETERANS' OUTREACH PROGRAMS.

Section 8(b) of the Small Business Act (15 U.S.C. 637(b)) is amended—

(1) in paragraph (15), by striking “and” at the end;

(2) in the first paragraph designated as paragraph (16), by striking the period at the end and inserting “; and”; and

(3) by striking the second paragraph designated as paragraph (16) and inserting the following:

“(17) to make grants to, and enter into contracts and cooperative agreements with, educational institutions, private businesses, veterans’ nonprofit community-based organizations, and Federal, State, and local departments and agencies for the establishment and implementation of outreach programs for disabled veterans (as defined in section 4211(3) of title 38, United States Code).”.

15 USC 631 note. **SEC. 709. OUTREACH FOR ELIGIBLE VETERANS.**

The Administrator, the Secretary of Veterans Affairs, and the Assistant Secretary of Labor for Veterans’ Employment and Training, shall develop and implement a program of comprehensive outreach to assist eligible veterans, which program shall include business training and management assistance, employment and relocation counseling, and dissemination of information on veterans’ benefits and veterans’ entitlements.

Approved December 2, 1997.

LEGISLATIVE HISTORY—S. 1139 (H.R. 2261):

HOUSE REPORTS: No. 105–246 accompanying H.R. 2261 (Comm. on Small Business).

SENATE REPORTS: No. 105–62 (Comm. on Small Business).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Sept. 9, considered and passed Senate.

Sept. 29, considered and passed House, amended, in lieu of H.R. 2261.

Oct. 31, Senate concurred in House amendment with an amendment.

Nov. 9, House concurred in Senate amendment.



Public Law 105–136
105th Congress

An Act

To amend the Immigration and Nationality Act to authorize appropriations for
refugee and entrant assistance for fiscal years 1998 and 1999.

Dec. 2, 1997
[S. 1161]

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

**SECTION 1. AUTHORIZATION OF APPROPRIATIONS FOR REFUGEE AND
ENTRANT ASSISTANCE.**

(a) **AUTHORIZATION OF APPROPRIATIONS.**—Section 414(a) of the
Immigration and Nationality Act (8 U.S.C. 1524(a)) is amended
by striking “fiscal year 1995, fiscal year 1996, and fiscal year
1997” and inserting “each of fiscal years 1998 and 1999”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall take effect October 1, 1997. 8 USC 1524 note.

Approved December 2, 1997.

LEGISLATIVE HISTORY—S. 1161:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Sept. 10, considered and passed Senate.

Sept. 29, Oct. 1, Nov. 13, considered and passed House.



Public Law 105–137
105th Congress

An Act

Dec. 2, 1997
[S. 1193]

To amend chapter 443 of title 49, United States Code, to extend the authorization of the aviation insurance program, and for other purposes.

Aviation
Insurance
Reauthorization
Act of 1997.
49 USC 40101
note.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Aviation Insurance Reauthorization Act of 1997”.

SEC. 2. VALUATION OF AIRCRAFT.

(a) GENERAL AUTHORITY FOR INSURANCE AND REINSURANCE.—Section 44302(a)(2) of title 49, United States Code, is amended by striking “as determined by the Secretary.” and inserting “as determined by the Secretary in accordance with reasonable business practices in the commercial aviation insurance industry.”.

(b) LIMITATION ON MAXIMUM INSURED AMOUNT.—Section 44306(c) of title 49, United States Code, is amended by striking “as determined by the Secretary.” and inserting “as determined by the Secretary in accordance with reasonable business practices in the commercial aviation insurance industry.”.

SEC. 3. EFFECT OF INDEMNITY AGREEMENTS.

Section 44305(b) of title 49, United States Code, is amended by adding at the end the following: “If such an agreement is countersigned by the President or the President’s designee, the agreement shall constitute, for purposes of section 44302(b), a determination that continuation of the aircraft operations to which the agreement applies is necessary to carry out the foreign policy of the United States.”.

SEC. 4. ARBITRATION AUTHORITY.

(a) AUTHORIZATION OF BINDING ARBITRATION.—Section 44308(b)(1) of title 49, United States Code, is amended by inserting after the second sentence the following: “Any such policy may authorize the binding arbitration of claims made thereunder in such manner as may be agreed to by the Secretary and any commercial insurer that may be responsible for any part of a loss to which such policy relates.”.

(b) AUTHORITY TO PAY ARBITRATION AWARD.—Section 44308(b)(2) of such title is amended—

- (1) by striking “and” at the end of subparagraph (A);
- (2) by redesignating subparagraph (B) as subparagraph (C); and
- (3) by inserting after subparagraph (A) the following:

“(B) pay the amount of a binding arbitration award made under paragraph (1); and”.

SEC. 5. EXTENSION OF PROGRAM.

(a) **IN GENERAL.**—Section 44310 of title 49, United States Code, is amended by striking “September 30, 2002” and inserting “December 31, 1998”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) takes effect on October 1, 1997. 49 USC 44310 note.

SEC. 6. USE OF AIRCRAFT FOR DEMONSTRATION.

Section 40102(a)(37)(A) of title 49, United States Code, is amended—

- (1) by striking “or” in clause (i);
- (2) by redesignating clause (ii) as clause (iii); and
- (3) by inserting after clause (i) the following:

“(ii) owned by the United States Government and operated by any person for purposes related to crew training, equipment development, or demonstration; or”.

Approved December 2, 1997.

LEGISLATIVE HISTORY—S. 1193 (H.R. 2036):

HOUSE REPORTS: No. 105–244 accompanying H.R. 2036 (Comm. on Transportation and Infrastructure).

SENATE REPORTS: No. 105–140 (Comm. on Commerce, Science, and Transportation).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 8, considered and passed Senate.

Nov. 13, considered and passed House.



Public Law 105–138
105th Congress

An Act

Dec. 2, 1997
[S. 1559]

To provide for the design, construction, furnishing, and equipping of a Center for Historically Black Heritage within Florida A&M University.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CONSTRUCTION OF A CENTER FOR REGIONAL BLACK CULTURE.

(a) FINDINGS.—Congress makes the following findings:

(1) Currently 500,000 historically important artifacts of the Civil War era and the early days of the civil rights movement in the Southeast region of the United States are housed at Florida A&M University.

(2) To preserve this large repository of African-American history and artifacts it is appropriate that the Federal Government share in the cost of construction of this national repository for culture and history.

(b) DEFINITION.—In this section:

(1) CENTER.—The term “Center” means the Center for Historically Black Heritage at Florida A&M University.

(2) SECRETARY.—The term “Secretary” means the Secretary of the Interior acting through the Director of the National Park Service.

(c) CONSTRUCTION OF CENTER.—The Secretary may award a grant to the State of Florida to pay for the Federal share of the cost, design, construction, furnishing, and equipping of the Center at Florida A&M University.

(d) GRANT REQUIREMENTS.—

(1) IN GENERAL.—In order to receive a grant awarded under subsection (c), Florida A&M University, shall submit to the Secretary a proposal.

(2) FEDERAL SHARE.—The Federal share described in subsection (c) shall be 50 percent.

(e) AUTHORIZATION OF APPROPRIATION.—There is authorized to be appropriated to the Secretary of the Interior to carry out this section a total of \$3,800,000 for fiscal year 1998 and any succeeding fiscal years. Funds appropriated pursuant to the authority of the preceding sentence shall remain available until expanded.

Approved December 2, 1997.

LEGISLATIVE HISTORY—S. 1559:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 13, considered and passed Senate and House.



Public Law 105–139
105th Congress

An Act

Dec. 2, 1997
[S. 1565]

To make technical corrections to the Nicaraguan Adjustment and Central American Relief Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TECHNICAL CORRECTIONS TO NICARAGUAN ADJUSTMENT AND CENTRAL AMERICAN RELIEF ACT.

Ante, p. 2193.

(a) ADJUSTMENT OF STATUS.—Section 202(a)(1) of the Nicaraguan Adjustment and Central American Relief Act is amended—

(1) in the matter preceding subparagraph (A), by striking “Notwithstanding section 245(c) of the Immigration and Nationality Act, the” and inserting “The”; and

(2) in subparagraph (B)—

(A) by striking “is otherwise eligible to receive an immigrant visa and”; and

(B) by striking “(6)(A), and (7)(A)” and inserting “(6)(A), (7)(A), and (9)(B)”.

(b) ADJUSTMENT OF STATUS FOR SPOUSES AND CHILDREN.—Section 202(d)(1) of the Nicaraguan Adjustment and Central American Relief Act is amended—

(1) in the matter preceding subparagraph (A), by striking “Notwithstanding section 245(c) of the Immigration and Nationality Act, the” and inserting “The”; and

(2) in subparagraph (D)—

(A) by striking “is otherwise eligible to receive an immigrant visa and”; and

(B) by striking “exclusion” and inserting “inadmissibility”; and

(C) by striking “(6)(A), and (7)(A)” and inserting “(6)(A), (7)(A), and (9)(B)”.

Ante, p. 2196.

(c) TRANSITIONAL RULES WITH REGARD TO SUSPENSION OF DEPORTATION.—Section 309(c)(5)(C) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, as added by section 203(a)(1) of the Nicaraguan Adjustment and Central American Relief Act is amended (1) in clause (i), in the matter preceding subclause (I), by inserting “of this paragraph” after “subparagraph (A)”; (2) in clause (ii), by striking “this clause (i)” and inserting “clause (i)”.

(d) TEMPORARY REDUCTION IN DIVERSITY VISAS.—Section 203(d) of the Nicaraguan Adjustment and Central American Relief Act is amended—

(1) in paragraph (1) by inserting “otherwise” before “available under that section”; and

(2) in paragraph (2)(A)—

(A) by striking “309(c)(5)(C)” and inserting “309(c)(5)(C)(i)”; and

(B) by striking “year exceeds—” and inserting “year; exceeds”.

(e) TEMPORARY REDUCTION IN OTHER WORKERS’ VISAS.—Section 203(e)(2)(A) of the Nicaraguan Adjustment and Central American Relief Act is amended by striking “(d)(2)(A), exceeds—” and inserting “(d)(2)(A); exceeds”.

(f) EFFECTIVE DATE.—The amendments made by this section— 8 USC 1101 note.

(1) shall take effect upon the enactment of the Nicaraguan Adjustment and Central American Relief Act (as contained in the District of Columbia Appropriations Act, 1998); and

(2) shall be effective as if included in the enactment of such Act.

Approved December 2, 1997.

LEGISLATIVE HISTORY—S. 1565:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 13, considered and passed Senate and House.



Public Law 105–140
105th Congress

Joint Resolution

Dec. 2, 1997
[S.J. Res. 39]

To provide for the convening of the Second Session of the One Hundred Fifth Congress.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the second regular session of the One Hundred Fifth Congress shall begin at noon on Tuesday, January 27, 1998.

SEC. 2. Prior to the convening of the second regular session of the One Hundred Fifth Congress on January 27, 1998, as provided in the first section of this joint resolution, Congress shall reassemble at noon on the second day after its Members are notified in accordance with section 3 of this joint resolution.

SEC. 3. The Speaker of the House and the Majority Leader of the Senate, acting jointly after consultation with the Minority Leader of the House and the Minority Leader of the Senate, shall notify the Members of the House and Senate, respectively, to assemble whenever, in their opinion, the public interest shall warrant it.

Approved December 2, 1997.

LEGISLATIVE HISTORY—S.J. Res. 39:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 13, considered and passed Senate and House.



Public Law 105–141
105th Congress

An Act

To require the Attorney General to establish a program in local prisons to identify, prior to arraignment, criminal aliens and aliens who are unlawfully present in the United States, and for other purposes.

Dec. 5, 1997

[H.R. 1493]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PROGRAM OF IDENTIFICATION OF CERTAIN DEPORTABLE ALIENS AWAITING ARRAIGNMENT.

8 USC 1226 note.

(a) **ESTABLISHMENT OF PROGRAM.**—Not later than 6 months after the date of the enactment of this Act, and subject to such amounts as are provided in appropriations Acts, the Attorney General shall establish and implement a program to identify, from among the individuals who are incarcerated in local governmental incarceration facilities prior to arraignment on criminal charges, those individuals who are within 1 or more of the following classes of deportable aliens:

(1) Aliens unlawfully present in the United States.

(2) Aliens described in paragraph (2) or (4) of section 237(a) of the Immigration and Nationality Act (as redesignated by section 305(a)(2) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996).

(b) **DESCRIPTION OF PROGRAM.**—The program authorized by subsection (a) shall include—

(1) the detail, to each incarceration facility selected under subsection (c), of at least one employee of the Immigration and Naturalization Service who has expertise in the identification of aliens described in subsection (a); and

(2) provision of funds sufficient to provide for—

(A) the detail of such employees to each selected facility on a full-time basis, including the portions of the day or night when the greatest number of individuals are incarcerated prior to arraignment;

(B) access for such employees to records of the Service and other Federal law enforcement agencies that are necessary to identify such aliens; and

(C) in the case of an individual identified as such an alien, pre-arraignment reporting to the court regarding the Service's intention to remove the alien from the United States.

(c) **SELECTION OF FACILITIES.**—

(1) **IN GENERAL.**—The Attorney General shall select for participation in the program each incarceration facility that satisfies the following requirements:

(A) The facility is owned by the government of a local political subdivision described in clause (i) or (ii) of subparagraph (C).

(B) Such government has submitted a request for such selection to the Attorney General.

(C) The facility is located—

(i) in a county that is determined by the Attorney General to have a high concentration of aliens described in subsection (a); or

(ii) in a city, town, or other analogous local political subdivision, that is determined by the Attorney General to have a high concentration of such aliens (but only in the case of a facility that is not located in a county).

(D) The facility incarcerates or processes individuals prior to their arraignment on criminal charges.

(2) NUMBER OF QUALIFYING SUBDIVISIONS.—For any fiscal year, the total number of local political subdivisions determined under clauses (i) and (ii) of paragraph (1)(C) to meet the standard in such clauses shall be the following:

(A) For fiscal year 1999, not less than 10 and not more than 25.

(B) For fiscal year 2000, not less than 25 and not more than 50.

(C) For fiscal year 2001, not more than 75.

(D) For fiscal year 2002, not more than 100.

(E) For fiscal year 2003 and subsequent fiscal years, 100, or such other number of political subdivisions as may be specified in appropriations Acts.

(3) FACILITIES IN INTERIOR STATES.—For any fiscal year, of the local political subdivisions determined under clauses (i) and (ii) of paragraph (1)(C) to meet the standard in such clauses, not less than 20 percent shall be in States that are not contiguous to a land border.

(4) TREATMENT OF CERTAIN FACILITIES.—All of the incarceration facilities within the county of Orange, California, and the county of Ventura, California, that are owned by the government of a local political subdivision, and satisfy the requirements of paragraph (1)(D), shall be selected for participation in the program.

8 USC 1226 note. **SEC. 2. STUDY AND REPORT.**

Not later than 1 year after the date of the enactment of this Act, the Attorney General shall complete a study, and submit a report to the Congress, concerning the logistical and technological feasibility of implementing the program under section 1 in a greater number of locations than those selected under such section through—

(1) the assignment of a single Immigration and Naturalization Service employee to more than 1 incarceration facility; and

(2) the development of a system to permit the Attorney General to conduct off-site verification, by computer or other electronic means, of the immigration status of individuals who are incarcerated in local governmental incarceration facilities prior to arraignment on criminal charges.

Approved December 5, 1997.

LEGISLATIVE HISTORY—H.R. 1493:

HOUSE REPORTS: No. 105–338 (Comm. on the Judiciary).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 4, considered and passed House.

Nov. 13, considered and passed Senate.



Public Law 105–142
105th Congress

An Act

Dec. 5, 1997
[H.R. 2626]

To make clarifications to the Pilot Records Improvement Act of 1996, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. RECORDS OF EMPLOYMENT OF PILOT APPLICANTS.

Section 44936(f) of title 49, United States Code, is amended—

(1) in paragraph (1) by striking “Before hiring an individual” and inserting “Subject to paragraph (14), before allowing an individual to begin service”;

(2) in paragraph (1)(B) by inserting “as a pilot of a civil or public aircraft” before “at any time”;

(3) in paragraph (4)—

(A) by inserting “and air carriers” after “Administrator”; and

(B) by striking “paragraph (1)(A)” and inserting “paragraphs (1)(A) and (1)(B)”;

(4) in paragraph (5) by striking “this paragraph” and inserting “this subsection”;

(5) in paragraph (10)—

(A) by inserting “who is or has been” before “employed”; and

(B) by inserting “, but not later than 30 days after the date” after “reasonable time”; and

(6) by adding at the end the following:

“(14) SPECIAL RULES WITH RESPECT TO CERTAIN PILOTS.—

“(A) PILOTS OF CERTAIN SMALL AIRCRAFT.—Notwithstanding paragraph (1), an air carrier, before receiving information requested about an individual under paragraph (1), may allow the individual to begin service for a period not to exceed 90 days as a pilot of an aircraft with a maximum payload capacity (as defined in section 119.3 of title 14, Code of Federal Regulations) of 7,500 pounds or less, or a helicopter, on a flight that is not a scheduled operation (as defined in such section). Before the end of the 90-day period, the air carrier shall obtain and evaluate such information. The contract between the carrier and the individual shall contain a term that provides that the continuation of the individual’s employment, after the last day of the 90-day period, depends on a satisfactory evaluation.

“(B) GOOD FAITH EXCEPTION.—Notwithstanding paragraph (1), an air carrier, without obtaining information about an individual under paragraph (1)(B) from an air carrier or other person that no longer exists, may allow the individual to begin service as a pilot if the air carrier required to request the information has made a documented good faith attempt to obtain such information.”.

Approved December 5, 1997.

LEGISLATIVE HISTORY—H.R. 2626:

HOUSE REPORTS: No. 105–372 (Comm. on Transportation and Infrastructure).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 9, considered and passed House.

Nov. 13, considered and passed Senate.



Public Law 105–143
105th Congress

An Act

Dec. 15, 1997
[H.R. 1604]

To provide for the division, use, and distribution of judgment funds of the Ottawa and Chippewa Indians of Michigan pursuant to dockets numbered 18–E, 58, 364, and 18–R before the Indian Claims Commission.

Michigan Indian
Land Claims
Settlement Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Michigan Indian Land Claims Settlement Act”.

TITLE I—DIVISION, USE, AND DISTRIBUTION OF JUDGMENT FUNDS OF THE OTTAWA AND CHIPPEWA INDIANS OF MICHIGAN

SEC. 101. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

Sec. 1. Short title.

TITLE I—DIVISION, USE, AND DISTRIBUTION OF JUDGMENT FUNDS OF THE OTTAWA AND CHIPPEWA INDIANS OF MICHIGAN

Sec. 101. Table of contents.

Sec. 102. Findings; purpose.

Sec. 103. Definitions.

Sec. 104. Division of funds.

Sec. 105. Development of tribal plans for use or distribution of funds.

Sec. 106. Preparation of judgment distribution roll of descendants.

Sec. 107. Plan for use and distribution of Bay Mills Indian Community funds.

Sec. 108. Plan for use of Sault Ste. Marie Tribe of Chippewa Indians of Michigan funds.

Sec. 109. Plan for use of Grand Traverse Band of Ottawa and Chippewa Indians of Michigan funds.

Sec. 110. Payment to newly recognized or reaffirmed tribes.

Sec. 111. Treatment of funds in relation to other laws.

Sec. 112. Treaties not affected.

TITLE II—LIMITATION ON HEALTH CARE CONTRACTS AND COMPACTS FOR THE KETCHIKAN GATEWAY BOROUGH

Sec. 201. Findings.

Sec. 202. Definitions.

Sec. 203. Limitation.

SEC. 102. FINDINGS; PURPOSE.

(a) **FINDINGS.**—Congress finds the following:

(1) Judgments were rendered in the Indian Claims Commission in dockets numbered 18–E, 58, and 364 in favor of the Ottawa and Chippewa Indians of Michigan and in docket numbered 18–R in favor of the Sault Ste. Marie Band of Chippewa Indians.

(2) The funds Congress appropriated to pay these judgments have been held by the Department of the Interior for the beneficiaries pending a division of the funds among the beneficiaries in a manner acceptable to the tribes and descendency group and pending development of plans for the use and distribution of the respective tribes' share.

(3) The 1836 treaty negotiations show that the United States concluded negotiations with the Chippewa concerning the cession of the upper peninsula and with the Ottawa with respect to the lower peninsula.

(4) A number of sites in both areas were used by both the Ottawa and Chippewa Indians. The Ottawa and Chippewa Indians were intermarried and there were villages composed of members of both tribes.

(b) **PURPOSE.**—It is the purpose of this title to provide for the fair and equitable division of the judgment funds among the beneficiaries and to provide the opportunity for the tribes to develop plans for the use or distribution of their share of the funds.

SEC. 103. DEFINITIONS.

For purposes of this title the following definitions apply:

(1) The term “judgment funds” means funds appropriated in full satisfaction of judgments made in the Indian Claims Commission—

(A) reduced by an amount for attorneys fees and litigation expenses; and

(B) increased by the amount of any interest accrued with respect to such funds.

(2) The term “dockets 18–E and 58 judgment funds” means judgment funds awarded in dockets numbered 18–E and 58 in favor of the Ottawa and Chippewa Indians of Michigan.

(3) The term “docket 364 judgment funds” means the judgment funds awarded in docket numbered 364 in favor of the Ottawa and Chippewa Indians of Michigan.

(4) The term “docket 18–R judgment funds” means the judgment funds awarded in docket numbered 18–R in favor of the Sault Ste. Marie Band of Chippewa Indians.

(5) The term “judgment distribution roll of descendants” means the roll prepared pursuant to section 106.

(6) The term “Secretary” means the Secretary of the Interior.

SEC. 104. DIVISION OF FUNDS.

(a) **DOCKET 18–E AND 58 JUDGMENT FUNDS.**—The Secretary shall divide the docket 18–E and 58 judgment funds as follows:

(1) The lesser of 13.5 percent and \$9,253,104.47, and additional funds as described in this section, for newly recognized or reaffirmed tribes described in section 110 and eligible individuals on the judgment distribution roll of descendants.

(2) 34.6 percent to the Sault Ste. Marie Tribe of Chippewa Indians of Michigan and the Bay Mills Indian Community, of which—

(A) the lesser of 35 percent of the principal and interest as of December 31, 1996, and \$8,313,877 shall be for the Bay Mills Indian Community; and

(B) the remaining amount (less \$161,723.89 which shall be added to the funds described in paragraph (1)) shall be for the Sault Ste. Marie Tribe of Chippewa Indians of Michigan.

(3) 17.3 percent (less \$161,723.89 which shall be added to the funds described in paragraph (1)) to the Grand Traverse Band of Ottawa and Chippewa Indians of Michigan.

(4) 17.3 percent (less \$161,723.89 which shall be added to the funds described in paragraph (1)) to the Little Traverse Bay Bands of Odawa Indians of Michigan.

(5) 17.3 percent (less \$161,723.89 which shall be added to the funds described in paragraph (1)) to the Little River Band of Ottawa Indians of Michigan.

(6) Any funds remaining after distribution pursuant to paragraphs (1) through (5) shall be divided and distributed to each of the recognized tribes listed in this subsection in an amount which bears the same ratio to the amount so divided and distributed as the distribution of judgment funds pursuant to each of paragraphs (2) through (5) bears to the total distribution under all such paragraphs.

(b) DOCKET 364 JUDGMENT FUNDS.—The Secretary shall divide the docket 364 judgment funds as follows:

(1) The lesser of 20 percent and \$28,026.79 for newly recognized or reaffirmed tribes described in section 110 and eligible individuals on the judgment distribution roll of descendants.

(2) 32 percent to the Sault Ste. Marie Tribe of Chippewa Indians of Michigan and the Bay Mills Indian Community, of which—

(A) 35 percent shall be for the Bay Mills Indian Community; and

(B) the remaining amount shall be for the Sault Ste. Marie Tribe of Chippewa Indians of Michigan.

(3) 16 percent to the Grand Traverse Band of Ottawa and Chippewa Indians of Michigan.

(4) 16 percent to the Little Traverse Bay Bands of Odawa Indians of Michigan.

(5) 16 percent to the Little River Band of Ottawa Indians of Michigan.

(6) Any funds remaining after distribution pursuant to paragraphs (1) through (5) shall be divided and distributed to each of the recognized tribes listed in this subsection in an amount which bears the same ratio to the amount so divided and distributed as the distribution of judgment funds pursuant to each of paragraphs (2) through (5) bears to the total distribution under all such paragraphs.

(c) DOCKET 18-R JUDGMENT FUNDS.—The Secretary shall divide the docket 18-R judgment funds as follows:

(1) 65 percent to the Sault Ste. Marie Tribe of Chippewa Indians of Michigan.

(2) 35 percent to the Bay Mills Indian Community.

(d) AMOUNTS FOR NEWLY RECOGNIZED OR REAFFIRMED TRIBES OR INDIVIDUALS ON THE JUDGMENT DISTRIBUTION ROLL OF DESCENDANTS HELD IN TRUST.—Pending distribution under this title to newly recognized or reaffirmed tribes described in section 110 or individuals on the judgment distribution roll of descendants, the Secretary shall hold amounts referred to in subsections (a)(1) and (b)(1) in trust.

SEC. 105. DEVELOPMENT OF TRIBAL PLANS FOR USE OR DISTRIBUTION OF FUNDS.

(a) DISBURSEMENT OF FUNDS.—(1) Except as provided in paragraphs (2), (3), and (4), the Secretary shall disburse each tribe's respective share of the judgment funds described in subsections (a), (b), and (c) of section 104 not later than 30 days after a plan for use and distribution of such funds has been approved in accordance with this section. Disbursement of a tribe's share shall not be dependent upon approval of any other tribe's plan.

(2) Section 107 shall be the plan for use and distribution of the judgment funds described in subsections (a)(2)(A), (b)(2)(A), and (c)(2) of section 104. Such plan shall be approved upon the enactment of this Act and such funds shall be distributed by the Secretary to the Bay Mills Indian Community not later than 90 days after the date of the enactment of this Act to be used and distributed in accordance with section 107.

(3) Section 108 shall be the plan for use and distribution of the judgment funds described in subsections (a)(2)(B), (b)(2)(B), and (c)(1) of section 104. Such plan shall be approved upon the enactment of this Act and such funds shall be distributed by the Secretary to the Sault Ste. Marie Tribe of Chippewa Indians of Michigan not later than 90 days after the date of the enactment of this Act to be used and distributed in accordance with section 108.

(4) Section 109 shall be the plan for use and distribution of the judgment funds described in subsections (a)(3) and (b)(3) of section 104. Such plan shall be approved upon the enactment of this Act and such funds shall be distributed by the Secretary to the Grand Traverse Band of Ottawa and Chippewa Indians of Michigan, not later than 90 days after the date of the enactment of this Act to be used and distributed in accordance with section 109.

(b) APPROVAL OR COMMENT OF SECRETARY.—(1) Except as otherwise provided in this title, each tribe shall develop a plan for the use and distribution of its respective share of the judgment funds. The tribe shall hold a hearing or general membership meeting on its proposed plan. The tribe shall submit to the Secretary its plan together with an accompanying resolution of its governing body accepting such plan, a transcript of its hearings or meetings in which the plan was discussed with its general membership, any documents circulated or made available to the membership on the proposed plan, and comments from its membership received on the proposed plan.

(2) Not later than 90 days after a tribe makes its submission under paragraph (1), the Secretary shall—

(A) if the plan complies with the provisions of section 3(b) of the Indian Tribal Judgment Funds Use or Distribution Act (25 U.S.C. 1403(b)), approve the plan; or

(B) if the plan does not comply with the provisions of section 3(b) of the Indian Tribal Judgment Funds Use or Distribution Act (25 U.S.C. 1403(b)), return the plan to the tribe with comments advising the tribe why the plan does not comply with such provisions.

(c) RESPONSE BY TRIBE.—The tribe shall have 60 days after receipt of comments under subsection (b)(2), or other time as the tribe and the Secretary agree upon, in which to respond to such comments and make such response by submitting a revised plan to the Secretary.

(d) SUBMISSION TO CONGRESS.—(1) The Secretary shall, within 45 days after receiving the governing body's comments under subsection (c), submit a plan to Congress in accordance with the provisions of section 3(b) of the Indian Tribal Judgment Funds Use or Distribution Act (25 U.S.C. 1403(b)). If the tribe does not submit a response pursuant to subsection (c), the Secretary shall, not later than 45 days after the end of the response time for such a response, submit a plan to Congress in accordance with the provisions of section 3(b) of the Indian Tribal Judgment Funds Use or Distribution Act (25 U.S.C. 1403(b)).

(2) If a tribe does not submit a plan to the Secretary within 8 years of the date of enactment of this Act, the Secretary shall approve a plan which complies with the provisions of section 3(b) of the Indian Tribal Judgment Funds Use or Distribution Act (25 U.S.C. 1403(b)).

(e) GOVERNING LAW AFTER APPROVAL BY SECRETARY.—Once approved by the Secretary under this title, the effective date of the plan and other requisite action, if any, is determined by the provisions of section 5 of the Indian Tribal Judgment Funds Use or Distribution Act (25 U.S.C. 1405).

(f) HEARINGS NOT REQUIRED.—Notwithstanding section 3 and section 4 of the Indian Tribal Judgment Funds Use or Distribution Act (25 U.S.C. 1403 and 25 U.S.C. 1404), the Secretary shall not be required to hold hearings or submit transcripts of any hearings held previously concerning the Indian judgments which are related to the judgment funds. The Secretary's submission of the plan pursuant to this title shall comply with section 4 of the Indian Tribal Judgment Funds Use or Distribution Act (25 U.S.C. 1404).

SEC. 106. PREPARATION OF JUDGMENT DISTRIBUTION ROLL OF DESCENDANTS.

(a) PREPARATION.—

(1) IN GENERAL.—The Secretary shall prepare, in accordance with parts 61 and 62 of title 25, Code of Federal Regulations, a judgment distribution roll of all citizens of the United States who—

(A) were born on or before the date of enactment of this Act;

(B) were living on the date of the enactment of this Act;

(C) are of at least one-quarter Michigan Ottawa or Chippewa Indian blood, or a combination thereof;

(D) are not members of the tribal organizations listed in section 104;

(E) are lineal descendants of the Michigan Ottawa or Chippewa bands or tribes that were parties to either

the 1820 treaty (7 Stat. 207), the 1836 treaty (7 Stat. 491), or the 1855 treaty (11 Stat. 621);

(F) are lineal descendants of at least one of the groups described in subsection (d); and

(G) are not described in subsection (e).

(2) TIME LIMITATIONS.—The judgment distribution roll of descendants prepared pursuant to paragraph (1)—

(A) shall not be approved before 8 years after the date of the enactment of this Act or a final determination has been made regarding each petition filed pursuant to section 110, whichever is earlier; and

(B) shall be approved not later than 9 years after the date of the enactment of this Act.

(b) APPLICATIONS.—Applications for inclusion on the judgment distribution roll of descendants must be filed with the superintendent, Michigan agency, Bureau of Indian Affairs, Sault Ste. Marie, Michigan, not later than 1 year after the date of enactment of this Act.

(c) APPEALS.—Appeals arising under this section shall be handled in accordance with parts 61 and 62 of title 25, Code of Federal Regulations.

(d) GROUPS.—The groups referred to in subsection (a)(1)(F) are Chippewa or Ottawa tribe or bands of—

(1) Grand River, Traverse, Grand Traverse, Little Traverse, Maskigo, or L'Arbre Croche, Cheboigan, Sault Ste. Marie, Michilmackinac; and

(2) any subdivisions of any groups referred to in paragraph (1).

(e) INELIGIBLE INDIVIDUALS.—An individual is not eligible under this section, if that individual—

(1) received benefits pursuant to the Secretarial Plan effective July 17, 1983, for the use and distribution of Potawatomi judgment funds;

(2) received benefits pursuant to the Secretarial Plan effective November 12, 1977, for the use and distribution of Saginaw Chippewa judgment funds;

(3) is a member of the Keweenaw Bay Chippewa Indian Community of Michigan on the date of the enactment of this Act;

(4) is a member of the Lac Vieux Desert Band of Lake Superior Chippewa Indians on the date of the enactment of this Act; or

(5) is a member of a tribe whose membership is predominantly Potawatomi.

(f) USE OF HORACE B. DURANT ROLL.—In preparing the judgment distribution roll of descendants under this section, the Secretary shall refer to the Horace B. Durant Roll, approved February 18, 1910, of the Ottawa and Chippewa Tribe of Michigan, as qualified and corrected by other rolls and records acceptable to the Secretary, including the Durant Field Notes of 1908-1909 and the Annuity Payroll of the Ottawa and Chippewa Tribe of Michigan approved May 17, 1910. The Secretary may employ the services of the descendant group enrollment review committees.

(g) PAYMENT OF FUNDS.—Subject to section 110, not later than 90 days after the approval by the Secretary of the judgment distribution roll of descendants prepared pursuant to this section, the Secretary shall distribute per capita the funds described in

subsections (a)(1) and (b)(1) of section 104 to the individuals listed on that judgment distribution roll of descendants. Payment under this section—

(1) to which a living, competent adult is entitled under this title shall be paid directly to that adult;

(2) to which a deceased individual is entitled under this title shall be paid to that individual's heirs and legatees upon determination of such heirs and legatees in accordance with regulations prescribed by the Secretary; and

(3) to which a legally incompetent individual or an individual under 18 years of age is entitled under this title shall be paid in accordance with such procedures (including the establishment of trusts) as the Secretary determines to be necessary to protect and preserve the interests of that individual.

SEC. 107. PLAN FOR USE AND DISTRIBUTION OF BAY MILLS INDIAN COMMUNITY FUNDS.

(a) **TRIBAL LAND TRUST.**—(1) The Executive Council of the Bay Mills Indian Community shall establish a nonexpendable trust to be known as the “Land Trust”. Not later than 60 days after receipt of the funds distributed to the Bay Mills Indian Community pursuant to this title, the Executive Council of the Bay Mills Indian Community shall deposit 20 percent of the share of the Bay Mills Indian Community into the Land Trust.

(2) The Executive Council shall be the trustee of the Land Trust and shall administer the Land Trust in accordance with this section. The Executive Council may retain or hire a professional trust manager and may pay the prevailing market rate for such services. Such payment for services shall be made from the current income accounts of the trust and charged against earnings of the current fiscal year.

(3) The earnings generated by the Land Trust shall be used exclusively for improvements on tribal land or the consolidation and enhancement of tribal landholdings through purchase or exchange. Any land acquired with funds from the Land Trust shall be held as Indian lands are held.

(4) The principal of the Land Trust shall not be expended for any purpose, including but not limited to, per capita payment to members of the Bay Mills Indian Community.

(5) The Land Trust shall be maintained as a separate account, which shall be audited at least once during each fiscal year by an independent certified public accountant who shall prepare a report on the results of such audit. Such report shall be a public document, and shall be available for inspection by any member of the Bay Mills Indian Community.

(6) Notwithstanding any other provision of law, the approval of the Secretary of any payment from the Land Trust shall not be required and the Secretary shall have no trust responsibility for the investment, supervision, administration, or expenditure of funds from the Land Trust.

(b) **LAND CLAIMS DISTRIBUTION TRUST.**—(1) The Executive Council of the Bay Mills Indian Community shall establish a non-expendable trust to be known as the “Land Claims Distribution Trust Fund”. Not later than 60 days after receipt of the funds distributed to the Bay Mills Indian Community pursuant to this title, the Executive Council of the Bay Mills Indian Community

shall deposit into the Land Claims Distribution Trust Fund the principal funds which shall consist of—

(A) amounts remaining of the funds distributed to the Bay Mills Indian Community after distribution pursuant to subsections (a) and (c);

(B) 10 percent of the annual earnings generated by the Land Claims Distribution Trust Fund; and

(C) such other funds which the Executive Council chooses to add to the Land Claims Distribution Trust Fund.

(2) The Executive Council shall be the trustee of the Land Claims Distribution Trust Fund and shall administer the Land Claims Distribution Trust Fund in accordance with this section. The Executive Council may retain or hire a professional trust manager and may pay for said services the prevailing market rate. Such payment for services shall be made from the current income accounts of the trust and charged against earnings of the current fiscal year.

(3) 90 percent of the annual earnings of the Land Claims Distribution Trust Fund shall be distributed on October 1 of each year after the creation of the trust fund to any person who—

(A) is enrolled as a member of the Bay Mills Indian Community;

(B) is at least 55 years of age as of the annual distribution date; and

(C)(i) has been enrolled as a member of the Bay Mills Indian Community for a minimum of 25 years as of the annual distribution date, or

(ii) was adopted as a member of the Bay Mills Indian Community on or before June 30, 1996.

(4) In the event that a member of the Bay Mills Indian Community who is eligible for payment under subsection (b)(3), should die after preparation of the annual distribution roll and prior to the October 1 distribution, that individual's share for that year shall be provided to the member's heirs at law.

(5) In the event that a member of the Bay Mills Indian Community who is at least 55 years of age and who is eligible for payment under subsection (b)(3), shall have a guardian appointed for said individual, such payment shall be made to the guardian.

(6) Under no circumstances shall any part of the principal of the Land Claims Distribution Trust Fund be distributed as a per capita payment to members of the Bay Mills Indian Community, or used or expended for any other purpose by the Executive Council.

(7) The Land Claims Distribution Trust Fund shall be maintained as a separate account, which shall be audited at least once during each fiscal year by an independent certified public accountant who shall prepare a report on the results of such audit. Such report shall be a public document and shall be available for inspection by any member of the Bay Mills Indian Community.

Reports.

(8) Notwithstanding any other provision of law, the approval of the Secretary of any payment from the Land Claims Distribution Trust Fund shall not be required and the Secretary shall have no trust responsibility for the investment, supervision, administration, or expenditure of the Fund.

(c) LAND CLAIMS INITIAL PAYMENT.—As compensation to the members of the Bay Mills Indian Community for the delay in distribution of the judgment fund, payment shall be made by the

Executive Council within 30 days of receipt of the Bay Mills Indian Community's share of the judgment fund from the Secretary, as follows:

(1) The sum of \$3,000 to each enrolled member of the Bay Mills Indian Community living on the date of enactment of this legislation, who has attained the age of 55 years, but is less than 62 years of age, if that individual was adopted into or a member of the Bay Mills Indian Community on or before June 30, 1996.

(2) The sum of \$5,000 to each enrolled member of the Bay Mills Indian Community living on the date of enactment of this legislation, who is at least 62 years of age and less than 70 years of age, if that individual was adopted into or a member of the Bay Mills Indian Community on or before June 30, 1996.

(3) The sum of \$10,000 to each enrolled member of the Bay Mills Indian Community living on the date of enactment of this legislation, who is 70 years of age or older, if that individual was adopted into or a member of the Bay Mills Indian Community on or before June 30, 1996.

(d) ANNUAL PAYMENTS FROM LAND CLAIMS DISTRIBUTION TRUST FUND.—The Executive Council shall prepare the annual distribution roll and ensure its accuracy prior to August 30 of each year prior to distribution. The distribution roll shall identify each member of the Bay Mills Indian Community who, on the date of distribution, will have attained the minimum age and membership duration required for distribution eligibility, as specified in subsection (b)(3). The number of eligible persons in each age category defined in this subsection, multiplied by the number of shares for which the age category is entitled, added together for the 3 categories, shall constitute the total number of shares to be distributed each year. On each October 1, the shares shall be distributed as follows:

(1) Each member who is at least 55 years of age and less than 62 years of age shall receive 1 share.

(2) Each member who is between the ages of 62 and 69 years shall receive 2 shares.

(3) Each member who is 70 years of age or older shall receive 3 shares.

SEC. 108. PLAN FOR USE OF SAULT STE. MARIE TRIBE OF CHIPPEWA INDIANS OF MICHIGAN FUNDS.

(a) SELF-SUFFICIENCY FUND.—

(1) The Sault Ste. Marie Tribe of Chippewa Indians of Michigan (referred to in this section as the "Sault Ste. Marie Tribe"), through its board of directors, shall establish a trust fund for the benefit of the Sault Ste. Marie Tribe which shall be known as the "Self-Sufficiency Fund". The principal of the Self-Sufficiency Fund shall consist of—

(A) the Sault Ste. Marie Tribe's share of the judgment funds transferred by the Secretary to the board of directors pursuant to subsection (e);

(B) such amounts of the interest and other income of the Self-Sufficiency Fund as the board of directors may choose to add to the principal; and

(C) any other funds that the board of directors of the Sault Ste. Marie Tribe chooses to add to the principal.

(2) The board of directors shall be the trustee of the Self-Sufficiency Fund and shall administer the Fund in accordance with the provisions of this section.

(b) USE OF PRINCIPAL.—

(1) The principal of the Self-Sufficiency Fund shall be used exclusively for investments or expenditures which the board of directors determines—

(A) are reasonably related to—

(i) economic development beneficial to the tribe; or

(ii) development of tribal resources;

(B) are otherwise financially beneficial to the tribe and its members; or

(C) will consolidate or enhance tribal landholdings.

(2) At least one-half of the principal of the Self-Sufficiency Fund at any given time shall be invested in investment instruments or funds calculated to produce a reasonable rate of return without undue speculation or risk.

(3) No portion of the principal of the Self-Sufficiency Fund shall be distributed in the form of per capita payments.

(4) Any lands acquired using amounts from the Self-Sufficiency Fund shall be held as Indian lands are held.

(c) USE OF SELF-SUFFICIENCY FUND INCOME.—The interest and other investment income of the Self-Sufficiency Fund shall be distributed—

(1) as an addition to the principal of the Fund;

(2) as a dividend to tribal members;

(3) as a per capita payment to some group or category of tribal members designated by the board of directors;

(4) for educational, social welfare, health, cultural, or charitable purposes which benefit the members of the Sault Ste. Marie Tribe; or

(5) for consolidation or enhancement of tribal lands.

(d) GENERAL RULES AND PROCEDURES.—

(1) The Self-Sufficiency Fund shall be maintained as a separate account.

(2) The books and records of the Self-Sufficiency Fund shall be audited at least once during each fiscal year by an independent certified public accountant who shall prepare a report on the results of such audit. Such report shall be treated as a public document of the Sault Ste. Marie Tribe and a copy of the report shall be available for inspection by any enrolled member of the Sault Ste. Marie Tribe.

(e) TRANSFER OF JUDGMENT FUNDS TO SELF-SUFFICIENCY FUND.—

(1) The Secretary shall transfer to the Self-Sufficiency Fund the share of the funds which have been allocated to the Sault Ste. Marie Tribe pursuant to section 104.

(2) Notwithstanding any other provision of law, after the transfer required by paragraph (1) the approval of the Secretary for any payment or distribution from the principal or income of the Self-Sufficiency Fund shall not be required and the Secretary shall have no trust responsibility for the investment, administration, or expenditure of the principal or income of the Self-Sufficiency Fund.

(f) LANDS ACQUIRED USING INTEREST OR OTHER INCOME OF THE SELF-SUFFICIENCY FUND.—Any lands acquired using amounts

from interest or other income of the Self-Sufficiency Fund shall be held in trust by the Secretary for the benefit of the tribe.

SEC. 109. PLAN FOR USE OF GRAND TRAVERSE BAND OF OTTAWA AND CHIPPEWA INDIANS OF MICHIGAN FUNDS.

(a) **LAND CLAIMS DISTRIBUTION TRUST FUND.**—(1) The share of the Grand Traverse Band of Ottawa and Chippewa Indians of Michigan (hereafter in this section referred to as the “Band”), as determined pursuant to subsections (a)(3) and (b)(3) of section 104, shall be deposited by the Secretary in a nonexpendable trust fund to be established by the Tribal Council of the Band to be known as the “Land Claims Distribution Trust Fund” (hereafter in this section referred to as the “Trust Fund”).

(2) The principal of the Trust Fund shall consist of—

(A) the funds deposited into the Trust Fund by the Secretary pursuant to this subsection;

(B) annual earnings of the Trust Fund which shall be retained, and added to the principal; and

(C) such other funds as may be added to the Trust Fund by action of the Tribal Council of the Band.

(b) **MANAGEMENT OF THE TRUST FUND.**—The Tribal Council of the Band shall be the trustee of the Trust Fund and shall administer the Fund in accordance with this section. In carrying out this responsibility, the Tribal Council may retain or hire a professional trust manager and may pay the prevailing market rate for such services. Such payment for services shall be made from the current income accounts of the Trust Fund and charged against the earnings of the fiscal year in which the payment becomes due.

(c) **TRUST FUND AS LOAN COLLATERAL.**—(1) The Trust Fund shall be used by the Band as collateral to secure a bank loan equal to 80 percent of the principal of the Trust Fund at the lowest interest rate then available. Such loan shall be used by the Band to make a one-time per capita payment to all eligible members.

(2) The loan secured pursuant to this subsection shall be amortized by the earnings of the Trust Fund. The Tribal Council of the Band shall have the authority to invest the principal of the Trust Fund on market risk principles that will ensure adequate payments of the debt obligation while at the same time protecting the principal.

(d) **ELDERS’ LAND CLAIM DISTRIBUTION TRUST FUND.**—(1) Upon the retirement of the loan obtained pursuant to subsection (c), the Tribal Council shall establish the Grand Traverse Band Elders’ Land Claims Distribution Trust Fund (hereafter in this section referred to as the “Elders’ Trust Fund”). There shall be deposited into the Elders’ Trust Fund the principal and all accrued earnings that are in the Land Claims Distribution Trust Fund on the date of retirement of such loan.

(2) Upon establishment of the Elders’ Trust Fund, the Tribal Council of the Band shall make a one-time payment to any person who is living on the date of the establishment of the Elders’ Trust Fund, and who was an enrolled member of the Band for at least 2 years prior to the date of the enactment of this Act as follows:

(A) \$500 for each member who has attained the age of 55 years, but is less than 62 years of age.

(B) \$1,000 for each member who has attained the age of 62 years, but is less than 70 years of age.

(C) \$2,500 for each member who is 70 years of age or older.

(3) After distribution pursuant to paragraph (2), the net annual earnings of the Elders' Trust Fund shall be distributed as follows:

(A) 90 percent shall be distributed on October 1 of each year after the creation of the Elder's Trust Fund to all living enrolled members of the Band who have attained the age of 55 years upon such date, and who shall have been an enrolled member of the Band for not less than 2 years upon such date.

(B) 10 percent shall be added to the principal of the Elders' Trust Fund.

(4) Distribution pursuant to paragraph (3)(A) shall be as follows:

(A) One share for each person on the current annual Elders' roll who has attained the age of 55 years, but is less than 62 years of age.

(B) Two shares for each person who has attained the age of 62 years, but is less than 70 years of age.

(C) Three shares for each person who is 70 years of age or older.

(5) None of the funds in the Elders' Trust Fund shall be distributed or expended for any purpose other than as provided in this subsection.

(6) The Elders' Trust Fund shall be maintained as a separate account, which shall be audited at least once during each fiscal year by an independent certified public accountant who shall prepare a report on the results of such audit. Such report shall be reasonably available for inspection by the members of the Band.

(7) The Tribal Council of the Band shall prepare an annual Elders' distribution roll and ensure its accuracy prior to August 30 of each year. The roll shall identify each member of the Band who has attained the minimum age and membership duration required for distribution eligibility pursuant to paragraph (3)(A).

(e) GENERAL PROVISIONS.—(1) In the event that a tribal member eligible for a payment under this section shall die after preparation of the annual distribution roll, but prior to the distribution date, such payment shall be paid to the estate of such member.

(2) In any case where a legal guardian has been appointed for a person eligible for a payment under this section, payment of that person's share shall be made to such guardian.

(f) NO SECRETARIAL RESPONSIBILITIES FOR TRUST FUND.—The Secretary shall have no trust responsibility for the investment, supervision, administration, or expenditure of the Land Claims Distribution Trust Fund or the Elders' Trust Fund.

SEC. 110. PAYMENT TO NEWLY RECOGNIZED OR REAFFIRMED TRIBES.

(a) ELIGIBILITY.—In order to be eligible for tribal funds under this Act, a tribe that is not federally recognized or reaffirmed on the date of the enactment of this Act—

(1) must be a signatory to either the 1836 treaty (7 Stat. 491) or the 1855 treaty (11 Stat. 621);

(2) must have a membership that is predominantly Chippewa and Ottawa;

(3) shall not later than 6 months after the date of the enactment of this Act, submit to the Bureau of Indian Affairs

a letter of intent for Federal recognition if such a letter is not on file with the Bureau of Indian Affairs; and

(4) shall not later than 3 years after the date of the enactment of this Act, submit to the Bureau of Indian Affairs a documented petition for Federal recognition if such a petition is not on file with the Bureau of Indian Affairs.

(b) **DISTRIBUTION OF FUNDS ALLOTTED FOR NEWLY RECOGNIZED OR REAFFIRMED TRIBES.**—Not later than 90 days after a tribe that has submitted a timely petition pursuant to subsection (a) is federally recognized or reaffirmed, the Secretary shall segregate and hold in trust for such tribe, its respective share of the funds described in sections 104(a)(1) and (b)(1), \$3,000,000 plus 30 percent of any income earned on the funds described in section 104(a)(1) and (b)(1) up to the date of such distribution.

(c) **DISTRIBUTION OF FUNDS ALLOTTED FOR CERTAIN INDIVIDUALS.**—If, after the date of the enactment of this Act and before approval by the Secretary of the judgment distribution roll of descendants, Congress or the Secretary recognizes a tribe which has as a member an individual that is listed on the judgment distribution roll of descendants as approved pursuant to section 106, the Secretary shall, not later than 90 days after the approval of such judgment distribution roll of descendants, remove that individual's name from the descendants roll and reallocate the funds allotted for that individual to the fund established for such newly recognized or reaffirmed tribe.

(d) **FUNDS SUBJECT TO PLAN.**—Funds held in trust for a newly recognized or reaffirmed tribe shall be subject to plans that are approved in accordance with this title.

(e) **DETERMINATION OF MEMBERSHIP IN NEWLY RECOGNIZED OR REAFFIRMED TRIBE.**—

(1) **SUBMISSION OF MEMBERSHIP ROLL.**—For purposes of this section—

(A) if the tribe is acknowledged by the Secretary under part 83 of title 25, Code of Federal Regulations, the Secretary shall use the tribe's most recent membership list provided under such part;

(B) unless otherwise provided by the statutes which recognizes the tribe, if Congress recognizes a tribe, the Secretary shall use the most recent membership list provided to Congress. If no membership list is provided to Congress, the Secretary shall use the most recent membership list provided with the tribe's petition for acknowledgment under part 83 of title 25, Code of Federal Regulations. If no such list was provided to Congress or under such part, the newly recognized tribe shall submit a membership list to the Secretary before the judgment distribution roll of descendants is approved or the judgment funds shall be distributed per capita pursuant to section 106;

(C) a tribe that has submitted a membership roll pursuant to this section may update its membership rolls not later than 180 days before distribution pursuant to section 106.

(2) **FAILURE TO SUBMIT UPDATED MEMBERSHIP ROLL.**—If a membership list was not provided—

(A) to the Secretary, the Secretary will use the tribe's most recent membership list provided to the Bureau of Indian Affairs in their petition for Federal acknowledgment

filed under part 83 of title 25, Code of Federal Regulations, unless otherwise provided in the statute which recognized the tribe;

(B) to the Bureau of Indian Affairs, the newly recognized or reaffirmed tribe shall submit a membership list before the judgment distribution roll of descendants is approved by the Secretary, unless otherwise provided in the statute which recognized the tribe; and

(C) before the judgment distribution roll of descendants is approved, the judgment funds shall be distributed per capita pursuant to section 106.

SEC. 111. TREATMENT OF FUNDS IN RELATION TO OTHER LAWS.

The eligibility for or receipt of distributions under this Act by a tribe or individual shall not be considered as income, resources, or otherwise when determining the eligibility for or computation of any payment or other benefit to such tribe, individual, or household under—

(1) any financial aid program of the United States, including grants and contracts subject to the Indian Self-Determination Act; or

(2) any other benefit to which such tribe, household, or individual would otherwise be entitled under any Federal or federally assisted program.

SEC. 112. TREATIES NOT AFFECTED.

No provision of this Act shall be construed to constitute an amendment, modification, or interpretation of any treaty to which a tribe mentioned in this Act is a party nor to any right secured to such a tribe or to any other tribe by any treaty.

TITLE II—LIMITATION ON HEALTH CARE CONTRACTS AND COMPACTS FOR THE KETCHIKAN GATEWAY BOROUGH

SEC. 201. FINDINGS.

Congress finds that—

(1) the execution of more than 1 contract or compact between an Alaska Native village or regional or village corporation in the Ketchikan Gateway Borough and the Secretary to provide for health care services in an area with a small population leads to duplicative and wasteful administrative costs; and

(2) incurring the wasteful costs referred to in paragraph (1) leads to decrease in the quality of health care that is provided to Alaska Natives in an affected area.

SEC. 202. DEFINITIONS.

In this title:

(1) **ALASKA NATIVE.**—The term “Alaska Native” has the meaning given the term “Native” in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b)).

(2) **ALASKA NATIVE VILLAGE OR REGIONAL OR VILLAGE CORPORATION.**—The term “Alaska Native village or regional

or village corporation” means an Alaska Native village or regional or village corporation defined in, or established pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.).

(3) **CONTRACT; COMPACT.**—The terms “contract” and “compact” mean a self-determination contract and a self-governance compact as these terms are defined in the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.).

(4) **SECRETARY.**—The term “Secretary” means the Secretary of Health and Human Services.

SEC. 203. LIMITATION.

(a) **IN GENERAL.**—The Secretary shall take such action as may be necessary to ensure that, in considering a renewal of a contract or compact, or signing of a new contract or compact for the provision of health care services in the Ketchikan Gateway Borough, there will be only one contract or compact in effect.

(b) **CONSIDERATION.**—In any case in which the Secretary, acting through the Director of the Indian Health Service, is required to select from more than 1 application for a contract or compact described in subsection (a), in awarding the contract or compact, the Secretary shall take into consideration—

- (1) the ability and experience of the applicant;
- (2) the potential for the applicant to acquire and develop the necessary ability; and
- (3) the potential for growth in the health care needs of the covered borough.

Approved December 15, 1997.

LEGISLATIVE HISTORY—H.R. 1604:

HOUSE REPORTS: No. 105-352 (Comm. on Resources).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 4, considered and passed House.

Nov. 9, considered and passed Senate, amended.

Nov. 13, House concurred in certain Senate amendments and disagreed to another amendment. Senate receded from its amendment.



Public Law 105-144
105th Congress

An Act

To authorize acquisition of certain real property for the Library of Congress, and for other purposes.

Dec. 15, 1997
[H.R. 2979]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ACQUISITION OF FACILITY IN CULPEPER, VIRGINIA.

2 USC 141 note.

(a) **ACQUISITION.**—The Architect of the Capitol may acquire on behalf of the United States Government by transfer of title, without reimbursement or transfer of funds, the following property:

(1) Three parcels totaling approximately 41 acres, more or less, located in Culpeper County, Virginia, and identified as Culpeper County Tax Parcel Numbers 51-80B, 51-80C, and 51-80D, further described as real estate (consisting of 15.949 acres) conveyed to Federal Reserve Bank of Richmond by deed from Russell H. Inskeep and Jean H. Inskeep, his wife, dated October 1, 1964, and recorded October 7, 1964, in the Clerk's Office, Circuit Court of Culpeper County, Virginia, in Deed Book 177, page 431, and real estate (consisting of 20.498 acres and consisting of 4.502 acres) conveyed to Federal Reserve Bank of Richmond by deed from Russell H. Inskeep and Jean H. Inskeep, his wife, dated November 11, 1974, and recorded November 12, 1974, in the Clerk's Office, Circuit Court of Culpeper County, Virginia, in Deed Book 247, page 246.

(2) Improvements to such real property.

(b) **USES.**—Effective on the date on which the Architect of the Capitol acquires the property under subsection (a), such property shall be available to the Librarian of Congress for use as a national audiovisual conservation center.

SEC. 2. LIBRARY BUILDINGS AND GROUNDS.

Section 11 of the Act entitled “An Act relating the policing of the buildings of the Library of Congress” approved August 4, 1950 (2 U.S.C. 167(j)), is amended by adding at the end the following new subsection:

2 USC 141 note,
167j.

“(d) For the purposes of this Act, the term ‘Library of Congress buildings and grounds’ shall include the following property:

“(1) Three parcels totaling approximately 41 acres, more or less, located in Culpeper County, Virginia, and identified as Culpeper County Tax Parcel Numbers 51-80B, 51-80C, and 51-80D, further described as real estate (consisting of 15.949 acres) conveyed to Federal Reserve Bank of Richmond by deed from Russell H. Inskeep and Jean H. Inskeep, his wife, dated October 1, 1964, and recorded October 7, 1964, in the Clerk's Office, Circuit Court of Culpeper County, Virginia, in Deed

Book 177, page 431; and real estate (consisting of 20.498 acres and consisting of 4.502 acres) conveyed to Federal Reserve Bank of Richmond by deed from Russell H. Inskeep and Jean H. Inskeep, his wife, dated November 11, 1974, and recorded November 12, 1974, in the Clerk's Office, Circuit Court of Culpeper County, Virginia, in Deed Book 247, page 246.

“(2) Improvements to such real property.”.

2 USC 141 note.

SEC. 3. ACCEPTANCE OF TRANSFERRED GIFTS OR TRUST FUNDS.

Gifts or trust funds given to the Library or the Library of Congress Trust Fund Board for the structural and mechanical work and refurbishment of Library buildings and grounds specified in section 1 shall be transferred to the Architect of the Capitol to be spent in accordance with the provisions of the first section of the Act of June 29, 1922 (2 U.S.C. 141).

2 USC 141 note.

SEC. 4. FUND FOR TRANSFERRED FUNDS.

There is established in the Treasury of the United States a fund consisting of those gifts or trust funds transferred to the Architect of the Capitol under section 3. Upon prior approval of the Committee on House Oversight of the House of Representatives and Committee on Rules and Administration of the Senate, amounts in the fund shall be available to the Architect of the Capitol, subject to appropriation, to remain available until expended, for the structural and mechanical work and refurbishment of Library buildings and grounds. Such funds shall be available for expenditure in fiscal year 1998, subject to the prior approval of the Committee on House Oversight of the House of Representatives and the Committee on Rules and Administration of the Senate.

2 USC 141 note.

SEC. 5. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), the provisions of this Act shall take effect on the date of the enactment of this Act.

(b) SPECIAL RULE FOR INCLUSION OF PROPERTY WITHIN LIBRARY BUILDINGS AND GROUNDS.—The amendment made by section 2 shall take effect upon the acquisition by the Architect of the Capitol of the property described in section 1.

Approved December 15, 1997.

LEGISLATIVE HISTORY—H.R. 2979:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 12, considered and passed House.

Nov. 13, considered and passed Senate.



Public Law 105-145
105th Congress

Joint Resolution

Granting the consent of Congress to the Chickasaw Trail Economic Development Compact.

Dec. 15, 1997
[H.J. Res. 95]

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, The Congress consents to the Chickasaw Trail Economic Development Compact entered into by the State of Tennessee and the State of Mississippi. The compact is substantially as follows:

Tennessee.
Mississippi.

**“CHICKASAW TRAIL ECONOMIC DEVELOPMENT
COMPACT**

“Article I. The purpose of this compact is to promote the development of an undeveloped rural area of Marshall County, Mississippi, and Fayette County, Tennessee (hereinafter referred to as ‘Chickasaw Trail Economic Development Area’), and to create a development authority which incorporates public and private partnerships to facilitate the economic growth of such areas by providing developed sites for the location and construction of manufacturing plants, distribution facilities, research facilities, regional and national offices with supportive services, and facilities, and to establish a joint interstate authority to assist in these efforts.

“Article II. This compact shall become effective immediately whenever the states of Tennessee and Mississippi have ratified it and Congress has given consent thereto.

“Article III. The states which are parties to this compact (hereinafter referred to as ‘party states’) do hereby establish and create a joint agency which shall be known as the Chickasaw Trail Economic Development Authority (hereinafter referred to as the ‘Authority’). The membership of the Authority shall consist of an appointee of the Governor of each party state, each state’s chief economic development official or his/her representative, appointee of each of the member counties board of supervisors/county legislative body, selected from nominees from the county’s industrial development board, and an appointee of the property owners’ group. The appointive members of the authority shall serve for terms of four (4) years. Vacancies on the Authority shall be filled by appointment by the Governor or the appropriate appointing authority for the unexpired part of the term. The members of the Authority shall serve without compensation or reimbursement of expenses. The members of the Authority shall hold regular quarterly meetings and such special meetings as its business may require. They shall choose annually a chairman and vice-chairman from among their members, and the chairmanship shall rotate each year between the party states. The secretary of the Authority

(hereinafter provided for) shall notify each member in writing of all meetings of the Authority in such a manner and under such rules and regulations as the Authority may prescribe. The Authority shall adopt rules and regulations for the transaction of its business; and the secretary shall keep a record of all its business, and shall furnish a copy thereof to each member of the Authority. It shall be the duty of the Authority in general, to promote, encourage and coordinate the efforts of the party states to secure the development of the Chickasaw Trail Economic Development Authority. Toward this end, the authority shall have power to hold hearings; to conduct studies and surveys of all problems, benefits and other matters associated with the development of the Chickasaw Trail Economic Development Area and to make reports thereon; to acquire, by gift or otherwise, and hold and dispose of such money and property as may be provided for the proper performance of their functions; to cooperate with other public or private groups, whether local, state, regional or national, having an interest in economic development; to formulate and execute plans and policies for emphasizing the purpose of this compact before the Congress of the United States and other appropriate officers and agencies of the United States and the respective states; and the exercise of such other powers as may be appropriate to enable it to accomplish its functions and duties in connection with the development of the Chickasaw Trail Economic Development Area and to carry out the purposes of this compact.

“Article IV. The Authority shall appoint a secretary, who shall be a person familiar with the nature, procedures and significance of economic development and the informational, educational and publicity methods of stimulating general interest in such developments, and who shall be the compact administrator. His/her term of office shall be at the pleasure of the Authority. He/she shall maintain custody of the Authority’s books, records and papers, which he/she shall keep at the office of the Authority, and he/she shall perform all functions and duties, and exercise all powers and authorities, that may be delegated to him/her by the Authority.

“Article V. Nothing in this compact shall be construed to conflict with any existing statute, or to limit the powers of any party or state or to repeal or prevent legislation, or to authorize or permit curtailment or diminution of any other economic development project, or to affect existing or future cooperative arrangements or relationships between any federal agency and a party state.

“Article VI. This compact shall continue in force and remain binding upon each party state until the Legislature or Governor of each or either state takes action to withdraw therefrom; provided that such withdrawal shall not become effective until six (6) months after the date of the action taken. Notice of such action shall be given by the Secretary of State of the party state which takes such action.

“IN WITNESS WHEREOF, I, Kirk Fordice, have subscribed my signature and caused the Great Seal of the State of Mississippi to be affixed this 9th day of May, 1997.

“IN WITNESS WHEREOF, I, Don Sundquist, have subscribed my signature and caused the Great Seal of the State of Tennessee to be affixed this 9th day of April, 1997.”

SEC. 2. INCONSISTENCY OF LANGUAGE.

The validity of the compact consented to by this Act shall not be affected by any insubstantial difference in its form or language as adopted by the States.

SEC. 3. RIGHT TO ALTER, AMEND, OR REPEAL.

The right to alter, amend, or repeal this joint resolution is hereby expressly reserved.

Approved December 15, 1997.

LEGISLATIVE HISTORY—H.J. Res. 95:

HOUSE REPORTS: No. 105-389 (Comm. on the Judiciary).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 12, considered and passed House.

Nov. 13, considered and passed Senate.



Public Law 105–146
105th Congress

An Act

Dec. 16, 1997
[H.R. 1658]

To reauthorize and amend the Atlantic Striped Bass Conservation Act and related laws.

Atlantic Striped
Bass
Conservation Act
Amendments of
1997.
Inter-
governmental
relations.
16 USC 1851
note.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Atlantic Striped Bass Conservation Act Amendments of 1997”.

SEC. 2. REAUTHORIZATION AND AMENDMENT OF ATLANTIC STRIPED BASS CONSERVATION ACT.

The Atlantic Striped Bass Conservation Act (16 U.S.C. 1851 note) is amended to read as follows:

16 USC 668dd
note.

“SECTION 1. SHORT TITLE.

“This Act may be cited as the ‘Atlantic Striped Bass Conservation Act’.

“SEC. 2. FINDINGS AND PURPOSES.

“(a) FINDINGS.—The Congress finds and declares the following:

“(1) Atlantic striped bass are of historic commercial and recreational importance and economic benefit to the Atlantic coastal States and to the Nation.

“(2) No single government entity has full management authority throughout the range of the Atlantic striped bass.

“(3) The population of Atlantic striped bass—

“(A) has been subject to large fluctuations due to natural causes, fishing pressure, environmental pollution, loss and alteration of habitat, inadequacy of fisheries conservation and management practices, and other causes; and

“(B) risks potential depletion in the future without effective monitoring and conservation and management measures.

“(4) It is in the national interest to implement effective procedures and measures to provide for effective interjurisdictional conservation and management of this species.

“(b) PURPOSE.—It is therefore declared to be the purpose of the Congress in this Act to support and encourage the development, implementation, and enforcement of effective interstate action regarding the conservation and management of the Atlantic striped bass.

“SEC. 3. DEFINITIONS.

“As used in this Act—

“(1) the term ‘Magnuson Act’ means the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1801 et seq.).

“(2) The term ‘Atlantic striped bass’ means members of stocks or populations of the species *Morone saxatilis*, which ordinarily migrate seaward of the waters described in paragraph (3)(A)(i).

“(3) The term ‘coastal waters’ means—

“(A) for each coastal State referred to in paragraph

(4)(A)—

“(i) all waters, whether salt or fresh, of the coastal State shoreward of the baseline from which the territorial sea of the United States is measured; and

“(ii) the waters of the coastal State seaward from the baseline referred to in clause (i) to the inner boundary of the exclusive economic zone;

“(B) for the District of Columbia, those waters within its jurisdiction; and

“(C) for the Potomac River Fisheries Commission, those waters of the Potomac River within the boundaries established by the Potomac River Compact of 1958.

“(4) The term ‘coastal State’ means—

“(A) Pennsylvania and each State of the United States bordering on the Atlantic Ocean north of the State of South Carolina;

“(B) the District of Columbia; and

“(C) the Potomac River Fisheries Commission established by the Potomac River Compact of 1958.

“(5) The term ‘Commission’ means the Atlantic States Marine Fisheries Commission established under the interstate compact consented to and approved by the Congress in Public Laws 77-539 and 81-721.

“(6) The term ‘exclusive economic zone’ has the meaning given such term in section 3(6) of the Magnuson Act (16 U.S.C. 1802(6)).

“(7) The term ‘fishing’ means—

“(A) the catching, taking, or harvesting of Atlantic striped bass, except when incidental to harvesting that occurs in the course of commercial or recreational fish catching activities directed at a species other than Atlantic striped bass;

“(B) the attempted catching, taking, or harvesting of Atlantic striped bass; and

“(C) any operation at sea in support of, or in preparation for, any activity described in subparagraph (A) or (B).

The term does not include any scientific research authorized by the Federal Government or by any State government.

“(8) The term ‘moratorium area’ means the coastal waters with respect to which a declaration under section 5(a) applies.

“(9) The term ‘moratorium period’ means the period beginning on the day on which moratorium is declared under section 5(a) regarding a coastal State and ending on the day on which the Commission notifies the Secretaries that that State has

taken appropriate remedial action with respect to those matters that were the case of the moratorium being declared.

“(10) The term ‘Plan’ means a plan for managing Atlantic striped bass, or an amendment to such plan, that is prepared and adopted by the Commission.

“(11) The term ‘Secretary’ means the Secretary of Commerce or a designee of the Secretary of Commerce.

“(12) The term ‘Secretaries’ means the Secretary of Commerce and the Secretary of the Interior or their designees.

“SEC. 4. MONITORING OF IMPLEMENTATION AND ENFORCEMENT BY COASTAL STATES.

“(a) DETERMINATION.—During December of each fiscal year, and at any other time it deems necessary the Commission shall determine—

“(1) whether each coastal State has adopted all regulatory measures necessary to fully implement the Plan in its coastal waters; and

“(2) whether the enforcement of the Plan by each coastal State is satisfactory.

“(b) SATISFACTORY STATE ENFORCEMENT.—For purposes of subsection (a)(2), enforcement by a coastal State shall not be considered satisfactory by the Commission if, in its view, the enforcement is being carried out in such a manner that the implementation of the Plan within the coastal waters of the State is being, or will likely be, substantially and adversely affected.

“(c) NOTIFICATION OF SECRETARIES.—The Commission shall immediately notify the Secretaries of each negative determination made by it under subsection (a).

“SEC. 5. MORATORIUM.

“(a) SECRETARIAL ACTION AFTER NOTIFICATION.—Upon receiving notice from the Commission under section 4(c) of a negative determination regarding a coastal State, the Secretaries shall determine jointly, within 30 days, whether that coastal State is in compliance with the Plan and, if the State is not in compliance, the Secretaries shall declare jointly a moratorium on fishing for Atlantic striped bass within the coastal waters of that coastal State. In making such a determination, the Secretaries shall carefully consider and review the comments of the Commission and that coastal State in question.

“(b) PROHIBITED ACTS DURING MORATORIUM.—During a moratorium period, it is unlawful for any person—

“(1) to engage in fishing within the moratorium area;

“(2) to land, or attempt to land, Atlantic striped bass that are caught, taken, or harvested in violation of paragraph (1);

“(3) to land lawfully harvested Atlantic striped bass within the boundaries of a coastal State when a moratorium declared under subsection (a) applies to that State; or

“(4) to fail to return to the water Atlantic striped bass to which the moratorium applies that are caught incidental to harvesting that occurs in the course of commercial or recreational fish catching activities, regardless of the physical condition of the striped bass when caught.

“(c) CIVIL PENALTIES.—

“(1) CIVIL PENALTY.—Any person who commits any act that is unlawful under subsection (b) shall be liable to the

United States for a civil penalty as provided by section 308 of the Magnuson Act (16 U.S.C. 1858).

“(2) CIVIL FORFEITURES.—

“(A) IN GENERAL.—Any vessel (including its gear, equipment, appurtenances, stores, and cargo) used, and any fish (or the fair market value thereof) taken or retained, in any manner, in connection with, or as the result of, the commission of any act that is unlawful under subsection (b) shall be subject to forfeiture to the United States as provided in section 310 of the Magnuson Act (16 U.S.C. 1860).

“(B) DISPOSAL OF FISH.—Any fish seized pursuant to this Act may be disposed of pursuant to the order of a court of competent jurisdiction, or, if perishable, in a manner prescribed in regulations.

“(d) ENFORCEMENT.—A person authorized by the Secretaries or the Secretary of the department in which the Coast Guard is operating may take any action to enforce a moratorium declared under subsection (a) that an officer authorized by the Secretary under section 311(b) of the Magnuson Act (16 U.S.C. 1861(b)) may take to enforce that Act (16 U.S.C. 1801 et seq.). The Secretaries may, by agreement, on a reimbursable basis or otherwise, utilize the personnel, services, equipment (including aircraft and vessels), and facilities of any other Federal department or agency and of any agency of a State in carrying out that enforcement.

“(e) REGULATIONS.—The Secretaries may issue regulations to implement this section.

“SEC. 6. CONTINUING STUDIES OF STRIPED BASS POPULATIONS.

“(a) IN GENERAL.—For the purposes of carrying out this Act, the Secretaries shall conduct continuing, comprehensive studies of Atlantic striped bass stocks. These studies shall include, but shall not be limited to, the following:

“(1) Annual stock assessments, using fishery-dependent and fishery-independent data, for the purposes of extending the long-term population record generated by the annual striped bass study conducted by the Secretaries before 1994 and understanding the population dynamics of Atlantic striped bass.

“(2) Investigations of the causes of fluctuations in Atlantic striped bass populations.

“(3) Investigations of the effects of water quality, land use, and other environmental factors on the recruitment, spawning potential, mortality, and abundance of Atlantic striped bass populations, including the Delaware River population.

“(4) Investigations of—

“(A) the interactions between Atlantic striped bass and other fish, including bluefish, menhaden, mackerel, and other forage fish or possible competitors, stock assessments of these species, to the extent appropriate; and

“(B) the effects of interspecies predation and competition on the recruitment, spawning potential mortality, and abundance of Atlantic striped bass.

“(b) SOCIO-ECONOMIC STUDY.—The Secretaries, in consultation with the Atlantic States Marine Fisheries Commission, shall conduct a study of the socio-economic benefits of the Atlantic striped bass resource. The Secretaries shall issue a report to the Congress

Reports.

concerning the findings of this study no later than September 30, 1998.

“(c) **REPORTS.**—The Secretaries shall make biennial reports to the Congress and to the Commission concerning the progress and findings of studies conducted under subsection (a) and shall make those reports public. Such reports shall, to the extent appropriate, contain recommendations of actions which could be taken to encourage the sustainable management of Atlantic striped bass.

“SEC. 7. AUTHORIZATION OF APPROPRIATIONS; COOPERATIVE AGREEMENTS.

“(a) **AUTHORIZATION.**—For each of fiscal years 1998, 1999, and 2000, there are authorized to be appropriated to carry out this Act—

“(1) \$800,000 to the Secretary of Commerce; and

“(2) \$250,000 to the Secretary of the Interior.

“(b) **COOPERATIVE AGREEMENTS.**—The Secretaries may enter into cooperative agreements with the Atlantic States Marine Fisheries Commission or with States, for the purpose of using amounts appropriated pursuant to this section to provide financial assistance for carrying out the purposes of this Act.

“SEC. 8. PUBLIC PARTICIPATION IN PREPARATION OF MANAGEMENT PLANS AND AMENDMENTS.

“(a) **STANDARDS AND PROCEDURES.**—In order to ensure the opportunity for public participation in the preparation of management plans and amendments to management plans for Atlantic striped bass, the Commission shall prepare such plans and amendments in accordance with the standards and procedures established under section 805(a)(2) of the Atlantic Coastal Fisheries Cooperative Management Act.

“(b) **APPLICATION.**—Subsection (a) shall apply to management plans and amendments adopted by the Commission after the 6-month period beginning on the date of enactment of the Atlantic Striped Bass Conservation Act Amendments of 1997.

“SEC. 9. PROTECTION OF STRIPED BASS IN THE EXCLUSIVE ECONOMIC ZONE.

“(a) **REGULATION OF FISHING IN EXCLUSIVE ECONOMIC ZONE.**—The Secretary shall promulgate regulations governing fishing for Atlantic striped bass in the exclusive economic zone that the Secretary determines—

“(1) are consistent with the national standards set forth in section 301 of the Magnuson Act (16 U.S.C. 1851);

“(2) are compatible with the Plan and each Federal moratorium in effect on fishing for Atlantic striped bass within the coastal waters of a coastal State;

“(3) ensure the effectiveness of State regulations on fishing for Atlantic striped bass within the coastal waters of a coastal State; and

“(4) are sufficient to assure the long-term conservation of Atlantic striped bass populations.

“(b) **CONSULTATION; PERIODIC REVIEW OF REGULATIONS.**—In preparing regulations under subsection (a), the Secretary shall consult with the Atlantic States Marine Fisheries Commission, the appropriate Regional Fishery Management Councils, and each affected Federal, State, and local government entity. The Secretary shall periodically review regulations promulgated under subsection

(a), and if necessary to ensure their continued consistency with the requirements of subsection (a), shall amend those regulations.

“(c) APPLICABILITY OF MAGNUSON ACT PROVISIONS.—The provisions of sections 307, 308, 309, 310, and 311 of the Magnuson Act (16 U.S.C. 1857, 1858, 1859, 1860, and 1861) regarding prohibited acts, civil penalties, criminal offenses, civil forfeitures, and enforcement shall apply with respect to regulations and any plan issued under subsection (a) of this section as if such regulations or plan were issued under the Magnuson Act.”.

SEC. 3. REPEALS.

(a) ANADROMOUS FISH CONSERVATION ACT.—Section 7 of the Anadromous Fish Conservation Act (16 U.S.C. 757g) is repealed.

(b) ALBEMARLE SOUND-ROANOKE RIVER BASIN.—Section 5 of the Act entitled “An Act to authorize appropriations to carry out the Atlantic Striped Bass Conservation Act for fiscal years 1989 through 1991, and for other purposes”, approved November 3, 1988 (16 U.S.C. 1851 note; 102 Stat. 2984), relating to studies of the Albermarle Sound-Roanoke River Basin striped bass stock, is repealed.

(c) REGULATION OF FISHING IN EXCLUSIVE ECONOMIC ZONE.—Section 6 of the Act entitled “An Act to authorize appropriations to carry out the Atlantic Striped Bass Conservation Act for fiscal years 1989 through 1991, and for other purposes”, approved November 3, 1988 (16 U.S.C. 1851 note; 102 Stat. 2986) is repealed.

Approved December 16, 1997.

LEGISLATIVE HISTORY—H.R. 1658:

HOUSE REPORTS: No. 105-169 (Comm. on Resources).

SENATE REPORTS: Nos. 105-148 (Comm. on Commerce, Science and Transportation) and 105-149 (Comm. on Environment and Public Works).

CONGRESSIONAL RECORD, Vol. 143 (1997):

July 8, considered and passed House.

Nov. 10, considered and passed Senate, amended.

Nov. 13, House concurred in Senate amendments.



Public Law 105–147
105th Congress

An Act

Dec. 16, 1997
[H.R. 2265]

To amend the provisions of titles 17 and 18, United States Code, to provide greater copyright protection by amending criminal copyright infringement provisions, and for other purposes.

No Electronic
Theft (NET) Act.
18 USC 2311
note.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “No Electronic Theft (NET) Act”.

SEC. 2. CRIMINAL INFRINGEMENT OF COPYRIGHTS.

(a) **DEFINITION OF FINANCIAL GAIN.**—Section 101 of title 17, United States Code, is amended by inserting after the undesignated paragraph relating to the term “display”, the following new paragraph:

“The term ‘financial gain’ includes receipt, or expectation of receipt, of anything of value, including the receipt of other copyrighted works.”.

(b) **CRIMINAL OFFENSES.**—Section 506(a) of title 17, United States Code, is amended to read as follows:

“(a) **CRIMINAL INFRINGEMENT.**—Any person who infringes a copyright willfully either—

“(1) for purposes of commercial advantage or private financial gain, or

“(2) by the reproduction or distribution, including by electronic means, during any 180-day period, of 1 or more copies or phonorecords of 1 or more copyrighted works, which have a total retail value of more than \$1,000,

shall be punished as provided under section 2319 of title 18, United States Code. For purposes of this subsection, evidence of reproduction or distribution of a copyrighted work, by itself, shall not be sufficient to establish willful infringement.”.

(c) **LIMITATION ON CRIMINAL PROCEEDINGS.**—Section 507(a) of title 17, United States Code, is amended by striking “three” and inserting “5”.

(d) **CRIMINAL INFRINGEMENT OF A COPYRIGHT.**—Section 2319 of title 18, United States Code, is amended—

(1) in subsection (a), by striking “subsection (b)” and inserting “subsections (b) and (c)”; and

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking “subsection (a) of this section” and inserting “section 506(a)(1) of title 17”; and

(B) in paragraph (1)—

(i) by inserting “including by electronic means,” after “if the offense consists of the reproduction or distribution,”; and

(ii) by striking “with a retail value of more than \$2,500” and inserting “which have a total retail value of more than \$2,500”; and

(3) by redesignating subsection (c) as subsection (e) and inserting after subsection (b) the following:

“(c) Any person who commits an offense under section 506(a)(2) of title 17, United States Code—

“(1) shall be imprisoned not more than 3 years, or fined in the amount set forth in this title, or both, if the offense consists of the reproduction or distribution of 10 or more copies or phonorecords of 1 or more copyrighted works, which have a total retail value of \$2,500 or more;

“(2) shall be imprisoned not more than 6 years, or fined in the amount set forth in this title, or both, if the offense is a second or subsequent offense under paragraph (1); and

“(3) shall be imprisoned not more than 1 year, or fined in the amount set forth in this title, or both, if the offense consists of the reproduction or distribution of 1 or more copies or phonorecords of 1 or more copyrighted works, which have a total retail value of more than \$1,000.

“(d)(1) During preparation of the presentence report pursuant to Rule 32(c) of the Federal Rules of Criminal Procedure, victims of the offense shall be permitted to submit, and the probation officer shall receive, a victim impact statement that identifies the victim of the offense and the extent and scope of the injury and loss suffered by the victim, including the estimated economic impact of the offense on that victim.

“(2) Persons permitted to submit victim impact statements shall include—

“(A) producers and sellers of legitimate works affected by conduct involved in the offense;

“(B) holders of intellectual property rights in such works; and

“(C) the legal representatives of such producers, sellers, and holders.”.

(e) UNAUTHORIZED FIXATION AND TRAFFICKING OF LIVE MUSICAL PERFORMANCES.—Section 2319A of title 18, United States Code, is amended—

(1) by redesignating subsections (d) and (e) as subsections (e) and (f), respectively; and

(2) by inserting after subsection (c) the following:

“(d) VICTIM IMPACT STATEMENT.—(1) During preparation of the presentence report pursuant to Rule 32(c) of the Federal Rules of Criminal Procedure, victims of the offense shall be permitted to submit, and the probation officer shall receive, a victim impact statement that identifies the victim of the offense and the extent and scope of the injury and loss suffered by the victim, including the estimated economic impact of the offense on that victim.

“(2) Persons permitted to submit victim impact statements shall include—

“(A) producers and sellers of legitimate works affected by conduct involved in the offense;

“(B) holders of intellectual property rights in such works; and

“(C) the legal representatives of such producers, sellers, and holders.”.

(f) TRAFFICKING IN COUNTERFEIT GOODS OR SERVICES.—Section 2320 of title 18, United States Code, is amended—

(1) by redesignating subsections (d) and (e) as subsections (e) and (f), respectively; and

(2) by inserting after subsection (c) the following:

“(d)(1) During preparation of the presentence report pursuant to Rule 32(c) of the Federal Rules of Criminal Procedure, victims of the offense shall be permitted to submit, and the probation officer shall receive, a victim impact statement that identifies the victim of the offense and the extent and scope of the injury and loss suffered by the victim, including the estimated economic impact of the offense on that victim.

“(2) Persons permitted to submit victim impact statements shall include—

“(A) producers and sellers of legitimate goods or services affected by conduct involved in the offense;

“(B) holders of intellectual property rights in such goods or services; and

“(C) the legal representatives of such producers, sellers, and holders.”.

(g) DIRECTIVE TO SENTENCING COMMISSION.—(1) Under the authority of the Sentencing Reform Act of 1984 (Public Law 98-473; 98 Stat. 1987) and section 21 of the Sentencing Act of 1987 (Public Law 100-182; 101 Stat. 1271; 18 U.S.C. 994 note) (including the authority to amend the sentencing guidelines and policy statements), the United States Sentencing Commission shall ensure that the applicable guideline range for a defendant convicted of a crime against intellectual property (including offenses set forth at section 506(a) of title 17, United States Code, and sections 2319, 2319A, and 2320 of title 18, United States Code) is sufficiently stringent to deter such a crime and to adequately reflect the additional considerations set forth in paragraph (2) of this subsection.

(2) In implementing paragraph (1), the Sentencing Commission shall ensure that the guidelines provide for consideration of the retail value and quantity of the items with respect to which the crime against intellectual property was committed.

SEC. 3. INFRINGEMENT BY UNITED STATES.

Section 1498(b) of title 28, United States Code, is amended by striking “remedy of the owner of such copyright shall be by action” and inserting “action which may be brought for such infringement shall be an action by the copyright owner”.

Approved December 16, 1997.

LEGISLATIVE HISTORY—H.R. 2265:

HOUSE REPORTS: No. 105-339 (Comm. on the Judiciary).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 4, considered and passed House.

Nov. 13, considered and passed Senate.



Public Law 105-148
105th Congress

An Act

To amend title 49, United States Code, to require the National Transportation Safety Board and individual foreign air carriers to address the needs of families of passengers involved in aircraft accidents involving foreign air carriers.

Dec. 16, 1997
[H.R. 2476]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PLANS TO ADDRESS NEEDS OF FAMILIES OF PASSENGERS INVOLVED IN FOREIGN AIR CARRIER ACCIDENTS.

(a) IN GENERAL.—Chapter 413 of title 49, United States Code, is amended by adding at the end the following:

“§ 41313. Plans to address needs of families of passengers involved in foreign air carrier accidents

“(a) DEFINITIONS.—In this section, the following definitions apply:

“(1) AIRCRAFT ACCIDENT.—The term ‘aircraft accident’ means any aviation disaster, regardless of its cause or suspected cause, that occurs within the United States; and

“(2) PASSENGER.—The term ‘passenger’ includes an employee of a foreign air carrier or air carrier aboard an aircraft.

“(b) SUBMISSION OF PLANS.—A foreign air carrier providing foreign air transportation under this chapter shall transmit to the Secretary of Transportation and the Chairman of the National Transportation Safety Board a plan for addressing the needs of the families of passengers involved in an aircraft accident that involves an aircraft under the control of the foreign air carrier and results in a significant loss of life.

“(c) CONTENTS OF PLANS.—To the extent permitted by foreign law which was in effect on the date of the enactment of this section, a plan submitted by a foreign air carrier under subsection (b) shall include the following:

“(1) TELEPHONE NUMBER.—A plan for publicizing a reliable, toll-free telephone number and staff to take calls to such number from families of passengers involved in an aircraft accident that involves an aircraft under the control of the foreign air carrier and results in a significant loss of life.

“(2) NOTIFICATION OF FAMILIES.—A process for notifying, in person to the extent practicable, the families of passengers involved in an aircraft accident that involves an aircraft under the control of the foreign air carrier and results in a significant loss of life before providing any public notice of the names of such passengers. Such notice shall be provided by using the services of—

“(A) the organization designated for the accident under section 1136(a)(2); or

“(B) other suitably trained individuals.

“(3) NOTICE PROVIDED AS SOON AS POSSIBLE.—An assurance that the notice required by paragraph (2) shall be provided as soon as practicable after the foreign air carrier has verified the identity of a passenger on the foreign aircraft, whether or not the names of all of the passengers have been verified.

“(4) LIST OF PASSENGERS.—An assurance that the foreign air carrier shall provide, immediately upon request, and update a list (based on the best available information at the time of the request) of the names of the passengers aboard the aircraft (whether or not such names have been verified), to—

“(A) the director of family support services designated for the accident under section 1136(a)(1); and

“(B) the organization designated for the accident under section 1136(a)(2).

“(5) CONSULTATION REGARDING DISPOSITION OF REMAINS AND EFFECTS.—An assurance that the family of each passenger will be consulted about the disposition of any remains and personal effects of the passenger that are within the control of the foreign air carrier.

“(6) RETURN OF POSSESSIONS.—An assurance that, if requested by the family of a passenger, any possession (regardless of its condition) of that passenger that is within the control of the foreign air carrier will be returned to the family unless the possession is needed for the accident investigation or a criminal investigation.

“(7) UNCLAIMED POSSESSIONS RETAINED.—An assurance that any unclaimed possession of a passenger within the control of the foreign air carrier will be retained by the foreign air carrier for not less than 18 months after the date of the accident.

“(8) MONUMENTS.—An assurance that the family of each passenger will be consulted about construction by the foreign air carrier of any monument to the passengers built in the United States, including any inscription on the monument.

“(9) EQUAL TREATMENT OF PASSENGERS.—An assurance that the treatment of the families of nonrevenue passengers will be the same as the treatment of the families of revenue passengers.

“(10) SERVICE AND ASSISTANCE TO FAMILIES OF PASSENGERS.—An assurance that the foreign air carrier will work with any organization designated under section 1136(a)(2) on an ongoing basis to ensure that families of passengers receive an appropriate level of services and assistance following an accident.

“(11) COMPENSATION TO SERVICE ORGANIZATIONS.—An assurance that the foreign air carrier will provide reasonable compensation to any organization designated under section 1136(a)(2) for services and assistance provided by the organization.

“(12) TRAVEL AND CARE EXPENSES.—An assurance that the foreign air carrier will assist the family of any passenger in traveling to the location of the accident and provide for the physical care of the family while the family is staying at such location.

“(13) RESOURCES FOR PLAN.—An assurance that the foreign air carrier will commit sufficient resources to carry out the plan.

“(14) SUBSTITUTE MEASURES.—If a foreign air carrier does not wish to comply with paragraph (10), (11), or (12), a description of proposed adequate substitute measures for the requirements of each paragraph with which the foreign air carrier does not wish to comply.

“(d) PERMIT AND EXEMPTION REQUIREMENT.—The Secretary shall not approve an application for a permit under section 41302 unless the applicant has included as part of the application or request for exemption a plan that meets the requirements of subsection (c).

“(e) LIMITATION ON LIABILITY.—A foreign air carrier shall not be liable for damages in any action brought in a Federal or State court arising out of the performance of the foreign air carrier in preparing or providing a passenger list pursuant to a plan submitted by the foreign air carrier under subsection (c), unless the liability was caused by conduct of the foreign air carrier which was grossly negligent or which constituted intentional misconduct.”.

(b) CONFORMING AMENDMENT.—The table of sections for such chapter is amended by adding at the end the following:

“41313. Plans to address needs of families of passengers involved in foreign air carrier accidents.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the 180th day following the date of the enactment of this Act. 49 USC 41313 note.

Approved December 16, 1997.

LEGISLATIVE HISTORY—H.R. 2476:

HOUSE REPORTS: No. 105-371 (Comm. on Transportation and Infrastructure).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 9, considered and passed House.

Nov. 13, considered and passed Senate.



Public Law 105-149
105th Congress

An Act

Dec. 16, 1997
[H.R. 3025]

To amend the Federal charter for Group Hospitalization and Medical Services, Inc., and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CHARTER FOR GROUP HOSPITALIZATION AND MEDICAL SERVICES, INC.

The Act entitled “An Act providing for the incorporation of certain persons as Group Hospitalization and Medical Services, Inc.”, approved August 11, 1939 (53 Stat. 1412), is amended—

(1) by inserting after section 9 the following new section:

“SEC. 10. The corporation may have 1 class of members, consisting of at least 1 member and not more than 30 members, as determined appropriate by the board of trustees. The bylaws for the corporation shall prescribe the designation of such class as well as the rights, privileges and qualifications of such class, which may include, but shall not be limited to—

“(1) the manner of election, appointment or removal of a member of the corporation;

“(2) matters on which a member of the corporation has the right to vote; and

“(3) meeting, notice, quorum, voting and proxy requirements and procedures.

If a member of the corporation is a corporation, such member shall be a nonprofit corporation.”;

(2) by redesignating section 10 as section 11; and

(3) by adding at the end of section 11 (as so redesignated) the following: “The corporation may not be dissolved without approval by Congress.”.

Approved December 16, 1997.

LEGISLATIVE HISTORY—H.R. 3025 (H.R. 497):

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 13, considered and passed House and Senate.



Public Law 105–150
105th Congress

An Act

To amend section 13031 of the Consolidated Omnibus Budget Reconciliation Act of 1985, relating to customs user fees, to allow the use of such fees to provide for customs inspectional personnel in connection with the arrival of passengers in Florida, and for other purposes.

Dec. 16, 1997
[H.R. 3034]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FUNDS FOR CUSTOMS INSPECTIONAL PERSONNEL.

(a) **ACCESS TO CUSTOMS USER FEE ACCOUNT.**—Section 13031(f)(3)(A) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(f)(3)(A)), is amended—

(1) in clause (i)(V), by striking “and” at the end;

(2) in clause (ii)—

(A) by striking “to make reimbursements” and inserting “after making reimbursements”; and

(B) by striking the period at the end and inserting “, and”; and

(3) by inserting after clause (ii) the following:

“(iii) to the extent funds remain available after making reimbursements under clause (ii), in providing salaries for up to 50 full-time equivalent inspectional positions through September 30, 1998, that enhance customs services in connection with the arrival in Florida of passengers aboard commercial vessels, regardless of whether those passengers are required to pay fees under paragraphs (1) through (8) of subsection (a).”.

Approved December 16, 1997.

LEGISLATIVE HISTORY—H.R. 3034:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 13, considered and passed House and Senate.



Public Law 105-151
105th Congress

Joint Resolution

Dec. 16, 1997
[H.J. Res. 96]

Granting the consent and approval of Congress for the State of Maryland, the Commonwealth of Virginia, and the District of Columbia to amend the Washington Metropolitan Area Transit Regulation Compact.

Whereas the State of Maryland, the Commonwealth of Virginia, and the District of Columbia have adopted amendments to the Washington Metropolitan Area Transit Regulation Compact relating to public hearing requirements and empowering transit police officers to carry weapons issued by WMATA while in an off-duty status, consistent with limitations imposed by the applicable political subdivision; and

Whereas the Congress has reviewed such amendments and is willing to consent to such amendments: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That consent of Congress is hereby given to the amendments of the State of Maryland (Chapter 489, 1996 Laws of the Maryland General Assembly and Chapters 91 and 699, 1997 Laws of the Maryland General Assembly), the amendments of the Commonwealth of Virginia (Chapter 150, 1995 Acts of Assembly of Virginia), and the amendments of the District of Columbia (D.C. Law 11-443) to sections 62 and 76 of title III of the Washington Metropolitan Area Transit Regulation Compact. Such amendments are as follows:

(1) Section 62(a) is amended to read as follows:

“(a) The Board shall not raise any fare or rate, nor implement a major service reduction, except after holding a public hearing with respect thereto.”.

(2) Section 62(c) is amended to read as follows:

“(c) The Board shall give at least fifteen days’ notice for all public hearings. The notice shall be given by publication in a newspaper of daily circulation throughout the Transit Zone and such notice shall be published once a week for two successive weeks. The notice period shall start with the first day of publication. Notices of public hearings shall be posted in accordance with regulations promulgated by the Board.”.

(3) Section 76(b) is amended to read as follows:

“(b) A member of the Metro Transit Police shall have the same powers, including the power of arrest, and shall be subject to the same limitations, including regulatory limitations, in the performance of his duties as a member of the duly constituted police force of the political subdivision in which the Metro Transit Police member is engaged in the performance of his duties. A member of the Metro Transit Police is authorized to carry and use only such weapons, including handguns, as are issued by the Authority. A member of the Metro Transit Police is subject to

such additional limitations in the use of weapons as are imposed on the duly constituted police force for the political subdivision in which he is engaged in the performance of his duties.”.

(4) Section 76(e) is amended to read as follows:

“(e) The Authority shall have the power to adopt rules and regulations for the safe, convenient, and orderly use of the transit facilities owned, controlled, or operated by the Authority, including the payment and the manner of the payment of fares or charges therefor, the protection of the transit facilities, the control of traffic and parking upon the transit facilities, and the safety and protection of the riding public. In the event that any such rules and regulations contravene the laws, ordinances, rules, or regulations of a signatory or any political subdivision thereof which are existing or subsequently enacted, these laws, ordinances, rules, or regulations of the signatory or the political subdivision shall apply and the conflicting rule or regulation, or portion thereof, of the Authority shall be void within the jurisdiction of that signatory or political subdivision. In all other respects, the rules and regulations of the Authority shall be uniform throughout the Transit Zone. The rules or regulations established under this subsection shall be adopted by the Board following public hearings held in accordance with section 62(c) and (d) of this Compact. The final regulation shall be published in a newspaper of general circulation within the Zone at least 15 days before its effective date. Any person violating any rule or regulation of the Authority shall be subject to arrest and, upon conviction by a court of competent jurisdiction, shall pay a fine of not more than two hundred fifty dollars (\$250) and costs. Criminal violations of any rule or regulation of the Authority shall be prosecuted by the signatory or political subdivision in which the violation occurred, in the same manner by which violations of law, ordinances, rules, and regulations of the signatory or political subdivisions are prosecuted.”.

Approved December 16, 1997.

LEGISLATIVE HISTORY—H.J. Res. 96:

HOUSE REPORTS: No. 105-396 (Comm. on the Judiciary).

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 12, considered and passed House.

Nov. 13, considered and passed Senate.



Public Law 105–152
105th Congress

An Act

Dec. 17, 1997
[H.R. 2796]

To authorize the reimbursement of members of the Army deployed to Europe in support of operations in Bosnia for certain out-of-pocket expenses incurred by the members during the period beginning on October 1, 1996, and ending on May 31, 1997.

Army Reserve-
National Guard
Equity
Reimbursement
Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Army Reserve-National Guard Equity Reimbursement Act”.

SEC. 2. REIMBURSEMENT OF MEMBERS OF THE ARMY DEPLOYED IN EUROPE IN SUPPORT OF BOSNIA OPERATIONS FOR OUT-OF-POCKET EXPENSES INCURRED TO TRANSPORT PERSONAL PROPERTY.

(a) **REIMBURSEMENT AUTHORIZED.**—The Secretary of the Army may reimburse an individual described in subsection (b) for expenses incurred by that individual while a member of the Army for shipment of personal property of the individual to or from Europe during the period beginning on October 1, 1996, and ending on May 31, 1997, if the shipment of the personal property, if made on June 1, 1997, would have been covered by a temporary change of station weight allowance for shipment of personal property authorized by the Department of the Army. Such reimbursement shall be made from amounts available as of the date of the enactment of this section for the payment of the temporary change of station weight allowance.

(b) **COVERED INDIVIDUALS.**—An individual referred to in subsection (a) is an individual who, as a member of the Army during the period beginning on October 1, 1996, and ending on May 31, 1997, was deployed from the United States to Europe in support of operations in Bosnia or reassigned from Europe to United States upon the completion of such deployment, or both, under travel orders that did not authorize a temporary change of station weight allowance for shipment of personal property of the member.

Approved December 17, 1997.

LEGISLATIVE HISTORY—H.R. 2796:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 13, considered and passed House and Senate.



Public Law 105–153
105th Congress

An Act

To amend the Federal Advisory Committee Act to clarify public disclosure requirements that are applicable to the National Academy of Sciences and the National Academy of Public Administration.

Dec. 17, 1997
[H.R. 2977]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Federal Advisory Committee Act Amendments of 1997”.

Federal Advisory
Committee Act
Amendments of
1997.
5 USC app. 1
note.

SEC. 2. AMENDMENTS TO THE FEDERAL ADVISORY COMMITTEE ACT.

(a) EXCLUSIONS FROM DEFINITION.—Section 3(2) of the Federal Advisory Committee Act (5 U.S.C. App.) is amended in the matter following subparagraph (C), by striking “such term excludes” and all that follows through the period and inserting the following: “such term excludes (i) any committee that is composed wholly of full-time, or permanent part-time, officers or employees of the Federal Government, and (ii) any committee that is created by the National Academy of Sciences or the National Academy of Public Administration.”.

(b) REQUIREMENTS RELATING TO THE NATIONAL ACADEMY OF SCIENCES AND THE NATIONAL ACADEMY OF PUBLIC ADMINISTRATION.—Such Act is further amended by redesignating section 15 as section 16 and inserting after section 14 the following new section:

“REQUIREMENTS RELATING TO THE NATIONAL ACADEMY OF SCIENCES
AND THE NATIONAL ACADEMY OF PUBLIC ADMINISTRATION

“SEC. 15. (a) IN GENERAL.—An agency may not use any advice or recommendation provided by the National Academy of Sciences or National Academy of Public Administration that was developed by use of a committee created by that academy under an agreement with an agency, unless—

“(1) the committee was not subject to any actual management or control by an agency or an officer of the Federal Government;

“(2) in the case of a committee created after the date of the enactment of the Federal Advisory Committee Act Amendments of 1997, the membership of the committee was appointed in accordance with the requirements described in subsection (b)(1); and

“(3) in developing the advice or recommendation, the academy complied with—

“(A) subsection (b)(2) through (6), in the case of any advice or recommendation provided by the National Academy of Sciences; or

“(B) subsection (b)(2) and (5), in the case of any advice or recommendation provided by the National Academy of Public Administration.

“(b) REQUIREMENTS.—The requirements referred to in subsection (a) are as follows:

Notice.

“(1) The Academy shall determine and provide public notice of the names and brief biographies of individuals that the Academy appoints or intends to appoint to serve on the committee. The Academy shall determine and provide a reasonable opportunity for the public to comment on such appointments before they are made or, if the Academy determines such prior comment is not practicable, in the period immediately following the appointments. The Academy shall make its best efforts to ensure that (A) no individual appointed to serve on the committee has a conflict of interest that is relevant to the functions to be performed, unless such conflict is promptly and publicly disclosed and the Academy determines that the conflict is unavoidable, (B) the committee membership is fairly balanced as determined by the Academy to be appropriate for the functions to be performed, and (C) the final report of the Academy will be the result of the Academy’s independent judgment. The Academy shall require that individuals that the Academy appoints or intends to appoint to serve on the committee inform the Academy of the individual’s conflicts of interest that are relevant to the functions to be performed.

Notice.

“(2) The Academy shall determine and provide public notice of committee meetings that will be open to the public.

“(3) The Academy shall ensure that meetings of the committee to gather data from individuals who are not officials, agents, or employees of the Academy are open to the public, unless the Academy determines that a meeting would disclose matters described in section 552(b) of title 5, United States Code. The Academy shall make available to the public, at reasonable charge if appropriate, written materials presented to the committee by individuals who are not officials, agents, or employees of the Academy, unless the Academy determines that making material available would disclose matters described in that section.

“(4) The Academy shall make available to the public as soon as practicable, at reasonable charge if appropriate, a brief summary of any committee meeting that is not a data gathering meeting, unless the Academy determines that the summary would disclose matters described in section 552(b) of title 5, United States Code. The summary shall identify the committee members present, the topics discussed, materials made available to the committee, and such other matters that the Academy determines should be included.

Reports.

“(5) The Academy shall make available to the public its final report, at reasonable charge if appropriate, unless the Academy determines that the report would disclose matters described in section 552(b) of title 5, United States Code. If the Academy determines that the report would disclose matters described in that section, the Academy shall make public an

abbreviated version of the report that does not disclose those matters.

“(6) After publication of the final report, the Academy shall make publicly available the names of the principal reviewers who reviewed the report in draft form and who are not officials, agents, or employees of the Academy.

“(c) REGULATIONS.—The Administrator of General Services may issue regulations implementing this section.” 5 USC app. 3 note.

(c) EFFECTIVE DATE AND APPLICATION.—

(1) IN GENERAL.—Except as provided in paragraph (2), this section and the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) RETROACTIVE EFFECT.—Subsection (a) and the amendments made by subsection (a) shall be effective as of October 6, 1972, except that they shall not apply with respect to or otherwise affect any particular advice or recommendations that are subject to any judicial action filed before the date of the enactment of this Act.

SEC. 3. REPORT.

5 USC app. 15 note.

Not later than 1 year after the date of the enactment of this Act, the Administrator of General Services shall submit a report to the Congress on the implementation of and compliance with the amendments made by this Act.

Approved December 17, 1997.

LEGISLATIVE HISTORY—H.R. 2977:

CONGRESSIONAL RECORD, Vol. 143 (1997):

Nov. 9, considered and passed House.

Nov. 13, considered and passed Senate.

